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29.01.2026 (Thursday)	Reimagining Risk	CA.Prathap Katharikuppam

Shri G.Narayanaswamy CA Study Circle Meetings will be at 6.30 p.m. and will be preceded by fellowship over High Tea at 6.00 p.m

***CASC Annual Members are requested to renew their
subscription for 2025 - 2026***

Dear Professional Colleagues,

Higher Gratuity, Higher Responsibility

ICAI has clarified that any increase in gratuity liability arising from the implementation of the new Labour Codes should be recognised as an expense in the financial statements. This guidance assumes significance as the proposed Labour Codes may expand gratuity eligibility and enhance employer obligations. ICAI's view reinforces the principle that employee benefit costs must reflect the economic reality of enhanced statutory commitments. Such additional liability cannot be deferred or capitalised, but must be charged to the Statement of Profit and Loss.

This clarification aligns with Ind AS 19 / AS 15, which require actuarial valuation of defined benefit obligations. Employers will need to reassess gratuity provisions proactively to avoid compliance gaps. This may have a noticeable impact on profitability, especially for labour-intensive organisations. Transparent recognition also improves comparability and credibility of financial statements.

Chartered Accountants play a crucial role in guiding businesses through this transition. Early preparedness will ensure smooth compliance when the Labour Codes come into force.

GSTAT Gears Up

The much-awaited Goods and Services Tax Appellate Tribunal (GSTAT) is finally set for kickoff, marking a significant milestone in India's GST dispute resolution framework. Benches have been allotted to 83 members, paving the way for operational readiness across regions. The constitution of GSTAT is expected to substantially reduce the burden on High Courts. It will provide a specialised, dedicated appellate forum for GST matters. Taxpayers can look forward to faster, more consistent adjudication of disputes.

The move strengthens the institutional structure envisaged under the GST law. Clarity, certainty, and uniformity in GST jurisprudence are likely to improve. Chartered Accountants and tax professionals will play a key role before the Tribunal. Early functioning of benches will enhance taxpayer confidence in the GST ecosystem. Overall, GSTAT's launch signals a mature and evolving indirect tax regime in India.

CBDT's Trust-First Push for Voluntary Tax Compliance

CBDT has launched a data-driven initiative encouraging taxpayers to voluntarily review deduction and exemption claims identified as potentially ineligible. Using advanced risk analytics, cases for AY 2025–26 have been flagged involving incorrect claims, including bogus donations and invalid PAN details. Taxpayers are being nudged through SMS and email under the “NUDGE” campaign to revise their Income-tax Returns by 31 December 2025.

This move reflects a clear shift towards a trust-based, non-intrusive tax administration. Significantly, over 21 lakh taxpayers have already revised past returns, contributing more than ¹ 2,500 crore in taxes. The campaign promotes transparency, self-correction, and voluntary compliance. It also reduces the need for prolonged scrutiny and litigation. However, increased reliance on analytics may raise concerns over data accuracy and over-flagging. Small taxpayers may face anxiety due to automated alerts without adequate clarity. Overall, the initiative signals a maturing tax ecosystem balancing compliance with taxpayer convenience.

47th Annual Day Celebrations

The 47th Annual Day of the Chartered Accountants Study Circle was celebrated with great enthusiasm and professional pride. This event reflected CASC's rich legacy of continuous learning and knowledge sharing among Chartered Accountants. Members, seniors, and young professionals gathered to commemorate the journey of excellence. Shri.N.Venkatraman (Additional Solicitor General) delivered a heartfelt address on Guru Bhakthi, highlighting the timeless value of reverence, gratitude, and humility towards one's teachers. He emphasised that true learning blossoms when knowledge is received with respect and sincerity. The address beautifully connected traditional values with modern professional life. His words reminded members that guidance from mentors shapes both character and competence. The session left the audience introspective and inspired.

Appeal

We, at Chartered Accountants Study Circle, request members to contribute articles for the bulletin and you may contact the editorial board regarding the same. We have been regularly conducting

to send their suggestions and / or value additions to the services provided by CASC including this Bulletin. The same can be sent as hard copy to the office of the CASC or emailed to admin@casconline.org or to any of the members of the Management Committee of the CASC. Any member interested in using the CASC platform for addressing our members on technical topics may kindly feel free to contact us by way of email at admin@casconline.org.

For and on behalf of the Editorial Board

CA. Bhuvaneshwari R.V.

GLIMPSES FROM SHRI.G.NARAYANASWAMY CA STUDY CIRCLE MEETING HELD ON 11.12.2025

SPEAKER - ADV.K.VAITHEESWARAN

TOPIC - LAW RELATING TO DIGITAL PERSONAL DATA PROTECTION



GLIMPSES FROM 47th CASC ANNUAL DAY CELEBRATIONS HELD ON 27.12.2025



GLIMPSES FROM 47th CASC ANNUAL DAY CELEBRATIONS HELD ON 27.12.2025



GLIMPSES FROM 47th CASC ANNUAL DAY CELEBRATIONS HELD ON 27.12.2025



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ANNOUNCEMENTS

1. The copies of the material used by the speakers and provided to CASC for distribution, for the regular meetings held twice in a month is available on the website and is freely downloadable.
2. Earlier issues of the bulletin are also available on the website in the "News" column.
The soft copy of this bulletin will be hosted on the website shortly.

READER'S ATTENTION

You may please send your Feedback / Contributions / Queries on Direct Taxes, Indirect Taxes, Company Law, FEMA, Accounting and Auditing Standards, Allied Laws or any other subject of professional interest to admin@casconline.org

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RECENT JUDGEMENTS IN VAT / CST / GST

Reply, Documents not considered: Petitioner filed his detailed reply to SCN along with requisite documents. Without considering the said documents, the respondent issued the impugned assessment order dated 26.02.2025.



CA. V.V. SAMPATHKUMAR

Challenging the same, the petitioner has filed rectification petitioner, which was also rejected by the respondent on 16.06.2025. Aggrieved over the above assessment order dated 26.02.2025, the petitioner has come forward with the present writ petition. Ld Government Advocate submit that the petitioner's reply was recorded against all the 14 issues, since the reply was not acceptable to the respondent, it was recorded as tax petitioner's reply was not acceptable. In such view of the matter, this Court set aside the impugned order dated 26.02.2025 passed by the respondent and issued directions. **Tvl. Geometrics Space Structures (P) Ltd., Vs. The Assistant Commissioner (ST), Big Bazaar Street Assessment Circle, W.P.No.23690 of 2025 Dated: 01.07.2025**

Delay in filing appeal: The limitation for filing an appeal under Section 107 of the respective GST enactments, 2017 has expired. Under similar circumstances, this Court has come to the rescue of

persons like the Petitioner by quashing the impugned Order/ proceedings on terms subject to the Petitioner depositing 25% of the disputed tax. Considering the same, the impugned proceedings dated 25.02.2025 is quashed and the case is remitted back to the 1st Respondent to pass a fresh order subject to the Petitioner depositing 25% of the disputed tax in cash from the Petitioner's Electronic Cash Register within a period of thirty (30) days from the date of receipt of a copy of this order. **Tv1. ARBT Building Products Pvt Ltd, Vs.1.The Deputy Commissioner (Appeal), GST Appeal, Chennai - II, Chennai - 06. 2.The Deputy Commercial Tax Officer, Pallavaram: Tambaram, Chengalpattu. W.P.No.38571 of 2025 DATED: 10.10.2025**

