

# FIN-O-SCOPE

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## CBDT Simplifies MAP Relief: No More Delays for CIT(A) Appeals

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New Delhi: The Central Board of Direct Taxes (CBDT) has rolled out a crucial procedural fix to speed up Mutual Agreement Procedure (MAP) outcomes for taxpayers whose appeals are stuck before the Commissioner of Income Tax (Appeals), or CIT(A).

This addresses a nagging issue in cross-border tax disputes, where multinational firms often juggle MAP negotiations under tax treaties alongside domestic appeals.

Under Rule 44G of the Income Tax Rules, taxpayers must accept the MAP resolution in writing and furnish proof of withdrawing related appeals to trigger implementation of the relief.

But when appeals linger at the CIT(A) level—common in transfer pricing and double taxation cases—no clear rule existed on how to get that "proof of withdrawal."

## Top Trends

- India Q2 GDP Growth Surges to 8.2%, beating forecasts on strong manufacturing, construction, and rural demand despite US tariff headwinds.
- Fed Rate Cut Probability Jumps to 85%, with expectations for 25bps December cut as weak jobs data signals easing cycle ahead.

# Top Trends

- Black Friday India Sales Surge 20-25% YoY, with \$7-8bn GMV and premiumization trends driving post-Diwali ecommerce boom.
- Bitcoin Volatility Shifts Amid ETF Era, down 36% from peak but showing muted swings as \$40bn US ETF market stabilizes.
- India's November PMI Slows to Six-Month Low at 59.9, with manufacturing at nine-month low on soft orders and weather headwinds.
- Sensex-Nifty Rally on Rate Cut Optimism, surging 1,000+ points despite Rs 1.49 lakh cr FII outflows YTD.
- Global Markets Sell-Off on Tech Valuation Fears, with US indices dropping on AI bubble concerns and Europe down on UK gilt spike.
- Nykaa Q2 Profit Soars 244% YoY, driven by Black Friday premiumization and strong beauty ecommerce conversions.
- Ethereum Stabilizes Above \$3,600 Support, forming bull-flag patterns toward \$5-6K resistance levels.

Taxpayers faced endless back-and-forth, delaying treaty-based adjustments despite agreements between India's Competent Authority and foreign partners.

The Office Memorandum dated 27 October 2025, from CBDT's Foreign Tax & Tax Research Division, now plugs this hole decisively.

It observes that MAP applications under Rule 44G frequently overlap with pending CIT(A) appeals, creating procedural uncertainty.

The fix is straightforward: whenever a taxpayer files a request for withdrawal of the appeal—or just the specific grounds covered by the MAP resolution—the office of CIT(A) should issue an intimation acknowledging acceptance of such withdrawal.

## Sikkim High Court Unlocks Writ Route: Direct Challenges to Section 148A(d) Orders Allowed Despite Appeals

**Zydus Healthcare Ltd v. Assistant Commissioner of Income Tax**

[2025] 180 Taxmann.com 207 (Sikkim)

### Facts of the case

- Zydus Healthcare Ltd faced Revenue Audit objections on three fronts: MAT credit for donations under Section 80GGC, book profit adjustments, and a Rs 22.99 crore excise duty refund treated as capital receipt instead of business expense.
- The Assessing Officer issued a Section 148A(b) notice on 19 March 2022 giving Zydus an opportunity to respond to the audit objections raised against the company.
- On 27 April 2022, the AO passed a Section 148A(d) order authorizing formal reassessment proceedings, reopening the company's assessment on the basis of audit flags.
- Zydus Healthcare challenged the reassessment notice as time-barred, arguing the excise refund did not qualify as an "asset" under Section 149 for extending the ten-year limitation period.
- Revenue Department contended the writ petition was not maintainable since Section 246A(1)(b) provides a direct appeal remedy against Section 148A(d) orders, and taxpayers must exhaust this alternative remedy first.

# Top Trends

- Zydus Healthcare Q2 Beats Estimates with strong volumes and specialty drug margin expansion.
- Shriram Finance Rises 6% on asset quality improvement and commercial vehicle finance growth.
- Manappuram Finance Gains as analysts turn bullish on gold loan NBFC amid festive demand.
- Power PSU Among Most-Searched Stocks, with highest investor interest in power sector utilities.
- Bharat Heavy Electricals Capex Order Visibility tracked by investors ahead of Q3 earnings release.
- Tata Group Reshapes Future with focus on 29 listed entities and digital/green energy bets.
- Adani Group Acquires 73% Stake in Flight Simulation for Rs 820cr, expanding aviation services.
- Engineers India Declares Rs 1 Interim Dividend with Q2 revenue up 33.7% despite profit lag.

