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DIRECT TAXATION UPDATES – INCOME TAX

NEWSLETTER – AUGUST 2025 EDITION

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RECENT NOTIFICATIONS, CIRCULARS and OFFICE MEMORANDUMS:

- **Instruction no. F. no. 285/46/2021 dated 18.08.2025:**
- **Notification no. 132 of 2025 dated 14.08.2025:**

In **August 2025 Edition** of the Luthra and Luthra Law Offices India – **'Direct Tax Monthly Newsletter'**, we have covered some of the pertinent developments in the field of Direct Taxation Law recently.

INCOME TAX

IMPORTANT JUDGMENT PASSED BY HON'BLE SUPREME COURT IN THE CASE OF:

Income-tax Officer, National Faceless Assessment Centre Delhi v. Consortium of Institutions of Higher Learning, dated 01.08.2025 passed by Hon'ble Supreme Court of India

The Hon'ble Supreme Court of India *inter alia* dismissed the departmental appeal on the ground of delay as well as merits and upheld the decision of Telangana High Court whereby the Hon'ble High Court decided the Writ Petition in favour of assessee. The Court observed that the impugned notices issued by the Department are barred by limitation under Section 148 and 149 of the Income Tax Act, 1961 **("Act")**, since the said notices have left the Income Tax Business Application **("I.T.B.A.")** portal on or after 01.04.2021.

Commissioner of Income-tax v. Salesforce.com Singapore Pte Ltd., dated 01.08.2025 passed by Hon'ble Supreme Court of India.

The Hon'ble Supreme Court of India *inter alia* dismissed the departmental appeal in favour of assessee and affirmed the decision of Income Tax Appellate Tribunal **("ITAT")** and Hon'ble Delhi High Court that subscription fees paid by Indian customers for Salesforce's cloud-based Customer Relationship Management (CRM) services are not taxable as "royalty" under the India-Singapore Double Taxation Avoidance Agreement **("DTAA")**. The assessee is a tax resident of Singapore who provided CRM services and the income in question was derived from the subscription fee received from customers in India for providing such services. The Assessing Officer **("AO")** held that receipt from CRM software was 'royalty income' under clause (iv-a) and clause (v) of Explanation 2 to Section 9(1)(vi) as well as under Article 12 of the DTAA and thus be treated as royalty. However, upon subsequent appeal, the Tribunal held otherwise. The Hon'ble High Court, *inter alia,* held that, since the copyright in the application was never transferred or came to vest in a subscriber, the contentions which are addressed on the anvil of section 9 could not be appreciated. Additionally, the right of subscription to a cloud-based software cannot

possibly be said to be equivalent to the 'use' or 'right to use' any industrial, commercial or scientific equipment.

Assistant Commissioner of Income Tax (International Taxation) v. Shelf Drilling Ron Tappmeyer Ltd. etc dated 08.08.2025 passed by Hon'ble Supreme Court of India

The Hon'ble Supreme Court of India through its Division Bench expressed divergent opinions and directed that the matters be listed before Chief Justice of India for fresh consideration of issues. The assessee, a non-resident engaged in providing oilfield services, was subjected to draft assessment under Section 144C (1) of the Act after the Tribunal Draft order was passed on 28.09.2021. It was contended before the High Court of Bombay that the proceedings were barred by limitation under Section 153(3) of the Act. The Hon'ble High Court, *inter alia*, held the entire procedure of Section 144C must be completed within the timelines given under Section 153. Upon subsequent appeal before Hon'ble Supreme Court, Justice B.V. Nagarathna held that even when Section 144C applies to a case, 12-month period stipulated under Section 153(3) has to be applied, thus, procedure under Section 144C has to be concluded within time frame envisaged under section 153(3) or section 153(1) as case may be. Hence, the period under Section 144C is to be subsumed within time prescribed under Section 153(1). However, Justice Satish Chandra Sharma, while expressing a dissent, held that in cases of assessment proceedings under Section 144C, Section 153 and all its sub-sections are fully applicable and timelines prescribed therein apply to Draft Assessment Order, which is to be passed under 144C(1) of the Act.

