

FIN-0-SCOPE

15th June 2025



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CBDT Extends Deadline for Processing ITRs Under Section 143(1) for AY 2023-24 Till November 2025

F. No. 225/205/2024/ITA-II | June 2025

The Central Board of Direct Taxes (CBDT) has extended the deadline for processing Income Tax Returns (ITRs) filed under Section 139 for AY 2023-24. Through an order under Section 119(2)(a), the Board has directed that intimation under Section 143(1) for eligible returns can now be issued until November 30, 2025, providing relief to taxpayers facing processing delays.

Key Highlights

Extended Processing Timeline:

Valid e-filed ITRs for AY 2023-24 that missed the original deadline will now be processed by November 30, 2025.

Top Trends

- RBI's liquidity easing has made zero-coupon bonds less attractive.
- Credit spreads are widening across bond maturities.
- Fintech sector is witnessing a surge in venture capital funding.
- Digital lending platforms are rapidly gaining user trust.
- Buy Now Pay Later (BNPL) services continue to grow in popularity.

Top Trends

- AI and ML are transforming loan underwriting processes.
- Robo-advisory services are being adopted for wealth management.
- Digital personal loans are becoming more accessible to Tier-2 cities.
- Biometric and AI-based KYC verifications are being adopted widely.
- Virtual credit cards are gaining traction for secure transactions.
- Banks are investing heavily in cybersecurity infrastructure.
- ESG investments are becoming a core portfolio component.
- Transition finance is getting structured for green projects.
- India's digital rupee is slowly gaining transactional momentum.
- UPI-based payments continue to break monthly records.
- Embedded finance is growing across e-commerce platforms.

Exclusions Apply:

Returns selected for scrutiny or held up due to taxpayer-related issues (e.g., discrepancies, incomplete filings).

Refund Condition:

As per Circular No. 03/2023, refunds will not be processed if the taxpayer's PAN is unlinked with Aadhaar.

Compliance Directive:

The order has been disseminated to all Pr.CCsIT, DGIT (Systems), and other authorities for implementation.

Conclusion:

This extension alleviates administrative bottlenecks but underscores the importance of PAN-Aadhaar linkage and accurate return filing to avoid exclusions.

Official Notice:

[CBDT Order Dated June 2025](#)

Comprehensive Guide to CBDT's Compulsory Scrutiny Guidelines for FY 2025-26

F.No.225/37/2025/ITA-II | Date: 13th June,2025

The Central Board of Direct Taxes (CBDT) has introduced its Central Action Plan (CAP) for FY 2025-26, outlining stringent yet taxpayer-friendly measures for selecting income tax returns (ITRs) for compulsory scrutiny. These guidelines, issued on 13th June 2025, aim to enhance transparency, reduce litigation, and expedite refunds while ensuring robust tax compliance.

With India's tax administration increasingly moving towards a digital-first, faceless assessment model, the new framework emphasizes data-driven scrutiny and efficiency. Taxpayers—especially NRIs, businesses, and high-net-worth individuals (HNIs)—must understand these guidelines to avoid unnecessary scrutiny and penalties.

Compulsory Scrutiny Parameters

Returns are selected for complete scrutiny if they meet any of these criteria:

Code	Scenario	Procedure
CS01	Survey u/s 133A (post 01.04.2023)	Transfer to Central Charges within 15 days.
CS02	Search/requisition u/s 132/132A (01.04.2023–31.08.2024)	Approval from Pr.CIT/CIT required.
CS03	Search/requisition u/s 132/132A (01.09.2024–31.03.2025)	Same as CS02.
CS04	Registration/approval u/s 12A, 35(1) (for trusts/NGOs)	Notice via NaFAC (National Faceless Assessment Centre).
CS05	Recurring additions >₹750L (Metro)/₹720L (Non-metro) in past assessments.	JAO uploads documents for NaFAC.
CS06	Specific tax evasion info from law enforcement agencies.	Notice u/s 143(2) via NaFAC.