**Gangtok:** The Sikkim High Court has delivered a game-changing verdict, ruling that taxpayers can file writ petitions directly against Assessing Officers' orders under Section 148A(d) of the Income Tax Act, even with a statutory appeal available under Section 246A(1)(b). In 180 taxmann.com 207 (Sikkim), Justice Meenakshi Madan Rai rejected Revenue's preliminary objection on writ maintainability in Zydus Healthcare Ltd's case, where the company challenged a reassessment notice under Section 148 triggered by Revenue Audit flags on MAT credit for donations, book profit adjustments, and a Rs 22.99 crore excise duty refund treated as capital receipt.

The Assessing Officer issued a Section 148A(b) notice on 19 March 2022 after audit objections, then passed the Section 148A(d) order on 27 April 2022 authorising reopening, which Zydus contested as time-barred since the excise refund didn't qualify as an "asset" under Explanation to Section 149 for extending limitation. Revenue argued the writ was premature as appeals exist against 148A(d) orders, insisting taxpayers exhaust alternative remedies first. Justice Rai clarified that while Section 246A(1)(b) does provide appeals—dispelling taxpayer misconceptions—High Courts retain plenary discretion under Article 226 to entertain writs for jurisdictional errors like time-barred notices or unmet preconditions under Sections 148/149.

Citing Supreme Court precedents like Uttar Pradesh Power Transmission vs CG Power and Punjab & Haryana HC cases such as Anshul Jain, the court held the "alternative remedy" rule is not absolute but yields to fundamental challenges questioning reassessment jurisdiction itself. This dual-track clarity—appeal for merits, writ for jurisdiction—arms CAs and taxpayers with strategic flexibility against aggressive reopenings, ensuring judicial oversight while streamlining litigation paths. The objection stands dismissed, advancing the case to merits.

# Supreme Court Delivers Hammer Blow to Tribunal Reforms Act: Judicial Independence Triumphs Over Legislative Overreach

**MADRAS BAR ASSOCIATION v. UNION OF INDIA AND ANOTHER (WRIT PETITION (C) NO. 1018 OF 2021)**

## Facts of the Case

- *Madras Bar Association challenged the Tribunals Reforms Act, 2021 on grounds of violating judicial independence and separation of powers principles.*
- *Section 3(1) imposed a minimum age bar of 50 years for tribunal Chairpersons and Members, excluding younger qualified advocates from appointment.*
- *Section 3(7) required Selection Committees to recommend two-name panels per vacancy with government action "preferably within three months," diluting judicial primacy.*
- *Section 5 fixed four-year tenures (Chairperson until 70, Members until 67), claimed to discourage meritorious candidates from joining tribunals.*
- *Section 7(1) linked tribunal allowances to Central Government officer scales, subjecting compensation to executive discretion and compromising independence.*
- *Petitioners argued these provisions violated Articles 14, 21, 50, overrode prior Supreme Court mandates, and perpetuated executive control without a National Tribunals Commission.*
- *Union defended by asserting Parliament's exclusive law-making authority and arguing courts cannot mandate legislation or timelines.*
- *Supreme Court relied on S.P. Sampath Kumar, L. Chandra Kumar, and Madras Bar Association series precedents establishing tribunals as High Court substitutes.*
- *Court found the Act repackaged verbatim the invalidated 2021 Ordinance provisions, constituting blatant legislative override of binding judicial directives.*

## Top Trends

- **RBI Forex Interventions**  
Drain Liquidity, with rupee at 88.65 amid importer demand and FII outflows.
- **SBI Q2 Resilience Shown by NPAs at 1.73%, deposits up 8.2%, and advances up 10.1%.**
- **M&M Q2 Profit Jumps 18%** on SUV and farm tractor demand, with revenue up 21%.
- **Bajaj Finance Festive Loan Boom**, disbursing 63 lakh loans with 23 lakh new customers added during Diwali-Black Friday.
- **Amazon India Export Surge** in health, beauty, and toys during Black Friday, boosting cross-border SMB commerce.
- **Rupee Weakens to 88.65** on FII outflows, US dollar strength, and widening trade deficit.
- **Auto Sales Festive Momentum Builds on GST cuts**, with rural recovery visible in two-wheeler and tractor segments.
- **Reliance Faces Rs 56.44cr GST Penalty**, raising compliance scrutiny on India's largest conglomerate.

