

Just 5 Minutes

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INCOME TAX

1. *CII for FY 2025-26*

The Central Board of Direct Taxes (CBDT) has notified '376' as the Cost Inflation Index (CII) for the Financial Year 2025-26.

2. *Clarification for prescribing authority to pass order for waive*

The CBDT has clarified that the authority prescribed (i.e. CCIT/DGIT/Pr. CCIT) is empowered to pass an order for a waiver after the date of issue of the said Circular No. 5/2025. Applications for the waiver of interest can be entertained within one year from the end of the financial year for which the interest is charged.

3. *Interest rates notified on Small Savings Schemes*

The Ministry of Finance has notified the interest rates on various Small Savings Schemes for the second quarter of the financial year 2025-26, starting from July 01, 2025 and ending on September 30, 2025. The interest rate remains unchanged as applicable for the 1st quarter of FY 2025-26.

COMPANIES ACT

1. Advisory on new launch of V3 Portal

In view of the upcoming launch, V3 portal will not be available from July 09, 2025, 12:00 midnight to July 13, 2025, 11:59 PM. Accordingly, plan and file/resubmit current V3 forms before July 09, 2025 as there will be no waiver of fees or extension of resubmission period, if the due date/resubmission date fall within the mentioned downtime period i.e. July 09, 2025, 12:00 mid-night to July 13, 2025, 11:59 PM.

GST

1. *GSTN advisory on handling of inadvertently rejected records on IMS*

Invoice: If a recipient wrongly rejects an invoice in IMS, the supplier can re-report the same document (without changes) in GSTR-1A or the amendment table of GSTR 1. The recipient can then accept it and reclaim full ITC through recomputation of GSTR-2B, with no impact on the supplier's liability, as the amendment reflects no value change.

Credit Note: If a recipient wrongly rejects a credit note, the supplier's liability temporarily increases. However, once the supplier re-reports the same credit note (without changes) in GSTR-1A or the amendment table of GSTR 1, the liability is reduced again by the same amount, resulting in net-zero impact on the supplier's liability, while the recipient will reverse ITC based on the amended credit note.

LABOUR LAWS

1. *Changes in Punjab S & E Act*

The Governor of Punjab has notified an extension to the conditional exemption granted to establishments in the State for a further period of 1 year. Establishments registered under the Act have been permitted to remain open on all 365 days of the year till May 31, 2026. Few of the conditions for exemption are as below:

Provide one day weekly paid holiday to employees and notify a list of the timetable of such holidays for a month on the notice board in advance;

- Ensure that employees are given a rest period of an hour after five hours of continuous work;
- Ensure no employee works more than ten hours in a day or forty-eight hours in a week;
- In the event the establishment remains open after 10:00 pm, ensure to make adequate safety and security arrangements for employees and visitors;
- Consent from the employees to be kept as record in the establishment;
- Ensure that employees are given national and festival holidays with wages;

LABOUR LAWS

2. *Employment Linked Incentive (ELI) Scheme Scheme*

The Cabinet approves Employment Linked Incentive (ELI) Scheme to enhance job creation, employability and social security in all sectors focus on manufacturing sector and incentives for first timers to get one month's wage up to Rs 15,000/- in two installments.

The Scheme to target first-time employees registered with EPFO, this Part will offer one-month EPF wage up to Rs. 15,000 in two installments

The Government will incentivize employers, up to Rs. 3,000 per month, for two years, for each additional employee with sustained employment for at least six months. For the manufacturing sector, incentives will be extended to 3 and 4 years as well.

CASE LAWS - INCOME TAX

1. *Natha Pandit Raut v. DCIT*

It has been held that where assessee was continuously engaged in purchase and sale of properties and he could not bring any material on record to substantiate his claim that he was maintaining two separate portfolios i.e. one for investment and another for trading purpose, income from sale of immovable properties was to be treated as business income.

2. *AMPI Foundation v. DCIT, CPC, Bengaluru*

It has been held that where audit report in Form No. 10B was not uploaded within due date of filing return under section 139(1), however, same was available before Assessing Officer at time of processing of return, claim of exemption under section 11 was to be allowed.