IMPORTANT JUDGMENTS PASSED BY DIFFERENT HON'BLE HIGH COURTS IN THE CASES OF:

Principal Commissioner of Income-Tax Central- 2 v. Zulu Merchandise (P.) Ltd., dated 01.08.2025 passed by Hon'ble High Court of Calcutta

The assessee, a non-banking financial company (NBFC) engaged in money lending and trading of shares and securities incurred loss of Rs. 51.33 Lakhs on account of trading in shares of two companies and further earned interest income of Rs. 32.43 Lakhs which was set off by the assessee with the abovementioned trading loss. The AO after detailed scrutiny opined that companies had no worth and they were not engaged in any proper business and, therefore, no prudent businessmen would buy such huge number of shares of above the said two companies. Furthermore, the AO noted that the particular scripts were listed

in the list of 'bogus capital loss claims' and accordingly the reported loss of Rs. 51.33 Lakhs was disallowed and added back to the total income of the assessee. Upon appeal, the Tribunal held otherwise, directing the AO to allow the set off loss on equity shares against interest income. The Hon'ble High Court of Calcutta while deciding in favour of the Revenue, restored the assessment order and, *inter alia*, held that the Tribunal had committed a serious error of law and fact in allowing the assessee's appeal. It was observed that the two companies whose shares were traded by the assessee are in the list of bogus capital loss claim companies and it is undoubtedly the case involving organized tax evasion.

Western Arch Developers v. Pr. Commissioner of Income tax- (Central), dated 04.08.2025 passed by Hon'ble High Court of Bombay

The assessee-firm, engaged in business of construction and development, received completion certificate and declared a profit and claimed deduction under Section 80-IBA for the Assessment Year **("A.Y.")** 2019-20 however missed the extended return-filing due date. An application for condonation of delay in filing return was filed which was rejected on the ground that assessee was guided by professional CA and it did not submit any documentary evidence to substantiate its claim of deduction under section 80-IBA. The Hon'ble High Court, *inter alia*, held that merely because an assessee is guided by professionals, the same cannot mean that there is no possibility of errors or delay. Furthermore, there is no requirement in law to prove the claim of deduction at the stage of condonation of delay. Therefore, the Court set aside the Impugned Order and condoned the delay in filing of return of income in favour of assessee.

Swan Defence and Heavy Industries Ltd. v. Assistant Commissioner of Income Tax, dated 05.08.2025 passed by Hon'ble High Court of Bombay

The Asessee-company was undergoing Corporate Insolvency Resolution Process **("CIRP")** and a resolution Plan was approved by the National Company Law Tribunal **("NCLT")** *vide* its order dated 23.12.2022. However, AO issued Show Cause Notice under Section 148A (1) of the Act and subsequently passed an Order under Section 148A (3) and Notice under Section 148. The Hon'ble High Court *inter alia* allowed the writ petition and quashed the Impugned Order and Notice passed by the AO. While relying on several judicial precedents including *Alok Industries Ltd. v. ACIT (2024)*- Bombay High Court, *Vaibhav Goel v. Dy. CIT (2025)* - Supreme Court, the Court, *inter alia*, held that once the Resolution Plan is approved by an Adjudicating Authority, no belated claim can be

included therein as otherwise resolution applicant would not be in a position to recommence business of corporate debtor with a clean slate.

Ravalgaon Sugar Farm Ltd. v. Commissioner of Income Tax, dated 05.08.2025 passed by Hon'ble High Court of Bombay

The assessee, a manufacturer of sugar and confectionery, was required to pay an additional sugarcane price to farmers as determined by the Director of Sugar, Maharashtra, after its financial accounts had been finalized. While the company claimed this additional price as an expenditure in its income-tax computation for the relevant year, it was not reflected in the audited Profit and Loss (P&L) account for that year since the payment was made subsequently. For claiming the 20% deduction on profits under Section 32AB, the company relied on the profit figure as per its audited P&L account, which did not include the additional sugarcane price; however, the Assessing Officer (AO) rejected this approach, holding that the additional price should have been considered while computing profits, thereby reducing the deduction. The Hon'ble High Court, deciding in favour of the assessee, observed that the deduction under Section 32AB is to be computed solely on the profits disclosed in the audited annual accounts and, *inter alia*, held that the computation must commence with the profits determined in accordance with the Companies Act, without alteration by subsequent income-tax adjustments. It further noted that the company had consistently followed this practice in earlier years, which had never been questioned by the Department, and therefore concluded that the action of the Revenue in reducing the eligible profits for the Section 32AB deduction was not in accordance with law.