# Top Trends

- India Nominal GDP Growth at 8.7%, narrowing gap with real GDP and signaling easing inflation pressures.
- Manufacturing Output Expands 9.1%, driven by pre-GST inventory buildup and export front-loading before US tariffs.
- Construction Sector Grows 7.2%, marginally slower than Q1 but sustained by public capex momentum.
- Government Capex Climbs 31% in Q2, underpinning growth despite urban demand lag.
- Merchandise Exports Rise 8.8%, reversing YoY drops through front-loaded shipments ahead of US tariff threats.
- India's Trade Deficit Hits Record High in October, prompting Rs 50,000cr export support package announcement.
- Consumer Inflation Drops to Record 0.25%, strengthening RBI 25bps repo cut bets for December policy.

The Supreme Court has struck down critical provisions of the Tribunals Reforms Act, 2021, ruling them unconstitutional for undermining judicial independence and violating separation of powers. Challenged sections included Section 3(1)'s minimum age bar of 50 years for Chairpersons and Members, Section 3(7)'s requirement for Search-cum-Selection Committees to recommend panels of two names per vacancy with government action "preferably within three months," Section 5's truncated four-year tenures (Chairperson until 70, Members until 67), and Section 7(1)'s linkage of allowances to Central Government officer scales. Petitioners, led by Madras Bar Association, argued these clauses infringe Articles 14, 21, and 50, represent impermissible legislative overruling of prior judicial mandates, and enable executive dominance over tribunal functioning without a National Tribunals Commission.

The Union countered that Parliament holds exclusive law-making authority, courts cannot mandate specific legislation or timelines, and non-conformance with judicial directions does not invite contempt since rulemaking rests with executive and legislature. Drawing from foundational precedents like S.P. Sampath Kumar (tribunals as High Court substitutes), L. Chandra Kumar (High Court writ jurisdiction as basic structure), R. Gandhi/MBA series (judicial primacy in appointments, barring civil service dominance), and Rojer Mathew/MBA (IV-V) (striking short tenures, panel systems, age limits), the Court rejected these defences outright, holding the Act as blatant legislative override repackaging invalidated 2021 Ordinance provisions verbatim

Emphasizing constitutional supremacy over parliamentary sovereignty, the bench clarified Parliament must remedy judicially identified defects rather than restate them, with judicial review as an unassailable basic feature. Until curative legislation, MBA (IV-V) directions prevail: judiciary-led single-name recommendations, five-year tenures (to age 70/67), enhanced HRA (Rs 1.5 lakh/1.25 lakh), 10-year advocate eligibility, and urgent appointments. The Union gets four months to establish a National Tribunals Commission for independent oversight, protecting pre-Act selections from truncated terms and ensuring tribunals remain true judicial substitutes free from executive control..

# Delhi High Court Raises the Bar: 'Reason to Believe' Under Benami Act Demands More Than Mere Police Suspicion

**SHYAMSUNDAR SHARMA v. ACIT/INITIATING OFFICER, BENAMI PROHIBITION UNIT-2, DELHI & ANR. (W.P.(C) 17000/2025).**

## Facts of the case

- *Shyamsundar Sharma received a show-cause notice and provisional attachment order from the Initiating Officer under the Prohibition of Benami Property Transactions Act, alleging his role as benamidar in bogus transactions linked to a searched entity.*
- *The Initiating Officer possessed Excel sheets detailing fictitious deals and transactions naming 'Shyamsundar' that corroborated statements provided by beneficial owners of the searched entity.*
- *Shyamsundar Sharma challenged the show-cause notice and attachment order by filing a writ petition before the Delhi High Court, contesting the Initiating Officer's authority to issue these orders.*
- *The Revenue argued that the IO possessed sufficient material—the Excel sheets and corroborating owner statements—establishing 'reason to believe' that Sharma held benami property.*
- *Sharma contended the notice was issued without proper material or sufficient basis, challenging the IO's conclusion that he was a benamidar.*

The Delhi High Court has clarified that the 'reason to believe' threshold under Section 24 of the Prohibition of Benami Property Transactions Act, 1988, is significantly stricter than the 'reasonable suspicion' standard allowing police arrests under Section 35 of the Bharatiya Nagarik Suraksha Sanhita (BNS), 2023. A division bench of Justices V. Kameswar Rao and Vinod Kumar made this observation while dismissing a writ petition by Shyamsundar Sharma challenging a show-cause notice and provisional attachment order. The Initiating Officer (IO) had issued these based on material indicating Sharma's role as benamidar in bogus transactions linked to a searched entity, including Excel sheets detailing fictitious deals naming 'Shyamsundar' that corroborated statements from beneficial owners.