Not participated in the assessment proceedings: Petitioner has not participated in the assessment proceedings by filing a reply to the Show Cause Notice in DRC-01 dated 25.11.2022 nor appeared for the personal hearing fixed on 25.04.2023 and 09.06.2023. The LD Government Advocate would submit that the Petitioner having slept over the rights and having not cooperated, the Petitioner deserves no sympathy and therefore, the Writ Petition be dismissed with exemplary costs. Having considered the rival submissions made, since there is an enormous number of days of delay in approaching

this Court, the Hon'ble court inclined to come to the rescue of the Petitioner and set aside the impugned orders subject to certain conditions consistent held by this view of this Court under similar circumstances. **Tvl.Manakchand Gouthamchand, Vs The Deputy State Tax Officer-II Ayanavaram Assessment Circle WP No. 41559 of 2025 DATED: 31-10-2025**

Bona-fide belief: Petitioner submitted that since the petitioner was under bona-fide belief that the tax was payable by the recipient under reverse charge mechanism and that the petitioner also did notice that the impugned order was passed earlier on 18.07.2024 and that only after recovery proceedings were initiated, the petitioner approached this court by filing the writ petition on 17.02.2025 Having considered the rival submissions made this Hon'ble Court disposed this writ petition, following the consistent view taken by this court under similar circumstances. There are several disputed questions of fact(s) and therefore, as to whether invocation of machinery under Sections 73 or 74 was within jurisdiction or outside the jurisdiction. It cannot be decided at this stage without a reply to notice or discussion on the same. Petitioner is therefore directed to file a reply in the said proceedings by treating the impugned order as the show cause notice. The

respondent, shall in any event, furnish a copy of the notice in DRC 01 to the petitioner so that the petitioner can file an appropriate reply. **M/s.Balaji Transport Vs. The Assistant Commissioner (st) Sankari Assessment Circle, W.P.No.14529 of 2025 DATED: 30.10.2025**

No reply to SCN: It is noticed that the petitioner has not replied to any of the notices and therefore, the impugned orders have been passed. In this case, the petitioner had also belatedly filed an appeal before the appellate commissioner and had deposited 10% of the disputed tax against each other respective impugned orders. Considering the same, the petitioner is directed to deposit the balance amount of the disputed tax within a period of 30 days from the date of receipt of a copy of this order and to file a reply to the notices that preceded the impugned orders by treating the respective impugned orders as addendum to the same. In case the petitioner complies with the above stipulation, the respondent shall proceed to pass fresh on merits. All the issues are left open to the petitioner to be canvassed by the petitioner. In case the petitioner succeeds, the amount has to be either refunded back in cash or deduct for the adjustment of the future tax liability. This Writ Petition disposed of with the above observations. **M/s.G.V.Granites Vs.The State Tax**

**Officer, Group - VI Mannargudi Assessment Circle
W.P.Nos.15045, 15034 & 15042 of 2025 DATED : 30.10.2025**

Recovery when proprietor deceased: The petitioners, being his legal heirs, came to know about the impugned order only after the Department attempted to attach the house property. Following the consistent view taken under similar circumstances and recording the statement of the learned counsel for the petitioners, the case is remitted back to the 1st respondent to pass fresh orders, subject to the petitioners depositing 25% of the disputed tax as undertaken. As far as the lifting of the attachment of the house property pursuant to the order dated 26.09.2025 is concerned, the said attachment shall be lifted, subject to the petitioners depositing 25% of the disputed tax in cash within 30 days. In case the Petitioner fails to comply with any of the stipulations, the 1st Respondent is at liberty to proceed against the Petitioner to recover the tax in accordance with law as if this Writ Petition was dismissed in limine today. **1. Matheswari 2. Bavanika 3. Nagarathinam Legal heirs of Late Mr. Kandasamy Rajesh Proprietor Tvl. R.C. TEX, Tiruppur Vs 1. AC (ST)(FAC) Tiruppur Lakshmi Nagar Assessment Circle, 2. The Sub Registrar Tiruppur Joint 1, 3. The Branch Manager, PNB, Tiruppur-641603 WP No. 41050 of 2025 DATED: 30-10-2025**

GST registration cancellation: The challenge to the impugned order is that the Appellate Commissioner has passed a non-speaking order. It is submitted that the order passed by the second respondent/ Original Authority dated 09.09.2024 in Form GST REG~19 is also non-speaking, as it is based on a Show Cause Notice dated 22.08.2024 in Form GST REG~17, which was preceded by an inspection conducted on 21.08.2024. At the time of inspection, the partner of the petitioner's firm was unaware and unwell, and therefore, the business was not being carried on and was suspended. However, it did not mean that the petitioner was not carrying on business. The Appellate remedy before GST Tribunal under Section 112 of the respective GST enactments is not a reality. Though it has been notified, it is yet to be constituted. The petitioner has to be allowed to come and operate within their jurisdiction, as observed in Tvl.Suguna Cut Piece Center, Represented by its Authorized Signatory Vs. The Appellate Deputy Commissioner (ST) (GST), Salem and another, (2022) 99 GSTR 386. No useful purpose will be served to keep the petitioner out of the bounds of GST Regime, if the intention of the petitioner is to do legitimate business. Therefore, the impugned order dated 10.06.2025 is set aside, with a direction to the office of the second respondent to cause a surprise inspection as and when desired and other specific directions to the parties

herein. **1. M/s Al Noor Exports Vs 1. Deputy Commissioner (ST) (FAC) GST Appeal Chennai I C.T. 2. Commercial Tax Officer, Vepery Assessment Circle WP No. 41066 of 2025 DATED: 30-10-2025**

GST Payment in instalment: The Petitioner submits that the Petitioner is not having sufficient business at the moment and therefore, the Petitioner is unable to discharge the Tax liability. That apart, the learned counsel for the Petitioner submits that the impugned proceedings is without jurisdiction as Section 74 has been invoked. Having considered the submissions of the learned counsel for the Petitioner, this Hon'ble Court was of the considered view that the WP filed by the Petitioner is not maintainable and is liable to be dismissed. However, liberty is given to the Petitioner to move suitable application u/s 80 of the respective GST enactments for payment of the Tax liability, interest and penalty in instalments. All recovery proceedings shall be kept in abeyance for a period of 30 days from today subject to the Petitioner filing of application under Section 80 of the GST enactments within such period. If such application is filed, the Respondent shall proceed to pass orders on merits. **Tvl.Guru Contractors Vs State Tax Officer (ST) Thirukazhukundaram Assessment Circle, WP No. 41302 of 2025 DATED: 30~10~2025**

Rectification: Hearing the rival submissions in this WP the Hon'ble Court gave liberty to the petitioners to challenge the respective impugned orders passed under Section 73, in the light of the dismissal of the applications filed under Section 161 by the impugned orders dated 09.08.2025 before the appellate authority, within a period of 30 days from the date of receipt of a copy of this order together with payment of 25% of the disputed tax in cash. Subject to the petitioners complying with the condition, the appellate authority shall entertain the appeal and dispose of the same, without further reference to this Court.