Top Trends

- Wealth is shifting toward safer bond instruments due to rate uncertainty.
- Sovereign Wealth Funds increasing exposure to Indian infrastructure projects.
- Retail investors shifting from FDs to debt mutual funds for better post-tax returns.
- SEBI introducing framework for social stock exchanges.
- RBI reviewing framework for Asset Reconstruction Companies (ARCs).
- Corporate India exploring offshore bond listings to diversify funding.
- Fintech apps offering budgeting tools integrated with bank accounts.
- Surge in demat account openings driven by stock market rallies.
- PSU divestment plans attracting institutional investor interest.
- Tax authorities using AI to flag mismatches in GST filings.
- Increasing interest in sovereign green bonds for ESG-focused portfolios.

Top Trends

- AI and ML are transforming loan underwriting processes.
- Robo-advisory services are being adopted for wealth management.
- Digital personal loans are becoming more accessible to Tier-2 cities.
- Biometric and AI-based KYC verifications are being adopted widely.
- Virtual credit cards are gaining traction for secure transactions.
- Banks are investing heavily in cybersecurity infrastructure.
- ESG investments are becoming a core portfolio component.
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- Embedded finance is growing across e-commerce platforms.

Key Exemption: Returns filed in response to Section 142(1) notices (based on NMS/AIS/SFT data) are not selected for compulsory scrutiny (may fall under CASS).

Key Focus Areas for FY 2025-26

Priority Area	Action Points
Litigation Management	Dispose old appeals (>3 years) pending at CIT(A)/ITAT.
Timely Refunds	Process refunds within 30 days of ITR processing.
Scrutiny Case Disposal	Fast-track high-potential cases with quality documentation.
Faceless Appeals	Ensure timely NFAC resolutions.
Taxpayer Services	Strengthen e-Nivaran grievance redressal and digital support.
Surveys	Only data-driven, with prior approval (no random surveys)

Important Deadlines & Procedures

- Notice u/s 143(2): Must be served by 30.06.2025 for ITRs filed in FY 2024-25.
- International Taxation Cases: Handled by Central Charges (NaFAC not applicable).
- Document Upload: JAOs must upload documents for NaFAC scrutiny promptly.

Official notice:
[CBDT notice dated 13th June](#)

Mumbai ITAT Denies Depreciation Claim on Lease-Hold Asset by Aditya Birla Financial Shared Services

Case Law: Assistant Commissioner of Income Tax vs. Aditya Birla Financial Shared Services Limited | Court: Income Tax Appellate Tribunal (ITAT), Mumbai | Appeal No.: ITA No. 3332/MUM/2023 | Date: May 26, 2025

The Mumbai ITAT recently upheld the disallowance of depreciation claimed by Aditya Birla Financial Shared Services (the Assessee) on lease-hold assets, ruling that the Assessee, being a lessee, was not eligible for depreciation benefits under the Income Tax Act, 1961. The Tribunal emphasized that ownership is a prerequisite for claiming depreciation and relied on the terms of the lease agreement to conclude that the Assessee did not hold legal ownership of the assets.

Key Findings & Analysis

Ownership Test under CBDT Circular No. 2 (2001):

- The Tribunal referred to CBDT Circular No. 2 dated February 9, 2001, which clarifies that depreciation is allowable only to the owner of the asset.
- The Assessee's claim was rejected as the Master Agreement with Hewlett Packard Financial Services (HPFS) clearly established HPFS as the legal owner.

Terms of Lease Agreement:

- The ITAT scrutinized the agreement and noted that:
- The Assessee had no ownership rights and could not contest HPFS's sale or repossession of the equipment.
- The Assessee was required to novate all rights to HPFS, reinforcing that HPFS retained full ownership.
- The equipment had to be returned or could be repossessed by HPFS as per the lease terms.

Precedents Relied Upon:

- Religare Finvest (Delhi ITAT): Ownership is determined by the contractual terms, not accounting entries.
- I.C.D.S. Ltd. (Supreme Court): Depreciation is linked to business use, but ownership remains a mandatory condition.

Conclusion

The ITAT ruled in favor of the Revenue, holding that since the Assessee was merely a lessee and not the legal owner of the assets, it was not entitled to depreciation. The decision reaffirms the principle that depreciation is strictly contingent on ownership, as evidenced by contractual agreements, and mere possession or use of an asset does not suffice.

