Aman Satish and Company,
Chartered Accountants

FIN-O-SCOPE

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Top Trends

- RBI continues to adopt a data-driven monetary policy approach, closely monitoring inflation trends and global economic developments while supporting sustainable domestic growth.
- India's GST collections have remained robust, reflecting improved compliance, strong economic activity.

Top Trends

- The Income-tax Department is increasingly leveraging AI, AIS, and TIS analytics to identify discrepancies, resulting in greater scrutiny of high-value financial transactions.
- Faceless assessments and appeals continue to evolve through procedural refinements aimed at improving transparency, reducing litigation, and enhancing taxpayer convenience.
- Litigation surrounding reassessment proceedings under Sections 147 and 148 continues before various High Courts and the Supreme Court, shaping the future of tax administration.
- The Government continues to prioritize fiscal consolidation while maintaining strong capital expenditure on infrastructure, logistics, and public development projects.
- India is actively pursuing new Free Trade Agreements to strengthen export competitiveness.

RBI Governor Inaugurates New Campus of Centre for Advanced Financial Research and Learning (CAFRAL)

PRESS RELEASE : 2026-2027/523
DATE : 23 June 2026

The Reserve Bank of India (RBI) Governor, Shri Sanjay Malhotra, inaugurated the newly constructed campus of the Centre for Advanced Financial Research and Learning (CAFRAL) in Mumbai. The inauguration marks a significant milestone for CAFRAL, an institution promoted by the RBI to strengthen research, policy formulation, and leadership development in India's financial sector. Addressing the gathering, the Governor highlighted the growing importance of continuous learning, institutional capacity building, and high-quality research in responding to the evolving challenges of the financial system. He emphasized that a robust research ecosystem and well-trained financial professionals are essential for ensuring financial stability, fostering innovation, and supporting evidence-based policymaking.

The Governor also reiterated CAFRAL's vision of emerging as a global centre of excellence in banking, finance, and macroeconomics. Through its research initiatives, CAFRAL contributes to policy-oriented analysis and thought leadership, while its learning programmes are designed to enhance the capabilities of senior professionals across the banking and financial services sector. The institution continues to function under the guidance of its Governing Council, chaired by the RBI Governor. The inauguration ceremony was attended by RBI Deputy Governors Shri Swaminathan J., Dr. Poonam Gupta, and Shri Rohit Jain, along with Shri P. Vasudevan, Executive Director, RBI and Director of CAFRAL, Directors of the National Institute of Bank Management (NIBM) and the College of Supervisors, Executive Directors, senior RBI officials, and CAFRAL representatives. The event reaffirmed RBI's commitment to strengthening institutional research and developing leadership capabilities within India's financial sector.

RBI Issues Compounding Order for FEMA Violations in the Case of Apollo Hospitals Enterprises Limited

PRESS RELEASE :

DATE : 17th June 2026

The Reserve Bank of India (RBI) has issued a compounding order under Section 15 of the Foreign Exchange Management Act (FEMA), 1999, in the case of Apollo Hospitals Enterprises Limited and its five concerned directors/officers. The order was passed after the Directorate of Enforcement (ED) issued a No Objection Certificate (NOC) for compounding the identified contraventions, resulting in the termination of adjudication proceedings initiated under FEMA. The matter originated after the ED conducted an investigation based on credible information regarding possible violations of FEMA provisions. Following completion of the investigation, the ED filed a complaint before the Adjudicating Authority under Section 16 of FEMA. Subsequently, Apollo Hospitals Enterprises Limited approached the RBI seeking compounding of the contraventions under Section 15 of the Act. Based on the ED's no-objection and in accordance with the provisions of FEMA, the RBI proceeded to compound the violations.

