

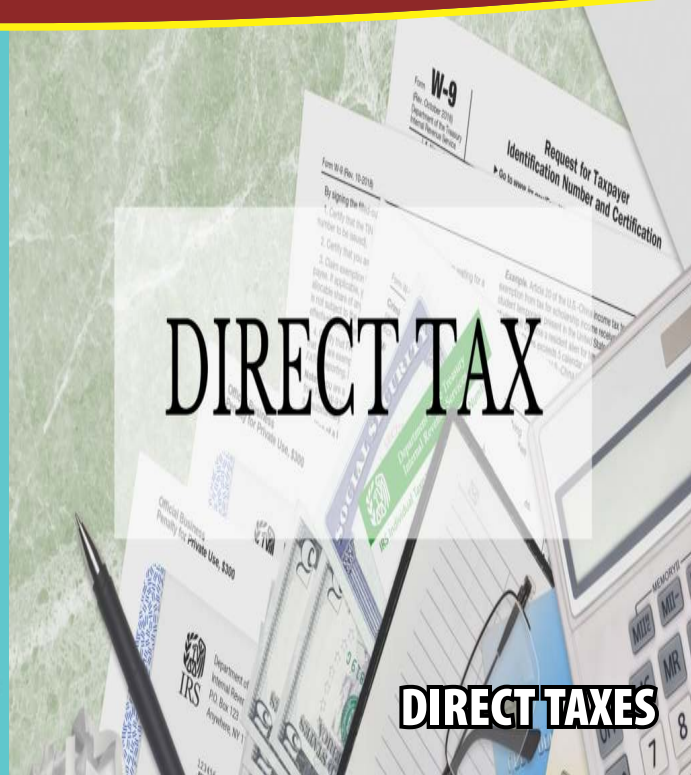
THE MONTHLY MAGAZINE FROM CASC

GST UPDATES



DIRECT TAX

DIRECT TAXES



RECENT JUDGEMENTS



VOLUME-4

ISSUE-7

JULY 2025



CASC BULLETIN

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10.07.2025 (Thursday)	Partnerships & LLP's - Income Tax Nuances	CA. M.A. Abhinaya
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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**

EDITORIAL

Dear Professional Colleagues,

CA Day 2025

As we step into the vibrant month of July, we are reminded of a momentous occasion that lies today – Chartered Accountants Day, celebrated on July 1st. This day not only commemorates the founding of the Institute of Chartered Accountants of India in 1949 but also celebrates the tireless efforts, unwavering integrity, and professional excellence that CAs contribute to the financial and economic fabric of our nation. Let us take pride in being part of this noble profession and renew our commitment to uphold its values. The evolving landscape of compliance, taxation, and economic policy demands that we, as professionals, stay constantly informed and updated. This bulletin aims to be a humble companion in that journey – capturing highlights, summarizing trends, and providing insights that matter.

On this occasion of CA Day, let us pledge to continue our pursuit of excellence and ethical practice, making a difference not only in boardrooms but also in the broader economic discourse of our country.

UDIN - Disclosure of Auditor's Opinion

The ICAI has announced a new compliance requirement under the UDIN generation process for selected categories. Members generating UDINs under the categories of 'GST & Tax Audit' and 'Audit & Assurance Functions' will now be required to mandatorily disclose the nature of the Auditor's Opinion during the generation process. This requirement is being introduced in a phased manner, beginning with the 'Audit & Assurance Functions' category. Importantly, ICAI has clarified that the details related to the auditor's opinion entered by members will remain confidential and will not be accessible to third-party verifiers on the UDIN portal.

While this disclosure requirement increases the compliance burden slightly, it serves a larger purpose of ensuring greater transparency and consistency in audit reporting. Members are advised to be cautious and accurate while selecting the nature of the opinion, as this information could influence future regulatory frameworks and peer assessments. The profession is evolving rapidly, and this step aligns with ICAI's vision for digitisation, data integrity, and proactive oversight.

E-Way Bill 2.0

GSTN has announced the launch of the E-Way Bill 2.0 Portal (<https://ewaybill2.gst.gov.in>) from 1st July 2025. The new portal aims to improve inter-operability with the existing E-Way Bill 1.0 system. It ensures business continuity by allowing critical functions on either portal. New features include Part-A based E-Way Bill generation, consolidated EWB creation, validity extension, and transporter updates. These are in addition to existing services like vehicle update and EWB printing. Both portals will function with real-time data synchronisation for seamless user experience. In case of downtime on one portal, users can fully operate through the other without disruption. All functionalities are accessible via APIs, aiding easy ERP and logistics software integration. The dual-system architecture reduces single-point failure risks and enhances system resilience.

