

FIN-0-SCOPE

15th Sept,2026



<https://www.istockphoto.com/photo/growth-in-business-and-finance-growing-graphs-and-charts-gm1795167728-548064430>

Table of Contents

Particulars	Page Number
Judicial pronouncements	2-20



Top Trends

- Anti-Money Laundering (AML) Crypto Defenses: Integrating advanced blockchain analytics tools directly into traditional banking core compliance software.
- Operational Risk Testing via AI Simulations

Top Trends

- **Brent Crude Tops \$108/bbl:** International crude surged past \$108 per barrel following fresh conflict escalations near the Kharg Island export hub and Saudi pipeline outages, fueling global inflation fears
- **Fed Rate Hike Expectations Build:** Wall Street is bracing for potential further rate hikes or an extended pause as elevated energy prices push upcoming inflation expectations higher.
- **Yen Strengthens on Bank of Japan Pivot Expectations:** The Japanese Yen advanced to multi-month highs as markets price in a potential rate increase by the BoJ to curb yield spikes.
- **Gold and Silver Edge Lower:** Precious metals faced selling pressure as rising global bond yields and a firm US Dollar reduced the appeal of non-yielding assets.

Addition u/s 69A held sustained for repaid earlier-year loan through regular banking channels.

Case Name: ACIT, New Delhi v. Rajiv Sharma, Sharma Farm, Kapashera, Delhi

Date: 24 August 2026

Citation: ACIT v. Rajiv Sharma, ITA No. 379/DEL/2026

Judges: Shri S. Rifaur Rahman — Accountant Member & Shri Sunil Kumar Singh — Judicial Member

Key Facts:

- The Revenue challenged the CIT(A)'s deletion of an addition of ₹1,55,91,879 made by the Assessing Officer under Section 69A of the Income-tax Act, 1961, treating the amount as unexplained money.
- The case arose in a search-related context involving allegations concerning accommodation entries. The Revenue relied on statements of Shri Lokesh Kumar Khabya and Shri Sourabh Sethi regarding an alleged modus operandi of providing bogus accommodation entries through various bank accounts.
- According to the Revenue, M/s Aaroohi Creations LLP was a beneficiary entity and the alleged accommodation entry was provided through the assessee.
- The Revenue also contended that the assessee had not furnished the complete bank statement of his father and pointed to certain changes in bank balances as suspicious transactions.
- The assessee's explanation was that the loan from Aaroohi Creations LLP had actually been received in AY 2018-19, not AY 2019-20, and that it was repaid during the year under consideration.
- The Tribunal noted that the assessee had received a loan of ₹1.50 crore from Aaroohi Creations LLP during AY 2018-19 and had repaid the loan during AY 2019-20 through banking channels.
- Repayments recorded during AY 2019-20 were ₹48 lakh on 03.05.2018, ₹32 lakh on 17.08.2018, ₹15 lakh on 05.10.2018, ₹5 lakh on 06.10.2018, ₹5 lakh and ₹15 lakh on 14.11.2018, ₹15 lakh and ₹5 lakh on 28.01.2019, and ₹10 lakh on 11.03.2019.
- The Tribunal further noted that interest was paid at 9% per annum and that the last interest payment of ₹5,91,679 was made on 29.06.2019.

Grounds / Issues Before the Tribunal

- Whether the CIT(A) was justified in deleting the addition of ₹1,55,91,879 made under Section 69A as unexplained money.
- Whether the material relied upon by the AO, including the alleged accommodation-entry modus operandi and suspicious bank transactions, was sufficient to establish that the assessee had received unexplained money during AY 2019-20.
- Whether the assessment/reopening could be sustained when the loan relied upon by the AO had actually been received in the preceding assessment year, AY 2018-19.

Findings of the ITAT

- The Tribunal found that the ₹1.50 crore loan from Aarohi Creations LLP was not received during the assessment year under consideration. It had been received in AY 2018-19.
- The assessee had furnished details showing repayment of the loan during AY 2019-20. Therefore, the AO's factual premise that the loan represented unexplained money arising during the current year was not supported by the material on record.
- The Tribunal observed that the repayments were made through the assessee's Standard Chartered Bank account and that the transactions were routed through banking channels.
- The loan was subject to interest at 9% per annum, with the last interest payment of ₹5,91,679 made on 29 June 2019. These facts supported the assessee's explanation that the transaction was a genuine loan.
- The Tribunal observed that the transactions were reflected in the assessee's books/returns and that the AO had not brought any corroborative material to substantiate the addition.
- The Tribunal therefore held that treating the loan as unexplained money under Section 69A was incorrect and upheld the findings of the CIT(A).

Top Trends

- **IT Sector Defies Selloff:** Shares of major IT firms, including Infosys and TCS, posted gains following global tech sector adjustments and a rally triggered by AI demand sentiment.
- **Sensex and Nifty Under Pressure:** Indian benchmark equity indices saw significant volatility, with the Nifty dropping below the 23,300 mark due to broad-based selling in metals, realty, and public sector banks.
- **HDFC Bank Gains on Leadership Clarity:** HDFC Bank stock jumped over 2-3% on reports surrounding its ongoing executive succession shortlist.
- **PNC Infratech Plunges 20%:** Shares of PNC Infratech sank significantly following regulatory and operational developments impacting investor sentiment.

Top Trends

- **UPI Zero-MDR Extended:** The Indian government instructed banks to maintain zero merchant discount rates (MDR) on UPI transactions under ₹2,000 to encourage small-ticket digital payments..
- **Air India Board Reviews CEO Pay Structure:** The Air India board met in Mumbai to finalize compensation packages and succession planning ahead of the current CEO's departure.
- **Coforge Faces Board Level Resignations:** Shares of IT firm Coforge fell over 3% following the exit of its Independent Director and prior resignation of its Chairman.
- **Passenger Vehicle Sales Jump:** Vehicle dispatch data showed strong double-digit year-over-year growth for August, supported by early festive inventory building.