Top Trends

- Wealth is shifting toward safer bond instruments due to rate uncertainty.
- Flexi-cap and multi-cap mutual funds are preferred over small caps.
- Portfolio diversification is becoming a key retail investor strategy.
- FIIs are monitoring geopolitical risks before investing in Indian equities.
- Government bond yields remain volatile amid inflation data.
- RBI's stance on inflation will guide short-term equity market trends.
- Sovereign Gold Bonds are gaining popularity among conservative investors.
- Asset management companies are launching thematic mutual funds.
- Retail investors are entering REITs and InvITs in search of steady returns.
- AI tools are being used to predict market sentiment and stock moves.

Top Trends

- Financial influencers are impacting investment decisions, especially on social media.
- Tax-saving funds (ELSS) are seeing a rise in SIP registrations.
- The trend of monthly income plans is growing among senior citizens.
- Cross-border remittance platforms are becoming more transparent and faster.
- RBI's regulatory sandbox is encouraging financial innovation.
- Neo-banking is expanding services beyond payments and into credit.
- Small Finance Banks are aggressively competing on deposit rates.
- Credit card usage is rising in semi-urban and rural areas.
- Corporate bond issuances are at a multi-month high.
- Public sector banks are reporting strong growth in digital customer acquisition.

Madras HC Denies Vivad Se Vishwas Benefit to Assessee in Search Case

Case Law: Future Plus Enterprise vs. The Principal Commissioner of Income Tax | Court: High Court of Madras | Appeal No.: W.P. Nos. 7178 & 7182 of 2022 | Date: May 9, 2025

The Madras High Court dismissed Future Plus Enterprise's writ petition, ruling that the DTVsV Act, 2020 did not apply due to the search-related embargo under Section 9(a)(i). The court upheld CBDT Circulars No. 9 (2020) and No. 7 (2020), barring the amnesty scheme where disputed tax exceeded ₹5 crore in search cases.

Key Findings & Analysis

CBDT Circulars as Contemporanea Expositio:

- The Court acknowledged that while CBDT circulars are not binding, they serve as contemporaneous interpretations of tax laws.
- The Finance Minister's speech and Statement of Objects of DTVsV highlighted that the scheme aimed to resolve pending tax disputes as of January 2020, not cases involving search-related tax arrears.

Embargo Under Section 9(a)(i) of DTVsV:

- The HC emphasized that Section 9(a)(i) bars settlement where:
- A search was conducted under Section 132/132A, and
- The disputed tax exceeds ₹5 crore.
- The Assessee was assessed under Section 153A/153C post-search, with disputed tax exceeding ₹5 crore, thus falling under the exclusion.

Definition of "Disputed Tax" & "Tax Arrears":

- Section 2(1)(j): "Disputed tax" refers to income tax payable under the Act.
- Section 2(1)(o): "Tax arrears" covers pending demands under Sections 143(3), 144, 153A, or 153C.
- The Assessee's argument that no tax was payable currently was rejected, as the original assessment had exceeded ₹5 crore.

No Ambiguity in DTVsV Provisions:

- The Court held that Section 9(a)(i) is clear and unambiguous—once a search case involves disputed tax over ₹5 crore, the benefit of DTVsV is barred.

Conclusion

The Madras HC upheld the ₹5 crore threshold for search cases under DTVsV, ruling that the scheme's benefits do not extend to high-value tax disputes arising from raids.

Mumbai ITAT Restores Matter to Revenue for Valuation Report in Stamp Duty Dispute

Case Law: Ritu Multitrade Services Pvt. Ltd vs. Income Tax Officer | **Court:** Income tax Appellate Tribunal Mumbai | **Appeal No.:** ITA No. 528/MUM/2025 | **Date :** May 27, 2025

The Mumbai Income Tax Appellate Tribunal (ITAT) recently restored a matter to the Revenue for fresh consideration, directing it to refer the disputed stamp duty valuation to the Departmental Valuation Officer (DVO). The case involved an addition under Section 43CA of the Income Tax Act, 1961, where the Assessing Officer (AO) adopted the stamp duty value over the actual sale consideration.