Commissioner of Income Tax v. Diamond Tree, dated 06.08.2025 passed by Hon'ble High Court of Delhi

The Hon'ble Delhi High Court dismissed departmental Appeal and upheld the Tribunal's decision that the Common Area Maintenance **("CAM")** charges cannot be construed as payment of rent for occupying the premises in question. The assessee, who owns a commercial property, was deducting Tax Deducted at Source **("TDS")** on the CAM charges paid by its tenants under Section 194C which deals with payments for work or contracts. However, the AO contended that CAM charges were an intrinsic part of the rent and, therefore, should be subject to a higher TDS deduction under Section 194I. The Hon'ble Court, *inter alia,* held that rent is the consideration paid for the right to use or occupy a property, while CAM charges are a separate payment for a host of services provided, such as cleaning, security, upkeep of utilities, and maintenance of common facilities like lifts and lighting. Therefore, CAM charges do not fall within the definition

of "rent" as per the Explanation to Section 194I. Instead, these charges are payments made for a specific set of "works" or services provided under a contract and thus correctly subject to TDS deduction under Section 194C at the rate applicable for contractual payments, and not under Section 194I of the Act.

Jaykumar B. Patil v. Joint Commissioner of Income-tax Special Range-4, dated 07.08.2025 passed by Hon'ble High Court of Bombay

The assessee a substantial shareholder and Managing Director of Ghatge Patil Industries Limited **("GPIL")** whose proprietary concern, J. B. Patil & Sons (Engineering Division), had a running business account with GPIL. The assessee received an advance of Rs. 71 lakhs from GPIL, which he claimed was a business advance for job work. However, he subsequently used this amount to pay his income tax under the Kar Vivad Samadhan Scheme **("KVSS")**. The AO treated this advance as a "deemed dividend", bringing it under the purview of Section 2(22)(e) and thus making it taxable in the assessee's hands. The Hon'ble High Court, while deciding in favour of the Department, *inter alia,* observed that utilization of an advance for the intended business purpose is a fundamental condition for it to be considered a genuine business advance and merely labelling a transaction as a "business advance" is not sufficient if the money is ultimately used for a non-business or personal purpose. Furthermore, all the ingredients of Section 2(22)(e) of the Act were satisfied, and the amount of advance was not utilized by the assessee for execution of any job work for GPIL. Accordingly, the Hon'ble Court, *inter alia,* held that utilization of advance for execution of a particular business transaction was a *sine qua non* for exclusion of the amount of loan or advance from the ambit of Section 2(22)(e) of the Act, therefore such advance in the instant case should be treated as deemed dividend.

Tivoli Investment & Trading Co. (P.) Ltd. v. Assistant Commissioner of Income-tax, dated 18.08.2025 passed by Hon'ble High Court of Bombay

The assessee entered into a Leave and License Agreement with Citi Bank for letting out office premises for a period of 10 years at monthly license fees of Rs. 9,825/- and the bank paid interest free security deposit of Rs. 1.54 crores. The assessee declared only Rs.1,17,900/- as annual rental income, based on the licence fee, in its tax return for 1990-91 under the head 'Income from Business'. However, the AO instead estimated the property's annual letting value at ₹22 lakh, drawing on comparable rentals in the same building and considering the financial arrangement with Citi Bank. Hon'ble High Court of Bombay upheld the decision of Revenue and *inter alia* reaffirmed that while notional interest on security deposits cannot by itself be treated as rent, the AO is entitled to look

beyond municipal valuations if they do not reflect the real market value. It was therefore concluded that AO's assessment of ₹22 lakh was both reasonable and conservative.

Gateway Terminals India (P.) Ltd. v. Deputy Commissioner of Income-tax, Raigad, dated 26.08.2025 passed by Hon'ble High Court of Bombay

The assessee, engaged in operating and maintaining a container terminal at Jawaharlal Nehru Port Trust (JNPT), claimed deduction under Section 80-IA on interest earned from fixed deposits maintained with banks for business purposes. The AO accepted the claim, including the FD interest as part of business income, and the Tribunal upheld this view. Additionally, as the assessee's customers/vendors wrongly deducted TDS on port charges—income otherwise eligible for Section 80-IA deduction—the Department refunded the excess TDS along with interest under Section 244A. The assessee contended that this interest too was directly linked to its business receipts and thus eligible for Section 80-IA deduction. However, the AO treated the interest on refund as "Income from Other Sources" and disallowed the claim, with the Tribunal concurring. The Hon'ble High Court, *inter alia*, held that the assessee was entitled to deduction under Section 80-IA on both interest from FDs and interest on TDS refunds for AY 2012-13, observing that the deposits were not voluntary investments of idle surplus funds but a business necessity arising from contractual and statutory obligations. Since the FDs were integral to the assessee's port operations, the interest thereon, as well as the interest on TDS refund directly connected to port charges, were inextricably linked to the eligible business and therefore not taxable as "Income from Other Sources.".