## Top Trends

- Financial Services Sector Grows 10.2%, emerging as Q2 tertiary sector star on credit expansion.
- Agriculture Grows 3.5% in Q2, down from 4.1% YoY but supported by better Kharif output.
- Mining Sector Contracts 0.04%, showing stabilization from YoY contraction trend.
- Nifty Target at 30,000 by End-2026, projecting 15% upside on lower rates and earnings upgrades.
- China Consumer Prices Rise 0.2% YoY, with retail sales at 2.9% beating expectations despite deflation risks.
- China Export Growth Slows unexpectedly, with October exports down 1.1% and industrial output at 4.9%.
- Nvidia Sheds 13% in November on AI valuation concerns and crypto pullback despite strong earnings.
- AI-Linked Stocks Retreat as profit-taking accelerates amid growth concerns and bubble fears.
- S&P 500 Tracks First Monthly Loss Since April, driven by tech selloff and rate cut uncertainty.

Section 24 empowers the IO to issue notice only upon possessing tangible material forming 'reason to believe' of benami holding—a higher pedestal than BNSS suspicion for cognizable offences, yet below a judicial 'prima facie case' requiring hearings or witness cross-examination. Courts reviewing challenges conduct a dual inquiry: objectively verifying material existence (without assessing sufficiency or quality), then subjectively checking if the IO rationally linked it to benami activity from their perspective. Judicial wisdom cannot supplant the IO's reasoning, though relevance to seized evidence is examinable; no pre-notice adjudication is mandated, enabling swift enforcement while safeguarding against arbitrariness.

Finding Excel data and owner statements satisfied both limbs, the court upheld the notice, noting Sharma's alternate remedy before the Adjudicating Authority under Section 26. It directed providing the Approving Authority's attachment approval copy on demand, absent statutory mandate. This ruling equips tax professionals defending benami probes: target absent material or irrational linkages, not evidential weight, balancing robust enforcement with procedural fairness in India's anti-benami regime.

## Top Trends

- Bharti Telecom Accepts Rs 8,500cr Bond Bids at 7.4% coupon for 5G and network expansion.
- Electric Vehicle Sales Surge to 158,010 units, poised for acceleration post-GST cut spillover.
- Large-Screen TV Sales Up 20% YoY on GST cuts, with Black Friday stockouts prompting replenishment.
- Croma Holds Late-Night Black Friday Shopping, boosting footfalls 50% over regular trading days.
- Samsung India Black Friday Push from Nov 20 leverages post-Diwali momentum for premium electronics.
- Vijay Sales Reports 50% Footfall Spike on peak Black Friday, positioning as India's top-5 annual sale.
- Tata CliQ Black Friday Traffic Jumps 1.2x-1.4x with 20-35% GMV lift during campaign period.
- Nexus Select Malls Black Friday Week evolves single-day flash into week-long carnival shopping event.

# Top Trends

- Dow Jones Declines  
Second Straight Session, signaling rotation from growth into defensive positions.
- US 10-Year Treasury Yield Hits 4.54%, with UK gilt surge raising global borrowing costs.
- US Michigan Consumer Sentiment Misses November Estimates, with inflation expectations rising to 4.7%.
- Euro Area Sentix Confidence Falls to -7.4, reflecting weak economic sentiment and policy uncertainty.
- Germany ZEW Misses November Estimates, with growth expectations disappointing despite deflation easing.
- Japan PM Signals Multi-Year Fiscal Target, hinting at easing and support for December rate hike.
- Central Bank Signals Possible December Rate Hike, with board minutes indicating tightening readiness.