Key Findings & Tribunal's Observations:

Dispute on Stamp Duty Value:

- The Assessee sold a property for an amount lower than the stamp duty value, prompting the Revenue to invoke Section 43CA and make an addition of ₹15.86 lakhs (net of capital gains already offered for taxation).
- The Assessee objected to the stamp duty valuation and sought a reference to the DVO, but both the AO and CIT(A) rejected the request.

Applicability of Section 50C vs. Section 43CA:

- The ITAT noted that the impugned property was part of the Assessee's fixed assets (not inventory), making Section 50C (pertaining to capital gains) applicable instead of Section 43CA (which applies to inventory sales).
- Section 50C(2) mandates a reference to the valuation officer if the Assessee contests the stamp duty value. The Tribunal emphasized that the Revenue must follow this procedure when objections are raised.

ITAT's Directions:

- The matter was restored to the AO with instructions to:
- Refer the valuation dispute to the DVO.
- Obtain a fresh valuation report.
- Provide the Assessee a reasonable opportunity to present submissions.
- The AO was directed to reconsider the addition after examining the DVO's report in accordance with the law.

Top Trends

- Insurance companies are exploring blockchain for claim settlements.
- IPO pipeline remains strong despite market volatility.
- Retail participation in equity IPOs is hitting new highs.
- P2P lending platforms are becoming a popular investment choice.
- Startups are issuing ESOPs to attract and retain talent amid funding crunch.
- Cryptocurrency remains under tight scrutiny but sees slow retail inflow.
- Wealth-tech platforms are promoting goal-based investing.
- Asset-light models are dominating fintech lending strategies.
- Data privacy in financial services is a top compliance priority.
- Payment aggregator licensing is reshaping the digital payments ecosystem.
- BNPL defaults are rising, causing tighter risk management by lenders.
- Fractional real estate investments are gaining interest among HNIs.

Top Trends

- Capital gains tax regime expected to be rationalized in upcoming policy.
- Micro-investing apps are attracting new-to-market investors.
- SIP flows are hitting record highs monthly.
- Banks are integrating AI chatbots for 24/7 customer support.
- Mutual fund distributors are focusing on Tier-3 markets for expansion.
- Interest in offshore investment platforms is growing among millennials.
- SEBI is tightening disclosure norms for listed companies.
- Corporate India is increasing treasury allocations to liquid funds.
- ULIPs are being redesigned to be more flexible and attractive.
- India's household financial savings rate is witnessing a slight dip.
- Digital gold purchases are being integrated into UPI apps.

Conclusion:

The ITAT's ruling reinforces the mandatory nature of a DVO reference under Section 50C(2) when an Assessee disputes stamp duty valuation. It also clarifies the distinction between Sections 43CA and 50C, ensuring correct application based on whether the property is held as inventory or a capital asset. This decision provides relief to taxpayers facing arbitrary additions based on stamp duty values without proper valuation scrutiny.

Delhi ITAT Allows Business Expenditure, Holds Assessee Had "Set Up" Business in AY 2007-08

Case Law: DCIT vs. Aricent Technologies (Holding) Pvt. Ltd | **Court:** Income tax Appellate Tribunal Delhi | **Appeal No.:** ITA No. 1344/Del/2016 | **Date:** June 4, 2025

The Delhi ITAT ruled in favor of the Assessee, allowing deductions for expenses incurred during the setting up of its business in AY 2007-08. The Revenue had disallowed the claims, arguing that the Assessee had not "commenced" business as it had only made a long-term investment in a subsidiary without earning income. The ITAT clarified the distinction between "setting up" and "commencement" of business, relying on judicial precedents.

Key Findings & Tribunal's Observations:

Business Setup vs. Commencement:

- The ITAT emphasized that a business is "set up" when it is ready to function, even if revenue-generating activities begin later.
- The Assessee was incorporated in AY 2007-08, issued shares (per bank statements), and incurred expenses for business readiness. The single investment transaction did not negate its operational preparedness.

Legal Interpretation of Sections 3, 4 & 28:

- Expenses incurred after the "setting up" of a business are deductible, provided they meet statutory conditions.
- The ITAT relied on:
 - Bombay HC in Western India Vegetable
 - Delhi HC in Dhoomketu Builders to affirm that income computation under "Business and Profession" depends on the setting-up date, not revenue commencement.