Legal heirs of late Mrs.Vellingiri Muthulakshmi, of Tvl. Agro Service Centre, Tiruppur, 1. V Kamalak Kannan 2. Vellingiri 3. Kalaiselvi 4. Poongodi and 5.Tvl.Arul Jothi Pipe Works, Tiruppur, Vs Proper Officer / The State Tax officer, Dharapuram Assessment Circle, WP Nos. 37989 & 39729 of 2025 DATED: 29-10-2025

Application filed u/s 128-A for settlement: Petitioner had engaged a Chartered Accountant to represent the petitioner for in the application filed under Section 128-A which was incidentally filed on the same date as the date of the aforesaid order. Petitioner further submitted that in case this was represented by the auditor the

petitioner may have got the benefit of awareness. However, the said auditor was died on 18.09.2025. Thus, the case of the petitioner went unrepresented. He further submits that the impugned order stating the order in Original dated 31.03.2025 was passed under Section 74 contradicts the facts on record. The impugned order and order dated 31.03.2025 indicates that this is an inaccurate appreciation of facts, perhaps on account of the fact that there was no representation on behalf of the petitioner in response to the application filed by the petitioner. Under these circumstances, the impugned order is quashed and the case is remitted back to the respondent to pass a fresh order on merits after hearing the petitioner. **M/s.S.M.Builders Vs. The Assistant Commissioner (ST), Suramangalam Assessment Circle W.P.No.40777 of 2025 DATED: 29.10.2025**

(The Author is a Chennai based Chartered Accountant in Practice. He can be reached at vvsampat@yahoo.com)

CASE LAWS - GST

1. GST - AMALGAMATION OF TRANSFEROR COMPANY IN GOA WITH TRANSFEREE COMPANY IN MAHARASHTRA - ITC -CGST & IGST OF TRANSFEROR COMPANY CAN BE



CA. VIJAY ANAND

TRANSFERRED TO THE TRANSFEREE COMPANY IN MAHARASHTRA- GST COUNCIL DIRECTED TO EVOLVE SUITABLE MECHANISM FOR THE TRANSFER OF SGST IN SUCH CASES

In Umicore Autocat India Pvt. Ltd. v. UOI 2025(101) GSTL 127/ (2025) 32 Centax 416 (Bom.), the petitioner challenged the action of the revenue restricting the transfer of the un-utilized ITC on account of merger/amalgamation u/s 18(3) of the CGST Act, 2017 on the ground that the transfer is prohibited where it involve two distinct States. The high court observed as under:-

ITC can be claimed after a thorough reconciliation of the entries in the invoice management system and the GSTR-2B is done with the purchase register.

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1. Sub-section (3) of Section 18 permits transfer of the ITC, which is un-utilized, when there is change in the constitution of a registered person either on account of sale, merger, demerger, amalgamation, lease or transfer of the business and the credit lie un-utilized in his electronic credit ledger, to be transferred to the sold, merged, demerged, amalgamated, leased or transferred business, in such a manner as may be prescribed. The manner in which the ITC is permitted to be transferred is set out in Rule 41 of the CGST Act, 2017.
 2. The Petitioner is an entity which has come into existence after amalgamation of M/s Umicore Autocat India Private Limited (Transferee Company) and it seeks the transfer of the ITC from the Transferee Company which has been declined to it by displaying a message, “Transferee and Transferor should be of the same State/Union Territory”.
 3. A reading of sub-section (3) of Section 18 along with Rule 41 does not impose any such restriction while it permit the transfer of un-utilized ITC in the electronic ledger to the new entity to which the business was sold, with which it was merged, amalgamated or transferred.

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4. The procedure to be adopted for giving effect to such transfer is the one specified in Rule 41 which require him to furnish the details of sale, merger, demerger, amalgamation, lease or transfer of the business in form GST ITC-02 electronically, on the common portal along with the request for transfer of the unutilized ITC lying in the electronic credit ledger to the Transferee.
 5. In addition, it is also necessary to produce a certificate issued by the practising Chartered Accountant certifying that there was a sale, merger, demerger, amalgamation, lease or transfer of business with the specific provision of transfer of liability.
 6. Thereafter, the Transferee on the common portal shall accept the details furnished by the Transferor and upon such acceptance, the un-utilized credit shall be credited to his electronic credit ledger and shall be duly accounted for by the Transferee in his books of account.
 7. It is not disputed before us that the Petitioner followed the said procedure, but could not receive the ITC from the Transferor as an error message flashed that the “Transferee and Transferor should be of the same State/Union Territory”.

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8. The Petitioner had filled in the necessary information in GST ITC-02, which was accompanied with the certificate of the Chartered Accountant, certifying that the Applicant, Umicore Anandeya India Private Limited is a registered person.
 9. The Commissioner, CGST, Goa has raised a technical objection that the issue raised in the Petition is related to the GST portal and the Commissioner of the CGST, Panaji has no authority to make any modifications to the GST portal, which is managed by the Directorate General of Systems & Data Management under Central Board of Indirect Taxes and Customs.
 10. The Commissioner also stated that the GST system/portal is designed in alignment with the Circular No. 133/03/2020-GST, which mandate that the form GST ITC-02, can only be filed where both entities are registered in the same State, therefore, making it mandatory that both the Transferor and Transferee are registered in the same State to file form GST ITC-02 and therefore, the Companies involved in amalgamation or transfer of business may need to seek registration in the State where the Transferor Company is registered for the ITC transfer to be possible and the current system only facilitates intra State transfers due to State specific nature of State GST credits and jurisdiction.

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11. The Petitioner, the Transferor Company, has already registered under the GST regime, in the form of a Private Limited Company with Shirwal City, Khandala, Satara, Maharashtra being shown as its principal place of business.
 12. Since the Transferor Company, in the wake of the scheme of amalgamation, is dissolved w.e.f. 01.04.2019 and the Petitioner Company has undertaken the liabilities of the Company, it definitely, in the wake of sub-section (3) of Section 18 is entitled to enjoy un-utilized ITC in the electronic ledger of the Transferor Company irrespective of the boundaries of the two Companies, the Transferor Company being registered under the GST regime in the State of Goa and the Transferee Company *i.e.* the Petitioner Company being registered under the GST in Satara (Maharashtra).
 13. The boundaries of the State should not create any impediment as the Transferor Company has ceased to function and operate from 01.04.2019 and all its liabilities along with the ITC must go to the Transferee Company.
 14. It is a well settled position that the intention of Legislature shall be primarily gathered from the language used, which means that attention should be paid to what has been said as also to

what has not been said consequent to which a construction which requires for its support addition or substitution or which results in rejection of words as meaningless shall be avoided.

15. The Privy Council, in *Crawford v. Spooner* (1846) 6 Moore PC 1, expressed that they cannot add or mend and, by construction make up deficiencies which are left there and that it was not permissible and contrary to all rules of construction to read words into an Act unless it is absolutely necessary to do so and that equally it is unacceptable to interpret a provision by substituting some words for words which are used by the Legislature with a particular purpose and intention. Court cannot reframe the legislation as it has no power to legislate. It is not permissible to read words into an Act unless clear reason for it is to be found within the four corners of the Act itself.
16. Accordingly, when a matter which should have been, but has not provided for in the statute, cannot be supplied by Courts, as to do so would amount to legislation and not construction.
17. On the basis of the above, there should be opposition to the transfer of the unavailed Input Tax Credit from the Transferee Company to the Transferor Company, *i.e.* the Petitioner.