Ruling / Decision

- The ITAT dismissed the Revenue's appeal. The deletion of the addition of ₹1,55,91,879 under Section 69A by the CIT(A) was upheld.
- The Tribunal concluded that the loan transaction was supported by the surrounding facts: it was received in the preceding assessment year, repaid through banking channels during the year under consideration, carried interest at 9%, and was reflected in the assessee's records. In the absence of corroborative evidence establishing unexplained money, the Section 69A addition could not be sustained.

Analysis

- The important aspect of the decision is the Tribunal's focus on the correct assessment year and the evidentiary basis for an addition under Section 69A. The Revenue's case proceeded on the premise that the transaction represented an accommodation entry in the relevant assessment year. However, the Tribunal found that the underlying loan had been received in AY 2018-19 and was being repaid in AY 2019-20.
- The Tribunal also distinguished an allegation of general modus operandi from proof relating to the particular assessee. Although the Revenue relied on statements concerning alleged bogus accommodation entries, the Tribunal found that the AO had not brought sufficient corroborative material establishing that the particular loan of ₹1.50 crore was unexplained money in the hands of the assessee.
- The banking trail was an important factual factor. The Tribunal noted that the loan repayments were made through banking channels and were reflected in the assessee's books/returns. The payment of interest at 9% per annum, including the final interest payment, further supported the assessee's explanation of the transaction as a loan.
- The decision also highlights that suspicious movement in a bank account, by itself, does not necessarily establish unexplained money. The Revenue must connect the specific transaction with the statutory conditions for making an addition and support its conclusion with relevant material.
- Accordingly, the Tribunal found that the AO had proceeded on an incorrect factual premise and had not produced adequate corroborative evidence. It therefore declined to disturb the CIT(A)'s relief.

SAFEMA Appellate Tribunal lacked jurisdiction to condone delay and review its order based on a subsequent Supreme Court judgment, rendering the order arbitrary and illegal.

Case Name: Sh. Manik Seth and Others v. The Initiating Officer

Date: 26 August 2026

citation: CWP-17064-2026 (O&M) and connected matters

Judges: Mr. Ashwani Kumar Mishra & Mr. Rohit Kapoor.

Key Facts

- The writ petitions arose from substantially similar questions of fact and law and were therefore decided through a common judgment, with CWP-17064-2026 being treated as the lead case. The petitioners had challenged orders passed by the adjudicating authority under Sections 26(3) and 24(4) of the Prohibition of Benami Property Transactions Act, 1988. Their contention before the Appellate Tribunal was that the Initiating Officer of the Benami Prohibition Unit had initiated proceedings by applying provisions introduced through the Benami Transactions (Prohibition) Amendment Act, 2016, although the alleged benami transactions related to a period prior to the amendment.
- The Appellate Tribunal, by its original order dated 24.05.2023, allowed the appeals in view of the Supreme Court judgment in Union of India v. Ganpati Dealcom Pvt. Ltd. and set aside the impugned proceedings concerning alleged benami transactions prior to the 2016 Amendment. However, the Tribunal expressly granted liberty to the Department to take an appropriate remedy, including filing a review petition, if the Supreme Court subsequently reviewed its judgment.

Top Trends

- US & European Futures
Down: S&P 500 futures fell 0.6% and Nasdaq 100 futures slipped 0.7%, while the pan-European Stoxx Europe 600 dropped 0.7% amid soaring bond yields.
- Asian Tech Sector Resilient: Asian chip stocks, including SK Hynix and Samsung, posted gains driven by ongoing AI demand, offsetting broader geopolitical drag in regional indices.
- Rupee & Macro Outlook: Despite short-term pressure on the INR from global yields and crude, long-term fundamentals remain supported by a low core current account deficit and earnings resilience in large-cap blue chips.
- 10-Year US Treasury Yields at Multi-Year Highs: The benchmark 10-year US Treasury yield surged to 5.04%, reaching levels not seen since the 2007 global financial crisis, as investors price in sticky inflation.

Top Trends

- FOMC Expectations: Ahead of the US Federal Reserve's rate decision, markets are pricing in a high probability of a rate hike or sustained pause as August CPI projections anticipate accelerated headline inflation driven by energy costs.
- Bank of Japan Policy Move: The 10-year Japanese Government Bond (JGB) yield hit 3.04%—a 30-year high—as markets build expectations for a 0.25 percentage point rate increase by the BoJ
- Brent Crude Surges Past \$108/bbl: International crude oil benchmark Brent spiked to \$108.14 per barrel—up over 2% today—following ongoing US-Iran conflict escalations near the Kharg Island crude export hub.
- Retail Inflation in Aug Rises to 4.8%; Wholesale Print Up 9.9%

- The Supreme Court subsequently allowed the review petition in Ganpati Dealcom Pvt. Ltd. on 18.10.2024, recalled its earlier judgment dated 23.08.2022, restored the civil appeal for fresh adjudication, and granted liberty to aggrieved parties in other matters decided on the basis of Ganpati Dealcom to seek review. Pursuant to this, the respondents filed review applications before the Appellate Tribunal along with applications for condonation of delay. The Tribunal condoned the delay and restored the matters on merits. The petitioners then approached the High Court.