Books of Accounts Not Decisive for Taxability:

- Citing the SC in Kedarnath Jute Mfg. and Sutlej Cotton Mills Ltd., the ITAT held that taxability is governed by the Act's provisions, not mere book entries.
- The CIT(A) correctly concluded that the business was set up on August 11, 2006, making subsequent expenses allowable.

Conclusion:

The ruling reinforces that expenses post-"setting up" are deductible even if revenue flows later. It clarifies the legal distinction between operational readiness and income generation, preventing Revenue from disallowing genuine business costs due to delayed profitability.

ITAT Mumbai Upholds Disallowance of Delayed PF/ESI Contributions but Allows Gratuity Fund Deduction

Case Law: Yes Bank Ltd. vs. Additional CIT (Appeals) | Court: ITAT MUMBAI BENCH 'G' | Appeal Nos.: ITA Nos. 1093 & 992 (Mum) of 2025 | Date: April 21, 2025

The Mumbai ITAT delivered a split verdict in a case involving Yes Bank Ltd., upholding the disallowance of delayed PF/ESI contributions under Section 36(1)(va) while allowing deductions for gratuity fund payments under Section 43B. The ruling reinforces the strict compliance required for employee welfare fund remittances and clarifies the distinction between employer and employee contributions.

Key Findings & Tribunal's Observations

Disallowance of PF/ESI Contributions [Section 36(1)(va)]

Facts:

- The bank, under RBI moratorium (March 5–18, 2020), delayed remitting employee PF/ESI contributions by 4 days (paid on March 19, 2020).
- The CPC disallowed ₹9.75 crore as deductions, citing missed statutory due dates under EPF/ESI Acts.

Top Trends

- Growth of green bonds to fund sustainable infrastructure.
- Emergence of social impact bonds for development projects.
- Tokenization of real-world assets on blockchain platforms.
- Pilot projects for cross-border CBDC interoperability.
- Stablecoins pegged to major currencies gaining regulatory attention.
- Rise of crypto ETFs targeting institutional investors.
- Decentralized finance (DeFi) protocols exploring compliance tools.
- Central bank stress-testing frameworks updated for digital risks.
- Surge in digital invoice discounting platforms for MSMEs.
- AI-driven credit scoring using alternative data sources.
- Embedded insurance offerings at point of sale in e-commerce.
- Parametric insurance models for crop and weather risks.

Top Trends

- Usage-based insurance leveraging IoT telematics data.
- On-demand micro-insurance policies via mobile apps.
- Growth of wellness and health-linked insurance plans.
- Increasing partnerships between traditional insurers and insurtechs.
- Cloud-native core banking implementations speeding up roll-outs.
- Open banking APIs enabling third-party financial apps.
- Push for digital identity frameworks (like Aadhaar-based KYC).
- Remote video-KYC processes becoming mainstream.
- Regulatory sandboxes nurturing fintech innovation.
- Consolidation wave among small NBFCs and fintech lenders.
- Rise of subscription-based banking models for premium services.

ITAT's Decision:

- Binding Precedent: The Tribunal relied on the Supreme Court's ruling in Checkmate Services (2022), which held that employee contributions deposited after statutory due dates are not deductible, even if paid before the ITR filing deadline.
- Moratorium Impact: Though the delay was due to an RBI moratorium, the ITAT ruled that statutory compliance cannot be overridden by exceptional circumstances unless EPF/ESI authorities grant extensions.
 - Conclusion: Disallowance upheld.

Allowance of Gratuity Fund Payment [Section 43B]

Facts:

- The bank paid ₹30 crore to a gratuity fund after tax audit but before the extended ITR due date (February 15, 2021, per Notification No. 93/2020).

ITAT's Decision:

- Section 43B Compliance: Payments made before the ITR due date qualify for deduction, even if post-audit.
- Conclusion: Deduction allowed; Revenue's appeal dismissed.