AS HELD BY HON'BLE INCOME TAX APPELLATE TRIBUNAL (ITAT) IN THE CASES OF:

Jelly Samkit Doshi v. Income Tax Officer, dated 01.08.2025 passed by Hon'ble ITAT Ahmedabad

The assessee acquired KPL shares in physical form and dematerialised them, thereafter, selling them that resulted in Long-Term Capital Gain **("LTCG")** and claimed the LTCG to be exempt under Section 10(38). The AO, *inter alia*, observed that assessee had earned abnormal return within a short span of time and therefore held LTCG to be unexplained cash credit under Section 68 and brought it to tax under Section 115BBE. Upon appeal, the Tribunal affirmed the decision and *inter alia* noted that the transaction in question does not inspire confidence as a genuine investment and bears the hallmark of an accommodation entry scheme devised to generate tax-exempt LTCG. Accordingly, the

reasoned findings of the Commissioner of Income Tax (CIT) (Appeals) were held to be valid.

Deputy Commissioner of Income-tax v. Armstrong Knitting Mills, dated 01.08.2025 passed by Hon'ble ITAT Chennai

The assessee, engaged in business of manufacture and export, filed return of income for AY 2018-19 declaring total income of Rs. 11.07 crores which was processed under Section 143(1). The CPC treated the income from sale of 'Market Linked Focus Product Scheme (MLFPS)' scrips amounting to Rs. 4.52 crores as revenue receipts and added the same to the total income of the assessee firm. Referring to consistent ruling by the Co-ordinate Bench of the Chennai Tribunal in the case of A*CIT v. Eastman Exports Global Clothing (P.) Ltd. (2024)*, the Tribunal, *inter alia*, held that the amount received is a capital receipt while considering the amendment brought to Section 2(24)(xviii) by the Finance Act, 2015. Thus, the Tribunal dismissed the Department's appeal and held the First Appellate Authority **("FAA's")** order to be in accordance with law.

Gunjan Kumar Bihani v. Income-tax Officer, dated 05.08.2025 passed by Hon'ble Income ITAT Raipur

The assessee contended that no mandatory transfer order under Section 127 was passed by the competent authority for issue of notice under Section 143(2) by ITO-1(1), Raipur and the assessment framed under Section 143(3) of the Act by ITO-3(4), Raipur Tribunal, therefore, rendering the entire assessment invalid from the beginning. The Tribunal, while ruling in favour of the assessee, *inter alia,* held that an order of transfer under Section 127 is a mandatory pre-condition for an AO to assume jurisdiction over a case that has been transferred from another AO and the power to transfer cases lies with senior authorities like the Principal Commissioner or Commissioner of Income Tax, not with the AOs themselves. The Tribunal further observed that since the Department could not produce any valid transfer order, the ITO, Ward-3(4), Raipur, did not have the authority to issue an assessment order in the assessee's case. Therefore, it was concluded that since the assessment was framed without proper jurisdiction, the order passed under Section 143(3) is *void ab initio*.

Sagarlaxmi Agriseeds (P) Ltd v. ACIT, dated 05.08.2025 passed by Hon'ble ITAT Ahmedabad

The assessee, acquired a proprietorship concern, through which the company took over the business, and shares were issued to the former proprietor. The company recorded goodwill

of INR 5.53 crore and claimed depreciation on it. The company's income tax return was selected for limited scrutiny specifically on the issue of an "increase in share capital". The AO examined the increase in share capital and found that it was not from the sale of shares but from the acquisition of the proprietorship concern's assets, including goodwill and therefore, did not make any addition for the share capital. However, he proceeded to examine the claim for depreciation on goodwill and disallowed it, contending that since the goodwill was not valued in the books of the proprietorship concern, it was not an asset on which depreciation could be claimed. Upon appeal, the Tribunal ruled in favour of the assessee, quashing the disallowance made by the AO. It, *inter alia*, held that by examining and making an addition on the issue of depreciation on goodwill, which was not the original reason for the limited scrutiny, the AO acted beyond his jurisdiction, rendering the assessment on this particular issue invalid. Furthermore, the AO did not follow the mandatory procedure for converting a limited scrutiny case to a complete scrutiny. Therefore, scope of an assessment cannot be expanded unilaterally by the AO without following the prescribed legal process.