Grounds of the Case

- The petitioners contended that the Appellate Tribunal had no jurisdiction to condone the delay in filing the review applications and that none of the recognised grounds for exercise of review jurisdiction was available to the Tribunal.
- It was argued that the impugned order was therefore without jurisdiction, arbitrary and illegal. The petitioners relied upon Section 114 read with Order XLVII Rule 1 of the Code of Civil Procedure, 1908, as well as the Prohibition of Benami Property Transactions Act, 1988.
- Reliance was also placed on the Supreme Court decisions in Government of NCT of Delhi v. K. L. Rathie Steels Limited, (2024) 7 SCC 315 and A. R. Antulay v. R. S. Nayak, 1988 (2) SCC 602, to contend that a subsequent overruling or recall of a judgment would not ordinarily confer jurisdiction upon a tribunal to recall its earlier order or pass a fresh order merely on that basis.

Respondents' Stand

- The respondents disputed the petitioners' submissions and contended that, in the peculiar facts of the case, the principles relied upon by the petitioners were not attracted. The Appellate Tribunal had acted in accordance with its own earlier order, which had expressly permitted the parties to seek an appropriate remedy, including review, if the Supreme Court subsequently reviewed the Ganpati Dealcom judgment.

Findings of the High Court

- The High Court held that the strict principles contained in Order XLVII Rule 1 CPC and the principles relied upon from K. L. Rathi Steels and A. R. Antulay were not applicable to the present facts because the procedure and powers of the Appellate Tribunal under the Prohibition of Benami Property Transactions Act, 1988 are distinct.
- The Court noted that Section 40(1) of the 1988 Act provides that the Tribunal is guided by the principles of natural justice and, subject to the Act, is free to regulate its own procedure. Further, Section 40(2) gives the Appellate Tribunal the same powers as are vested in a Civil Court under the CPC in specified matters, including reviewing its decisions.
- The High Court observed that, when the Tribunal passed its original order dated 24.05.2023, it was aware that the Ganpati Dealcom judgment had not attained finality because a review petition was pending before the Supreme Court. The Tribunal could either have deferred the appeal or decided it while expressly preserving the parties' right to seek appropriate relief if the Supreme Court reviewed its judgment. It chose the latter course.
- The Court further found that the petitioners had acquiesced in the original Tribunal order because the liberty granted therein to seek review was never challenged. The Supreme Court, while allowing the review in Ganpati Dealcom, independently granted liberty to aggrieved parties to seek review of matters already decided on the basis of that judgment.
- Accordingly, the High Court concluded that the Tribunal's subsequent action was in furtherance of its own earlier order, which had attained finality, and was also consistent with the observations of the Supreme Court.

Final Ruling

- The High Court declined to interfere with the order of the Appellate Tribunal in exercise of its extraordinary jurisdiction. It held that the Tribunal had acted pursuant to the liberty contained in its earlier order and in consonance with the Supreme Court's directions in the review proceedings concerning Ganpati Dealcom.
- Consequently, all the writ petitions were dismissed. The pending miscellaneous applications, if any, were also disposed of.

Top Trends

- Sebi proposes stronger tech resilience norms for exchanges, depositories
- Banks' panel to decide on UPI merchant charges on transactions above ₹2,000
- India trade deficit eases to \$26.86 billion in Aug as exports jump 26%
- Domestic PV dispatches rose 36.5 per cent to 439,309 units, while exports declined to 68,230 units as automakers built supplies ahead of the festive season
- Meta agrees to share details of CSAM with Indian law enforcement agencies
- FIU issues notice to 15 crypto service providers, asks to take down URLs
- Bitcoin hack drains \$320 mn from crypto network in latest security breach
- Nearly three in four Indian crypto investors are under 35: CoinSwitch study
- US securities regulator proposes crypto fundraising rules:

Top Trends

- RBMarket rebound and attractive smallcap and midcap returns, monthly net SIP additions hit a six-month high of 1.3 million, pushing total monthly contributions to a record ₹32,297 crore
- MFs pour ₹12,944 cr into 2026 IPOs as institutional concentration deepens
- Active MFs reduce bets to multi-year low as HDFC Bank shares slide
- Anchor mutual funds hold IPO bets after 90-day lock-in period ends
- Paytm stock soars to post-listing record, yet below IPO price
- *HDFC AMC is betting on wider distribution, new products and alternative investments to drive AUM growth, even as higher costs and margin pressure weigh on performance*
- **Private Credit Explosive Growth:** Expansion of non-bank corporate funding as traditional bank lending stays constrained by stricter capital rules.

Unsigned sanction/approval u/s 151 of the Income Tax Act, invalid in law u/s 282A(1), rendering any subsequent reassessment notice U/s 148 without jurisdiction.

Case Name: Nikhil Nagindas Modi v. Deputy Commissioner of Income Tax

Date: 05th August 2026

Citation: Writ Petition (L) No. 9105 of 2022

Judges: B. P. Colabawalla & Firdosh P. Pooniwalla.

Key Facts

- The Petitioner, Nikhil Nagindas Modi, was an individual resident of India and proprietor of "The Link", engaged in publishing magazines and books. He also earned salary income from M/s. Exim Multimedia India Pvt. Ltd. and M/s. Shipping Times India Pvt. Ltd.
- For Assessment Year 2017-18, the Petitioner filed his return of income under Section 139(1) on 25 October 2017 declaring total income of ₹67,13,390. The return was processed under Section 143(1)(a) on 20 November 2017 and the returned income was accepted.
- On 30 March 2021, the Assessing Officer issued a notice under Section 148 seeking to reopen the assessment for AY 2017-18. The Petitioner sought the reasons recorded for reopening and subsequently filed a return in response to the notice on 28 December 2021. The reasons recorded and the approval under Section 151 were supplied to the Petitioner on 4 February 2022. The Petitioner filed detailed objections on 26 February 2022.
- On 4 March 2022, a notice under Section 143(2) was issued and, on 10 March 2022, the National Faceless Assessment Centre passed an order disposing of the Petitioner's objections. The Petitioner challenged the Section 148 notice and the objection-disposal order before the Bombay High Court.