The rollout of the E-Way Bill 2.0 portal marks a significant step in enhancing the technological robustness of India's GST infrastructure. By enabling cross-platform operability, the initiative safeguards businesses against potential disruptions, ensuring compliance continuity. The real-time data mirroring between the two systems is a noteworthy move toward a more resilient and efficient tax ecosystem. With API support, the integration into existing business systems becomes easier, particularly for logistics operators and high-volume taxpayers.

47th Annual General Meeting

The 47th Annual General Meeting of The Chartered Accountants Study Circle will be held on Thursday, 31st JULY 2025 at 6.30 P.M. at Hotel PalmGrove, No.13, Dr. MGR Salai, Thirumurthy Nagar, Nungambakkam, Chennai - 600 034. Notice to AGM, audited financials with auditors report and nomination forms are appended to this Bulletin. Members are requested to attend and actively participate in the AGM.

26th Annual Residential Conference - Buzzed About

We are pleased to share that the planning for the 26th Annual Residential Conference (ARC) is in full swing. We are currently finalizing cost estimates related to travel, accommodation, and meals for selected potential destinations. Negotiations with service providers are actively underway to ensure a seamless and enriching experience for our participants.

We will be reaching out to you shortly with detailed information, including the finalized Venue, schedule, and registration process. Your continued support and enthusiasm are what make the ARC a landmark event year after year.

Stay tuned – the 26th ARC promises to be yet another memorable gathering of minds and camaraderie.

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 technical programmes every month. Members are requested to attend the programmes conducted by CASC and are also requested 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

Bhuvaneshwari.R.V.

CA. BHUVANESWARI R.V

GLIMPSES FROM SHRI G.NARAYANASWAMY CA STUDY CIRCLE MEETING HELD ON 12.06.2025

SPEAKER - CA.ARAVINDH KHANDAVADEVU TOPIC - LEVERAGING AI FOR COMPANY LAW COMPLIANCE



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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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For updates on monthly meetings and professional news.

Please email your suggestions / feedback to admin@casconline.org

RECENT JUDGEMENTS IN VAT / CST / GST

Mechanically passed the impugned order:

This Court, vide order dated 15.12.2023 in W.P.No.24966 of 2021, has remitted back this matter back to the Assessing Authority for re-examination of the application filed by the petitioner. However, without going into



CA. V.V. SAMPATHKUMAR

merits, once again, the respondent had mechanically passed the impugned order. Hence, this writ petition. Respondents intend to withdraw the impugned order dated 19.02.2025 and hence, requests this Court to dismiss the present writ petition by granting liberty to pass fresh orders. Recording the submissions made by the learned Government Advocate, this Court dismissed the present petition and liberty is granted to the respondent to pass fresh order since the impugned order becomes infructuous. **M/s. ARP Exports Vs. The Deputy State Tax Officer - I, Panruti (Rural), Panruti 607 106. W.P.No.13429 of 2025 Dated : 17.04.2025**

Rectifiable error: Respondent issued a show cause notice dated 26.04.2023. Unfortunately, the same was unnoticed by the petitioner since the same was uploaded in the GST Portal but not directly

served on the petitioner, hence, the petitioner failed to file reply. However, the respondent, without affording an opportunity of personal hearing to the petitioner, passed the impugned order dated 29.08.2024. The petitioner filed a rectification Application but the respondent vide order dated 26.12.2024 rejected it on the ground that despite issuance of ASMT-10, DRC-01 and reminder to the petitioner seeking for petitioner's reply and fixing the personal hearing, the petitioner has neither filed reply nor appeared before the respondent. Though this Court was not inclined to set aside the impugned order, however, considering the fact that the issue pertains to the wrong entries made in the GSTR-3B (Tbl:6A) and GSTR-3B (Tbl:6I), as the value that has to be specified in GSTR-3B (Tbl:6A) was wrongly indicated in GSTR-3B (Tbl: 6I) and vice versa and the said errors could be rectified if an opportunity of hearing is granted to the petitioner. This Court set aside the order dated 26.12.2024 and remanded the matter for re-consideration with other directions. **Mr.V.Sekar Vs. The Deputy State Tax Officer, Chidambaram-I Assessment Circle W.P.No.11968 of 2025 DATED: 09.04.2025**

Depriving the interest of petitioner: Respondents submitted that the documents produced by the petitioner were not sufficient and since the documents sought for by the respondent has not been furnished by the petitioner, impugned orders dated 22.10.2024 came to be passed. Ld counsel for the petitioner submitted that they have received the documents from the GST Department only on 18.02.2025 and therefore an opportunity may be provided to the petitioner to substantiate their case. Though the impugned orders came to be passed only after providing opportunity of personal hearing to the petitioner, the petitioner was not able to produce some of the documents sought for by the respondent and therefore in the absence of said documents the impugned orders came to be passed. Therefore, this Court stated that the impugned orders came to be passed in the absence of some of the documents, which amounts to depriving the interest of the petitioner and now the petitioner is ready to produce the same, the impugned orders dated 22.10.2024 are set aside and the matters are remanded to the respondents for fresh consideration with certain other conditions. **M/s.Madras Metals Vs. State Tax Officer, Ekkattuthangal Assessment Circle, W.P.Nos.12656, 12659 & 12662 of 2025 Dated : 09.04.2025**