Navketan Premises (P.) Ltd. v. Deputy Commissioner of Income-tax, dated 06.08.2025 passed by Hon'ble ITAT Mumbai

The assessee, a real-estate developer, sold four commercial properties during AY 2015-16 and had paid full consideration on 13.07.2013. It had entered into a joint development agreement with a landowner by which the developer was granted permission to enter the property to carry out construction activities. The AO contended that this agreement constituted a "transfer" of the property under Section 2(47)(v) of the Act, and therefore, capital gains was applicable in the year the agreement was signed. The Tribunal dealt with the crucial issue of when a "transfer" is considered to have occurred under Section 2(47)(v) of the Act, especially in cases of property development agreements and *inter alia,* held that for a "transfer" to be triggered under Section 2(47)(v), it is essential that the effective possession of the property has been handed over, allowing the transferee to take or retain possession. The Tribunal clarified that merely giving a license to enter the property for development purposes, without transferring significant control, does not constitute the transfer of "possession". Additionally, the conditions for "part performance" under Section 53A of the Transfer of Property Act, 1882, must be fully met. Therefore, it concluded that no taxable event occurred at the time of signing of the agreement, as the essential condition of "effective possession" had not been fulfilled.

Deepak Kothari v. ACIT, Central Circle - 5, dated 06.08.2025 passed by Hon'ble ITAT Delhi

The assessee sold a plot of land in A.Y. 2008-09 and received sale consideration of INR 7.20 crores and also handed over possession. However, the sale deed was executed, and relevant capital gain was offered to tax in A.Y. 2017-18. The AO determined notional interest/income from date of receipt of actual sale consideration in A.Y. 2008-09 and recomputed long-term capital gain at Rs. 11.84 crores. The Tribunal, *inter alia*, observed that the provisions of Income-tax apply on the basis of real income not on the basis of notional income. Additionally, capital gains are to be determined based on the sale consideration mentioned in the sale deed executed and there is no mechanism to determine the notional income or deemed income earned by the assessee which can be taxed. Therefore, the grounds therein raised by revenue were dismissed. Further, the Department made an addition of over ₹11.81 crore under Section 56(2)(vii)(c), contending that the issuance of bonus shares with a nil cost to the assessee amounted to income. The Tribunal, while relying on *Khoday Distilleries*- Supreme Court, and *PCIT v. Dr. Ranjan Pai*- Karnataka High Court, confirmed the long-standing legal position that the issuance of bonus shares does not attract tax under Section 56(2)(vii)(c) and *inter alia*, held that a bonus issue is merely a capitalization of a company's reserves, and it does not represent an "income" in the hands of the shareholder. Therefore, the addition made by AO is legally flawed and hence ought to be deleted.

Mahendra Patel Builders (P) Ltd v. Deputy Commissioner of Income-Tax, dated 07.08.2025 passed by Hon'ble ITAT Ahmedabad

The assessee, engaged in the business of real estate and construction, claimed insurance premium expenditure under the head 'Miscellaneous Expenses', for various endowment life insurance policies taken in the names of its directors and their family members. The total premium paid was claimed as a revenue expenditure deductible under Section 37(1) of the Act. The AO disallowed the claim and held that policies were endowment in nature, issued in personal names of directors with beneficiaries being individuals rather than the company. The Tribunal, *inter alia,* held that assessee-company was proposer and policyholder and policies were issued on lives of directors in their capacity as key persons. Therefore, there exists no statutory bar in treating them as deductible business expenditure under Section 37(1). Furthermore, since there exists no conclusive evidence on record regarding assignment of policies, the AO was directed to restore the matter for verification.

Sony India (P.) Ltd. v. ACIT, dated 08.08.2025 passed by Hon'ble ITA) Delhi

The assessee, a wholly owned subsidiary of Sony Corporation, Japan, primarily engaged in distribution of consumer electronics in India, in an appeal against final assessment orders for A.Y. 2015-16 and 2017-18, challenged the substantive and protective transfer pricing **("TP")** adjustments, corporate tax disallowances, and book profit computations under Section 115JB. The AO and Transfer Pricing Officer **("TPO")** scrutinized assessee's international transactions with its Associated Enterprises (AEs) and proposed significant adjustments to company's income, alleging that certain transactions, particularly those related to marketing expenses and royalty payments, were not at arm's length. The Tribunal, decided partly in favour of assessee, and, *inter alia,* held Bright-Line Test and similar "intensity adjustments" have no legal standing under the Act. It ruled that once the assessee's distribution business has been benchmarked and found to be at arm's length on an overall basis, no separate adjustment is permissible for Advertising, Marketing, and Promotion expenses. Furthermore, it also deleted the adjustment on royalty payments stating that tax authorities cannot question the commercial necessity of a genuine transaction and instead should determine the quantum of payment through comparability analysis. However, the Tribunal agreed with the Department for the issue of Dividend Distribution Tax **("DDT")** holding that the standard rate of DDT was applicable and no concessions could be granted to the assessee.