## Kerala High Court Vindicated SBI: Judicial Stay Orders Override TDS Default Liability Under Section 201

**STATE BANK OF INDIA v. COMMISSIONER OF INCOME TAX (ITA NO. 45 OF 2025)**

### **Facts of the case**

- State Bank of India (SBI) issued a circular dated 15 April 2014 withdrawing overseas Leave Travel Concession (LTC) facilities previously available to its employees.
- Employees of SBI, acting through their association, challenged the circular before the Madras High Court, contesting the bank's decision to withdraw overseas LTC benefits.
- The Madras High Court initially stayed the operation of SBI's circular on 16 February 2015, preventing the bank from implementing the withdrawal of LTC facilities.
- The Madras High Court later clarified its stay order, directing that "any amount paid to the petitioner towards LTC or reimbursement of LTC would not amount to income, so as to enable the Bank to deduct tax at source," with employees bearing tax liability if the writ ultimately failed.
- Acting on this Madras High Court interim order, SBI released LTC reimbursements to its employees nationwide without deducting TDS, treating the payments as non-income as per the court's directive.
- The writ petition challenging the circular was dismissed by the Madras High Court in June 2022, after which the Income Tax Department initiated proceedings against SBI's Poovar branch under Section 201(1) and (1A) for non-deduction of TDS.
- The Assessing Officer treated SBI as an 'assessee in default' for failing to deduct TDS on LTC payments and imposed interest and penalties under Section 201.
- The CIT(A) upheld the AO's order treating SBI as assessee in default, and the ITAT also confirmed the same view, all three authorities rejecting SBI's defence that it was bound by the Madras High Court interim order.
- SBI appealed before the Kerala High Court, challenging the orders from the AO, CIT(A), and ITAT on the grounds that it was legally bound to comply with the Madras High Court's interim order.
- The Revenue Department argued that the Madras High Court orders issued in Tamil Nadu lacked jurisdiction to bind SBI's operations in Kerala, and therefore the non-deduction of TDS constituted a statutory default attracting penalties.

# Top Trends

- India's Gross Tax Revenue Growth at 2.8% in H1 FY26, flagging revenue shortfall risks ahead.
- CPI Inflation Eases to Record 0.25%, pricing in 90%+ odds of 25bps RBI repo cut in December.
- Trade, Hotels, Transport Grow 7.4%, supporting services-led growth with tertiary sector momentum.
- Government Spending Decelerates in Q2 but remains robust, keeping fiscal consolidation on track.
- Net Exports Drag GDP by 2.1 Percentage Points, worsening from Q1 on record trade deficit.
- IMF Upgrades India FY26 Forecast to 6.6%, supporting bullish market sentiment and FII return hopes.
- RBI Expected to Cut Repo Rate 25bps in December policy, supporting growth expectations ahead.
- Urban Demand Gains Traction Post-GST, with Q3 FY26 starting strong on consumption uptick.

The Kerala High Court has categorically ruled that State Bank of India (SBI) cannot be held as an 'assessee in default' under Section 201 of the Income Tax Act, 1961, for failing to deduct Tax Deducted at Source (TDS) on Leave Travel Concession (LTC) reimbursements paid to employees during FY 2015-16. Justices A. Muhamed Mustaque and Harisankar V. Menon allowed SBI's appeal against orders from the Assessing Officer (AO), CIT(A), and ITAT targeting its Poovar branch, emphasizing that the bank was legally compelled to honour a binding 16 February 2015 interim order from the Madras High Court. This order arose from employees' challenge—via their association—to SBI's 15 April 2014 circular withdrawing overseas LTC facilities; the Madras HC first stayed the circular, then clarified on modification that "any amount paid to the petitioner towards LTC or reimbursement of LTC would not amount to income, so as to enable the Bank to deduct tax at source," with employees bearing tax liability if the writ failed.

SBI, acting nationwide on this directive, released LTC payments without TDS, only facing Section 201(1)/(1A) proceedings post the writ's June 2022 dismissal. Revenue insisted Madras HC orders lacked jurisdiction in Kerala, treating non-deduction as default warranting interest and penalties. The bench rejected this outright, holding Section 201 inapplicable where judicial commands suspend statutory TDS obligations; no taxpayer can be penalized for court compliance, invoking the first proviso to Section 201 and precedents like Leema Resorts. As an all-India statute, Income Tax Act binds deductors uniformly—the challenged circular governed pan-India LTC policy, making Madras HC's stay universally binding on SBI despite later writ disposal. Interim orders retain force for actions taken thereunder, absolving the bank from default status.

This precedent fortifies employers and CAs: court stays explicitly barring TDS treatment nullify Section 201 liability, prioritizing judicial supremacy over mechanical enforcement. It clarifies inter-jurisdictional order effects under national tax laws, shielding good-faith compliance while cautioning departments against ignoring superior court directives in TDS disputes.[livelaw+1](#)

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## Top Trends

- Dollar Strengthens to ¥154.55 on yen weakness and US rate outlook shifting, EUR at \$1.1637.
- Gold Supported Around \$3,900, with pullback finding floor on central bank emerging market buying.
- FTSE 100 Down 1.1% on UK Budget Uncertainty, with bank shares underperforming on fiscal shortfall fears.
- DAX Falls 0.7% and CAC 40 Down 0.7%, mirroring global risk-off on growth and inflation concerns.
- Madrid and Milan Indexes Drop 1.2% and 1%, underperforming on fiscal tightening and policy lag.
- Indian 12-Month Growth Optimism Weakest Since July 2022, dampening hiring and capex plans.
- Nifty Volatility Spikes Amid Monthly Expiry, with 400-point swings and F&O unwinding ahead of December.