Conclusion:

- Strict Compliance for Employee Contributions: The ruling underscores that Section 36(1)(va) demands absolute adherence to statutory due dates, with no leeway for delays, even under extraordinary circumstances.
- Flexibility for Employer Contributions: Section 43B permits deductions for employer payments (e.g., gratuity) if made before the ITR filing deadline.
- Key Takeaway: Taxpayers must prioritize timely remittance of employee welfare funds to avoid disallowances, while employer contributions benefit from the broader window under Section 43B.

ITAT Mumbai Allows Carry Forward of Loss Despite Belated Return Due to Technical Glitches

Case Law: China Kunlun Contracting & Engineering Corp. vs. DDIT (CPC) | Court: ITAT MUMBAI BENCH 'C' | Appeal No.: ITA No. 3778/Mum/2024 | Date: May 23, 2025

The Mumbai ITAT ruled in favor of a foreign company (assessee) that faced technical difficulties on the Income Tax portal, leading to a 28-minute delay in filing its return. The Tribunal directed the Assessing Officer (AO) to reconsider the carry-forward of business losses and verify TDS credits, emphasizing the bona fide hardship faced by the assessee.

Key Highlights

Facts of the Case

- **Assessee Profile:** A Chinese non-resident company engaged in engineering and petrochemical projects.
- **Belated Return:** Filed on March 16, 2022 (28 minutes past the extended deadline of March 15, 2022) due to:
- Failure to register the Digital Signature Certificate (DSC) of its authorized signatory.
- JSON file validation issues on the Income Tax portal.
- **Loss & TDS Claim:** Declared a business loss of ₹104.57 crore and claimed TDS credit of ₹7.02 crore (reflected in Form 26AS).

AO's Action:

- Restricted TDS credit to ₹2.27 crore in the intimation under Section 143(1).
- Denied carry-forward of losses as the return was filed under Section 139(4) (belated).

ITAT's Decision

- **Technical Hardship Accepted:**
- The Tribunal acknowledged the genuine technical glitches evidenced by:
- E-grievances filed on the portal.
- Screenshots of error messages.
- Cited the Supreme Court's ruling in *Goetze (India) Ltd. vs. CIT* (2006), which empowers appellate authorities to admit claims not raised earlier if justified.

Top Trends

- Neo-banking for SMEs offering integrated accounting tools.
- Virtual financial advisors using NLP chatbots.
- Behavioral analytics to reduce fraud and improve UX.
- Biometric authentication moving beyond fingerprints to facial recognition.
- Quantum-safe cryptography discussions in banking cybersecurity.
- Expansion of financial wellness programs by employers.
- Student loan refinancing platforms entering India.
- Micro-investment apps rounding up transactions into SIPs.
- Fractional equity trading opening blue-chip stocks to retail.
- Algorithmic trading strategies tailored for retail platforms.
- Cloud-based treasury management systems for corporates.
- Dynamic pricing of loan products based on real-time risk.

Top Trends

- Real-time payment rails for instant merchant settlements.
- Growth of Bharat BillPay ecosystem for recurring payments.
- Voice-enabled payments and banking via smart devices.
- 5G enabling faster POS terminals and IoT payments.
- E-invoicing mandatory compliance improving tax transparency.
- Expansion of GST-compliant ERP integrations for SMEs.
- Automated expense management tools for small businesses.
- Supply-chain finance platforms linking buyers and suppliers.
- Blockchain pilots for trade-finance document digitization.
- Surge in cross-sell bundles of loans, insurance, and investments.
- Corporate treasuries hedging rupee volatility with derivatives.

Remand to AO:

- Directed the AO to:
- Re-examine the carry-forward of losses under Section 72.
- Verify TDS credits against Form 26AS and grant due refunds.

Key Observation:

"A 28-minute delay due to technical issues beyond the assessee's control should not deprive it of legitimate claims."

Conclusion & Takeaways

- Technical Glitches Matter: Tax authorities must consider portal failures as valid grounds for leniency in procedural compliance.
- Loss Carry-Forward: Belated returns under bona fide hardship may still qualify for loss carry-forward if substantiated.
- TDS Verification: Form 26AS remains the primary basis for TDS credits, even in belated filings.