Biswas Manik v. Income-tax Officer, dated 08.08.2025 passed by Hon'ble ITAT Ahmedabad

The assessee challenged the order of CIT(A) confirming additions made by AO regarding the taxability of an amount paid by the employer to LIC for an annuity policy for the A.Y. 2018-19. The AO held that the amount paid to LIC formed part of salary under section 17(2)(v), being a perquisite in nature of a contract for an annuity and therefore recomputed the assessee's salary income. The Tribunal, *inter alia,* upheld the assessee's claim, ruling against the Revenue, stating that since the assessee had no vested right over the amount in the relevant AY, it could not be taxed as income or a perquisite. The Tribunal's rationale was that the Delhi High Court's decision in *CIT v. Yoshio Kubota (2013)* and the Supreme Court in *CIT v. L.W. Russell (1964)* had already affirmed that a contingent benefit or a non-vested future entitlement cannot be brought to tax in the year of payment by the employer unless the employee acquires a vested right in the amount. Therefore, the addition of INR 20,00,000 made by AO for A.Y. 2018-19 is not sustainable in law.

Jayshreeben Jayantibhai Palsana v. Income-tax Officer, dated 12.08.2025 passed by Hon'ble ITAT Ahmedabad

The Tribunal *inter alia* ruled in favour of the assessee, an individual resident of India, regarding the eligibility of assessee to claim rebate under Section 87A, against Short-Term Capital Gains **("STCG")** taxed under Section 111A, while being addressed under the new tax regime under Section 115BAC(1A) and having a total income below INR 7,00,000/-. The CIT(A) acknowledged that the first proviso to section 87A permits rebate for individuals whose total income is chargeable under Section 115BAC(1A), however it clarified that such computation is expressly made subject to the provisions of Chapter XII, which includes special rate incomes such as STCG under section 111A and LTCG under section 112/112A. Therefore, tax on such special incomes cannot be offset or reduced by the rebate under section 87A, even under the new regime. The Tribunal, citing judicial precedents (*Chamber of Tax Consultants v. Director General of Income Tax (Systems)*- Bombay HC and *Avni Milanbhai Maniya*- CIT(A) Nagpur), allowed the claim of rebate under section 87A in respect of STCG taxable under section 111A for the assessee, who opted for Section 115BAC(1A) and directed to delete the demand of Rs. 15,820/- raised in CPC intimation. It, *inter alia,* held that there exists no express bar either in Section 87A or Section 111A for denial of such rebate and the legislative intent is further clarified by the subsequent amendment proposed in the Finance Bill, 2025, which is prospective in nature. Moreover, the denial of rebate under Section 87A by the CPC, Bengaluru, appears to be based solely on system-driven logic and not on any statutory mandate.

RECENT NOTIFICATIONS, CIRCULARS AND OFFICE MEMORANDUMS:

Instruction no. F. no. 285/46/2021 dated 18.08.2025:

The CBDT, through an instruction, has amended the Instruction, dated 15.03.2022 and has directed that prosecution proceedings under Section 49 and/or 50 of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 **("BMA")** would not be initiated in cases where penalty under Section 42 and/or 43 of the BMA, 2015 is not imposed or imposable in relation to assets covered under the proviso to aforesaid sections *i.e.* an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed a value equivalent to Rs. 20 Lakh at any time during the relevant previous year.

Notification no. 132 of 2025 dated 14.08.2025:

The CBDT, in exercise of powers conferred by Section 295, read with Section 156 of the Act, made the Income-tax (Twenty-First Amendment) Rules, 2025, amending the Income-tax Rules, 1962 which shall come into force on the 1st day of September, 2025. The notification primarily amends Form No. 7, and substitutes words "assessment year" with "assessment year or the block period..., as the case may be.", providing clarity and streamlining the issuance of demand notices.

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This newsletter is only for general informational purposes, and nothing in this edition of newsletter could possibly constitute legal advice (which can only be given after being formally engaged and familiarizing ourselves with all the relevant facts). However, should you have any queries, require any assistance, or clarifications with regard to anything contained in this newsletter (or Direct Tax in general), please feel free to contact Rubal Bansal, at the below mentioned coordinates.

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