

FIN-0-SCOPE

15th May 2025



Image Source: [Shutterstock](#)

CBDT notifies ITR-Form 5 for AY 2025-26 vide Notification No. 42/2025

Notification No. 42/2025 | Date: May 16, 2025

Key Updates in the ITR-5 Form for AY 2025-26

Capital Gains Segregation Based on 23rd July 2024

- In line with the amendments introduced by the Finance Act, 2024, Schedule Capital Gains has been revised to require a bifurcation of capital gains arising before and after 23rd July 2024.
- Taxpayers must now compute and disclose gains separately for transactions occurring within these two timeframes. This change is aimed at ensuring accurate tax treatment aligned with legislative amendments and enhancing clarity in capital gains reporting.

Top Trends

- Indian authorities raised a ₹520 million tax demand on Samsung for alleged misclassification of telecom imports.
- Seven Samsung employees face personal fines totaling ₹81 million.
- Samsung cited Reliance Jio's past import practices to defend its classification method.
- A 281-page appeal was filed by Samsung challenging the tax order.

Top Trends

- Delhi High Court restored Samsung's plea against a ₹1,213 crore tax demand.
- Samsung earlier faced a ₹1,728 crore customs duty evasion notice in 2023.
- Workers' strike at Samsung's Chennai plant disrupted appliance production.
- Samsung's smartphone market share in India dropped to third place.
- Foreign firms like Volkswagen and Kia are also under Indian tax scrutiny.
- Samsung is contesting the tax claims through strong legal representation
- India becomes the most preferred equity market in Asia, overtaking Japan.
- Emerging markets gain popularity due to lower U.S. bond yields and a weakening dollar.
- India-UK Free Trade Agreement signed, expected to boost bilateral trade.

Capital Loss on Share Buyback – Effective from 1st October 2024

- From 1st October 2024, capital losses arising from share buybacks will be allowed as a deduction, provided the related dividend income is disclosed under "Income from Other Sources."
- This provision offers much-needed clarity on the treatment of losses from buybacks. Taxpayers intending to claim such losses must ensure proper disclosure of dividend income to support the deduction under capital gains.

Presumptive Taxation Provision: Section 44BBC for Cruise Operators

- The ITR-5 form now incorporates reporting provisions under Section 44BBC, introduced in Budget 2024. This section applies to non-resident cruise operators, allowing them to compute profits on a presumptive basis—20% of gross passenger carriage receipts will be deemed as income.
- This inclusion brings greater clarity for cruise businesses, streamlining their tax compliance in India.

Mandatory TDS Section Code Disclosure in Schedule-TDS

- A new requirement mandates taxpayers to report the TDS section code in the Schedule-TDS of the ITR-5 form.
- This update is aimed at improving the traceability of tax deducted at source and simplifying reconciliation for both taxpayers and the Income Tax Department.

Official Link:

[Click here to view the official notification by CBDT](#)

CBDT notifies ITR-Form 2 for AY 2025-26 vide Notification No. 43/2025

Notification No. 43/2025 | Date: 3rd May, 2025

Capital Gains Segregation

Taxpayers are now required to separately report capital gains based on the transfer date—before or after 23rd July 2024, per Finance Act changes.

Buyback Loss Reporting

Effective 1st October 2024, capital losses on share buybacks are allowable, provided the related dividend income is reported under "Income from Other Sources." A dedicated field has been introduced in the Capital Gains Schedule for reporting such losses

Asset & Liability Disclosure Threshold

The requirement to disclose assets and liabilities now applies only if total income exceeds ₹1 crore, up from the earlier threshold.

Detailed Deduction Disclosures

Taxpayers claiming deductions under sections like 80C and 10(13A) (House Rent Allowance) must now provide more detailed information to substantiate claims.

TDS Section Code Reporting

A new field in the 'Details of TDS deducted' section requires taxpayers to mention the relevant TDS section codes, improving accuracy and traceability.

Official Link:

[Click here to view the official notification by CBDT](#)

CBDT Notifies Revised ITR-6 for AY 2025-26 with Key Updates

Notification No. 44/2025 | Dated 6th May 2025

Introduction:

The Central Board of Direct Taxes (CBDT) has issued Notification No. 44/2025 on May 6, 2025, introducing the revised Income Tax Return Form ITR-6 for the Assessment Year 2025-26. This form is applicable to companies other than those claiming exemption under Section 11 of the Income-tax Act, 1961.