Order passed without hearing: The impugned order came to be passed without hearing the petitioner. Hence, this Court decided that the impugned order is passed in violation of principles of natural justice and it is just and necessary to provide an opportunity to the petitioner to establish their case on merits. **M/s.Visalaatchi Food India Pvt. Ltd Vs. The Assistant Commissioner (ST)(FAC) / Commercial Tax Officer, Pochampalli, Krishnagiri-635 115 W.P.No.10914 of 2025 Dated: 26.03.2025**

Penalty: Once the input tax credit was neither availed nor utilised by the petitioner, question of imposing the penalty does not arise vide order passed in W.P.(MD) No.26254 of 2022 dated 11/6/2024 and also by this Court in Kumaran Filaments (P) Ltd Vs. Commissioner of CGST & CE, Madurai & Others (2021 SCC Online Mad 12062) and also by the DB of the Patna High Court in Commercial Steel Engineering Corporation Vs. State of Bihar and Others (2020) 74 GSTR 51: 2019 SCC Online PAT 3363. Referring these, the impugned order is set-aside and the matter is remitted back to the second respondent for fresh consideration afresh. **M/s. Fairmacs Shipstores Private Limited Vs 1. The Deputy Commissioner (ST), GST Appeal, 2. The Deputy Commercial Tax Officer Harbour: North I: Chennai North, Writ Petition No.39022 of 2024 Dated : 12/2/2025**

Delay in filing the Appeals: Appellate Authority has to see as to whether the delay in institution of appeal proceedings is on the aspect of “substantive law” or “procedural law”. In case, where, the delay is on the aspect of substantive law, certainly, the Appellate Authority has no power to condone the delay and supposedly, the delay in institution of the appeal proceeding is on the procedural law aspect, obviously, the Appellate Authority has power to condone the delay. In the present case, the delay in filing the Appeals is due to the fact that the Accountant engaged by the petitioner was not well. Thus, in the present case, the delay is not covered on the aspect of substantive law but on the procedural aspect. Therefore, the first respondent/Appellate Authority, has been conferred with power to entertain the Appeal beyond the condonable period of 30 days, however, he has refused to entertain the Appeals and rejecting the same on the limitation aspect. This Court, taking into consideration of the aforesaid facts and circumstances of the case and that the reasons assigned for the delay is genuine, coupled with the further fact that pre-deposit of 10% of the disputed tax has been made by the petitioner while preferring such Appeal, in the interest of justice, is of the view that the delay is required to be condoned and directed that the first respondent/Appellant is to take up the

Appeals on file and dispose of the same on merits and in accordance with law. **M/s. Western India Paint Colour Co (P) Ltd. Vs. 1. The Deputy Commissioner (CT), GST Appeals, Chennai-II, Chennai-6. 2. The Assistant Commissioner (CT), Chengalpattu Assessment Circle W.P.Nos.39431 & 39433 of 2025 DATED: 19.03.2025**

Error rectified: Petitioner has inadvertently entered the taxable value of Rs.13,50,099/- as ITC under the Integrated Goods and Services Tax column, resulting in an incorrect declaration. Upon realizing the error, the petitioner rectified the mistake by reversing the wrongly claimed ITC in October 2018 before the end of the financial year as per Section 16(4) of the CGST Act. Though the petitioner had given detailed explanation in this regard, without considering this aspect, the 1st respondent has issued show cause notice and the consequential impugned order with non-application of mind. When the petitioner has rectified the error within the statutory time limit, the question of issuing show cause notice does not arise at all and hence, the show cause notice and the impugned order are not sustainable. Writ petition stands allowed. **M/s.Shakthi Enterprises, Vs. 1. Commercial Tax Officer, Kodungaiyur Assessment Circle, 2. The Branch Manager, DBS Bank India Limited, Perambur, Chennai-82. W.P.No.37068 of 2024 Dated: 13.03.2025**