The contraventions primarily related to receipt of Foreign Direct Investment (FDI) in a sector where FDI was prohibited (retail trading), receipt of FDI without obtaining the requisite Government approval, issuance of Foreign Currency Convertible Bonds (FCCBs) in contravention of FEMA regulations, receipt of foreign investment under the FII-PIS route beyond the prescribed investment limits, and breach of the overall foreign shareholding sectoral cap of 51% applicable to multi-brand retail trading. These violations involved substantial transaction values running into several hundred crores of rupees. The RBI compounded the contraventions upon payment of ₹17,76,80,121 by Apollo Hospitals Enterprises Limited and ₹18,00,000 each by the five concerned directors/officers. With the passing of the compounding order, the adjudication proceedings under FEMA against the company and its officials stand concluded, thereby resolving the matter without further litigation.

Top Trends

- Digital payment transactions, led by UPI, continue to witness record growth, reinforcing India's position as one of the world's fastest-growing digital payment ecosystems.
- SEBI has continued to strengthen corporate governance and disclosure requirements to enhance investor confidence and improve market transparency.
- Manufacturing activity continues to remain resilient, supported by government incentives, increasing domestic demand, and expanding export opportunities.
- The Production Linked Incentive (PLI) Scheme continues to encourage domestic manufacturing across strategic sectors while attracting fresh investments.
- MSMEs continue to receive policy support through improved credit access, guarantee schemes, and initiatives aimed at promoting business formalization.

Top Trends

- Banks continue to report healthy credit growth across retail, housing, infrastructure, and MSME segments despite global economic uncertainties.
- Cybersecurity and digital resilience remain key regulatory priorities as financial institutions continue expanding their digital infrastructure.
- Businesses are increasingly adopting automation and artificial intelligence to improve financial reporting, compliance management, and operational efficiency.
- GST authorities continue using data analytics to identify fake invoicing, ITC mismatches, and other instances of tax evasion through technology-enabled enforcement.
- Annual Information Statement (AIS) and Taxpayer Information Summary (TIS) continue to play a significant role in income-tax return verification and compliance.
- Corporate governance and ESG reporting continue gaining prominence as regulators .

RBI Issues Final Directions on Trade Receivables Discounting System (TReDS)

PRESS RELEASE: 2026-2027/519
DATE: 23 June 2026

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Trade Receivables Discounting System) Directions, 2026, replacing the existing regulatory framework governing the Trade Receivables Discounting System (TReDS). The Directions have been issued following a comprehensive review of the existing guidelines with the objective of streamlining regulations, enhancing operational efficiency, and strengthening financing avenues for Micro, Small and Medium Enterprises (MSMEs). The Directions came into effect immediately upon issuance.

Prior to issuing the final Directions, the RBI had placed the draft Directions in the public domain on 8 April 2026 to seek comments from stakeholders. After examining the feedback received, the RBI incorporated appropriate suggestions into the final framework to ensure that the revised regulations balance operational flexibility with adequate regulatory oversight. The revised framework is intended to facilitate the efficient functioning of TReDS platforms while enabling authorised entities to frame operational and procedural guidelines in accordance with the prevailing regulatory framework.

The new Directions introduce several significant changes to the TReDS ecosystem. They rationalise and harmonise the existing regulatory framework, simplify the onboarding process for MSME sellers by removing the requirement for due diligence by platform operators, and revise the capital requirements applicable to TReDS operators. In addition, the Directions permit financiers to avail credit guarantee cover for exposures undertaken on TReDS, thereby strengthening the financing ecosystem for MSMEs and encouraging greater participation by financial institutions.

The Master Direction also prescribes a comprehensive regulatory framework governing the authorisation, capital requirements, conduct of business, settlement mechanisms, and reporting obligations of TReDS platform operators. It requires authorised entities to be incorporated in India, maintain the prescribed minimum net worth, establish transparent mechanisms for invoice acceptance and discounting, undertake customer due diligence of buyers, and ensure seamless settlement of transactions through authorised payment systems. Existing TReDS operators have been provided time until 31 March 2028 to comply with the revised net worth requirement, while new applicants are required to maintain a minimum net worth of ₹25 crore.