ITAT Delhi Rules in Favor of Ernst & Young on Taxability of Secondment Charges & Professional Fees Under India-US DTAA

Case Name: Ernst and Young U.S. LLP v. ACIT

Appeal No.: ITA No. 2168/Delhi/2023 | **AY:** 2020-21 | **Order Date:** 19 May 2025

This case involves a US-based LLP providing professional services in India, disputing the taxability of secondment charges and professional fees under the India-US DTAA. The AO treated these payments as Fees for Technical Services (FTS), but the Tribunal ruled otherwise, emphasizing treaty benefits and preventing double taxation. Key issues included whether secondment reimbursements qualify as FTS and if non-regulated professionals could claim Article 15 benefits.

Key Facts

- Assessee: US-based LLP providing assurance, tax, and advisory services globally.
- Income Declared: ₹67.19 lakh (with TDS refund claim).

AO's Additions:

- ₹68.02 crore: Secondment charges treated as Fees for Technical Services (FTS) under India-US DTAA.
- ₹29.89 crore: Professional services taxed as FTS by denying Article 15 benefit.

Issues Decided

Taxability of Secondment Charges:

- Whether reimbursements for seconded employees qualify as FTS under Article 12.
- Held: No. Followed precedents in assessee's own cases ([2023] 153 taxmann.com 95):
- Amounts already taxed as salary in employees' hands; taxing again would cause double taxation.

Professional Services under Article 15:

- Whether services by non-regulated professionals (e.g., economists, engineers) qualify.
- Held: Yes. Article 15(2) defines "professional services" inclusively (not limited to ICAI/MCI members).

"Make Available" Clause (Article 12):

- AO invoked this to tax services as FTS.
- Held: Not satisfied. Services fell under Article 12(5)(e) (excluded from FTS as professional services).

Tribunal's Ruling

- Additions Deleted:
- Secondment charges and professional fees not taxable as FTS.
- Article 15 Applicable: Professional services cover all specialized expertise, irrespective of regulatory body membership.
- Penalty (Section 270A): Proceedings quashed as premature.

Key Takeaways

- Secondment Payments: Reimbursements for seconded employees are not FTS if already taxed as salary.
- DTAA Interpretation:
- Article 15 has a wide scope for professional services.
- "Make available" test requires knowledge/skill transfer to qualify as FTS.
- Compliance Note: Tax authorities cannot restrict DTAA benefits based on narrow definitions of "professionals."

Top Trends

- Forex-risk management solutions for export-import firms.
- Digital onboarding of inward remittances via UPI and wallets.
- Lower remittance fees driven by fintech aggregation.
- Diaspora bonds being explored for infrastructure funding.
- NPS inflows rising as corporates auto-enroll more employees.
- PPF and small-savings schemes seeing renewed investor interest.
- Voluntary pension schemes (VPS) piloted by private players.
- Rising use of mobile-first mutual fund platforms.
- Digital gold lending services against digital-gold holdings.
- Gold ETFs attracting conservative portfolios amid volatility.
- Corporate ESG disclosures tightening under SEBI guidelines.

Top Trends

- CDP and TCFD reporting frameworks adopted by large issuers.
- Retail participation in sovereign green sukuk issuances.
- Development of India-specific carbon-credit trading markets.
- Global funds increasing allocation to India as China slows down.
- RBI pushing for phased introduction of wholesale CBDC.
- Bank credit growth surpassing deposit growth, leading to liquidity crunch.
- NBFCs facing tighter norms for capital adequacy and provisioning.
- PSU banks witnessing record profit growth post-recapitalization.
- HDFC Bank leads in digital loan disbursal through mobile platforms.
- Fintechs expanding into rural India through partnerships with CSCs.

The Tribunal's decision clarifies that secondment charges (already taxed as salary) cannot be taxed again as FTS, avoiding double taxation. It also broadens the scope of Article 15 to cover all specialized professionals, not just regulated ones. The ruling reinforces a liberal DTAA interpretation, ensuring tax authorities respect treaty protections over narrow domestic views. Businesses must structure cross-border engagements carefully to leverage these benefits.

