

BASCO BULLETIN

FINANCE

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Helping with Compliance, Securing with Advice



BAS & Co LLP

Kolkata- Ahmedabad-Delhi-Purnea

1. DIRECT TAX

CIRCULARS/NOTIFICATIONS

Deadline for Declarations under Vivad Se Vishwas Scheme, 2024

CBDT Notification S.O. 1650(E), dated April 8, 2025, sets April 30, 2025, as the last date for filing declarations under the Direct Tax Vivad Se Vishwas Scheme, 2024, for settling tax arrears. Taxpayers can submit applications to the designated authority, reducing litigation through negotiated settlements. The scheme covers pending appeals, offering waivers on interest and penalties for eligible cases. Non-compliance with the deadline forfeits settlement benefits, leading to continued disputes. The CBDT has streamlined the process via e-filing, ensuring accessibility. The notification clarifies eligibility, including cases where orders were passed before the specified date. This measure aligns with the government's litigation reduction goals.

(CBDT Notification S.O. 1650(E), dated April 8, 2025)

Clarification on Principal Purpose Test

CBDT Circular No. 01/2025, dated January 21, 2025, provides guidance on applying the Principal Purpose Test (PPT) under India's Double Taxation Avoidance Agreements (DTAAs) to prevent tax avoidance. A clarification issued on March 15, 2025, further enhances certainty in its application, addressing stakeholder concerns. The circular outlines criteria for assessing the commercial substance of transactions, benefiting multinational entities. Non-compliance with PPT may lead to denial of treaty benefits, increasing tax liabilities. The CBDT has provided examples to illustrate legitimate vs. avoidance-driven arrangements. This guidance aligns with global anti-tax evasion frameworks like BEPS. Taxpayers must maintain robust documentation to substantiate treaty claims.

(Clarification on PPT Circular No. 01/2025, Dated 15th March 2025)

Due date for filing Form 56F extended

The deadline for filing the accountant's report required under sections 10AA and 10A of the Income Tax Act for AY 2024-25 has been extended to March 31, 2025, from the originally specified tax audit report filing date. This extension was granted in response to difficulties reported by taxpayers and stakeholders in filing these reports on time and to avoid genuine hardship.

(Circular No. 02 of 2025 dated February 18, 2025)

Declarations under Vivad Se Vishwas Scheme

Clarification on Principal Purpose Test

Due date for 56F Extended

New Income tax bill introduced in Lok Sabha

New Income tax bill introduced in Lok Sabha

The Income Tax Bill, 2025, tabled on February 11, 2025, in the Lok Sabha, proposes to replace the Income Tax Act, 1961, effective April 1, 2026, simplifying its structure from over 700 to 536 sections and reducing words from 5.12 lakh to 2.60 lakh. Key changes include replacing "Previous Year" and "Assessment Year" with "Tax Year," expanding Virtual Digital Assets taxation, and consolidating TDS/TCS, non-profit, and salary provisions. Clause 59 targets non-resident royalties, Clause 60 caps head office expense deductions, and Clause 61 simplifies non-resident taxation. Clause 62 modernizes record-keeping, Clause 63 boosts digital audit thresholds, and Clauses 65-69 refine capital gains and cooperative bank merger rules. The bill incorporates Finance Bill, 2025, amendments without altering tax rates, aiming to reduce litigation. Taxpayers benefit from clearer provisions, but must adapt to new compliance requirements. The CBDT will issue guidelines for transition. Businesses are advised to prepare for the overhauled framework.

(Bill No. 24 of 2025 introduced in Budget) Session dated February 13, 2025



1.1 DIRECT TAX

RECENT CASE LAWS:

Reduction in Share Capital is Treated as Transfer under Income Tax Act

The Supreme Court ruled that a reduction in share capital constitutes a "transfer" under Section 2(47) of the Income Tax Act, 1961. This judgment clarified that such corporate actions are not just internal restructurings but may trigger capital gains tax if shareholders receive consideration. The case closed a loophole through which companies could reduce capital and distribute assets tax-free. It emphasized that the essence of the transaction matters more than the label. The decision brings clarity on capital reduction taxability and affects companies planning internal reorganizations. It may prompt companies to evaluate tax implications of such steps. The case enhances the substance-over-form principle in taxation.

Principal Commissioner of Income-tax vs. Jupiter Capital (P.) Ltd. – Supreme Court of India

Reassessment Valid Where New Information Reveals Unexplained Credits

The ITAT Delhi upheld reassessment under Section 147 on the basis of fresh information showing unexplained cash deposits and high-value credit card transactions. The assessee argued it was a mere change of opinion, but the tribunal clarified that the original scrutiny had not evaluated these aspects. Since new material facts came to light later, reassessment was justified. The case emphasized that reassessment is not barred where new tangible information arises post-assessment. It reinforced the need for full and accurate disclosures by taxpayers in initial assessments. Taxpayers must ensure clarity and accuracy in reporting financial transactions.