Recognising the critical role of MSMEs in India's economic development, the RBI observed that timely access to working capital remains a key challenge for the sector. By modernising the regulatory framework for TReDS, the central bank aims to facilitate faster conversion of trade receivables into liquidity, improve credit access for MSMEs, enhance transparency in receivables financing, and promote greater efficiency in the country's digital financial infrastructure. The issuance of the 2026 Directions also repeals the earlier TReDS Guidelines issued in 2014 (updated up to July 2018) and the 2023 circular on expanding the scope of TReDS, while preserving the validity of actions and authorisations granted under the earlier framework

Top Trends

- Infrastructure development remains a major driver of economic growth, with continued investments in transportation, logistics, energy, and urban development.
- Foreign Direct Investment reforms continue to improve India's ease of doing business and strengthen investor confidence across key sectors.
- India's services sector continues to demonstrate resilience, supported by strong domestic consumption and increasing digital transformation across industries.
- Export-oriented sectors such as electronics, engineering goods, and pharmaceuticals continue contributing significantly to India's overall trade performance.
- Logistics reforms under PM Gati Shakti continue to improve supply chain efficiency and reduce transportation costs for businesses.

Top Trends

- The banking sector continues strengthening risk management frameworks while maintaining focus on asset quality and regulatory compliance.
- Investor participation in mutual funds and systematic investment plans (SIPs) continues to remain strong despite periodic market volatility.
- Digital lending and fintech innovation continue expanding financial inclusion while remaining under close regulatory supervision by the RBI.
- Government departments continue simplifying regulatory and compliance procedures through digitization and technology-enabled governance initiatives.
- Green finance and sustainable investments continue gaining momentum as businesses increasingly integrate ESG considerations into long-term growth strategies.
- India's digital economy continues to expand rapidly, supported by widespread technology adoption, digital public infrastructure.

RBI Prescribes Prudential Framework for Credit Facilities Linked to Payment Instruments

Circular No.: 128/21-07-001/2026-27
Date: 23 June 2026

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Commercial Banks – Credit Facilities) Fourth Amendment Directions, 2026, prescribing a prudential framework for credit facilities linked to specific payment instruments. The amendment aims to ensure regulatory consistency in the treatment of credit products offered through digital payment channels, particularly pre-sanctioned credit lines enabled through the Unified Payments Interface (UPI). The amendment follows the RBI's earlier circular dated 4 September 2023, which permitted banks to offer pre-sanctioned credit lines through UPI with the prior consent of customers. As banks continue to introduce innovative digital lending products integrated with payment systems, the RBI has sought to establish a uniform prudential framework governing such facilities across the banking sector.

Under the revised framework, the RBI has clarified that the prudential treatment of a credit facility shall be determined solely by the nature of the underlying credit exposure, irrespective of the mode of delivery, payment instrument used, or technology through which the credit is accessed. Accordingly, pre-sanctioned credit lines linked to UPI or any other payment instrument will continue to be regulated in accordance with the prudential norms applicable to the underlying credit facility and will not be treated as a separate category of lending merely because of the payment channel involved. The Directions further require banks to incorporate the terms and conditions governing such credit facilities within their approved credit policies and ensure compliance with all applicable regulatory requirements. The RBI has also clarified that only those credit facilities that are otherwise permissible under the existing regulatory framework may be linked to payment instruments, thereby preventing the introduction of products that fall outside the scope of extant lending regulations.

RBI Revises Treatment of Certain Positions for Computation of Open Position Limits of Authorised Dealer Banks

Circular No.: 16 A.P. (DIR Series)
Date: 23 June 2026

The Reserve Bank of India (RBI) has revised the regulatory treatment of certain foreign exchange positions for the computation of Net Overnight Open Position (NOOP) limits applicable to Authorised Dealer Category-I (AD Cat-I) Banks. The revision has been introduced through A.P. (DIR Series) Circular No. 16, with the objective of aligning the computation of open position limits with the recent foreign exchange liquidity measures announced by the RBI. The circular modifies the earlier directions issued on 8 June 2026 concerning the NOOP-INR position of AD Category-I banks. The amendment is linked to the RBI's recently introduced swap facilities for Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits, External Commercial Borrowings (ECBs), and Overseas Foreign Currency Borrowings, which were announced to facilitate foreign currency inflows and strengthen liquidity in the financial system.