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18. The decision of the Madras High Court in the case of MMD Heavy Machinery (India) Pvt. Ltd. v. Assistant Commissioner, Chennai & Others 1 2021 (53) G.S.T.L. 3 (Mad.) was where a Writ Petition was filed praying for a writ of mandamus to allow the Petitioner to file form GST ITC-02 to transfer the unutilized ITC from their Chennai registration to their registration in Sri City, Andhra Pradesh or in the alternative to direct the Respondent to refund the amount of ITC wherein the Petitioner's factory in Chennai was not a going concern, but it was shut.
 19. Reliance was placed on Section 18(3) of the CGST Act, 2017 read with Rule 41 of CGST Rules and it was urged that the provision of transfer under sub-section (3) was confined to sale, merger, amalgamation, lease or transfer of the business and in the case before the Court, there was no change in constitution of the Petitioner, but it had shifted its unit from one State to another and this was not contemplated under sub-section (3) of Section 18 of the CGST Act, 2017. This decision is completely distinguishable on facts as the transfer of the credit was sought from the unit of the Petitioner, which was completely shut down.
 20. The Company has been amalgamated into the Petitioner-Company under the scheme of amalgamation and undertook

all the liabilities of the Transferee Company and therefore, is entitled to take benefit of sub-section (3) of Section 18 of the CGST Act, 2017.

21. The Union of India is not concerned as it does not suffer any loss, even though, the ITC is permitted to be utilized in the State of Maharashtra for the reason that there are two components of the GST, one is the CGST and IGST, which is to be levied by the Central Government whereas the other component is the SGST, which is levied and collected by the State.
22. Since the imposition of GST is based on the transaction value of products and services, both components operate at the same time as they are destination based tax consumption. The intention of the law makers in bringing the legislation and providing ITC was with a specific object i.e. to provide a continuous chain of set off from original producers' point and the service providers' point up to the retailers' level and thus eliminate the burden of tax cascading. The credit of CGST output liability, if it is to be availed seamlessly, it shall be allowed to be availed, irrespective of intra State or inter State supply.

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23. In any case, as far as the CGST and IGST are concerned, which are collected by the Central Government under the CGST, the benefits are claimed by the Central Government, whereas under the IGST the benefits shall be claimed by the Central Government or the State Government and upon the un-utilized ITC being utilised in the State of Maharashtra, the Central Government has nothing to lose.
24. There appears to be some issue about SGST, as the SGST is to be collected by the State and it will be consumed by the State and permitting the SGST to be utilized in the State of Maharashtra would result in financial loss to the State of Goa, but the Petitioner has given up his claim for its transfer.
25. There should be a clear view that the transfer of the IGST to the tune of Rs.3,69,586 and CGST of Rs.3,52,84,105/-, in the electronic credit ledger, deserve to be transferred to the Petitioner.
26. The difficulty that is sought to be projected for not giving effect to sub-section (3) of Section 18 on the part of the Respondents-Authorities is that the GSTN portal does not allow such transfer.

27. This, can be no ground to deny the benefit to the Petitioner, if it is so entitled in the wake of the statutory scheme.

Hence, the IGST and CGST amounts lying in the electronic credit ledger of the Transferor Company were permitted to be transferred to the Petitioner Company by physical mode for the time being, subject to the adjustments to be made in future. However, the GST Council as well as the GST Network were requested to provide for mechanism to deal with such contingencies, when the ITC is sought to be transferred from one State to another or from one State to any Union Territory by updating its network to deal with such a situation. Hence, the writ petition was accordingly disposed of.

(The Author is a Chennai based Chartered Accountant in Practice. He can be reached at reachanandvis@gmail.com)

THE NETFLIX RULING - UNRAVELLING THE DIGITAL DISTRIBUTION CONUNDRUM

A. Introduction

The Hon'ble Mumbai Bench of the Income Tax Appellate Tribunal (ITAT/the Tribunal) has delivered a pivotal ruling



MS.NITHYA SRINIVASAN CA. S. RANJANI

in Netflix Entertainment Services India LLP¹, which throws light on the transfer pricing treatment of digital/platform-based businesses. The epicentre of the ruling is about the functional characterisation of Netflix India wherein the Tribunal evaluated the facts and circumstances of the taxpayer through the transfer pricing lens and beyond the superficial economic reconstruction portrayed by the tax authorities.

The Tribunal critically examined various key aspects such as the selection and application of the Most Appropriate Method (TNMM vs. "Other Method"), the scope of recharacterization under Indian TP rules, and the interpretation of intellectual property rights and Development, Enhancement, Maintenance, Protection, Exploitation ("DEMPE") functions in the context of digital streaming models.

¹[TS-636-ITAT-2025(Mum)-TP]; (ITA No. 6857/Mum/2024, AY 2021-22)

B. Background

Overview

Netflix Inc. (“Netflix US”) is the owner of Netflix platform offering video on-demand globally and it offered official distribution rights to Netflix International B.V. (“NIBV”), a Netherlands-based affiliate, which managed non-U.S. territories until December 2020.

Netflix India was incorporated in April 2017 to distribute access to the global Netflix Service in India under a non-exclusive Distribution Agreement, initially with Netflix international B.V. (effective September 2017) and, from January 2021, directly with Netflix US. Under this agreement. Netflix India was authorised to promote subscriptions, invoice customers, collect subscription fees, and provide limited customer support, while all intellectual property rights including content, technology, and trademarks, remained exclusively with Netflix US/NIBV.

Factual matrix

Characterisation	Limited risk distributor of access to Netflix Service
Remuneration model	Subscription revenue net of local costs plus a fixed return on sales
International transaction	Payment of distribution fee to AE
Most Appropriate Method (“MAM”)	Transactional Net Margin Method (“TNMM”) ; PLI - OP/OR
Margin earned	1.36% on sales
Arm’s length margin range	Unadjusted margins = 1.88% to 2.33% Post working capital adjustment= 0.77% to 1.47%

Further Netflix India does not own or develop any intangible assets, nor does it perform DEMPE functions. Its tangible assets comprise routine office equipment and certain Open Connect Appliances (OCAs), which are cache servers deployed at ISP nodes to optimize streaming efficiency akin to logistical tools rather than core technology assets.

This structural model, based on cost-plus remuneration and risk insulation, formed the basis of Netflix India’s transfer pricing position, which became the focal point of debate.

Intercompany Arrangements

The following intercompany arrangements governed Netflix India’s operations:

Arrangement	Description & Pricing Policy
Distribution Agreement	<ul style="list-style-type: none"> • Netflix India appointed as a non-exclusive distributor of access to the Netflix Service in India. • Authorized to promote subscriptions, invoice customers, and provide limited customer support. • Remunerated on a cost-plus basis, ensuring a fixed return on sales (ROS) after reimbursement of all local costs.
Terms of Use with Subscribers	<ul style="list-style-type: none"> • Formalized Netflix India’s role in contracting with Indian subscribers. • Subscribers granted only a limited, non-exclusive right to access content; all IP rights retained by Netflix US/NIBV.
Marketing Support & Compliance	<ul style="list-style-type: none"> • Netflix India undertook localized marketing campaigns and regulatory compliance. • Activities executed under global guidelines and budgetary approvals from AEs

Transfer pricing scrutiny

i. Transfer Pricing Officer

The Transfer Pricing Officer (TPO), however, challenged both the characterization and the benchmarking approach, asserting that:

- Netflix India was not a mere distributor but an entrepreneurial provider of content and technology, bearing significant risks and performing high-value functions.
- The TNMM was “unscientific” and unsuitable for the complex OTT streaming model; instead, the TPO invoked the “Other Method” under Rule 10AB, imputing a royalty-based approach
- By sourcing six unrelated royalty agreements from the RoyaltyStat database, the TPO computed an arm’s-length royalty rate of 57.12% of revenue, resulting in a transfer pricing adjustment of ¹ 444.93 crore.

ii. DRP Approach

The DRP substantially endorsed the TPOs position, which was premised on recharacterizing Netflix India from a limited-risk distributor to a full-fledged entrepreneurial operator in the Indian market. The key findings of the DRP are as below:

- **Functional Recharacterization**

Netflix India undertook a “plethora of functions” beyond mere distribution of access. It enumerated fifteen activities, including entering into user agreements, promoting the Netflix Service, issuing gift subscriptions, providing infrastructure support, etc., Ownership of OCAs was viewed as evidence of investment risk, elevating Netflix India’s profile to that of a significant technological and operational hub rather than a routine distributor.