Grounds of the Case

- The Petitioner challenged the reassessment proceedings on several grounds, principally contending that there was no live link or nexus between the information received and the belief that income had escaped assessment; the reassessment was based on borrowed satisfaction without independent application of mind; there was no new tangible material; the recorded reasons were vague and ambiguous; the sanction under Section 151 was invalid; and the notice under Section 143(2) was issued before disposal of objections, contrary to the principle laid down by the Supreme Court in *GKN Driveshafts (India) Ltd. v. Income Tax Officer and Others*.
- The principal ground pressed before the Court was that the approval/sanction under Section 151 was unsigned. The Petitioner argued that Section 282A(1) requires a notice or other document issued by an Income-tax Authority to be signed, and therefore an unsigned approval could not constitute a valid sanction for assumption of jurisdiction under Section 148.
- Without prejudice, the Petitioner also contended that even if the approval were treated as existing, it demonstrated complete non-application of mind because it recorded the income escaping assessment as '0' (zero). The reasons recorded were also alleged to be vague because they did not identify the particular transaction, date, or whether the transaction resulted in a loss or gain.

Respondents' Stand

- The Revenue did not dispute that the approval was unsigned. However, it argued that the approval was generated through the electronic system and had a valid Document Identification Number (DIN), which, according to the Revenue, demonstrated its validity.
- The Revenue also relied upon Section 282A(2), contending that mentioning the name and office of the approving authority was sufficient authentication. Reliance was placed on the Delhi High Court decision in *Asro Arcade v. Income-tax Officer* and on the insertion of Section 292BC by the Finance Act, 2026

Top Trends

- **Real-World Asset (RWA) Tokenization:** Rapid growth in tokenized private markets, debt instruments, and commodities.
- **Advanced Scenario Planning:** Finance teams prioritizing continuous AI-driven modeling to combat sudden tariff and geopolitical shifts.
- **Retailization of Private Markets:** Increasing percentage of private equity and hedge fund allocations coming from mass-affluent retail accounts.
- **Tech-Talent Convergence:** Hiring trends pivoting strongly toward "hybrid finance professionals" who possess data science and AI-prompt skills alongside traditional accounting.
- **Programmable Money Rails:** Financial institutions launching B2B programmable payment infrastructures allowing machines to transact autonomously
- **Cross-Border FX Hedging Surge:** Skyrocketing demand for automated hedging solutions amid sharp currency swings.

Top Trends

- **Embedded Finance Maturity:** Deep integration of commercial insurance and point-of-sale financing into non-financial digital apps.
- **Cost Optimization Focus:** Prioritizing cloud cost management and agile software infrastructures over heavy upfront hardware infrastructure
- **Pillar Two Global Minimum Tax Implementation:** Transitioning out of safe harbors, moving corporate tax frameworks closer to strict global structural alignment.
- **AI-Based Tax Audits:** Tax authorities aggressively deploying algorithmic auditing, triggering an increase in automated dispute notices.
- **E-Invoicing Expansion** Maturation: Near-universal deployment of real-time electronic invoicing mandates across advanced and developing nations.
- **Data Security in Tax Administration:** Concerns peaking around the data leaks of highly sensitive financial records held by digitized national revenue systems.

Findings of the High Court

- The High Court held that the unsigned approval under Section 151 was not in accordance with law and was fatal to the reassessment proceedings. Since the Court found this issue sufficient to dispose of the petition, it did not consider it necessary to deal with the other grounds raised by the Petitioner.
- The Court emphasised that sanction under Section 151 is not an empty formality. It is a statutory safeguard against arbitrary reopening of assessments. Relying upon *Union of India v. Rajeev Bansal* and *Chhugamal Rajpal v. S.P. Chaliha*, the Court held that valid sanction by the prescribed authority is a precondition for the Assessing Officer to assume jurisdiction under Section 148.
- The Court held that the minimum requirement for a valid approval is that the approving authority must have gone through the recorded reasons and material on record and recorded satisfaction regarding reopening under his signature. In the absence of such signature, the alleged approval is invalid.
- Interpreting Section 282A(1), the Court held that an approval under Section 151 falls within the expression 'other document' and must be signed and issued. The requirement of signature is mandatory. Therefore, an unsigned approval means that there was no valid approval before issuance of the Section 148 notice.
- The Court rejected the Revenue's contention that a valid DIN can substitute a signature. It held that a valid DIN and a valid signature are two separate requirements and the existence of one does not dispense with the other.
- The Court also held that Section 282A(2), which provides for deemed authentication where the name and office of the designated authority are printed, stamped or otherwise written, does not override the mandatory requirement under Section 282A(1). Authentication of a document and its legality are distinct concepts.

- The Court respectfully disagreed with the contrary view of the Delhi High Court in Asro Arcade, noting that the Delhi High Court had not considered Section 282A(1). The Bombay High Court followed the reasoning in *Vikas Gupta v. Union of India* and its own decision in *Ambernath City Hospital (P.) Ltd. v. Union of India*.
- The Court further held that Section 292BC did not apply to the present facts because the approval in question was granted on 30 March 2021, whereas the provision was made retrospective with effect from 1 April 2021. The Court therefore did not express any opinion on the validity of Section 292BC.

Final Ruling

- The Bombay High Court allowed the Writ Petition. It held that the approval under Section 151 was unsigned and therefore invalid. Consequently, there was no valid approval before issuance of the notice under Section 148, rendering the notice and the consequential reassessment proceedings without jurisdiction.
- The Court quashed and set aside the notice dated 30 March 2021 under Section 148, the order dated 10 March 2022 disposing of the objections, notices under Section 142(1) dated 10 November 2021 and 15 November 2021, and the notice under Section 143(2) dated 4 March 2022.
- The Rule was made absolute in the aforesaid terms. The Writ Petition was disposed of and there was no order as to costs.