CASE LAWS – INCOME TAX

3. *DCIT v. CCL Products (India) Ltd.*

It has been held that corporate guarantee given by assessee on behalf of its AE in absence of any expenditure being incurred by assessee, would not constitute an international transaction within the meaning of section 92B.

4. *ATS Real Estate Builders P. Ltd. vs. DCIT*

It has been held that Section 43B of the Income Tax Act applies only to expenses claimed in the Profit & Loss account. Since GST payable was not routed through the P&L account for AY 2020-21, no disallowance under Section 43B was warranted.

5. *CIT (Intl Taxation & TP) v. M/S Adani Wilmar Ltd.*

It was held by the Gujarat High Court that the provisions of the DTAA override Section 206AA of the Income Tax Act, meaning TDS on payments to non-residents without PAN should be deducted at DTAA rates if more beneficial.

CASE LAWS - INCOME TAX

6. *Goodwill Foundation Charitable Trust v. CIT (Exemption)*

It has been held that where Commissioner (Exemption) rejected application of assessee-trust for registration under section 12A(1)(ac)(iii) on ground that assessee had failed to furnish documentary evidence to enable him to satisfy about genuineness of activities of trust and whether activities were in consonance with objects of trust, since assessee could not pursue its case before Commissioner (Exemption) by filing necessary evidences and documents, one more opportunity was to be given to assessee to file relevant documents/evidences and to plead its case before Commissioner (Exemption)

7. *Champion Exim Company v. Union of India*

It has been held that where a notice under section 148A(b) was issued to assessee calling upon to show cause as to why notice under section 148 should not be issued, however, said notice was communicated to assessee on wrong email ID and, thus, same was not received by assessee and assessee could not file its reply to same, impugned order passed under section 148A(d) as well as notice issued under section 148 were in violation of principles of natural justice and were liable to be quashed and set aside.

CASE LAWS – INDIRECT TAX

1. *Santana Row Fashions LLP v. Additional Commissioner Grade -2*

It has been held that section 122 contemplates pre-deposit only in respect of tax amount in dispute, where no tax amount was disputed but only penalty was imposed, no pre-deposit was required for filing appeal before Tribunal

2. *Binod Traders v. Union of India*

It has been held by Patna High Court that simply uploading a summary show cause notice on the GST portal does not constitute valid service. It held that this was insufficient service, thus denying the Petitioner an opportunity to be heard, a violation of Section 75(4) of the Bihar GST Act. Consequently, the court set aside both the ex parte assessment order and the subsequent appellate order and the authority has been directed to issue a fresh SCN, grant the Petitioner an opportunity to reply and be heard, and then pass a reasoned order within six months.

Greenhouse gas Emission Intensity (GEI) reduction targets for two years, beginning 2025-26

India's Ministry of Environment, Forest and Climate Change recently came out with a draft notification setting greenhouse gas emission intensity (GEI) reduction targets for two years, beginning 2025-26, covering 282 obligated entities in various sectors such as aluminium, cement, pulp & paper and chlor-alkali. GEI means Greenhouse Gases Emission Intensity in tCO₂e/equivalent output or product.

Key Highlights of the Rules

GEI Targets Calculation: As per Bureau of Energy Efficiency's methodology, specific to each obligated entity as listed in the Schedule.

Compliance Requirements for Obligated Entities: They must meet GEI targets annually as per the Carbon Credit Trading Scheme, 2023.

May also purchase carbon credit certificates from the Indian Carbon Market (ICM) to offset shortfalls.

Environmental Compensation: To be imposed by the Central Pollution Control Board (CPCB), equal to twice of the average price at which carbon credit certificate is traded in the compliance year, payable within 90 days.

Legal Backing: Non-compliance or rule violations is addressed under the Environmental Protection Act, 1986.

Objections or suggestions to the draft notification, if any, may be addressed to the Joint Secretary, Ministry of Environment,

Forest and Climate Change, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi - 110003, and may be sent to e-mail id: ccts.hsm-moefcc@gov.in

It may be noted that the said notification shall be taken into consideration on or after the expiry of a period of sixty (60) days from the date of publication of the draft in the official Gazette.

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Specific advice/clarification should be obtained in case there is any doubt relating to the aforesaid