- **Rejection of TNMM and Assessee’s Comparables**

Dismissed TNMM adopted by the assessee as “unscientific, misdirected, and incompatible” with the business model and criticized use of software distributors as comparables. It also rejected asset-intensity and marketing-intensity adjustments furnished by the assessee, terming them baseless.

- **Endorsement of Royalty-Based ‘Other Method’**

The Panel reasoned that Royalty based approach better reflected the economic substance of Netflix India’s operations and thereby affirmed TPO’s invocation of Rule 10AB and upheld adoption of “Other Method” as MAM. It endorsed benchmarking based on six unrelated royalty agreements sourced from the RoyaltyStat database, three for content rights and three for technology platform rights, resulting in a blended royalty rate of 57.12% of revenue.

- **Introduction of Ad-hoc Attribution Model**

Devised an alternative attribution grid, allocating arbitrary percentages to functional clusters (e.g., content storage 5%, marketing 5%, technology 5%) and concluded that 43% of revenue should be attributed to Netflix India.

C. Key Disputes

At the outset, the key disputes emanating from the ruling are:

1. Netflix India's characterization – Limited-risk distributor Vs an entrepreneurial content-and-technology provider?
2. MAM – TNMM Vs Other Method based on royalty rates under Rule 10AB?
3. Remuneration – Distribution fee Vs. Royalty?
4. Ownership of Open Connect Appliances ((OCAs) - Logical tools Vs. Deployment of significant technological asset?
5. Whether the comparables selected by Netflix India (software and product distributors) were functionally appropriate?

D. Analysis and Tribunal's Standpoint

The Tribunal undertook a detailed review of Netflix India's functional profile, contractual framework, and transfer pricing methodology vis-à-vis Indian TP regulations.

A quick glance at the key disputes and the Tribunal's position is provided below:

Key Dispute	Tribunal's Contention
Functional characterization of Netflix India	<ul style="list-style-type: none"> • Netflix India performs routine distribution and marketing-support functions under strict supervision of AEs. • Owns no IP and undertakes no DEMPE functions, risk profile remains limited. • Opined - functional reality, not perceived commercial importance determines characterization.
Method selection (TNMM vs. Other Method)	<ul style="list-style-type: none"> • Affirmed TNMM as the MAM under Rule 10B. • Rejected royalty-based "Other Method" as arbitrary. • Benchmarking hypothetical transaction was impermissible under law • Found no transfer or license of content or technology; Netflix India merely facilitates access.
IP ownership and royalty characterization	<ul style="list-style-type: none"> • Payments cannot be treated as royalty under section 9(1)(vi) or treaties – placed reliance on SC judgement on Engineering Analysis Centre of Excellence • Netflix India's small employee headcount evidenced routine functions and returns • OCAs are logistical cache devices, not core technology assets. <i>To equate such caching devices with core technological assets is to mistake warehousing for authorship,</i> the Tribunal remarked, rejecting the Revenue's characterization.
Treatment of OCAs and infrastructure	<ul style="list-style-type: none"> • Accepted software distributors as valid analogues for benchmarking distribution of intangible access rights.
Comparables selection / rejection	<ul style="list-style-type: none"> • Criticized DRP for ignoring adjusted margins and adopting ad-hoc attribution without statutory basis.

Final outcome

- Netflix is a limited risk distributor
- TNMM upheld as MAM
- Royalty-based approach rejected and DRP's ad-hoc attribution model rejected as legally unsustainable and economically flawed
- Entire TP adjustment of ₹ 444.93 crore deleted

In essence, the ruling reaffirms that contractual and functional realities must prevail over speculative recharacterization, and that TNMM remains the most reliable method for routine distribution models in the digital economy.

E. Key learnings / takeaways

This decision sheds light on fundamental principles such as method selection, comparability standards and the treatment of digital infrastructure assets and is expected to shape the approach toward benchmarking transactions in the OTT, SaaS, and e-commerce sectors globally.

It vehemently underpins that the tax authorities cannot attempt to paint genuine intercompany arrangements as sham, especially in digital businesses, by imputing royalty or entrepreneurial returns. While the Tribunal's conclusions are firmly grounded in Indian transfer pricing regulations and judicial precedents,

the case also offers an opportunity to reflect on its interplay with global transfer pricing framework. A snapshot of the key learnings is provided below:

- *Need for robust documentation*

Robust documents such as intercompany agreements anchored the Tribunal's analysis. The Distribution Agreement explicitly appointed Netflix India as a non exclusive distributor of access and reserved all IP rights (content, technology, trademarks) to NIBV/Netflix US, which the Tribunal treated as decisive on functional characterization. The Terms of Use with subscribers mirrored this, granting only a limited, non exclusive right to access and view content, not any ownership or exploitation rights. Hence this ruling is a testament that clear drafting of contracts capturing the rights and duties of the parties, IP ownership, etc., are essential.

- *Recharacterization of business profile*

This ruling has poised a notable point that recharacterization cannot be done by the authorities on a customary basis. If the taxpayer is able to demonstrate the alignment of conduct of parties with the underlying contract with concrete evidence it would ringfence the taxpayer from such recharacterization

Across jurisdictions, taxpayers operate through various business models and a thorough understanding of the business dynamics is essential in order to determine the remuneration model. In recent times sizeable number of entities in India are operating in SaaS / digital environment. While India being the second largest eco-system for start-up enterprises, thorough understanding of their complex business structure and suitable billing model i.e., whether it warrants a royalty-based approach or it is a mere distribution model expecting a routine return, etc., acts as a prerequisite.

- *Asset profiling*

In determining the characterisation of a taxpayer and the resultant remuneration model, apart from the functional analysis, the presence and deployment of asset play a pivotal role. In the present case, the assets in the form of OCAs deployed by Netflix India are considered to be integral part of offering seamless Netflix streaming service to the customers whereas Tribunal had pondered over the quantum of assets employed by Netflix India vis-à-vis the AE. While the quantum of assets may not be significant, however one must evaluate the impact, it has on the revenue model of the taxpayer, due to the absence of such assets and accordingly the weightage to be determined.

- *Importance of DEMPE*

The Tribunal has deliberated on the importance of DEMPE analysis as it is relevant to understand the transaction from the perspective of value creation. Hence while structuring IP related transaction, one needs to perform DEMPE analysis as a part of the functional profiling of the taxpayer.