Under the revised framework, AD Category-I banks have been permitted to exclude positions arising from hedged transactions relating to FCNR(B) deposits, External Commercial Borrowings, and Overseas Foreign Currency Borrowings while computing their Net Overnight Open Position limits. This relaxation is available only where the transactions are appropriately hedged and subject to compliance with the relevant provisions of the applicable RBI circulars and the Master Direction on Risk Management and Inter-Bank Dealings. The revised treatment recognises that adequately hedged foreign currency exposures pose significantly lower exchange rate risk and therefore need not be considered while determining the regulatory open position limits of banks. The measure is expected to provide greater operational flexibility to authorised dealer banks in managing their foreign exchange exposures while supporting the effective implementation of the RBI's foreign currency liquidity initiatives.

Top Trends

- Real estate sector shows steady demand recovery.
- Offshore share transfer taxation remained a significant international tax issue.
- Courts reiterated that reassessment cannot be based on mere change of opinion.
- The Government continues to promote digital governance by expanding online compliance platforms and simplifying regulatory processes for businesses and taxpayers.
- CBDT has continued issuing clarifications and notifications to streamline income-tax compliance and reduce procedural complexities for taxpayers.
- Businesses are increasingly adopting tax technology solutions to automate GST reconciliations, return filing, and statutory compliance functions.
- Regulatory authorities continue encouraging voluntary tax compliance through technology-driven verification and pre-filled return mechanisms.

Top Trends

- India's formal economy continues to expand as digital transactions and GST compliance contribute to greater business transparency.
- The Government remains focused on improving the ease of doing business by simplifying approvals, registrations, and compliance requirements across sectors.
- Public sector banks continue strengthening their capital position while expanding digital banking services and customer outreach.
- RBI continues to emphasize robust governance and compliance standards across banks, NBFCs, and regulated financial institutions.
- Companies are increasingly investing in enterprise risk management frameworks to address evolving regulatory and operational challenges.
- Growth in digital commerce continues to support increased tax collections and broader financial inclusion across the country.
- India's startup ecosystem continues attracting investor interest, supported by innovation, government initiatives, and improving access to capital.

Addition under Section 68 deleted where identity, genuineness and creditworthiness were proved

Nivaya Resources (P.) Ltd. v. Deputy Commissioner of Income Tax

Case Citation: IT APPEAL NOS. 4341 & 6052 (DELHI) OF 2024
Court/Tribunal: Income Tax Appellate Tribunal (ITAT), Delhi Bench "A", New Delhi
Date of Order: 29th May 2026
Counsel:

- For the Appellant: Dhruv Goel, Authorised Representative (AR)
- For the Respondent: Nikhil Govila, CIT (Departmental Representative)

Statutory Provisions Involved:

- Income Tax Act, 1961 – Section 68, 92C, 92CA, 144C, 143(3), 270A, 115BBE

Key Facts:

The assessee, engaged in the business of trading in coal and oils, preferred appeals for AYs 2020-21 and 2021-22 challenging additions made under Section 68 and transfer pricing adjustments. For AY 2020-21, the Assessing Officer treated an unsecured loan of ₹25.50 crore received from the assessee's director as unexplained cash credit under Section 68, despite the assessee furnishing confirmations, bank statements, income tax returns, assessment orders and other documentary evidence establishing the identity, genuineness and creditworthiness of the lender and the source of funds. The assessee also disputed transfer pricing adjustments arising from import of coal from its Associated Enterprise (AE) under the Resale Price Method (RPM), as well as adjustments on account of notional interest on outstanding receivables from AEs. For AY 2021-22, the assessee challenged the rejection of RPM, adoption of TNMM by the TPO, selection of comparables, and the adjustment on outstanding receivables.