The updated ITR-6 form incorporates several significant changes to align with the amendments introduced by the Finance Act, 2024. Key modifications include:

- **Capital Gains Reporting:** The Schedule for Capital Gains has been bifurcated to separately report gains earned before and after July 23, 2024, in line with the revised capital gains tax framework.
- **Share Buyback Losses:** Provisions have been added to allow capital losses on share buybacks under specific conditions for income arising post-October 1, 2024.
- **Section 44BBC Reference:** A new reference to Section 44BBC concerning the cruise business has been incorporated.
- **Schedule BP Updates:** Schedule BP (Business Profits) has been updated to align with Rule 10TIA, requiring profits from the sale of rough diamonds to be reported as 4% or more of gross receipts.

Top Trends

- Global economic growth projected at 2.8%, steady but below pre-COVID levels.
- India's GDP forecast lowered to 6.3% for FY26 due to global uncertainties.
- US-China trade truce could influence foreign investor flows to India.
- US stocks expected to underperform global markets by nearly 10%.
- Concerns of a U.S. financial crisis grow due to rising debt and trade policies.
- India's Economic Survey warns against over-financialization of the economy.
- Global growth remains modest at 2.6%, driven by geopolitical and trade shifts.
- Value mutual funds outperform growth funds with strong returns.
- Multi-asset funds gain traction, offering diversification across equity, debt, and gold.
- Large-cap stocks are favored for better valuations and lower volatility.

Top Trends

- Underrated sectors like textiles, footwear, and nuclear energy see investment interest.
- Alternative investments including gold and AI-driven platforms rise in popularity.
- Global crypto market projected to reach \$3.7 trillion with software-focused innovations.
- M&A activity in 2025 driven by EBITDA performance, not just strategic fit.
- Realty and pharma sectors attract significant investor attention.
- Capex-led sectors like infrastructure, defense, and telecom highlighted in portfolios.
- Overvalued mid- and small-caps are being avoided amid valuation concerns.
- Banks ramp up AI adoption, focus on digital transformation and cybersecurity.
- Rise of superapps offering financial and lifestyle services on one platform.

- Schedule BP Updates: Schedule BP (Business Profits) has been updated to align with Rule 10TIA, requiring profits from the sale of rough diamonds to be reported as 4% or more of gross receipts.
- Interest on Housing Loans: The form now includes dedicated fields to capture deductions claimed under Section 24(b) for interest on housing loans.
- TDS Reporting: Taxpayers are required to mention the specific TDS section code in the relevant schedule, ensuring more accurate reporting of tax deductions.

Conclusion:

The revised ITR-6 form underscores CBDT's commitment to enhanced compliance and transparent tax reporting for corporate taxpayers. It is crucial for companies to review the changes thoroughly to ensure accurate and timely filing for AY 2025-26.

Official Link:

[Click here to view the official notification by CBDT](#)

CBDT Notifies Revised ITR-V and Acknowledgement Forms – Notification No. 45/2025

Notification No.: 45/2025 | Date: 7th May 2025

The Central Board of Direct Taxes (CBDT), under the Ministry of Finance, has notified amendments to the Income-tax Rules, 1962, via the Income-tax (Seventeenth Amendment) Rules, 2025, issued on 7th May 2025 through Notification No. 45/2025.

These amendments revise the formats of the ITR-V (Verification Form) and ITR Acknowledgement under Rule 12, and are effective from 1st April 2025, applicable for AY 2025-26

Key Highlights of the Revised ITR-V and Acknowledgement Forms

- ITR-V (Verification Form)
- Applicable when returns are filed in ITR-1 (SAHAJ), ITR-2, ITR-3, ITR-4 (SUGAM), ITR-5, or ITR-7, but not verified electronically.

What's New:

- Acknowledgement number of e-filing
- Solemn declaration of verification
- PAN, Name, and Assessment Year details
- Mandatory e-verification via Digital Signature, EVC, or OTP
- IP address and system-generated Barcode/QR Code for authentication
- Taxpayers are encouraged to e-verify using:
- Aadhaar OTP
- Net banking
- Pre-validated bank/Demat accounts
- Bank ATM-based EVC
- Alternatively, a physically signed ITR-V can be sent via speed post to CPC, Bengaluru.