Reply not considered: Notice was issued on 21.11.2023. Time limit for filing the reply was fixed on or before 21.12.2023. Reply was filed on 21.12.2023. In the said notice, the date of personal hearing was fixed on 05.12.2023, which is around 2 weeks prior to the expiry of time limit for filing the reply. Impugned order came to be passed by the respondent by stating that no reply was filed by the petitioner and that too without providing any opportunity of personal hearing, subsequent to the filing of reply, which is contrary to Section 75(4). In this background, this Court set aside the impugned order and the matter is remanded for fresh consideration and issued the following orders; Petitioner to file their additional objection along with the required documents, if any, within 15 days from the date of receipt of copy of this order. On filing of such objection, the respondent shall consider the same and issue a 14 days clear notice, by fixing the date of personal hearing and pass appropriate orders on merits and in accordance with law, after hearing the petitioner, as expeditiously as possible. The attachment made on the bank account of the petitioner, cannot survive any longer and hence, it is to be lifted. The respondent is directed to instruct the concerned Bank to release the attachment, and defreeze the bank account of the petitioner, immediately upon the production of a copy of this order.

**Palani Jayakumar Vs. The Deputy Commercial Tax Officer (ST),
Padi Assessment Circle, W.P.Nos.8728 & 8736 of 2025
Dated:13.03.2025**

Opportunity of personal hearing: Communication was received by post on 18.02.2025, wherein it was informed to the petitioner to avail the benefits of Section 128-A of CGST/TNGST Act, 2017 in respect of the impugned order dated 22.11.2023. Later, the order was retrieved from the GST portal by the petitioner on 18.02.2025. It was submitted that mere uploading of the order to the GST portal does not amount to issue of order, when no acknowledgment is given as required u/s 12 of Information Technology Act, 2000. Cut-off date to issue the order for Assessment Year 2017-2018 u/s 73 is 31.12.2023. Since the order was not issued on or before 31.12.2023, the proceedings are deemed to be closed as per Section 75(10) of CGST Act, 2017 and the impugned order is time barred. Respondent submitted that only after issuing show cause as well as providing opportunity of personal hearing to the petitioner, impugned order came to be passed by uploading in the GST portal within the stipulated time. Since the impugned order was uploaded in the GST portal, the petitioner was unaware of the same. As no opportunity

of personal hearing was provided to the petitioner, the said order is passed in violation of principles of natural justice and it is just and necessary to provide an opportunity to the petitioner to establish their case on merits. Stating so, this Court set aside the impugned order dated 22.11.2023 passed by the Respondent with other directions to the parties herein. **M/s.Aalayam Foundation Private Limited Vs The State Tax Officer, Kuniyamuthur Circle, Coimbatore-1, WP No. 8401 of 2025 DATED: 12-03-2025**

Passing of speaking orders: Considering the submissions made by the learned counsel on either side and upon perusal of the materials, it is evident that though the petitioner has filed detailed reply on 31.12.2024, the respondent without any discussion and explanation, merely by extracting the reply of the petitioner has rejected the same in one line stating that the reply of the petitioner is not accepted. The respondent should have passed speaking orders by giving some reasons for rejection of the reply. However, no such discussion or explanation had been made in the impugned order and therefore, the same is not sustainable. This Court passed the following orders: (i) Order impugned is hereby set aside (ii) Matter is remanded back for re-consideration. (iii) Respondent shall

consider the reply filed by the petitioner and issue a 14 days clear notice by fixing the date of personal hearing to the petitioner and thereafter, pass appropriate orders on merits and in accordance with law. **M/s.Bharathi Store Vs. The Assistant Commissioner (ST), Namakkal Rural Circle, W.P.No.7770 of 2025 Dated: 11.03.2025**

Coinsurance premium and Reinsurance commission: Whether the coinsurance premium and reinsurance commission would be treated as supply or whether the petitioners-assessees are liable to pay GST?. It was decided in favour of the petitioners-assessees in W.P.Nos.8194, 8196, etc. of 2024, by this Court, by holding that the coinsurance premium and reinsurance commission cannot not be considered as “supply”. **M/s. Star Health and Allied Insurance Company Ltd. Vs 1. The Additional Commissioner, Chennai South Commissionerate, MHU Complex, Chennai-35. 2.The Additional Director DG GST Intelligence, Zonal Unit, Mumbai. W.P.No.8057 of 2025 DATED :10.03.2025**

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

CASE LAWS - GST

1. GST - SCN DEMANDING TAX U/S 73 ISSUED ON 30.11.2024 WHEN THE LAST DATE WAS 28.11.2024 - NOT SUSTAINABLE



CA. VIJAY ANAND

In Cotton Corporation of India v. AC (ST) (AUDIT)(FAC), Vijayawada, 2025(96) GSTL 37 (A.P.)/(2025) 27 Centax 158 (A.P.), the petitioner received a show cause notice, dated 30.11.2024 u/s 73(1) r/w Rule 142, in relation to the assessment year 2020-2021, calling upon the petitioner to show cause why an assessment should not be carried out in relation to short payment of tax etc.