Top Trends

- **Tax Jurisdictional Stability**
Focus: Enterprises preferring clear tax certainty and long-term legal stability over purely low tax rates when making FDI decisions.
- **Global Talent Tax Incentives:**
Aggressive implementation of bespoke tax breaks by nations trying to lure cross-border high-tech workers and data scientists.
- **Green Tax Credits**
Acceleration: Expanding use of complex carbon-offset credits, requiring specialized corporate tax compliance accounting
- **Transfer Pricing Adjustments:**
Rising cross-border tax disputes over intellectual property valuations in automated work environments.
- **Increased Public Disclosure:**
Public demand forcing more large corporate firms to transparently publish their full regional tax footprint
- **Conversational Digital Banking:**
Transitioning traditional mobile apps into fully conversational, personalized lifestyle banking channels.

Top Trends

- The "10x Bank" Workforce Model: Restructuring traditional banking units where one manager uses advanced AI agents to run vast lending portfolios.
- Deposit Disintermediation: Banks forced to defend deposit franchises as non-bank yields and tokenized capital options pull liquidity.
- Layered Cyber Defenses: Sharp budgeting increases for active cyber resilience and rapid zero-day ransomware recovery mechanisms.
- Under-40 Digital Engagement: Banks pivoting heavily toward gamified rewards, micro-investing, and fully transparent mobile onboarding.
- Proactive Financial Crime Compliance: Shifting to autonomous AI-driven regulatory platforms to scan sanctions in real-time.
- Biometric Payment Networks: Widespread expansion of secure facial and palm-print authentication at merchant retail checkouts.

Whether criminal proceedings against a company can be quashed solely because no natural person (alter ego/directing mind) was identified or arraigned alongside it

Case name: Sanofi India Ltd. v. Central Bureau of Investigation

Date: 7 September 2026

Citation: 2026 INSC 957 (Criminal Appeal No. 4250 of 2026 / Special Leave Petition (Criminal) No. 3597 of 2019).

Judges: J.B. Pardiwala

Key Facts

- The appellant, Sanofi India Ltd., is a public limited company engaged primarily in manufacturing pharmaceutical products. It supplied pharmaceutical products for the Rare Materials Project of Bhabha Atomic Research Centre (BARC) pursuant to tender processes during 2011-12, 2013-14 and 2015-16.
- The company was implicated in FIR No. RC.17(A)/2015 concerning allegations that Dr. P. Anand, Scientific Officer (Medical) at BARC, conspired with pharmaceutical companies to procure medicines at inflated rates and quantities exceeding requirements.
- The chargesheet alleged that Dr. Anand misclassified certain items as proprietary, omitted competing bidders, or declined to place orders with the lowest bidder, allegedly causing wrongful loss of ₹3,53,361 to BARC and corresponding wrongful gain to the accused.
- It was further alleged that Dr. Anand received illegal gratification of ₹42,750 from the appellant and that the appellant abetted the offence under Section 11 of the Prevention of Corruption Act, 1988.
- The appellant was prosecuted for offences under Section 120B read with Section 420 of the IPC and Sections 11, 12 and 13(2) read with Section 13(1)(b) and (d) of the Prevention of Corruption Act, 1988. No employee or official of the appellant company was arraigned as an accused.
- The Trial Court took cognizance and issued process. The appellant approached the Karnataka High Court seeking quashing of the criminal proceedings, principally contending that a company could not be prosecuted for an offence involving mens rea without identification and arraignment of the natural person through whom the company allegedly acted.

- The Karnataka High Court dismissed the petition, holding that prosecution of a corporate entity without its directors or persons in charge being arraigned was maintainable and that the allegations warranted a trial.
- The appellant thereafter approached the Supreme Court.

Grounds of the Case

- The appellant contended that where the offence requires proof of mens rea, the prosecution must identify the alter ego or governing mind of the company whose conduct and mental state can be attributed to the company.
- It was argued that the identification principle requires the directing mind and will of the corporation to be identified, and that the absence of identification and arraignment of such a natural person makes prosecution of the company unsustainable.
- The appellant submitted that no employee, director or official of Sanofi India Ltd. had been arraigned, and therefore there was no identified natural person whose mens rea could be attributed to the company.
- The appellant argued that the High Court had overlooked the requirement of identifying the person who constituted the governing mind or alter ego of the company before imputing criminal liability to it.
- On this basis, the appellant sought quashing of the criminal proceedings under Section 482 of the Code of Criminal Procedure, 1973

Respondents' Stand

- The CBI relied upon Iridium India Telecom Ltd. v. Motorola Inc. and Standard Chartered Bank v. Directorate of Enforcement to submit that a company can be prosecuted even where no individual employee is separately identified or arraigned.
- The respondent submitted that sufficient oral and documentary material prima facie showed that the appellant received undue favours and, in return, paid illegal gratification to Dr. Anand, establishing a conspiracy.
- The respondent therefore sought dismissal of the appeal.

Issues for consideration

- Whether the High Court ought to have quashed the criminal proceedings against the appellant company under Section 482 CrPC solely on the ground that no natural person had been identified and arraigned alongside the company.