Bottom Line

This ruling emphasises a noteworthy aspect that the law does not permit tax authorities to take shelter under the name of complex business models to recharacterize transactions. The Tribunal's approach by relying on contractual arrangements, the FAR profile, and the binding judicial precedents (i.e., Supreme court ruling on Engineering Analysis), reiterates the importance of maintaining robust documentation by the taxpayers.

The Tribunal reaffirmed that contractual terms and the actual FAR profile govern transfer pricing outcomes under the transfer pricing regulations. By upholding TNMM and rejecting royalty-based and ad-hoc attribution approaches, the ruling underscores that complex business models cannot justify arbitrary recharacterization.

(Inputs contributed by Ayush Agrawal – Assistant Manager at VSTN Consultancy Private Limited.

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SECTION 93 - AVOIDANCE OF TAX UNDER SPECIFIC SITUATIONS - A ROAD LESS TRAVELLED

Introduction

The line between tax planning and avoidance has become thinner; in fact, it has been blurred. The distinction between these two was the subject of continuous judicial debate, with the pendulum swinging between taxpayers and the department. Over the years, the legislature enforced several provisions to curb specific avoidance e.g. Payments made to related persons, disguised dividends through loans/advances, transfer of shares or specified assets, receipts of specified assets, transactions between associated enterprises etc. The provisions were introduced to target specific mechanisms ('TAAR' or 'SAAR') that the Income-tax Act, 1961 ('the Act') considered to be abusive. Subsequently, the General Anti-Avoidance Regulations ('GAAR') were introduced to treat particular arrangements as impermissible if the main purpose is to obtain a tax benefit and one of the tainted elements is satisfied, and they are subject to the exceptions provided under the Rule.



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Long before the emergence of SAAR or GAAR, Section 93 of the Act existed as an early anti-avoidance provision, intended to counter income diversion through transfers of assets to non-residents but

having control or enjoyment of the income. Its origin can be traced to Section 44D of the Income-tax Act, 1922, which targeted a similar arrangement. The scope of Section 93 extends to both income and capital sums.

Applicability of Section 93 of the Act

Section 93 of the Act has two limbs, whereby limb (a) covers income and limb (b) covers capital sum. In order to trigger section 93(1), the following conditions are required to be satisfied:

- Transfer of assets¹, whether directly or in consequence of or in conjunction with associated operations²;
- Income is payable to the non-resident;
- First Mentioned Person ('FMP') acquires the power to enjoy³ that income (whether immediately or in the future); or
- Any entitlement or receipt of a capital sum⁴ connected with such a transfer or associated operation. Capital Sum entitlement or receipt can be before or after the transfer or associated operations.

¹ Asset defined under 93(4)(a)

² Refer to Section 93(4)(b)

³ The phrase power to enjoy is defined broadly under the explanation to Section 93(3)

⁴ Defined under Section 93(4)(d)

If these conditions are met, the income or capital sum is deemed taxable in the hands of the FMP', regardless of whether such FMP actually received or enjoyed such income or capital sum.

To illustrate the reach of the section with a simple example: Mr A, who holds shares in a foreign company, establishes a one-person company ('OPC') outside India and transfers assets to it. Before the transfer, dividend income was taxed in Mr A's hands. However, after such a transfer, the dividend income is assessable in the hands of the OPC. However, the entire control over the company is vested with Mr A, and he has the power to declare dividends thereon and enjoy such income. If one were to invoke the provisions of Section 93(1)(a), the dividend income is deemed to be the income of Mr A, ignoring the corporate structure.

Whether FMP has to be the transferor?

The language employed in the section is 'by means of transfer', and the emphasis is on the consequences of such transfer and not concerned with who transferred the asset. In **M.C.T.M Chidambaram Chettiar**⁵, a resident firm transferred its foreign assets to NR Company, and in lieu of such transfer, shares were allotted to the partners of the firm, who could control the company through voting

⁵ [1966] 60 ITR 28 (SC)

power. Therefore, FMP need not be the transferor; it can also be any person who has acquired the power to enjoy such income. Also, refer to the rulings in *Congreve v. Commissioners of Inland Revenue*⁶ and *Bambridge v. Commissioners of Inland Revenue*⁷.

Relevance of Resident or Non-Resident

Section 93 of the Act refers to a Non-resident⁸ in the context that an asset is being transferred to him, whereby the income is initially accrued to him, but the power to enjoy such income is vested with FMP. Now, the question arises whether such an FMP should be resident in India or even a Non-resident (NR). Assume it includes NR; then a transaction consummated between two NR could fall within the purview of the provision, which would not be otherwise taxable in India by virtue of Section 5, which may not be the intent of the section. Although the section is silent on this aspect, **Hon'ble Supreme Court in M.C.T.M Chidambaram Chettiar** (supra) has clarified that the objective of Section 44D of the 1922 Act was to prevent residents of India from evading payment of income-tax by transferring their assets to non-residents. Therefore, it is reasonable to conclude that the transferor or FMP should be a resident of India and cannot be stretched to NR.

⁶ [1948] 16 ITR (Suppl.) 107,113

⁷ [1954] 26 UTR 799

⁸ Recipient includes Not Ordinarily Resident because of Section 2(30) of the Act

Another issue that could arise is whether the transferee should be NR at the time of transfer of asset? From the opening part of 93(1), one can observe that the section requires the income to become payable to NR and the word NR does not appear next to the phrase 'transfer of asset'. Hence, it is not necessary that the transferee be NR at the time of transfer, and they may become NR after the transfer of the asset. This view is also fortified in the Commentary on Law of Income by Sampath Iyengar⁹.

What constitutes 'Assets'?

Section 93(4)(a) defines the term 'asset' in an inclusive manner. The term includes property or rights of any kind, and rights include their creation. An inclusive definition does not restrict itself to the items expressly mentioned, but extends to cover other items that logically fall within the ordinary meaning of the term, unless expressly excluded. Hence, the legislative intent behind using the word 'includes' is to enlarge the ambit of the definition rather than to limit it.

The **Madras High Court in S.P.K Kadar Mohideen**¹⁰ has dealt with the application of Section 44D of 1922 Act in the context of transfer

⁹ 13th Edition - Page 10369

¹⁰ [1960] 38 ITR 647 (Madras)

of business by an individual to a Company incorporated in Ceylon (nor Sri Lanka). The Company, in turn, allotted shares to the Individual and his relatives. The Company made profits from its operations, and the Individual offered income to the extent of dividends declared (including dividends of his relatives). While the Court held that the transaction may be subject to Section 44D, it was not charged with the levy, as the transfer was not for the purpose of avoiding tax (discussed later under the heading carveouts).

A fundamental question arises: whether cash could be regarded as an 'asset', and whether the formation of a subsidiary outside India by subscribing to the shares of an overseas company could fall foul of Section 93 of the Act?

Undoubtedly, cash is an asset. While one can make an argument that cash paid for subscription of shares is for discharge of obligation towards the call value of shares and, per se, cannot be tantamount to a transfer of an asset. However, it can be observed that Section 93 only requires the transfer of an asset by means, or in association with, and does not require a check to see whether it is transferred on account of an obligation. Hence, in my view, the provisions may apply even to the subscription of shares, subject to the provisions of 93(3) of the Act.

Associated Operation

Section 93(4)(b) defines the term 'associated operation' and is exhaustive in nature. It means any operation of any kind effected in relation to any assets transferred, or their representation, directly or indirectly, and it includes income and its accumulation representing such assets.