On a writ petition, the high court observed as under:

1. The Hon'ble Supreme Court in State of Himachal Pradesh v. Himachal Techno Engineers (2010) 12 SCC 210 was considering the time limit of three months set out in Section 34 of the Arbitration and Conciliation Act, 1996, wherein the award was passed on 05.11.2007, and a petition under Section 34 was filed, on 11.03.2008. This application was rejected on the ground that the period within which the application should have been filed was three months which would be 90 days reckoned from

11.11.2007 and ending on 10.11.2007 and a further grace period of 30 days which would end on 10.03.2008 whereas the application was filed on 11.03.2008. The Supreme Court held that 'three months' mentioned in section 34(3) of the Act refers to a period of 90 days as a 'month' does not refer to a period of thirty days, but refers to the actual period of a calendar month. If the month is April, June, September or November, the period of the month will be thirty days. If the month is January, March, May, July, August, October or December, the period of the month will be thirty-one days. If the month is February, the period will be twenty-nine days or twenty-eight days depending upon whether it is a leap year or not.

2. When the period prescribed is three months (as contrasted from 90 days) from a specified date, the said period would expire in the third month on the date corresponding to the date upon which the period starts. As a result, depending upon the months, it may mean 90 days or 91 days or 92 days or 89 days, relying on the decision in *State of Himachal Pradesh v. Himachal Techno Engineers* (2010) 12 SCC 210. On this basis, the Supreme Court held that the petition filed, on 11.03.2008, was well in time and was not barred by limitation.

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3. The Supreme Court, while considering this issue and after noticing that Section 3(35) of the General Clauses Act, 1897 defines a “month” as meaning a month reckoned as a British calendar, has also noted the Judgment of the House of Lords in *Dodds v. Walker* 1981 (2) W.L.R. 609 (HL).. The House of Lords while considering the period within which a tenant can approach the Court under the Landlord and Tenant Act, 1954.
 4. The aforesaid Judgments clearly laid down the principle that, when a period, available for a certain action, is defined in terms of months, it would mean that the corresponding date of the corresponding month would be the cutoff date. In the present case, the cutoff date for issuing an order is 28.02.2025.
 5. The three months period which would elapse from this date would be 28.11.2024. Since the notice was issued on 30.11.2024, it would be beyond the time stipulated under Section 73(2) of the GST Act.
 6. The next issue that remains is whether the delay of two days in issuing the said notice can be condoned or whether the issue is not relevant as the provision is only directory.
 7. One of the primary protections in GST is that orders cannot be passed against the tax payers, beyond the periods stipulated in

the Act. It is settled law that these periods of limitation are mandatory and not orders can be passed beyond the periods set out in the Act.

8. In such a situation, it would be difficult to hold that the stipulation as to the period of initiation, of such proceedings, by issuance of a show cause notice, would only be directory and not mandatory.
9. Section 75 of the GST Act, stipulates that the tax payer is not only entitled to a notice before any assessment is carried out but also the right of personal hearing, irrespective of whether such personal hearing is requested. When there is a possibility of an adverse order being passed against tax payer, the facility of obtaining at least three adjournments for personal hearing etc. The said provisions, protecting the interest of the tax payer, would be rendered otiose if notice should permitted to be sent without a minimum waiting period.
10. The said protections can then be bypassed by the authorities issuing show cause notice with a week's time or 10 days and calling upon tax payer to put forth his objections in that shortened time. That does not appear to be intent of the provisions of Section 75(2) or Section 73 (10) of the GST Act.

11. For the aforesaid reasons the time permit set out under 73(2) of the Act was held to be mandatory and any violation of that time period cannot be condoned, and would render the show cause notice otiose.

Hence, the writ petition was allowed quashing the show cause notice, dated 30.11.2024.

2. GST - ISSUANCE OF SUMMARY OF SCN IN FORM GST DRC-01 WITHOUT ATTACHING THE SCN DESPITE CLAIMING TO INCLUDE THE SAME - ORDER SET ASIDE

In Rohul Amin Akand v. State of Assam 2025(96) GSTL 93/ (2025) 26 Centax 156 (Gau.), the petitioner was issued a Summary of the Show Cause Notice dated 16.12.2023 in GST DRC-01 wherein the Show Cause Notice was purported to be attached, but in vain. The petitioner did not reply to the Show Cause Notice in view of the fact that there was no Show Cause Notice attached to the Summary of the Show Cause Notice. Consequent to which, Order dated 30.04.2024 was issued in GST DRC-07 along with an attachment stating the manner in which the determination was made as also the fact that the taxpayer had not replied or contested the notice, and as such, had been agreed with the terms of the notice. The attachments

to both the GST DRC-01 as well as the GST DRC-07 did not contain any signature of the Proper Officer. It is the grievance of the petitioner that the petitioner was not provided with the opportunity of hearing as provided u/s 75 (4) before passing of the order dated 30.04.2024 and being aggrieved, filed a writ petition with the high court which observed as under:-