Top Trends

- **Open Banking Proliferation:** Consumers retaining complete control and API portability over their granular financial histories globally.
- **CBDC Intermediation:** Central Bank Digital Currencies scaling up, with commercial banks shifting to act as wallet operators
- **Supply Chain De-risking:** Ongoing regionalization of logistics forcing capital deployment toward localized production centers.
- **Divergent Global Inflation:** Commodity and energy price volatility creating mixed inflationary landscapes between advanced and developing regions.
- **Plateauing Policy Rates:** The aggressive global interest rate-easing cycle decelerating as central banks face persistent core sticky inflation.
- **Elevated Public Sovereign Spending:** Growing market concerns surrounding massive national public debts and bond unwinding projects.

Top Trends

- **US Dollar FX Volatility:** Severe pressure on major currency pairs due to shifting trade agreements and macro fears.
- **Uncertain Commodity Trajectories:** Extreme price fragmentation between industrial base metals and agricultural inputs.
- **Protectionism and Tariff Fractures:** Expanding trade barriers increasing input costs and straining cross-border trade finance.
- **Regulatory Fragmentation:** Growing divide in Basel IV compliance timelines and sustainability taxonomy definitions worldwide.
- **Services Export Resilience:** Emerging digital services and technical consulting softening structural goods trade deficits.
- **Decriminalization of Tax Violations:** Large-scale shift from imprisonment to graded fiscal penalties for financial reporting errors.
- **Combined Assessment & Penalty Tracks:** Legal processes restructured to combine tax assessments with penalty trials to reduce long-term corporate litigation.

Findings Of Supreme Court

- The Supreme Court held that corporations can be prosecuted for offences requiring mens rea. Corporate mens rea is possible through attribution of the act and state of mind of a natural person to the corporation.
- The Court clarified that the earlier decision in Iridium India established that a corporation can possess mens rea, but did not finally determine how or through whom mens rea is to be attributed. The present judgment fills that gap by laying down a broad attribution framework.
- The Court rejected the proposition that identification and arraignment of a natural person are mandatory preconditions for maintaining prosecution against a corporation at the threshold stage under Section 482 CrPC.
- The Court held that non-identification of the natural person does not, by itself, make the allegations incapable of disclosing the corporation's role. The corporation's role may be disclosed through allegations concerning its own conduct, decisions and dealings.
- Similarly, mens rea may be disclosed prima facie through the surrounding facts and circumstances even if the particular natural person whose state of mind is attributed to the corporation has not been named.
- Attribution is a detailed factual inquiry and ordinarily has to be undertaken at trial. The absence of identification may affect the strength of the prosecution case, but does not automatically mean that no offence is disclosed.
- The Court held that *Aneeta Hada v. Godfather Travels and Tours Pvt. Ltd.* does not establish a general rule that a natural person must be arraigned whenever a corporation is prosecuted. That decision concerned a specific statutory scheme creating vicarious liability under Section 141 of the Negotiable Instruments Act.
- The Court also clarified that the attribution framework is transaction-specific. It does not seek to identify a company's general 'brain' or directing mind for every purpose.
- The Court laid down a three-stage, sequential and hierarchical framework for attribution of a natural person's act and state of mind to a corporation.

Three Stage Attribution Framework

Stage 1 – Constitutional / Primary Rules: Examine the company's memorandum, articles of association and rules implied by company law to determine whether the relevant power to perform the act vested in the concerned person.

Stage 2 – Delegation / General Rules: If the first stage does not provide an answer, examine whether the relevant power was expressly or impliedly delegated to the person, and whether the delegation carried sufficient discretion and independence in performing the act.

Stage 3 – Special Rule of Attribution: If attribution is not established in the first two stages, consider whether the purpose of the statutory provision requires a special rule of attribution. For a narrow statutory purpose, the inquiry may be made by reference to the statutory purpose in the abstract; for a broad statutory purpose, the court may examine whether the purpose, in light of the facts and circumstances of the particular case, requires such a rule.

Important Clarifications

- Status alone is not a standalone basis for attribution. A person's designation or senior position does not automatically make every act or state of mind attributable to the company.
- The inquiry is directed to the particular transaction or matter in question and not to identifying a general directing mind of the corporation.
- The framework generally applies where the offence is framed with natural persons in mind and requires proof of mens rea. It need not be invoked where the statute itself supplies the attribution rule, creates vicarious liability, or imposes direct strict/absolute liability on the corporation.
- The framework operates from the natural person to the corporation. It does not determine the criminal liability of the natural person, which continues to be governed by ordinary principles of criminal law.
- Corporate mens rea cannot be constructed by combining partial mental states of different individuals. The requisite mens rea must be found in full within at least one natural person before it can be attributed to the corporation.

Top Trends

- Foreign Asset Disclosure Windows: Structured small-taxpayer opportunities to transparently update and report small foreign incomes without fear of prosecution.
- Data Center Tax Exemptions: Sweeping tax relief extensions for international firms routing work via leased local Indian data centers.
- TCS Rate Optimization: Rationalization of Tax Collected at Source (TCS) on foreign educational remittances and tour packaging down to 2%.
- Shift to Market-Linked Savings: Household savings continuing a structural migration out of physical assets and traditional fixed deposits into equity and mutual funds.
- Uniform Customs Duty Models: Drastic reduction and rationalization of customs variations on electronics and personal healthcare imports.
- Business Trust Surcharge Slashes: Adjusted tax structures for REITs and InvITs alongside exemptions for underlying dividend-paying unit holders

Top Trends

- **Repo Rate Management:** The Monetary Policy Committee (MPC) prioritizing economic stability, keeping the policy repo rate strictly locked at 5.25% under a neutral policy stance.
- **Caution on Imported Inflation:** Sharp hawkish monitoring of core inflation due to global shipping friction, crude oil volatility, and geopolitical flare-ups.
- **Potential Hawkish Pivot:** Growing consensus among institutional analysts pointing toward a 25-50 bps defensive policy rate hike in Q3/Q4 if external inflation components push consumer price indexes above target lines.
- **Foreign Institutional Investors (FII) Tax Relief:** Policy exemptions shielding FIIs and the Bank for International Settlements (BIS) from income tax on government securities interest.
- **Private Bank CASA Monitoring:** Regulatory tracking of deposit mobilization strategies within private banking chains to prevent reckless balance-sheet stretching.

