LEGAL Decisions

INCOME TAX

LD/74/53 Delhi High Court: W.P.(C) 16378/2025 Vedanta Limited Vs. The Asst. Commissioner of Income Tax, Delhi *03rd November 2025*

High Court quashed order u/s 148A(3) which was based on information received from DGGI-GST related to fraudulent Input Tax Credit (ITC); Income Tax Department's case was premised on report received from DGGI about fraudulent ITC worth more than Rs. 424 crores; HC concurred with assessee's submission that in view of amendments of Finance Act, 2025 language of Section 148A has been changed and it harps-on fairness and transparency in reassessment proceedings; HC kept the issue of legality and validity of notice under Section 148A(1) open, however it set-aside order under Section 148A(3).

LD/74/54 ITAT Delhi: ITA No.5519/Del/2024 Dharampal Satyapal Limited Vs. The Asst. Commissioner of Income Tax *15th October 2025*

ITAT deleted addition made u/s 69A holding that the reassessment proceeding was vitiated for being barred by limitation under first proviso to Section 149(1) and due to AO's failure to supply copy of information along-with u/s 148A(b); As per ITAT, the entire action of reopening and consequential addition had been made on premature information received from VAT authorities and there was nothing on record to establish the allegation of unexplained cash in the hands of the Assessee; ITAT held that income tax proceedings are to be carried out on the basis of facts and material and it is not open to AO to make addition on the basis of guesswork, by referring to Dhakeshwari Cotton Mills case.

LD/74/55 Bombay High Court: Writ Petition No.2657 of 2025 Dinesh Kotecha Vs. The Union of India *13th October 2025*

Bombay HC quashed order u/s 119(2)(b) and condoned delay of 70 days in filing audit report in Form No. 10B for A.Y. 2020-21; Relying on CBDT Circular No.16/2024, the CIT (E) had rejected the condonation application noting that it was filed beyond three years from the end of the relevant AY; AY 2020-21 was the first year when the due date to file the audit report was preponed by one month and the same was inadvertently not noticed by the Assessee or its CA; As per HC, not condoning such delay would have cause genuine hardship to the Assessee it had been denied exemption u/s 11 and a demand was raised for belated filing of the audit report in Form No. 10B.

LD/74/56 ITAT Mumbai: ITA No. 2943/Mum/2023 The Dy. Commissioner of Income Tax Vs. Small Industries Development Bank of India *10th October 2025*

ITAT upheld CIT(A)'s order which deleted addition made u/s 36(1)(vii) by noting that there was no duplication of claim between deduction u/s 36(1)(vii) and 36(1)(viia); Reliance placed on SC decision in Catholic Syrian Bank case; Legislature intended to restrict the claim of deduction towards bad-debts so that it does not exceed the provision made towards bad and doubtful debts; ITAT acceded to Assessee's claim that the deduction claimed u/s 36(1)(vii) is not in excess of the credit balance in the provision account; Coordinate bench orders in assessee's own case also referred to.

LD/74/57 ITAT Chennai: ITA No: 1732/Chny/2025 M/s Alternative for India Development Vs. The Income tax Officer *09th October 2025*

ITAT allowed Assessee Trust's claim of exemption u/s 11 which was denied by AO due to non-filing of Form 10B with ITR; Assessee is duly registered u/s 12A and had filed its ITR on 31/08/2019, however uploaded audit report in Form 10B on 04/09/2019; As per ITAT, the requirement of filing the audit report along with the ITR is directory and not mandatory in nature; Reliance placed on coordinate bench ruling in Assessee's own case; It was not Revenue's case that the Assessee was otherwise ineligible to claim exemption u/s 11.

LD/74/58 Madras High Court: Crl.O.P.No.22880 of 2025 G Square Layout Private Limited Vs. The Dy. Commissioner of Income Tax *07th October 2025*

Assessee filed ITR declaring income of Rs. 27.31 Cr and admitted tax liability of Rs. 8.72 Cr which was paid with a delay; Madras HC quashed criminal prosecution for offence u/s 276C for delayed deposition of tax; For mere default on payment of tax in time, the expression of wilful attempt to evade the tax should not be imported to do prosecution; Though Assessee delayed payment of tax despite notice, but the liability was fully discharged post such notice which negated any intent to evade tax even though Assessee was deemed a defaulter u/s 220(4); Prosecution u/s 276C(2) applies only in case of evasion arising from false entries, omissions, or acts enabling avoidance of tax.