Tribunal's Detailed Analysis:

The Tribunal observed that the assessee had produced comprehensive documentary evidence establishing the identity, genuineness and creditworthiness of the lender, along with the source and source of source of the funds. Since the Assessing Officer had not conducted any meaningful enquiry to rebut the evidence and the assessments of the lender and the source persons had already been completed without any adverse findings, the addition under Section 68 was held to be unsustainable. On the transfer pricing issues, the Tribunal found that the TPO had not applied uniform adjustments while computing the margins of comparable companies and had also failed to properly comply with the DRP's directions. Accordingly, the Tribunal restored the transfer pricing issues relating to import of coal and interest on receivables to the Assessing Officer/TPO for fresh examination after granting the assessee an adequate opportunity of being heard and passing a reasoned order.

Key Findings and Final Ruling:

The Tribunal deleted the addition of ₹25.50 crore made under Section 68, holding that the assessee had satisfactorily established the identity, genuineness and creditworthiness of the lender and the source of funds.

The transfer pricing issues relating to the determination of the Arm's Length Price and the adjustment on account of interest on outstanding receivables were set aside and remanded to the Assessing Officer/TPO for fresh adjudication in accordance with the Tribunal's directions after providing the assessee a fair opportunity of being heard. Consequently, the appeal for AY 2020-21 was partly allowed, while the appeal for AY 2021-22 was allowed for statistical purposes.

Top Trends

- Courts invalidated reassessment notices lacking fresh tangible material.
- Tax authorities increased scrutiny on unexplained cash credit transactions.
- Fake invoice investigations remain a major enforcement priority.
- Input Tax Credit litigation continues to dominate GST disputes.
- E-invoicing compliance is witnessing increased departmental scrutiny.
- GST refund claims continue to generate litigation, particularly for exporters.
- Classification disputes remain a recurring issue under GST.
- Place of supply disputes continue to impact cross-border services.
- Reverse Charge Mechanism continues to evolve through judicial interpretation.
- Export incentives continue to receive policy attention.
- Customs valuation disputes remain significant.
- Anti-dumping investigations continue to affect international trade.

Top Trends

- Automation in accounting and financial reporting is becoming increasingly common as organizations seek greater accuracy and efficiency.
- Corporate India continues to witness increased adoption of cloud-based accounting and enterprise resource planning (ERP) solutions.
- Financial institutions continue enhancing fraud detection systems using artificial intelligence and advanced data analytics.
- Compliance with beneficial ownership and corporate disclosure requirements remains an important focus area for companies.
- The Government continues encouraging domestic manufacturing to reduce import dependence and strengthen supply chain resilience.
- Export promotion initiatives continue supporting Indian businesses in accessing new international markets and improving global competitiveness.
- Businesses are increasingly focusing on working capital optimization amid changing financing conditions and market uncertainties.

Taxpayer Relief: ITAT Mumbai Deletes Penalty in Wake of Retrospective Finance Act Amendment

Wellknown Polysters Ltd. vs. DCIT

Case Citation: IT APPEAL NO. 9492 (MUM) OF 2025
Court/Tribunal: Income Tax Appellate Tribunal (ITAT), Mumbai Bench 'G'
Date of Order: 29th May 2026
Counsel:

- For the Appellant: Gaurav Kabra
- For the Respondent: Mahesh Parwani, Sr. AR

Statutory Provisions Involved:

- Income Tax Act, 1961 – Section 270A, 155(18)

Key Facts:

The taxpayer, a company, filed its return of income for the Assessment Year 2020-21 on February 15, 2021, declaring a total income of approximately Rs. 237.17 crores after claiming a deduction for education cess. This claim was consistent with the judicial landscape at the time, supported by various favorable precedents. Upon scrutiny, the Assessing Officer (AO) disallowed the deduction of approximately Rs. 3.19 crores, following a retrospective amendment introduced by the Finance Act, 2022.

Subsequently, the AO initiated penalty proceedings under section 270A, alleging that the claim constituted an under-reporting of income, and imposed a penalty of Rs. 68.12 lakhs—representing 50% of the tax payable on the disallowed amount. Although the Finance Act, 2022, introduced a saving mechanism under section 155(18) to allow taxpayers to recompute their income and avoid such penalties, the assessee was unable to avail of this remedy because the Central Board of Direct Taxes (CBDT) had not notified the prescribed form or procedure at the relevant time. The CIT(A) upheld the penalty, prompting the assessee to escalate the matter to the Tribunal.