Acknowledgement (for Electronically Verified Returns)

- Issued when returns are both filed and verified electronically.

Key Inclusions:

- Details of accreted income and tax under Sections 115TD/115TE
- E-verification method used
- Complete tax computation including MAT/AMT, if applicable
- IP address and filing time stamp
- Clear instruction: Do not send this Acknowledgement to CPC, Bengaluru

Official Link:

[Click here to view the official notification by CBDT](#)

CBDT Notifies Revised ITR-7 for AY 2025-26 with Key Updates

Notification No.: 46/2025 | Date: 9th May 2025

Introduces amended ITR-7 form for entities required to file returns under:

- Sections 139(4A): Trusts, political parties, institutions.
- Sections 139(4B), (4C), (4D): Electoral trusts, universities, etc.

Key Components of ITR-7

Part A (General Information):

- Basic details (name, PAN, address, status).
- Sections under which return is filed (e.g., 139(4A), revised return, etc.).
- Project/institution details, registrations (Income-tax Act/other laws).
- Audit information (if applicable).

Top Trends

- Sophisticated digital frauds expected to grow, requiring tighter security.
- MSME lending transformed through AI and digital public infrastructure.
- Non-food bank credit growth slows down to 12% from over 16%.
- DPI accelerates credit access and efficiency in financial services.
- Cybersecurity becomes a top priority across financial institutions.
- FinTech players shift towards collaborations to address regulatory hurdles.
- Foreign investors show growing interest in India's NBFCs.
- Personal loans become more accessible through tech-enabled lending platforms.
- Investors warned against emotional decisions and ignoring inflation.
- SIPs and insurance emphasized for long-term wealth building.

Top Trends

- The dispute centers around Remote Radio Heads used in mobile towers.
- Customs officials claim the components should attract 10–20% import duties.
- Samsung classified the items under zero-duty categories.
- Authorities argue Samsung knowingly misused duty exemptions.
- Samsung said the classification followed global and industry norms.
- The tax notice was issued by India's Directorate of Revenue Intelligence (DRI).
- The alleged misclassification occurred between 2017 and 2020.
- Samsung claims no opportunity was given to clarify its position.
- The tax claim was labeled "arbitrary and baseless" by Samsung.

Schedules:

- Schedule I: Accumulated/set-aside income under Section 11(2).
- Schedule VC: Voluntary contributions (domestic/foreign) and anonymous donations.
- Schedule CG: Capital gains (short-term/long-term) with transaction details.
- Schedule BP: Business/profession income computation.
- Schedule FA: Foreign assets and income disclosure (mandatory for residents).

Part B (Income Computation):

- Exemption claims under Sections 11, 12, 10(23C), etc.
- Tax liability calculation, including special rates (e.g., 30% on anonymous donations).

Compliance Requirements

Disclosures:

- Beneficial owners, trustees, foreign assets.
- Political party/electoral trust specifics (e.g., donations, audit reports).

Attachments:

- Audit reports (if applicable).
- Proof of tax payments (TDS, advance tax).

Important Dates

- Assessment Year: 2025–26 (FY 2024–25).
- Retrospective Application: Rules effective from 1st April 2025.

Additional Notes

- Penalties: Interest under Sections 234A/B/C for late filing/payment.
- Refunds: Credited to pre-validated bank accounts.

Document Reference

- Gazette: Part II, Section 3(i) of the Extraordinary Gazette of India.
- Authority: Signed by Surbendu Thakur, Under Secretary (Tax Policy).

Key Takeaways

- ITR-7 is tailored for non-standard taxpayers like trusts, political parties, and institutions.
- Enhanced disclosure requirements for foreign assets and income.
- Strict compliance with audit and documentation rules to avoid penalties.

Official Link:

[Click here to view the official notification by CBDT](#)

SEBI Clarifies Gifting of Shares Constitutes 'Trading' Under Insider Trading Regulations

Informal Guidance Letter No. SEBI/HO/ISD/ISD-PoD-2/P/OW/2025/4262/1 | Dated 7th February 2025

Introduction:

The Securities and Exchange Board of India (SEBI) has issued an informal guidance to Century Plyboards (India) Limited, clarifying that the act of gifting shares is considered 'trading' under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This interpretation significantly impacts how promoters and designated persons must handle gift transactions involving shares.