1. The petitioner has approached the Court alleging infraction to the various provisions of the Central Act, the State Act as well as the Rules framed thereunder. It is also the case of the petitioner that the principles of natural justice have been violated as is not only a statutory mandate but also violative of Article 21 of the Constitution.
2. A perusal of the records would show that in the Summary of the Show Cause Notices issued in GST DRC-01 to the petitioner in the writ petition, there is a mention therein that there is a Show Cause Notice attached. It is the case of the respondents that the said attachment wherein determination of tax is mentioned is the Show Cause Notice.
3. The question therefore arises as to whether the said attachment can be said to be a Show Cause Notice as per the mandate of both the Central Act as well as the State Act and the Rules made therein under. It would be apposite to take note of that in all

these cases, the Summary of the Show Cause Notices have been issued in terms with Section 73.

4. Taking into account that it is only in the circumstances referred to above, the Proper Officer is required to issue a Show Cause Notice, therefore, the Show Cause Notice is required to specifically mention the reason(s) and the circumstances why the provision of Section 73 had been set into motion. The person against whom the said Show Cause Notice is issued would only have an adequate opportunity to submit a representation justifying that the prerequisites for issuance of Show Cause Notice is not there if and only if the reason(s) for issuance of the Show Cause is specifically mentioned in the Show Cause Notice.
5. Section 73 further stipulates that upon consideration of the representations, if any, the Proper Officer shall pass the order under Section 73 (9) determining the amount of tax, interest and penalty.
6. Section 73 (2) and Section 73 (10) are interconnected in as much as Section 73 (10) stipulates that within three years from the due date for furnishing the annual return for the financial year, the order under Section 73 (9) can be passed. In terms with Section 73 (2), the Show Cause Notice is to be issued within three months prior to the time limit prescribed in Section 73 (10).

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7. Irrespective of Statement to be issued in terms with Sub-section (3) of Section 73, there is a requirement of issuance of a Show Cause Notice by the Proper Officer.
 8. In addition to the Show Cause Notice to be issued under Section 73 (1) and the Statement of determination of tax under Section 73 (3), there is an additional requirement of issuance of a Summary of the Show Cause Notice in GST DRC-01 and the Summary of the Statement in GST DRC-02. The natural corollary from the above analysis is that the issuance of the Show Cause Notice and the Statement of determination of tax by the Proper Officer are mandatory requirement in addition to the Summary of Show Cause Notice in GST DRC-01 and Summary of the Statement in GST DRC-02.
 9. In *NKAS Services (P.) Ltd. v. State of Jharkhand* 2022 (58) G.S.T.L.257 (Jhar.)/[2022] 99 GSTR 145 it was held that a Summary of a Show Cause Notice issued under GST DRC-01 cannot substitute the requirement of a proper Show Cause Notice.
 10. Similarly, in the case of *LC Infra Projects (P.) Ltd. v. Union of India* 2019 (28) G.S.T.L. 3 (Kar.) / [2020] 73 GSTR 248, it was observed that the issuance of a Show Cause Notice is a sine qua non to proceed with the recovery of interest payable thereon under Section 50 of the Act.

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11. From the above, it is evident that the Summary of the Show Cause Notice along with the attachment containing the determination of tax cannot be said to be a valid initiation of proceedings under Section 73 without issuance of a proper Show Cause Notice. The Summary of the Show Cause Notice is in addition to the issuance of a proper Show Cause Notice. Under such circumstances, the impugned order challenged in the instant writ petition is contrary to the provisions of Section 73 as well as Rule 142 (1) (a) of the Rules as the said impugned Orders were passed with issuance of a proper Show Cause Notice.
12. Whether the determination of tax as well as the order attached to the Summary to the Show Cause Notice in GST DRC-01 and the Summary of the Order in GST DRC-07 can be said to be the Show Cause Notice and order respectively, this Court duly dealt with what would constitute a Show Cause Notice, the Statement as per Section 73 (3) as well as the Summary to the Show Cause Notice in GST DRC-01 and Summary of the Statement in GST DRC02. The statement to be provided by the Proper Officer in terms with Section 73 (3) cannot be said to be a Show Cause Notice which is required to be issued in terms with Section 73 (1). Therefore, the submission of the respondents that the statement attached to the Summary of the Show Cause Notice is the Show Cause Notice is completely misconceived and contrary to Section 73 (1) and 73 (3).