Sanjay Ratra vs. Assistant Commissioner of Income-tax – ITAT Delhi

ITAT Can Entertain New Grounds Not Raised Earlier

The Delhi ITAT held that legal arguments, even if not raised at earlier stages, can still be entertained if they go to the root of the matter. In this case, the assessee raised a new legal ground before the tribunal, which had not been brought up during assessment or appeal. The tribunal noted its powers under Section 254 to do complete justice in the matter. Procedural barriers cannot prevent substantive issues from being addressed. This ruling ensures that technicalities do not override tax justice. It also gives taxpayers another chance to correct legal oversights. The decision enhances the tribunal's role as a forum of equitable redress.

Dy. CIT vs. Max Life Insurance Co. Ltd. – ITAT Delhi

Additions under Section 69A Deleted in Absence of Incriminating Evidence

In this case, the ITAT Jaipur ruled in favor of the assessee by deleting an addition under Section 69A for alleged unexplained cash. The department had seized cash during a search but failed to link it conclusively to the assessee. The tribunal stressed that mere possession does not establish ownership without corroborative evidence. The ruling reinforces that assessments must be based on facts, not presumptions. It protects taxpayers from arbitrary additions during search operations. The tribunal emphasized the principle of natural justice and evidentiary standards. This case guides authorities to exercise caution before invoking Section 69A.

ACIT vs. Nisha Jain – ITAT Jaipur



2. INDIRECT TAX

CIRCULAR/NOTIFICATIONS

Updated Formats for GSTR-7 and GSTR-8 Forms

Notification No. 09/2025–Central Tax revises GSTR-7 and GSTR-8 forms to capture detailed transaction data for Tax Deducted at Source (TDS) and Tax Collected at Source (TCS). GSTR-7 now requires invoice-wise details, including deductee GSTIN and payment amounts, while GSTR-8 enhances reporting for e-commerce platform supplies. These updates aim to improve compliance accuracy and reduce disputes. Taxpayers must adapt their accounting systems to meet new reporting standards. Non-compliance may lead to penalties or disallowed credits. The GST portal provides updated filing templates and guidelines. This measure benefits authorities by enabling precise tax tracking. E-commerce operators and TDS deductors face increased reporting responsibilities. The changes reflect GST's focus on data-driven tax administration. Businesses are advised to train staff for seamless adoption.

(Notification No. 09/2025–Central Tax, dated February 11, 2025)

Amnesty Scheme under GST

In cases where the tax amount has been fully paid by the taxpayer on demands made under section 73 of the CGST Act, 2017 and the department is in appeal or under the process of filing an appeal only on account of wrong interest calculation and/or wrong imposition or non-imposition of penalty, the proper officer may proceed towards withdrawing such appeal. Just because the department has gone in appeal or is in the process of filing an appeal, a taxpayer who is otherwise eligible for availing the benefit of Amnesty Scheme, should not be denied the benefits.

(Instruction No. 02/2025-GST dated February 07, 2025)

RECENT CASE LAWS:

Delhi High Court Grants Stay on GST Demand Against CCI

The Delhi High Court granted an interim stay against GST demand raised on the Competition Commission of India (CCI). The court noted that CCI's functions are regulatory in nature and not "business activities" under the CGST Act. It observed that services rendered in sovereign capacity should not attract GST. This ruling is significant for statutory bodies and regulatory commissions. It helps clarify the GST treatment for non-commercial state functions. The case reinforces the boundaries of taxable activities under GST. It ensures that sovereign or public functions are not wrongly taxed.

CCI vs. Additional Commissioner of CGST – Delhi High Court – 20 March 2025

Madras High Court Upholds 12% GST for Railway Contracts

The Madras High Court ruled that contractors executing projects for Rail Vikas Nigam Ltd (RVNL) are entitled to the 12% concessional GST rate. Tax authorities were demanding 18%, claiming RVNL is not part of Indian Railways. The court clarified that the nature of the project determines eligibility, not just the contracting agency. This judgment provides relief to subcontractors and EPC contractors in railway infrastructure. It supports uniformity in GST treatment of railway projects.

STS-KEC Joint Venture vs. Union of India – Madras High Court – 27 February 2025

Recovery from employees for canteen supplies

If the employment agreement does not explicitly mention about canteen supplies, this facility cannot be classified as a perquisite. Consequently, any recovery from employees for these supplies will be subject to tax under GST.

S. G. Plastic Industries (Allahabad High Court)



3. FEMA

FDI in defence Sector

Hi Mr. FEMA Scientist! I've been hearing a lot about foreign investment in India's defence sector. What's the real story?



Great question! The defence sector in India does allow Foreign Direct Investment (FDI), but with strict checks and balances.

Currently, **FDI up to 100%** is permitted. However, the route depends on the percentage:

- i) Up to 74% is allowed through the Automatic Route.
- ii) Beyond 74% requires Government approval, but only if the investment brings in modern technology or serves the national interest.

For companies that already have an **industrial licence**, FDI up to 49% is automatic. But once you cross 49%, you need prior **government approval**—even if you're staying under 74%.



Now, if you're launching a new defence company, you can also avail up to 74% FDI automatically, provided you've applied for a fresh industrial licence. **But remember—the Ministry of Defence must be informed** if there are any changes in the equity structure later on.