In response to specific queries from the company regarding gift transactions between a promoter and his daughters, SEBI stated:

- **Gifting as Trading:** The gifting of shares falls within the definition of 'trading' under Regulation 2(1)(i) of the PIT Regulations.
- **Contra Trade Restrictions:** If a promoter gifts shares within six months of undertaking an opposite transaction, such as a purchase, it may attract contra trade provisions.
- **Compliance Officer's Role:** The compliance officer of the company has the authority to grant relaxation from contra trade restrictions, provided such relaxations are in line with the company's internal code and do not violate SEBI regulations.
- **Applicability to Designated Persons:** Contra trade restrictions apply to designated persons and their immediate relatives collectively.
- **Who Qualifies as a Designated Person:** All promoters of listed companies are automatically designated persons. Additionally, any other member of the promoter group having access to Unpublished Price Sensitive Information (UPSI) may also be categorized as a designated person.

Conclusion:

SEBI's clarification reinforces that gifting of shares is not exempt from the insider trading framework. Companies must ensure their promoters and insiders remain compliant, especially when undertaking non-commercial share transfers like gifts.

Top Trends

- Home loan prepayments recommended to reduce interest costs.
- Rent vs. buy decisions hinge on city-specific affordability and duration.
- Credit card spending drops to a 7-month low, indicating cautious consumption.
- Wealth creation advice stresses patience, asset allocation, and diversification.
- Financial literacy campaigns gain momentum among young investors.
- Retirement planning shifts towards hybrid pension models and NPS.
- Gold investments remain stable amid global uncertainties.
- Simplified GST return process launched to support small businesses.
- New tax regime promoted with lower slabs and no exemptions.
- Increased reporting requirements for HNIs and foreign assets.
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Top Trends

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SEBI Mandates KYC Registration Agencies (KRAs) to Publish Investor Charter on Their Websites

Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/62 |
Dated: May 05, 2025

Introduction:

The Securities and Exchange Board of India (SEBI) has issued a circular directing all Know Your Client (KYC) Registration Agencies (KRAs) to prominently display the Investor Charter on their respective websites. This measure aims to enhance transparency and empower investors with essential information regarding KYC processes.

- **Applicability:** The directive applies to all SEBI-registered KRAs.
- **Key Requirement:** KRAs must publish the Investor Charter on their websites in a clear and accessible manner.
- **Objective:** To ensure investors are well-informed about their rights, obligations, and grievance redressal mechanisms related to KYC procedures.
- **Compliance Timeline:** KRAs must implement this requirement immediately upon issuance of the circular.

Conclusion:

SEBI's move underscores its commitment to investor protection and transparency in the securities market. KRAs are expected to adhere to the guidelines promptly to facilitate better investor awareness and compliance.

Official Link:

[SEBI Circular: Publishing Investor Charter for KYC Registration Agencies \(KRAs\).](#)

SEBI Proposes Allowing Liquid Mutual Funds to Meet Deposit Requirements for Investment Advisers & Research Analysts

Consultation Paper No. SEBI/HO/IMD/IMD-I/DOF4/P/CIR/2025 |
Dated: May 09, 2025

Introduction:

The Securities and Exchange Board of India (SEBI) has released a consultation paper exploring the use of liquid mutual funds as an alternative to fixed deposits for meeting the net worth and deposit requirements of Investment Advisers (IAs) and Research Analysts (RAs). This move aims to enhance flexibility while ensuring financial stability.

• **Current Requirement:** IAs & RAs must maintain a specified deposit/net worth (e.g., Rs. 50 lakh for IAs, Rs. 10 lakh for RAs) via bank FDs or other approved instruments.

• **Proposed Change:** SEBI suggests permitting liquid mutual funds (MFs) as an eligible instrument, given their high liquidity and safety.

Rationale:

- Provides diversification and better returns compared to FDs.
- Aligns with SEBI's push for mutual fund adoption.
- Reduces dependency on bank deposits while maintaining security.
- **Stakeholder Feedback:** SEBI invites comments from market participants by [Deadline – if mentioned] before finalizing norms.