Looking at the way the definition is worded, it has the widest reach of the transaction, covering not only the initial transfer but also a series of transfers. This is on account of the fact that the clause (ii) refers to any asset representing, whether directly or indirectly, any of the assets transferred. Therefore, mere layering of transfer cannot escape the rigour of the section.

Example¹¹ of Associated Operation:

- Mr A (a resident of India) transfers the shares of the Indian Company to a Singapore Trust. The trust is for the benefit of Mrs. A.
- Singapore trust then contributes the shares of the Indian Company in lieu of the shares of the Dutch Company.
- Dutch Company sells the shares of an Indian Company to another NR and invests such proceeds to earn income.

¹¹ Ignoring the Foreign Exchange Regulations implication or restriction to elucidate the concept

-
- The income earned is then distributed to the Trust in the form of a dividend.

One can also refer to Section 102, where the term 'arrangement' was defined to include a step, part, scheme, operations, or understanding, etc. Therefore, similar to GAAR provisions, the associated operations have a wide reach.

Power to Enjoy

The scope of power to enjoy is provided under explanation (c) to Section 93(3). The explanation covers five circumstances in which the FMP has the power to enjoy the income accrued to the non-resident.

- Clause (i) – The income is for the benefit of the FMP and such benefit may be at some point in time and not necessarily after the transfer. The benefit may not be in the form of income; it can be in the form of capital. E.g., Mr A transferred the shares of F Co to Mauritius Co and, in consideration, received debentures. Mauritius Co received dividends from the Indian Company and used them to redeem debentures from Mr A.
- Clause (ii) – Receipt/Accrual of income operates to increase the value of any assets held by FMP or for their benefit;

-
- Clause (iii) – FMP by virtue of associated operations or effect of successive operations has the right to receive any benefit out of the income;
 - Clause (iv) – FMP reserves the power of appointment or revocation for his own benefit to enjoy the income beneficially. The power may be with or without the consent of other person.
 - Clause (v) – FMP controls the application of the income directly or indirectly.

Further, explanation (d) provides that for the determination of power to enjoy, the substantial result and effect of the transfer and any association operations shall be considered by disregarding its mere form or nature.

Carveouts

Section 93(3) provides a carveout that the provisions of this section shall not apply if the first-mentioned person satisfies either of the following conditions to the assessing officer :

- Condition 1 - The main purpose or one of the main purposes of transfer or associated operation is not for avoidance of tax liability **(or)**

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- Condition 2 - Transfer and associated operations are bona fide commercial transactions, and they were not designed for the purpose of avoiding liability to taxation

The **Madras High Court**¹² interpreted the aspect of intention to avoid tax in the context of section 44D(3)(a) of the erstwhile act. The Court observed as follows:

“.....Now the word “purpose” signifies an intention or design to achieve a particular result, namely, the avoidance of liability to taxation. Where the purpose is shown to be other than the avoidance of liability to taxation the exemption given by the section would apply. There may be cases where the sole object of the transfer would be the avoidance of Indian income-tax; there may also be cases where the object to avoid the tax liability would be one of the purposes. In either case the essential element is the intention to avoid the tax liability. The mere fact that the transfer results in the avoidance of the tax liability (as it always would) cannot mean that there was an intention to avoid such liability. There can be cases where the transfer is made for other purposes or with other objects. In such a case the avoidance of liability to taxation is merely an incident or effect of the transaction.”

¹² CIT vs. A.M.M. Mohammad Ibrahim Sahib 45 ITR 166 (Mad)

The provision provides protection to taxpayers from the rigours of the section if the resident satisfies either of the conditions, i.e., one of the main purposes is not the avoidance of tax, or the transaction consummated is a bona fide commercial transaction not designed for the avoidance of tax liability. The burden of proof is on the taxpayer to substantiate that the transaction fall under any of the conditions to escape the levy.

It is interesting to compare the provisions with the GAAR, where the requirement is the main purpose, along with any tainted elements, and the initial burden of proof is on the department [although the burden can be shifted to the taxpayer under Section 96(2)]. The interplay with GAAR and this section makes it even more interesting whether Section 93 could be used as a tool to justify the bona fide nature of the transaction to escape the rigour of GAAR in case of transfer of assets outside India. One has to wait and watch how this interaction unfolds in the upcoming years.

Relief from double taxation

Section 93(2) eliminates double taxation when such income is charged under Section 93 and later received by the person; in such cases, the income shall not be included in the total income for the year of receipt.

Conclusion

Section 93 stands today as a largely dormant but far-reaching anti-avoidance provision. Its foundations underpinned many principles embedded in the GAAR and SAAR regimes. Although it has a broader reach, overlaps with modern rules, and limited factual scenarios, it has remained one of the least tested and least litigated provisions over the decades. It continues to remain on the statute book as a broad, historically significant tool aimed at preventing income diversion through non-resident structures.

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EXCEL TIPS

WRAPROWS / WRAPCOLS

With the introduction of dynamic arrays in Microsoft Excel 365, spreadsheet design has moved away from static, cell-by-cell manipulation toward formula-driven data



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structuring. Functions such as SEQUENCE, TAKE, DROP, TOCOL, and TYPE have already changed how users generate and manage data dynamically. In the same family of “new-age” functions, **WRAPROWS** and **WRAPCOLS** play a critical role in *reshaping* data without manual intervention.

WRAPROWS and WRAPCOLS are designed to reorganize one-dimensional data into two-dimensional structures. They are particularly useful when working with imported data, system exports, or formula-generated lists where information appears in a single row or column but needs to be presented in a structured tabular format for analysis or reporting.

These functions eliminate the need for helper columns, manual copying, or complex INDEX-based formulas and provide a clean, maintainable solution aligned with modern Excel practices.

Understanding the Need for WRAPROWS / WRAPCOLS

In real-world Excel usage, data often arrives in formats that are not analysis-ready:

- ERP or accounting software exports data as a single continuous column
- API or Power Query outputs generate flat arrays
- Formula-generated lists (using SEQUENCE, UNIQUE, FILTER, or TOCOL) need to be formatted into readable tables
- Repeating data elements need to be grouped logically (e.g., monthly figures, batch-wise data)

Traditionally, users handled such scenarios using:

- Manual row breaks
- INDEX + ROW/COLUMN arithmetic
- OFFSET-based formulas
- VBA macros

These approaches were fragile, difficult to audit, and error-prone. WRAPROWS and WRAPCOLS solve this problem by allowing Excel itself to “wrap” the data dynamically.

Note : WRAPROWS and WRAPCOLS integrate naturally with SEQUENCE, TOCOL, FILTER, and UNIQUE.

These approaches were fragile, difficult to audit, and error-prone. WRAPROWS and WRAPCOLS solve this problem by allowing Excel itself to “wrap” the data dynamically.

Note : WRAPROWS and WRAPCOLS integrate naturally with SEQUENCE, TOCOL, FILTER, and UNIQUE.

Syntax for WRAPROWS Function :

=WRAPROWS(vector, wrap_count, [pad])

Where, **vector** – A one-dimensional array (row or column)

wrap_count – Number of values per row

pad (optional) – Value used to fill empty cells if data does not divide evenly

Example 1 :

If a column contains 12 values and you want to display them as 4 values per row:

=WRAPROWS(A1:A12, 4)

Excel automatically spills the result into 3 rows and 4 columns.