Supreme Court Overturns High Court: Consent Order in Rent Dispute Doesn't Transfer Ownership

Case Law: Beena & Ors. v. Charan Das (Deceased) Through LRs & Ors. | Court: Supreme Court of India | Appeal No.: Civil Appeal No. 3190 of 2014 | Judgment Date: 11 September 2024

This case examines whether a tenant could claim ownership of rented premises based on a 1979 eviction settlement. The tenant deposited ₹12,500 as per consent terms to avoid eviction but later asserted ownership rights. The dispute reached the Supreme Court, which clarified that mere eviction dismissal does not transfer title and reinforced mandatory registration for property transfers under the Transfer of Property Act.

Case Background

- Original Dispute: Landlord (Bhawani Prashad) sought eviction of tenant (Charan Das) under Section 14, HP Urban Rent Control Act, 1971, citing building dilapidation.
- 1979 Settlement:
- Tenant to deposit ₹12,500 by 15 December 1979.
- Condition: Deposit → Eviction dismissed; Non-deposit → Eviction allowed.
- Tenant deposited amount on 6 September 1979 (well before deadline).

Procedural History

Execution Petition (1989):

- Tenant sought recording as "owner" via execution — allowed by Rent Controller but reversed in revision (building collapsed; execution improper remedy).

Tenant's Suit (1990):

- Claimed ownership based on 1979 order, seeking possession + compensation.
- Trial Court & First Appellate Court: Dismissed — no ownership transfer.

High Court (Second Appeal):

- Reversed lower courts, declaring tenant as owner.

Supreme Court Appeal: Filed by landlords.

Supreme Court's Key Observations

No Ownership Transfer in 1979 Order:

- Consent terms never mentioned sale/ownership transfer.
- ₹12,500 was for dismissing eviction, not sale consideration.

Jurisdictional Limits:

- Rent Controller's power limited to eviction under Section 14 — no authority to transfer ownership.
- Controller's remark that tenant would "become owner" was a factual error, unsupported by parties' statements.

Legal Formalities Ignored:

- No registered sale deed as required under Transfer of Property Act, 1882.
- Section 17(1A): Compulsory registration for property transfers.

Supreme Court's Decision

- High Court's Judgment Set Aside: No legal basis for ownership claim.
- Restored Trial Court's Decree: Tenant's suit dismissed.
- Costs Awarded to landlords.

Legal Principles Reinforced

- Consent Orders: Must explicitly state intent to transfer ownership; mere dismissal of eviction ≠ title transfer.
- Registration Mandatory: Property transfers require registered documents (Section 17, Transfer of Property Act).
- Jurisdictional Boundaries: Rent Controllers cannot adjudicate ownership disputes.

Top Trends

- Banks launching voice-command banking on smart assistants.
- Financial inclusion rising due to Jan Dhan accounts and mobile wallets.
- MFI sector recovering with improved repayment rates post-pandemic.
- PLI scheme pushing credit demand in manufacturing and MSME sectors.
- Interest in credit line on UPI growing after NPCI's green light.
- E-RUPI vouchers being used for targeted subsidies and benefits.
- Buy-side analysts revising upward estimates for BFSI stocks.
- Investment advisors seeing surge in SIP queries from young earners.
- Gold import duty under review to control CAD and prices.
- Rupee volatility impacting forex reserves management.
- Mutual fund NFOs surging with thematic and international funds.

The Supreme Court ruled that the tenant's deposit only prevented eviction and did not confer ownership. Since no registered sale deed existed, the High Court's ownership declaration was overturned. The judgment reaffirms that property transfers require strict compliance with registration laws, and Rent Controllers cannot decide title disputes.

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Top Trends

- Digital onboarding process of AMCs being streamlined for faster KYC.
- Startups issuing debt instruments via online platforms for retail investors.
- Bond laddering strategies being adopted to manage interest rate risks.
- Credit card spends growing in travel, e-commerce, and luxury retail.
- SEBI strengthening rules for PMS and AIFs transparency.
- Wealth management firms offering AI-curated model portfolios.
- Investment in art and collectibles gaining popularity among UHNIs.
- PE and VC firms increasing exposure to clean energy companies.
- Companies focusing on deleveraging amid rising interest rates.