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13. A perusal of Rule 26 (3) would show that notices, certificates and orders under the provisions of Chapter III shall be issued electronically by the Proper Officer or any other officer authorized to issue such notices or certificates or orders through digital signature certificate or through e-signature as specified under the provisions of the Information Technology Act, 2000 or verified by any other mode of signature or verification as notified by the Board in that behalf. Chapter III of the Rules of 2017 pertains to Registration whereas in respect to Demand and Recovery, it is Chapter XVIII.
14. Now therefore a question arises as to whether Rule 26 (3) can be applicable to Chapter-XVIII when the said Sub-Rule on refers to Chapter-III.
15. In *Silver Oak Villas LLP v. Assistant Commissioner (ST) 2024 (86) G.S.T.L. 161/(2024) 17 Centax 442(Telangana)/{WP (C) No.6671/2024}*, the high court applied Rule 26 (3) of the Rules of 2017 even to Chapter-XVIII of the Rules of 2017.
16. In the case of *A V Bhanoji Row v. Assistant Commissioner ((ST)) (2025) 26 Centax 436 (A.P.) / [2024] 123 GSTR 432*, it was held that held that the signatures cannot be dispensed with and Sections 160 and 169 cannot save an order, notice, communication which did not contain a signature.

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17. In *Railsyls Engineers (P.) Ltd. v. Additional Commissioner of Central Goods and Services Tax*, Appeals-II 2022 (65) G.S.T.L. 159 (Delhi)/(2023) 112 GSTR 143, the high court held that there was a requirement of at least putting the digital signatures on the Show Cause Notice and Order in Original.
18. A perusal of the provisions of Section 73 would show that the Show Cause Notice is required to be issued by the Proper Officer, the Statement under Section 73 (3) is to be issued by the Proper Officer as well as the Order under Section 73 (9) is required to be passed by the Proper Officer. Section 2 (91) of the Act defines who is the Proper Officer meaning thereby either the Commissioner or the Officer who had been specifically entrusted by the Commissioner. As it is the statutory mandate that it is only the Proper Officer who has the authority to issue Show Cause Notice and the Statement and pass the order, the authentication in the Show Cause Notice, Statement as well as the Order by the Proper Officer is a must and failure to do so, makes the Show Cause Notice, Statement and Order ineffective and redundant.
19. It is also important to note that the Act only stipulates that notice would be issued and order would be passed by the Proper Officer. The manner in which the Proper Officer would authenticate the notice(s) or the order(s) in so far as other

Chapters of the Rules of 2017 is silent except Chapter-III. Taking into account the utmost necessity of the authentication by the Proper Officer, this Court is of the opinion unless appropriate insertion are made in the Rules or notification are issued as per the directions of the Board to fill the void in the Rules of 2017, the authentication in the manner stipulated in Rule 26 (3) of the Rules of 2017 has to be applied as and when the Proper Officer is required to issue notice or Statement and pass Order in terms with the Act.

20. The petitioner was only asked to file his reply on a date specified. There was no mention as to the date of hearing and the Column was kept blank. However, the petitioner had sought for an opportunity of hearing which was however not given. In this regard, if Section 75 (4) of mandates of that an opportunity of hearing should be granted when a request is received in writing from the person chargeable with tax or penalty or when any adverse decision is contemplated against such person which is a safeguard provided to the assesseees so that they can have a say in the hearing process.

21. In *Mahindra & Mahindra Ltd. v. Union of India* 2024 (88) G.S.T.L. 158/(2024) 18 Centax 33 (Chhattisgarh), it was held that when the statute contains a mandate of hearing, the same has to be granted, else it would render the provision porous.

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22. When the statute is clear to provide an opportunity of hearing, there is a requirement of providing such opportunity. In the details have been given as regards the date by which the reply has to be submitted; date of personal hearing; time of personal hearing and venue of personal hearing. In the Summary of the Show Cause Notice only the date for submission of reply has been mentioned. In respect to other details as stated above have been mentioned to as 'NA'. The Proper Officer assumed that based on the reply he/she may proceed with the adjudication depending as to whether the person to whom the notice is issued had opted for personal hearing or not. But in a case where no reply is filed, a question arises whether the Proper Officer can pass an adverse order without providing an opportunity for hearing. The answer has to be in the negative else it would render the second part of Section 75 (4) redundant.
23. The Summary of the Show Cause Notice in GST DRC-01 is not a substitute to the Show Cause Notice to be issued in terms with Section 73 (1) of the Central Act as well as the State Act. Irrespective of issuance of the Summary of the Show Cause Notice, the Proper Officer has to issue a Show Cause Notice to put the provision of Section 73 into motion.
24. The Show Cause Notice to be issued in terms with Section 73 (1) Act cannot be confused with the Statement of the

determination of tax to be issued in terms with Section 73 (3). In the instant writ petitions, the attachment to the Summary of Show Cause Notice in GST DRC-01 is only the Statement of the determination of tax in terms with Section 73 (3). The said Statement of determination of tax cannot substitute the requirement for issuance of the Show Cause Notice by the Proper Officer in terms with Section 73 (1) of the Central or the State Act.