Also, it's not just about licences and limits. **National security** is a big concern. Every foreign investment proposal is carefully reviewed by the **Ministry of Home Affairs, Ministry of Defence, Ministry of External Affairs, and DPIIT**.

-And before the deal gets the green light, it must pass security clearance from the Ministry of Home Affairs.

-Additionally, the investing company should be self-reliant—capable of handling design, development, production, maintenance, and lifecycle support of defence equipment.

So yes, while 100% FDI is technically possible, it's tightly regulated. The government has made the rules to balance foreign investment with national security.

That's a lot to take in—but super clear now. Thanks a ton, Mr. FEMA Scientist!

BAS & Co can take care of all the required compliances regarding FEMA. Don't forget to reach out to them !!

4. INTERNATIONAL TAXATION

India's Income Tax Bill, 2025: A Landmark Overhaul in International Taxation

In a significant move to modernize its tax framework, India introduced the Income Tax Bill, 2025, aiming to replace the longstanding Income Tax Act of 1961. This initiative seeks to simplify tax laws, enhance clarity, and align with global standards, particularly in the realm of international taxation.

Key Reforms in International Taxation

1. Introduction of the 'Tax Year' Concept

The Bill replaces the terms "assessment year" and "previous year" with a unified "tax year," defined as the 12-month period starting April 1. This change aims to streamline tax computations and reduce ambiguities in cross-border transactions.

2. Simplification of Transfer Pricing Regulations

Addressing complexities in transfer pricing, the Bill introduces a provision allowing taxpayers to apply the same Arm's Length Price (ALP) to similar international transactions over a three-year block, starting April 1, 2026. This move is expected to reduce repetitive assessments and litigation.

3. Inclusion of Foreign Taxes in Total Income

An amendment to Section 198 stipulates that taxes paid outside India, for which a credit is claimed, will be considered as income received. This ensures a uniform approach in computing total income and claiming foreign tax credits.

4. Enhanced Digital Oversight

The Bill grants tax authorities broader access to taxpayers' digital platforms, including emails, social media, and online investment accounts, during investigations. While aimed at curbing tax evasion, this has raised concerns about potential privacy infringements.

Structural and Administrative Simplifications

1. Reduction in Volume and Complexity

The Bill reduces the word count from 520,000 to 260,000 and the number of sections from 819 to 536. Redundant provisions have been eliminated, and complex language has been simplified to enhance readability and compliance.

2. Consolidation of Deductions and Provisions

Deductions related to salaries, such as standard deduction and gratuity, have been consolidated under a single section. Similarly, provisions concerning non-profit organizations are now grouped together, facilitating easier navigation and understanding.

3. Emphasis on Digital and Faceless Administration

The Bill promotes a digital-first approach, mandating e-filing and introducing faceless assessments, audits, and appeals. This is expected to enhance transparency and reduce bureaucratic hurdles.

Implications for International Stakeholders

The overhaul signifies India's commitment to aligning with global tax practices and enhancing its business environment. By simplifying international taxation norms and embracing digital administration, India aims to attract foreign investment and reduce tax-related disputes.

However, the expanded digital oversight powers necessitate a balanced approach to safeguard taxpayer privacy while ensuring compliance. Stakeholders, both domestic and international, must adapt to these changes and engage proactively with tax authorities to navigate the new landscape effectively.

5. COMPLIANCE CALENDAR

DUE DATES FOR INCOME TAX:

FILING TDS RETURN FOR THE F.Y. 2024-25:

Q4 (Jan'25- Mar'25)- 31st May 2025

Q1 (Apr'25 - June'25) - 31st July 2025

FILING TCS RETURN FOR THE F.Y. 2024-25:

Q4 (Jan'25- Mar'25)- 15th May 2025

Q1 (Apr'25 - June'25) - 15th July 2025

Deposit of Advance Tax:

Fourt Installment: 15th March 2025
(100% of tax liability)



DUE DATES FOR GST Returns

S. No	Form	The Object of e-form	For the month/year	Last Date	Remarks
1	GSTR-1	Monthly/ Quarterly Return	March, 2025	13th/15th April, 2025	Normal/ QRMP
2	GSTR-3B	Monthly Return	March, 2025	22nd/24th April, 2025	Normal/ QRMP
3	GSTR-6	Monthly Return	March, 2025	15th April, 2025	Filed by ISD
4	GSTR-7	Monthly Return	March, 2025	12th April, 2025	Deductor of TDS under GST
5	GSTR-8	Monthly Return	March, 2025	12th April, 2025	E-commerce operators required to collect TCS
6	GSTR-9	Annual Return	2024-25	31st December, 2025	Turnover>2 crore
7	GSTR-9C	Annual Return	2024-25	31st December, 2025	Turnover>5 crore

6. ABOUT US

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ABOUT THE FIRM

With 27 years of experience in the industry, BAS & Co LLP continues to deliver high-quality performance to its clients. The growing team of young professionals with dynamic approaches will surely carve more paths for the firm in the coming future.

SERVICES

- Audit
- Direct Tax
- Indirect TAX
- Secretarial
- FEMA
- International tax
- IPO Advisory

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