Conclusion:

If implemented, this proposal could offer IAs and RAs greater flexibility in managing compliance requirements while maintaining investor protection. SEBI's consultation reflects its adaptive regulatory approach to modern financial instruments.

Official Link:

[SEBI Consultation Paper on Liquid Mutual Funds for Deposit Compliance](#)

Top Trends

- Digitization of tax filing and assessments continues with AI integration.
- Government pushes for e-invoicing and real-time compliance systems.
- PAN-Aadhaar linking mandatory for all financial transactions.
- SEBI mandates T+0 settlement for selected stocks to boost liquidity.
- ESG reporting norms tightened for listed companies.
- New RBI norms on NBFC risk weights and capital buffers introduced.
- Tax benefits for EVs and sustainable investments expanded.
- AI-based robo-advisors continue to disrupt wealth management.
- Retail investors drive participation in IPOs and smallcase portfolios.
- Nifty and Sensex show growing resilience to global volatility.
- SIP inflows reach record highs with consistent monthly growth.

Top Trends

- Sovereign Green Bonds gain traction among ESG-conscious investors.
- Mutual fund penetration grows in Tier-2 and Tier-3 cities.
- Passive investing through index funds and ETFs becomes mainstream.
- InsurTech platforms reshape insurance distribution with faster claims.
- Digital gold and tokenized assets grow in popularity among millennials.
- Family offices and UHNWIs shift focus to alternative and global investments.
- India surpasses Japan as the most preferred equity market in Asia, with 42% of fund managers overweight on Indian equities.
- JM Financial's model portfolio emphasizes banks, real estate, telecom, infrastructure, defense, and oil & gas sectors, favoring large-cap stocks over mid- and small-caps.

SEBI Proposes Enhanced Disclosure Norms for High-Value Debt Listed Entities (HVDLEs)

Consultation Paper | Date: 9th May 2025

Introduction:

The Securities and Exchange Board of India (SEBI) has introduced a consultation paper proposing stricter and more structured disclosure requirements for High-Value Debt Listed Entities (HVDLEs). This initiative aims to improve transparency, facilitate better risk assessment, and protect investor interests in the corporate bond market.

Key Proposals:

New Disclosure Formats:

- Standardized reporting templates for financial and operational details.
- Mandatory disclosure of credit ratings, default history, and debt servicing capabilities.

Enhanced Transparency:

- Regular updates on material events (e.g., delays in payments, asset encumbrances).
- Clearer reporting on liquidity position and debt maturity profiles.

Rationale Behind Changes:

- Reduce information asymmetry in the debt securities market.
- Help investors make informed decisions by ensuring timely and accurate disclosures.
- Align Indian norms with global best practices for corporate bond markets.

Applicability:

- Targets entities with outstanding listed debt securities ≥ ₹500 crore (or as specified by SEBI).

Stakeholder Feedback:

- SEBI has invited public comments on the proposal until [Deadline, if specified].
- Market participants, including issuers, investors, and rating agencies, are encouraged to share their views.

Conclusion:

If implemented, these changes will strengthen market integrity and investor confidence in India's corporate debt market. SEBI's move reflects its ongoing efforts to enhance discipline and transparency in debt listings.

OECD Report Highlights

Global Tax Challenges in the Digital Economy

Document: OECD/G20 Inclusive Framework on BEPS | Published by: Organisation for Economic Co-operation and Development (OECD) | Date: May 2025

Introduction:

The OECD has released a comprehensive report addressing critical tax challenges arising from the digitalization of the economy. This document, part of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), provides updated guidelines and recommendations for international tax policies. The report aims to ensure fair taxation in an increasingly digital global marketplace while preventing tax avoidance by multinational enterprises (MNEs).

Key Issues:

- **Digital Taxation:** The report examines how digital business models create tax challenges, including the difficulty of assigning taxable presence (nexus) and profit allocation in jurisdictions where MNEs operate without physical presence.
- **BEPS 2.0 Pillars:** It outlines progress on Pillar One (reallocation of taxing rights) and Pillar Two (global minimum tax of 15%), emphasizing their implementation timelines and technical adjustments.
- **Country-Specific Impacts:** The analysis includes case studies of how different economies are adapting to these changes, with a focus on developing nations.