Application to the present case

- The Supreme Court held that the absence of identification and arraignment of a natural person did not, by itself, justify quashing the prosecution against Sanofi India Ltd.
- The chargesheet and material on record prima facie indicated that natural persons had acted on behalf of the appellant in relation to the alleged offences and that the surrounding circumstances gave rise to the possibility of the requisite mens rea.
- At the Section 482 stage, the Court was not required to undertake the detailed attribution exercise necessary to conclusively determine whose state of mind should be treated as that of the company. That issue could legitimately be examined at trial.
- The allegations therefore disclosed an offence against the appellant company, and the High Court was correct in refusing to quash the proceedings merely because no natural person had been identified and arraigned.

Final Ruling

- The Supreme Court dismissed the appeal. The Court held that criminal proceedings against a corporation cannot ordinarily be quashed under Section 482 CrPC solely because no natural person has been identified or arraigned alongside the corporation. The allegations must instead be examined to determine whether they prima facie disclose the commission of an offence by the corporation. In the present case, the chargesheet and material satisfied that threshold.
- The pending applications, if any, were disposed of, and the Registry was directed to forward a copy of the judgment to all High Courts.

Key Legal Principle

- A corporation can be prosecuted for an offence requiring mens rea. Although corporate mens rea operates through attribution from a natural person, identification and arraignment of that natural person are not, by themselves, mandatory conditions for maintaining prosecution against the corporation at the Section 482 CrPC stage. Attribution is ordinarily a fact-intensive question to be determined through the three-stage framework and, where necessary, at trial.

Application to the present case

- The Supreme Court held that the absence of identification and arraignment of a natural person did not, by itself, justify quashing the prosecution against Sanofi India Ltd.
- The chargesheet and material on record prima facie indicated that natural persons had acted on behalf of the appellant in relation to the alleged offences and that the surrounding circumstances gave rise to the possibility of the requisite mens rea.
- At the Section 482 stage, the Court was not required to undertake the detailed attribution exercise necessary to conclusively determine whose state of mind should be treated as that of the company. That issue could legitimately be examined at trial.
- The allegations therefore disclosed an offence against the appellant company, and the High Court was correct in refusing to quash the proceedings merely because no natural person had been identified and arraigned.

Final Ruling

- The Supreme Court dismissed the appeal. The Court held that criminal proceedings against a corporation cannot ordinarily be quashed under Section 482 CrPC solely because no natural person has been identified or arraigned alongside the corporation. The allegations must instead be examined to determine whether they prima facie disclose the commission of an offence by the corporation. In the present case, the chargesheet and material satisfied that threshold.
- The pending applications, if any, were disposed of, and the Registry was directed to forward a copy of the judgment to all High Courts.

Key Legal Principle

- A corporation can be prosecuted for an offence requiring mens rea. Although corporate mens rea operates through attribution from a natural person, identification and arraignment of that natural person are not, by themselves, mandatory conditions for maintaining prosecution against the corporation at the Section 482 CrPC stage. Attribution is ordinarily a fact-intensive question to be determined through the three-stage framework and, where necessary, at trial.

Top Trends

- Digital Infrastructure Integration: Continued integration of public infrastructure rails to ensure equitable credit, pension, and insurance distribution.
- Strict NBFC Surveillance: Enhanced compliance checks and strict guidelines governing leverage profiles for non-banking financial companies
- Climate Risk Stress Testing: Central banks mandating commercial lenders to factor scope-3 emissions and physical climate risks directly into corporate loan evaluations.
- Generative AI in Public & Commercial Banking: Deploying advanced foundational models for hyper-personalized credit underwriting, fraud detection, and automated regulatory reporting.
- Open Banking Maturity: The shift from simple API connectivity to comprehensive data exchange ecosystems, improving credit scoring accuracy for thin-file consumers.

Top Trends

- Hybrid Cloud Infrastructure Overhauls: Financial institutions abandoning legacy mainframe computers in favor of hybrid clouds to ensure zero-downtime scalability during high-volume periods.
- Quantum-Resistant Cybersecurity Risk Management: Upgrading banking cryptography systems to defend against emerging quantum computing security threats.
- Financialization of Households: Aggressive structural shifts in retail savings, with capital flowing away from traditional fixed deposits and into equity-linked mutual funds.
- Alternative Credit Underwriting: The rapid growth of asset-backed credit alternatives, including gold loans and negotiable warehouse receipts.
- Autonomous Fraud Defense Networks: Real-time AI systems that intercept mule account rings and stop transaction processing instantly before funds can be withdrawn.

Processing Fee, Insurance and Maintenance Charges on Housing Loan Qualify as “Interest” for Deduction under Section 24(b)

Case Name: •Mukul Rohatgi v. ACIT, Circle-61(1), Delhi

Date: 01 september 2026

Citation: ITA No. 3070/Del/2026 [Assessment Year: 2020-21]

Judges: Shri Satbeer Singh Godara (Judicial Member) & Shri Naveen Chandra (Accountant Member)

Key Facts

- The assessee, an individual, filed his return declaring income of ₹1,32,63,98,030. The return was selected for scrutiny and assessment was completed under Section 143(3) of the Income-tax Act, 1961.
- During the relevant year, the assessee acquired a commercial property at Noida from M/s Tech Info Private Limited for ₹58,30,47,960 and let out the property to Kotak Mahindra Bank for monthly rent of approximately ₹47.39 lakh.
- For acquiring the property, the assessee obtained an overdraft facility of ₹60.50 crore from Standard Chartered Bank, comprising two facilities of ₹30 crore and ₹30.50 crore.
- The assessee paid total charges of ₹1,19,47,827 to the bank, comprising protection insurance of ₹29,40,253, processing fee of ₹14,27,800, interest of ₹72,25,774 and annual maintenance charges of ₹3,54,000.
- The assessee claimed ₹1,17,03,182 as deduction under Section 24(b). The AO allowed only ₹72,25,774 as interest and disallowed ₹44,77,708 relating to processing fee and other charges.
- The CIT(A) deleted the separate Section 14A disallowance but sustained the ₹44,77,708 disallowance under Section 24(b), leading the assessee to appeal before the ITAT.