LD/74/59 Bombay High Court: Writ Petition No. 1428 of 2023 Verjinia Foods Limited Vs. The Income Tax Officer *06th October 2025*

Bombay HC quashed reassessment order noting that notice u/s 148 was already quashed by the co-ordinate bench; HC noted that notice u/s 148 for A.Y. 2015-16 issued on 05/04/2022 was barred by limitation and ought to have been dropped pursuant to SC decision of UOI v. Rajeev Bansal; As per Rajeen Bansal ruling, for AY 2015-16, all notices issued on or before April 1, 2021 will have to be dropped as they will not fall for completion during the period prescribed under TOLA; Re-assessment proceedings ought to have been dropped in view of the concession made by Revenue before SC.

LD/74/60 ITAT Mumbai: ITA No.4117/Mum/2025 Chandraprabha Co-operative Credit Society Ltd Vs. The Income Tax Officer *29th October 2025*

ITAT deleted addition u/s 69 in respect of cash deposits made during the demonetisation period; ITAT noted that assessee had provided all details of cash deposits in the bank account and its source; As per ITAT, there was nothing on record to disbelieve the documents/details furnished by the Assessee; Also, ITAT condoned the delay of 198 days due to travelling of person entrusted with tax affairs to US, holding that there was nothing on record to doubt the bonafides of the reasoning given by the Assessee.

LD/74/61 Telangana High Court: Writ Petition No.16014 of 2024 Sri Sai Dhurga Balaji Health and Educational Welfare Society Vs. The Assessing Officer *26th September 2025*

Telangana HC set aside reassessment proceedings including notice u/s 148, as it was held to be vitiated for being barred by limitation u/s 149(1); HC remarked that "the assessment year is 2017-18 and end of the relevant assessment year is 31.03.2024, so the period of limitation would be three years from 31.03.2018 till 31.03.2021. Even if it is four years, the period of limitation would come to an end on 31.03.2022 and the concerned show-cause notice has been issued on 31.03.2024"; W.r.t. the issue of notice being issued by the JAO instead of FAO, as per HC, entire proceedings would get vitiated for being initiated without jurisdiction since the notice u/s 148A(b) was issued by the JAO instead of FAO.

LD/74/62 ITAT Mumbai: ITA No. 1400/MUM/2025 Ashish Shashikant Choksi Vs. The Asst. CIT Central Circle *26th September 2025*

ITAT upheld addition u/s 69A w.r.t. unexplained cash seized during search; The term 'if any' stipulated in Section 69A clarifies that even in absence of books, unexplained money or valuable can be taxed; Mere declaration of cash for taxation does not by itself prove its genuineness or origin, unless the Assessee is able to demonstrate the source; ITAT rejected assessee's contention that Section 69A is inapplicable sans books of accounts and also that Section 69A can be invoked only when unrecorded cash exists in maintained books.

DISCIPLINARY CASE

Failure to maintain audit working papers for specified time and non-disclosure of accrued interest – Omission to report statutory and disclosure violations – Admission of lapses during investigation – Respondent held guilty of professional misconduct under Clauses (6), (7) & (9) of Part I and Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

Held:

The Respondent, who was the statutory auditor for the financial year 2009–10, was allegedly failed to maintain audit working papers; failed to disclose interest accrued and dues separately in the financial statements; and omitted to report statutory and disclosure violations. Despite repeated opportunities, the Respondent did not attend the final hearing, and the Committee proceeded *ex parte*. Admittedly, the Respondent had not maintained the audit working papers. As per *Standards on Auditing (SA) 230*, audit documentation is required to be retained for a period of seven years. The failure to do so amounts to professional misconduct. The Committee noted that in the Balance Sheet as on 31st March 2010, loans from Directors and Body Corporates amounting to ₹10.52 lakh and ₹28.06 lakh respectively were shown under the head 'Unsecured Loan', without separately disclosing interest accrued and due. The Respondent contended that it was the practice of the Company to debit such interest to the capital account. The Committee held that Schedule VI to the Companies Act, 1956, required separate disclosures of interest accrued and due, and the Company's accounting policy was neither proper nor disclosed. The Respondent's omission to qualify his audit report accordingly amounted to professional misconduct. The Committee also observed that the Respondent admitted lapses in reporting statutory non-compliances and inadequate disclosures in the financial statements. An auditor is required to ensure compliance with the Companies Act, 1956, and applicable Accounting Standards. The Respondent's failure to verify and report such matters demonstrates lack of due diligence and professional care. Considering the facts, admissions, and in the absence of supporting documentation, the Committee concluded that the Respondent failed to discharge his professional duties diligently and was therefore guilty of professional and other misconduct falling within the meaning of Clauses (6), (7) & (9) of Part I and Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

[PR/G/265/17/DD/246/17/DC/1246/2019]

Respondent certifying fabricated Tax Audit Report and false capital infusion certificate submitted to Bank for sanction of loan - Financial statements submitted to Bank and those filed with Income Tax Department found inconsistent - Respondent failing to reply to Bank's queries or take any action after being aware of misuse of the signature - Respondent's certificate regarding infusion of capital found false and misleading -Held, Respondent guilty of Professional and Other Misconduct under Clause (7) of Part I of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