OECD's Observations:

- The report stresses the need for coordinated global action to prevent unilateral digital services taxes (DSTs) that could lead to trade disputes.
- It highlights the importance of dispute resolution mechanisms to address overlaps or conflicts in tax claims between jurisdictions.
- Critical updates include clarifications on the scope of "Amount A" (profit reallocation) and compliance procedures for the global minimum tax under Pillar Two.

Top Trends

- LIC's performance contributes to an 8.43% year-on-year increase in new business premiums for life insurers in April.
- Public sector banks and the cement industry are viewed positively due to undervaluation and strong demand, while caution is advised for IT stocks facing growth challenges.
- Consumer spending on mobile services in India rises by 5.5% in Q3 FY25, reaching ₹65,080 crore, driven by tariff hikes.
- India's projected GDP of \$4.3 trillion positions it to become the world's third-largest economy, fueled by private consumption and capital spending.
- Domestic Institutional Investors (DIIs) surpass Foreign Institutional Investors (FIIs) in NSE-listed stock holdings for the first time in 22 years.
- The digital rupee (₹) pilot achieves one million daily transactions, indicating growing acceptance of India's central bank digital currency.

Top Trends

- UPI 3.0 introduces features like conversational voice payments and programmable transactions, enhancing user convenience.
- ESG investments in India see a 30% annual rise since 2020, with assets under management expected to reach ₹5 lakh crore by 2025.
- Monthly SIP inflows into mutual funds reach ₹15,000 crore, reflecting a 20% year-on-year growth.
- Alternative investments, including REITs and AIFs, are projected to grow at an 18% CAGR, attracting high-net-worth individuals and family offices.
- Financial inclusion improves through digital banking initiatives and the expansion of microfinance institutions.
- Foreign direct investment inflows increase in sectors like manufacturing, technology, and green energy, supported by relaxed regulations.

Key Takeaways:

- For Governments: The framework provides a blueprint for aligning domestic tax laws with international standards to avoid double taxation and ensure revenue fairness.
- For Businesses: MNEs must prepare for enhanced reporting requirements and potential changes in their effective tax rates.
- For Tax Professionals: The report underscores the need for proactive planning to navigate the evolving tax landscape, including transitional rules and safe harbors.

Conclusion:

The OECD's latest report reinforces the urgency of multilateral cooperation to modernize tax systems for the digital age. While the framework offers clarity, its successful implementation depends on widespread adoption and consistent enforcement across jurisdictions. Stakeholders should monitor developments closely to mitigate risks and capitalize on emerging opportunities.

Official Link:

[Download the OECD Report Here](#)

Summary of the Central Action Plan 2025–26 for the Income Tax Department

Central Report | Date: 11th May 2025

Overview

The Central Action Plan (CAP) 2025–26 outlines the strategic framework for the Income Tax Department to enhance efficiency, transparency, and taxpayer-centric governance. Aligned with the vision of Viksit Bharat by 2047, the plan focuses on revenue collection, demand management, litigation reduction, service delivery, and technology-driven processes.

Key Goals

- Revenue Collection: Achieve budget targets of ₹25.20 lakh crore (Corporate Tax: ₹10.82 lakh crore, Income Tax: ₹13.60 lakh crore, STT: ₹78,000 crore).
- Demand Management: Reduce arrear demand by ₹8.24 lakh crore and improve cash collection.
- Litigation Management: Dispose of over 2 lakh appeals and reduce pendency.
- Service Delivery: Resolve grievances within 21 days (CPGRAMS) and adhere to the Taxpayers' Charter.
- Technology: Leverage data analytics, AI, and faceless processes for non-intrusive administration.

Core Strategies

- PRUDENT Framework:
 - Professionalism
 - Responsiveness & Responsibility
 - Understanding Transactions & Businesses
 - Data-driven Decisions
 - Empathetic Enforcement
 - Non-intrusive Administration
 - Technology-Driven Processes
- Mission Karmayogi: Transform employees into proactive "Karmayogis" through capacity building and role-based training.