Tribunal's Detailed Analysis:

The appeal was adjudicated by the Income Tax Appellate Tribunal (ITAT), Mumbai Bench 'G', which was presided over by Smt. Beena Pillai (Judicial Member) and Jagadish (Accountant Member). The Tribunal was tasked with determining the validity of a penalty levied under section 270A of the Income-tax Act, 1961, in the context of an assessment that was significantly impacted by a retrospective legislative amendment brought forth by the Finance Act, 2022.

The proceedings before the Tribunal involved a rigorous examination of whether the conduct of the assessee-company, in claiming a deduction that was later deemed inadmissible by law, could be classified as under-reporting or misreporting of income. The Tribunal scrutinized the interaction between the retrospective nature of the amendment and the subsequent penalty proceedings, ultimately weighing whether the taxpayer acted in good faith based on the legal landscape that existed at the time their tax returns were originally filed. Furthermore, the Tribunal conducted a detailed review of the administrative circumstances surrounding section 155(18), specifically analyzing the impact of the Central Board of Direct Taxes (CBDT) failing to notify the prescribed forms and procedures for recomputation. In its judicial capacity, the Tribunal evaluated whether this administrative oversight created a "reasonable cause" that effectively shielded the assessee from penal consequences, ultimately ensuring that the principles of equity and justice were maintained in the face of retrospective tax changes.

Key Findings and Final Ruling:

The Tribunal's findings were multifaceted, centered on the principle of fairness in tax administration. Firstly, the ITAT emphasized that the legislature, by inserting section 155(18) alongside the retrospective amendment, clearly acknowledged that the issue of education cess deductibility was contentious and debatable in previous years. The Tribunal affirmed that a claim based on a plausible interpretation of the law at the time of its filing cannot be characterized as "misreporting" or "inaccurate particulars" merely because a subsequent retrospective change renders that claim inadmissible.

Top Trends

- The demand for skilled professionals in finance, taxation, and regulatory compliance continues to grow with increasing business complexity.
- Digital documentation and electronic record-keeping continue becoming standard practice across businesses and professional firms.
- Regulatory reporting requirements continue evolving, prompting companies to strengthen internal compliance and documentation processes.
- Businesses continue placing greater emphasis on internal financial controls to enhance transparency and reduce compliance risks.
- Corporate boards are increasingly focusing on governance, ethics, and accountability to meet stakeholder expectations.
- ESG-linked financing continues gaining traction as lenders and investors encourage sustainable business practices.
- India continues expanding renewable energy capacity through public and private sector investments.

Top Trends

- Financial markets continue responding to global interest rate movements, commodity prices, and geopolitical developments.
- Businesses are increasingly diversifying supply chains to improve operational resilience and reduce dependency on single sourcing locations.
- Companies continue adopting digital invoicing and automated payment systems to improve operational efficiency and compliance.
- Regulatory authorities continue strengthening measures to combat financial fraud, money laundering, and economic offences.
- Tax authorities continue using integrated databases to improve information sharing and detect instances of non-compliance.
- Businesses continue reviewing contractual arrangements to address changes in tax laws, compliance requirements, and commercial risks.
- India's logistics sector continues benefiting from investments in multimodal transportation and integrated infrastructure projects.

Taxpayer Relief: ITAT Mumbai Deletes Penalty in Wake of Retrospective Finance Act Amendment

Gahoi Vaishya Kalyan Samiti vs. Income-tax Officer

Case Citation: IT APPEAL NO. 635 (LKW) OF 2025
Court/Tribunal: Income Tax Appellate Tribunal (ITAT), Lucknow Bench 'B'
Date of Order: 25th May 2026
Counsel:

- For the Appellant: U.S. Gupta, Adv.
- For the Respondent: Shaurya Shashwat Shukla, CIT DR

Statutory Provisions Involved:

- Income Tax Act, 1961 – Section 11(1), 11(2), 147

Key Facts:

The assessee-society, engaged in charitable activities, had a "deemed application" of income amounting to approximately Rs. 4.00 crores for the Assessment Year 2014-15, which it subsequently utilized during the Financial Year 2014-15 (Assessment Year 2015-16) to purchase immovable property valued at approximately Rs. 3.96 crores. The Assessing Officer (AO) reopened the assessment for A.Y. 2015-16 under Section 147, initially motivated by a belief that this investment in immovable property was unexplained. Despite the assessee providing documentation, including the sale deed and bank statements, the AO shifted the focus of the assessment, concluding that the society had failed to report the Rs. 4.00 crores "deemed application" in Schedule-I of its ITR-7 form for the A.Y. 2015-16[cite: 2]. The AO, relying on clause 4(vi) of the ITR-7 instructions, rejected the society's argument that Schedule-I only applied to accumulations under Section 11(2), and consequently added the full amount of Rs. 4,00,16,602 to the society's total income. This addition was subsequently upheld by the CIT(A), who maintained that the disclosure of both accumulated income and deemed application was a mandatory statutory requirement.

Tribunal's Detailed Analysis:

The Tribunal conducted an exhaustive review of the scheme governing ITR-7 forms, specifically analyzing clause 9(iii)(a) of the form's instructions. The ITAT observed that these instructions explicitly stipulate that Schedule-I is designed for disclosing details of amounts accumulated or set apart under Section 11(2) of the Income-tax Act, 1961, rather than amounts categorized as "deemed application" under clause (2) of Explanation 1 to Section 11(1). The Tribunal held that the belief maintained by the CIT(A)—that deemed application must be disclosed in Schedule-I—was completely unsupported by a proper examination of the statutory instructions. Furthermore, the Tribunal highlighted that the assessee had already duly complied with filing requirements for the relevant year, including the submission of Form 10B, with the delay in online filing having been previously condoned by the CIT (Exemption). Beyond the merits of the tax addition, the Tribunal addressed a critical procedural failure: the AO had proceeded with the assessment without disposing of the assessee's formal objections regarding the reopening of the case, which the Tribunal categorized as a flagrant violation of the principles of natural justice. The ITAT noted that the CIT(A) erred by refusing to adjudicate these objections, despite them being properly filed and uploaded along with the appeal.

Key Findings and Final Ruling:

The Tribunal determined that the addition of Rs. 4,00,16,602 made by the AO and confirmed by the CIT(A) was based on a fundamental misinterpretation of the ITR-7 reporting instructions, as "deemed application" is legally distinct from "accumulation" and does not fall under the purview of Schedule-I disclosure requirements. Moreover, the Tribunal ruled that the AO's failure to issue a reasoned order addressing the assessee's objections to the reopening of the assessment rendered the entire assessment order invalid from its inception. Consequently, the Tribunal allowed the assessee's appeal, deleted the addition in its entirety, and set aside the findings of the lower authorities, thereby providing full relief to the society.

Top Trends

- Financial institutions continue expanding digital customer onboarding while strengthening KYC and due diligence procedures.
- Companies continue increasing investments in cybersecurity to safeguard financial data and business operations.
- Capital market regulators continue focusing on timely disclosures and enhanced investor protection measures.
- Businesses continue prioritizing cost optimization while maintaining investments in technology and long-term growth initiatives.
- Increased use of digital signatures and electronic documentation continues simplifying commercial and regulatory processes.
- Organizations continue strengthening business continuity planning to address operational disruptions and evolving market risks.
- Government initiatives promoting domestic value addition continue supporting manufacturing competitiveness and employment generation.

Top Trends

- Cross-border trade continues to benefit from improvements in customs digitization and trade facilitation measures.
- Companies continue strengthening compliance with environmental regulations as sustainability becomes a strategic business priority.
- Businesses are increasingly using data analytics to improve financial planning, forecasting, and strategic decision-making.
- Financial reporting standards continue evolving, requiring organizations to regularly review accounting policies and disclosures.
- Professional firms continue leveraging technology to improve audit quality, documentation, and client service delivery.
- Increased digitization of tax administration continues reducing manual intervention and improving compliance efficiency.
- The Government continues supporting infrastructure financing through policy initiatives.

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