Issue Before the Tribunal

- Whether protection insurance, processing fee and annual maintenance charges paid in connection with the bank borrowing used to acquire the let-out property constitute “interest” within the meaning of Section 2(28A) and are therefore allowable as a deduction under Section 24(b) of the Income-tax Act, 1961.

Findings of the ITAT

- Section 24(b) permits deduction of interest on borrowed capital utilised for acquiring, constructing, repairing, renewing or reconstructing the property.
- The statutory definition of "interest" in Section 2(28A) is wider than ordinary interest. It includes any service fee or other charge in respect of money borrowed or debt incurred, and also covers charges in respect of a credit facility in the circumstances specified in the provision.
- The Tribunal held that the expression "interest" cannot be restricted only to the amount specifically described as interest by the bank. The relevant consideration is whether the charge is in respect of the money borrowed, debt incurred or credit facility.
- In the present case, the borrowing was obtained for acquiring the Noida property and there was no allegation that the charges were not genuine or were part of a colourable device for tax evasion.
- The protection insurance, processing fee and annual maintenance charges were found to be connected with the loan facility. On a harmonious reading of Sections 24(b) and 2(28A), these charges fell within the broad statutory meaning of "interest".
- The Tribunal therefore directed deletion of the disallowance

Final Ruling

- The ITAT allowed the assessee's appeal and directed the Assessing Officer to delete the addition of ₹44,77,708. The Tribunal specifically held that protection insurance, processing fee and annual maintenance charges incurred in respect of the loan used for acquiring the let-out property fall within the broad category of "interest" and are allowable under Section 24(b).

Top Trends

- **Embedded Finance Expansion:** Non-financial platforms seamlessly integrating instant point-of-sale micro-loans directly into consumer checkouts.
- **Digital Wealth Management Scaling:** Automated robo-advisory algorithms handling complex portfolio restructuring and factor-tilts for mass-affluent
- **Pillar Two Global Minimum Tax Implementation:** The operational rollout of the OECD's 15% global minimum corporate tax rate, neutralizing traditional offshore tax havens.
- **Wider Indirect Tax Bases:** Continuous optimizations to tax architectures (like India's GST or the EU's VAT frameworks) generating consistent collection records via data-driven formalization.
- **Carbon Border Adjustment Mechanisms (CBAM):** The normalization of carbon import taxes, penalizing companies that export high-emission goods into regulated economic areas.

Top Trends

- Resolution of Inverted Duty Structures: Legislative updates designed to clean up raw material import tax anomalies, promoting domestic manufacturing competitiveness.
- Digital Trade Taxation: New multinational frameworks establishing clear guidelines on taxing value created by digital cross-border data flows.
- Transfer Pricing Disputes in the Gig Economy: Increased litigation regarding how cross-border remote work forces alter permanent establishment (PE) corporate designations.
- Wealth and Inheritance Tax Revivals: Ongoing public policy debates on utilizing targeted capital gains structural updates to balance widening wealth gaps.
- Capital Buffer Optimization: Scheduled commercial banks maintaining high Common Equity Tier 1 (CET1) ratios well above legal minimums to withstand external macroeconomic shocks.

Analysis

- The central question was the interaction between Section 24(b), which allows deduction of interest on qualifying borrowed capital, and Section 2(28A), which defines “interest”. The AO and CIT(A) adopted a narrower approach by treating only the amount expressly charged as interest by the bank as eligible. The ITAT instead applied the statutory definition in Section 2(28A).
- The Tribunal’s reasoning rests on the words “includes any service fee or other charge” in Section 2(28A). Thus, the nomenclature used by the bank is not by itself decisive. A charge may qualify where it has the necessary nexus with the borrowing or credit facility.
- The Tribunal also relied on the decision of the Mumbai ITAT in *Peepul Tree Properties (P.) Ltd. v. ACIT, 160 ITD 138 (Mum)*, along with other decisions cited before it. Those authorities supported the wider interpretation of “interest”, including certain processing and
- An important limitation is that the charge must be genuinely connected with the borrowing. The decision should therefore not be read as making every expense incurred by a property owner deductible under Section 24(b). The statutory nexus between the expenditure and the borrowed capital/credit facility remains significant.
- The decision is particularly relevant in cases involving bank loans or overdraft facilities where, apart from periodic interest, the borrower incurs processing fees or other borrowing-related charges. It demonstrates that such charges may receive the treatment of “interest” for Section 24(b) purposes when they satisfy Section 2(28A).

Disclaimer

This newsletter is intended for private circulation only. The views expressed are those of the editorial team and are based on publicly available information and Government portal platforms. Aman Satish & Company does not accept any liability, direct or indirect, for any consequences arising from the use of the information contained herein. Reproduction of any content from this newsletter is prohibited without prior consent from Aman Satish & Company. While every effort has been made to ensure the accuracy of the information, Aman Satish & Company does not accept responsibility for any errors or omissions. Aman Satish & Company 2026. All rights reserved.