Sector-Specific Targets

- Human Resources: Mandatory 50-hour training per officer, APAR submissions via SPARROW, and POSH compliance.
- Faceless Assessment: Staggered disposal of cases (10% by June 2025, 100% by March 2026).
- International Taxation: Focus on high-risk remittances (Forms 15CA/15CB) and transfer pricing audits.
- TDS: Ensure compliance by government deductors, resolve mismatches, and conduct outreach programs.
- Exemptions: Streamline approvals for trusts/NPOs and coordinate with enforcement agencies.
- Intelligence & Criminal Investigation: Monitor SFT filings (Forms 61/61A) and conduct e-verification.

Monitoring & Accountability

- Quarterly reviews by senior officers.
- Self-assessment on PRUDENT principles (scale of 1–10).
- Grievance Redressal: Escalate unresolved cases to higher authorities based on pendency duration.

Expected Outcomes

- Enhanced taxpayer trust through transparent, tech-enabled processes.
- Reduction in litigation and arrear demand.
- Improved compliance via data analytics and targeted enforcement.

Conclusion

The CAP 2025–26 aims to modernize tax administration by balancing enforcement with empathy, leveraging technology, and fostering a culture of continuous improvement. Successful implementation will contribute to economic growth and fiscal stability.

Key Focus: Prioritize revenue collection, demand reduction, and taxpayer services while adhering to timelines and accountability measures.

For detailed targets, refer to the respective chapters in the document.

<https://ascconsultants.in/wp-content/uploads/2025/05/Action-Plan-2025-26.pdf>

Top Trends

- The insurance sector experiences rapid growth due to increased awareness and regulatory support.
- Blockchain technology finds applications in trade finance, supply chain management, and banking operations.
- Green and sustainable finance gain momentum, with government incentives promoting environmentally responsible projects.
- RBI's digital rupee aims to reduce physical currency management costs and enhance payment system resilience.
- UPI-based IPO applications reach record levels, indicating increased retail investor participation.
- The wellness sector expands rapidly, driven by increased health awareness and disposable incomes.
- Retail and FMCG markets adapt to evolving consumer behavior with direct-to-consumer models and omnichannel strategies.

Top Trends

- Technological advances in AI, cloud computing, and industrial automation enhance productivity and exports.
- The digital rupee's programmable features extend to areas like fuel, groceries, education, dining out, healthcare, and travel.
- UPI's share in digital payment transactions reaches 62% in FY 2022–2023, becoming the primary driver of digital payments.
- UPI One World wallet service extends to all inbound international travelers, facilitating seamless transactions.
- UPI Wallet facility introduced for foreign tourists, enabling transactions at over 20 million stores in India.
- RBI proposes allowing credit on UPI through pre-approved bank lines, reducing dependence on credit cards.

Dual PAN Misuse Leads to Tax Dispute: ITAT Restores Case for Reassessment:

Case Law: Jai Maa Durga Traders vs. CIT (Appeals) | **Court::** Income Tax Appellate Tribunal (ITAT), Allahabad 'DB' Bench | **Appeal No. :** ITA No.124/ALLD/2024 | **Dated:** 01.05.2025

Introduction:

The ITAT, Allahabad, recently addressed a contentious case involving dual PAN cards, non-compliance with notices, and unexplained bank deposits. The appellant, Jai Maa Durga Traders, challenged additions made by the Assessing Officer (AO) under Section 144 r.w.s. 147 of the Income Tax Act, 1961. The tribunal's decision highlights the consequences of procedural lapses and the importance of reconciling financial disclosures across PANs.

Key Issues:

- The assessee, a sugar wholesaler, inadvertently held two PANs (AAEFJ6725H and AAGFJ8468H). While filing returns under the first PAN, it operated a bank account under the second PAN, leading to discrepancies.
- The AO treated Rs. 13.92 crore (alleged unexplained deposits) as income under Section 144 due to non-compliance with notices. The assessee claimed only Rs. 7.22 crore was deposited, citing COVID-19 illness and illiteracy as reasons for non-response.

ITAT's Observations:

- The tribunal upheld the AO's authority to issue notices under Section 148 and complete a best-judgment assessment but noted the assessee's plausible explanation for dual PAN usage.
- Critical flaw: The AO failed to verify if the bank deposits were explained in returns filed under the original PAN. The ITAT restored the case for re-examination, directing the assessee to submit evidence linking both PANs.