Syntax for WRAPCOLS Function :

=WRAPCOLS(vector, wrap_count, [pad])

Where **vector** – A single row or column array

wrap_count – Number of values per column

pad (optional) – Value used for empty cells

Example 2 :

=WRAPCOLS(A1:A12, 3)

This arranges the data into columns, each containing 3 values.

Error Handling and Limitations

- 1. Non-Vector Inputs :** WRAPROWS and WRAPCOLS require one-dimensional arrays; multi-column ranges must be flattened first.
- 2. Excel Version Dependency :** Available only in Microsoft Excel 365.
- 3. Spill Conflicts :** Output requires empty cells; existing data may cause #SPILL! errors.
- 4. Padding Awareness :** Choosing an appropriate pad value is important for reporting accuracy.

Example 3 : Converting a List into a Table. Demonstrates reshaping a flat list into a structured table using WRAPROWS.

The screenshot shows an Excel spreadsheet with the formula bar containing `=WRAPROWS(A1:A12,4)`. The spreadsheet has columns A through F. Column A contains the numbers 1 through 12. Columns C, D, E, and F contain the wrapped values. The values are arranged in a 4x3 grid starting from row 2, column C.

	A	B	C	D	E	F
1	1					
2	2		1	2	3	4
3	3		5	6	7	8
4	4		9	10	11	12
5	5					
6	6					
7	7					
8	8					
9	9					
10	10					
11	11					
12	12					

The screenshot shows an Excel spreadsheet with the formula bar containing `=WRAPCOLS(A1:A12,4)`. The spreadsheet has columns A through G. Column A contains the numbers 1 through 12. Columns C, D, E, and F contain the wrapped values. The values are arranged in a 4x3 grid starting from row 2, column C.

	A	B	C	D	E	F	G
1	1						
2	2		1	2	3	4	
3	3		5	6	7	8	
4	4		9	10	11	12	
5	5						
6	6		1	5	9		
7	7		2	6	10		
8	8		3	7	11		
9	9		4	8	12		
10	10						
11	11						
12	12						
13							

Example 4 : Data will get structured depending on the condition given. Shows conditional structuring based on wrap count and padding logic

	A	B	C	D	E	F	G
1	Jawaharlal Nehru		Formula in D2	=WRAPROWS(A1:A15,4)			
2	Lal Bahadur Shastri			Jawaharlal Nehru	Lal Bahadur Shastri	Gulzarilal Nanda	Indira Gandhi
3	Gulzarilal Nanda			Morarji Desai	Charan Singh	Rajiv Gandhi	VP Singh
4	Indira Gandhi			Chandra Shekhar	Narasimha Rao PV	Atal Bihari Vajpayee	Deve Gowda H D
5	Morarji Desai			IK Gujral	Manmohan Singh	Narendra Modi	#N/A
6	Charan Singh						
7	Rajiv Gandhi		Formula in D8	=WRAPCOLS(A1:A15,6,)			
8	VP Singh			Jawaharlal Nehru	Rajiv Gandhi	IK Gujral	
9	Chandra Shekhar			Lal Bahadur Shastri	VP Singh	Manmohan Singh	
10	Narasimha Rao PV			Gulzarilal Nanda	Chandra Shekhar	Narendra Modi	
11	Atal Bihari Vajpayee			Indira Gandhi	Narasimha Rao PV	#N/A	
12	Deve Gowda H D			Morarji Desai	Atal Bihari Vajpayee	#N/A	
13	IK Gujral			Charan Singh	Deve Gowda H D	#N/A	
14	Manmohan Singh						
15	Narendra Modi						

he result may display #N/A errors where the data does not divide evenly into the specified wrap count. The formula needs to be modified by inserting "" to replace the #N/A errors with blanks.

	A	B	C	D	E	F	G
1	Jawaharlal Nehru		Formula in D2	=WRAPROWS(A1:A15,4,")			
2	Lal Bahadur Shastri			Jawaharlal Nehru	Lal Bahadur Shastri	Gulzarilal Nanda	Indira Gandhi
3	Gulzarilal Nanda			Morarji Desai	Charan Singh	Rajiv Gandhi	VP Singh
4	Indira Gandhi			Chandra Shekhar	Narasimha Rao PV	Atal Bihari Vajpayee	Deve Gowda H D
5	Morarji Desai			IK Gujral	Manmohan Singh	Narendra Modi	
6	Charan Singh						
7	Rajiv Gandhi		Formula in D8	=WRAPCOLS(A1:A15,6,")			
8	VP Singh			Jawaharlal Nehru	Rajiv Gandhi	IK Gujral	
9	Chandra Shekhar			Lal Bahadur Shastri	VP Singh	Manmohan Singh	
10	Narasimha Rao PV			Gulzarilal Nanda	Chandra Shekhar	Narendra Modi	
11	Atal Bihari Vajpayee			Indira Gandhi	Narasimha Rao PV		
12	Deve Gowda H D			Morarji Desai	Atal Bihari Vajpayee		
13	IK Gujral			Charan Singh	Deve Gowda H D		
14	Manmohan Singh						
15	Narendra Modi						

WRAPROWS and WRAPCOLS are elegant, powerful additions to Excel's dynamic array ecosystem. They solve a long-standing problem of reshaping flat data into structured formats without complexity. When combined with other new-age functions such as SEQUENCE, TOCOL, FILTER, and TAKE, they enable fully automated, future-proof spreadsheet models.

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ABOUT OURSELVES

The Chartered Accountants Study Circle (Regd.)

During the middle of 1978 a handful of young chartered accountants, based on MADRAS (as it then was) met periodically to discuss matters of professional relevance and significance and to widen the knowledge exposure and skills. From a limited role of discussions on tax laws and corporate laws, we have become full fledged treasure-house of talent mobilization. More than two third of our speakers / Chief guests have made their first ever public Speech under our banner.

The organization is proud that many of its members have become men of great eminence including three of its members being occupants of coveted position of the President of the Institute of Chartered Accountants of India and a number of members have been serving in the Regional and Central Councils of ICAI, ICSI, Chambers of Commerce and other Bodies. The members of CASC are interspersed in the society and more particularly in practice and in the industry.

The membership of CASC is in the form of Life, Corporate and Annual Membership.

The Composition of the members includes lawyers, company secretaries, consultants and members of the other allied and related professions. Besides our regular meetings, the CASC organizes with regularity, workshop, refresher courses, seminars and group discussions on all professional related subjects and topics in its self owned fully Air-Conditioned Premises at central location in Chennai with the state of the art infrastructure.

Every Year, scholarship are granted to meritorious students of the CA Course through the various endowments created by members and their families.

The residential Conference conducted by CASC, an annual feature is awaited eagerly by all the members. The programmes are conducted in exotic places at affordable rates coupled with good learning experience are booked well in advance.

Our monthly publication, the CASC bulletin contains thought provoking articles, exchange of problems and solution and digest of recent discussions, notifications and circulars.

Our Other Regular Publications are "Cenvat - Demystified", "User Guide to TNVAT", "Corporate Audit Check List", "Anti Dumping Measures in the WTO frame work" 'A Handy Booklet on Bank Branch Audit', and "Guide to Tax Audit".

Published by :

THE CHARTERED ACCOUNTANTS STUDY CIRCLE

2-L, Prince Arcade, 22-A, Cathedral Road, Chennai - 600086

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Designed by

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