Held:

A complaint was received against the Respondent alleging that the financial statements and Tax Audit Report for the financial year 2013-14, certified by him, were fabricated. Based on the said report, a cash credit limit of ₹500.00 lakhs was sanctioned and disbursed by the Complainant Bank. During review process, it was observed by the Bank that the figures reported in the Balance Sheet submitted to the Bank did not match those filed with the Income Tax Department, and the turnover as per the financials filed with the Income Tax Department was ₹729.01 lakhs, whereas, according to the financials submitted to the Bank, it was ₹2077.57 lakhs. Both sets were signed and certified by the Respondent. The Committee noted that the Respondent issued a certificate dated 19th December 2014, certifying a fresh capital infusion of ₹145.42 lakhs to fulfil a pre-disbursal condition, whereas the audited Balance Sheet reflected a capital of only ₹42.72 lakhs. Despite repeated letters from the Bank seeking clarification, the Respondent failed to respond or take any corrective steps. The Respondent contended that he was unaware of the fabricated documents being submitted to the Bank; however, he failed to produce any evidence in support of the contention or to file an FIR for misuse of the signatures. The Committee, on perusal of the certificate dated 19th December 2014 submitted by the Respondent to the bank, noted that the stamp of Respondent's firm and his initials on the document are the same when compared with the balance sheet of the NIMC submitted with the Bank. Accordingly, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

[PR/84/2018-DD/119/2018/DC/1373/2020]

FEMA UPDATES

Trade Relief Measures

Press Release of RBI dated November 14, 2025

Reserve Bank of India has taken following measures to mitigate impact of trade disruptions on exports arising on account of global headwinds.

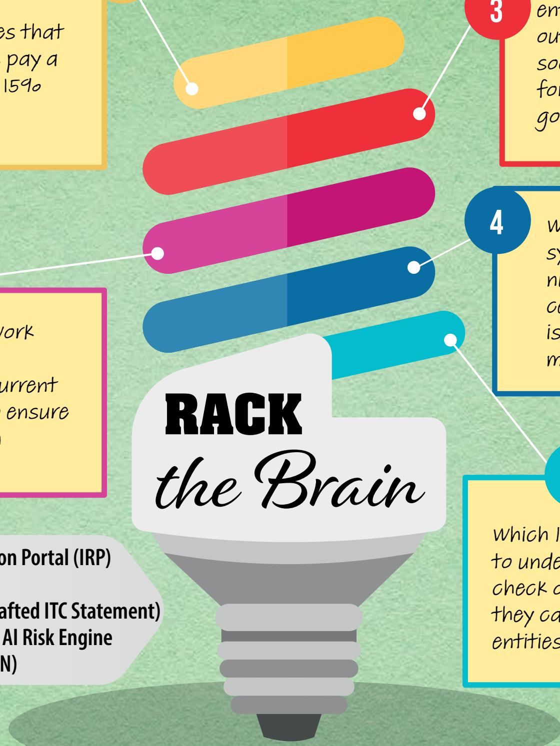
Extension of time for realisation/repatriation of export proceeds:

At present export proceeds are required to be realised and repatriated in full within nine months from the date of export. It is now proposed to extend the same time limit to fifteen months.

Increase in time for shipment of goods:

In case of advance against exports presently goods are required to be exported within one year of receipt of advance. The said time limit is now proposed to be increases to three years from the date of receipt of advance.

The section on Legal Decisions has been contributed by CA. Sahil Garud, Disciplinary Directorate. Matter related to FEMA has been contributed by CA. Manoj Shah, CA. Hinesh Doshi, CA. Sudha Bhushan, and C.A Viral Satra, Mumbai.



1. What global tax framework introduced by the OECD ensures that large multinational companies pay a minimum effective tax rate of 15% worldwide?

2. Under which regulatory framework must all cross-border financial transactions be classified as current or capital account activities to ensure compliance with India's foreign exchange controls?

3. Which ICAI-issued framework lays down procedures to assess an entity's social impact, stakeholder outcomes, and compliance with social objectives, especially for organisations executing government welfare schemes?

4. Which ICAI-mandated online system generates a unique number to authenticate certificates and attestations issued by CAs, helping prevent misuse of their signatures?

5. Which ICAI system requires CA firms to undergo an independent quality check of their audit work before they can audit major public interest entities?

Answer NOVEMBER 2025

1. Invoice Registration Portal (IRP)
2. E-Way Bill System
3. GSTR-2B (Auto-drafted ITC Statement)
4. GST Analytics and AI Risk Engine
5. GST Network (GSTN)