Key Takeaways:

- Dual PANs: Holding multiple PANs is illegal under Section 272B, but inadvertent errors must be rectified promptly.
- Compliance: Non-response to notices risks adverse assessments, but genuine hardships (e.g., illiteracy/COVID) may condone delays.
- Burden of Proof: Assessee's must proactively reconcile discrepancies to avoid additions.

Conclusion:

The ITAT's ruling underscores the need for taxpayers to ensure consistency in PAN usage and timely compliance. While technical lapses were penalized, the restoration for reassessment reflects judicial fairness. Taxpayers must maintain robust documentation to justify financial transactions across all accounts.

Official Link:

[Download the ITAT Order Here](#)

Delhi High Court Rules Bandwidth Charges to Overseas Telecom Providers Not Taxable as Royalty, Dismisses Revenue's Appeal

Case Law: Pr. Commissioner of Income Tax v. Bharti Airtel Ltd. |

Court: Delhi High Court | **Appeal no.** ITA 103/2025 |

Date: 22.04.2025

Introduction

The Delhi High Court dismissed an appeal filed by the Income Tax Department (Revenue) against Bharti Airtel Ltd., holding that payments made to overseas telecom service providers for bandwidth services do not qualify as "royalty" under Section 9(1)(vi) of the Income Tax Act, 1961. The bench, comprising Justices Vibhu Bakhru and Tejas Karia, relied on precedent judgments, including CIT v. Telstra Singapore Pte. Ltd. (2024), to affirm that such payments are not taxable in India.

Background and Ruling

Assessing Officer's Order (2017):

- Held Bharti Airtel in default for failing to deduct TDS on payments to overseas entities, treating bandwidth charges as "royalty" or "fees for technical services (FTS)."

CIT(A) Ruling (2019):

Partially allowed Airtel's appeal, exempting some payments but upholding bandwidth charges as royalty.

Top Trends

- Razorpay introduces a quick refund feature for UPI, initiating reimbursements within 2 minutes.
- Hitachi Payment Services develops a UPI-based cash recycler machine, enabling UPI-based deposits.
- UPI transactions in January 2024 reach ₹18.41 trillion, a 1% increase from December 2023.
- UPI's transaction volume in January 2024 increases by 1.5% to 12.20 billion transactions.
- RBI's retail e-rupee pilot achieves its goal of one million daily transactions by December 2023.
- Digital rupee pilot projects for inter-bank borrowing commence in October 2023.
- RBI collaborates with international counterparts to explore CBDCs for cross-border settlements.
- RBI's CBDC pilot includes banks like SBI, HDFC Bank, ICICI Bank, and others for wholesale and retail transactions.

Top Trends

- Digital rupee transactions are designed to be final and irrevocable, reducing settlement risks.
- RBI's CBDC aims to support financial inclusion by enabling direct benefit transfers.
- RBI plans to extend the use case of the digital rupee in cross-border transactions at institutional and individual levels.
- RBI's digital rupee pilot includes both person-to-person (P2P) and person-to-merchant (P2M) transactions.
- RBI's CBDC pilot includes features to maintain anonymity for small-value transactions.
- RBI's digital rupee is convertible to paper currency without change in value.
- RBI's digital rupee pilot includes collaboration with payment companies like Google Pay and PhonePe.
- RBI's CBDC pilot includes programmable features for specific use cases.

1.ITAT Decision:

- Reversed CIT(A), ruling bandwidth charges were not royalty.

High Court's Final Decision:

- Upheld ITAT's view, citing Telstra Singapore and New Skies Satellite BV to conclude that mere use of infrastructure/processes does not constitute royalty unless intellectual property rights are transferred.

Conclusion

The High Court reaffirmed that payments for bandwidth services to foreign telecom providers, lacking transfer of intellectual property or control over technology, cannot be taxed as royalty under Indian law. The judgment reinforces judicial consistency in interpreting Section 9(1)(vi) and limits the Revenue's scope to tax cross-border service payments.

Official Link:

[Read the full judgment here](#)

Appearance:

For Appellant: Mr. Ruchir Bhatia (SSC), Mr. Anant Mann (JSC), Ms. Aditi Sabharwal, and Mr. Abhishek Anand (Advocates).

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