25. Under such circumstances, initiation of the proceedings under Section 73 against the petitioners in the instant batch of writ petitions without the Show Cause Notice is bad in law and interfered with. The Show Cause Notice and the Statement in terms with Section 73 (1) and 73 (3) are required to be issued only by the Proper Officer as defined in Section 2 (91).
26. Additionally, the order u/s 73 (9) is also required to be passed by the Proper officer. The Summary of the Show Cause Notice, the Summary of the Statement under Section 73 (3) and the Summary of the Order passed in terms with Section 73 (9) are to be issued in GST DRC-01, GST DCR-02 and GST DRC-07 respectively. The issuance of the Summary of the Show Cause Notice, Summary of the Statement and Summary of the Order do not dispense with the requirement of issuance of a proper

Show Cause Notice and Statement as well as passing of the Order as per the mandate of Section 73 by the Proper Officer. As initiation of a proceedings under Section 73 and passing of an order under the same provision have consequences. The Show Cause Notice, Statement as well as the Order are all required to be authenticated in the manner stipulated in Rule 26 (3). Accordingly, the impugned order is in violation of Section 75 (4) as no opportunity of hearing was given as already discussed herein above.

Hence, the impugned order was set aside with liberty granted to the respondent authorities to initiate de novo proceedings under Section 73, if deemed fit for the relevant financial year in question upon the petitioner.

3. GST - WORKS CONTRACT - DOUBLING OF TRACK, CONSTRUCTION OF ROADBED, MINOR BRIDGES, PLATFORMS, BUILDINGS, WATER AND EFFLUENT TREATMENT FACILITIES ETC. DURING THE PERIOD APRIL 2018 TO MARCH 2019 - CONCESSIONAL TAX OF 12% COVERED UNDER SL.NO.3(v)(a) OF NOTIFICATION NO.11/2017-C.T.(R) - APPLICABLE

In STS-KEC(JV) v. STO, Nanguneri 2025(96) GSTL 304/(2025) 27 Centax 424 (Mad.) the petitioner is a joint venture of M/

s.Stroytechservice LLC, Russia and KEC International Limited, formed for executing various railway projects in India. The petitioner was assigned the works contract by RVNL for “Doubling of track between Vanchi Maniyachchi to Nagercoil, construction of roadbed, minor bridges, platforms, buildings, water and effluent treatment facilities, wagon/coaching maintenance infrastructure, supply of ballast, installation of tracks and other electrical, signalling and telecommunication infrastructure in Madurai and Thiruvananthapuram Divisions of Southern Railway” for which the petitioner paid GST at the rate of 12% on the premise that the said contract constitutes works contract services of original works pertaining to Railways covered under Serial No.3(v) (a) of Notification No.11/2017, dated 28.06.2017 which was denied by the revenue (by demanding tax at the rate of 18%) for the 2018-19 to 2022-23 on the following premise viz.,

- (i) RVNL does not function under the direct control of Railways;
- (ii) RVNL is a subsidiary of Indian Railways incorporated under the Companies Act, 1956;
- (iii) RVNL is a public sector undertaking listed on the stock exchange;

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- (iv) Employees working in RVNL are not considered as employees; and
- (v) RVNL undertakes corporate social responsibility initiatives.

On a writ petition the high court observed as under:

1. "Railways", has not been defined under the GST Act. Thus, the expression "railway" employed in the above notification, ought to be understood applying the common parlance test. Whenever the legislature intended to incorporate the definitions contained in other enactments, it has provided expressly.
2. A reading of the definition of railways under Indian Railways Act, 1989 would show that the definition includes everything that would possibly have connection or is in relation to railway. Importantly, it would appear that the definition is not with reference or in relation to a particular entity i.e., Indian Railway, but intended to cover a utility/industry viz., railway.
3. Accordingly, the contract between the petitioner and RVNL for doubling of track between Vanchi Maniyachchi to Nagercoil, construction of roadbed, minor bridges, platforms, buildings, water and effluent treatment facilities, wagon/coaching maintenance infrastructure, supply of ballast, installation of

tracks and other electrical, signalling and telecommunication infrastructure in Madurai and Thiruvananthapuram Divisions of Southern Railway, would constitute 'railway' even under the definition of Indian Railways Act, more particularly covered under clauses (b), (c) and (d) to Section 2(31) of the Indian Railways Act.

4. If one reads the relevant entry to Notification No. 11/2017, it would be clear that the expression "Railway" is not employed with reference to an entity viz., Indian Railway, as conceived by the respondent which overlooks the fact that the expression "Railway" employed in the said notification is with reference to an industry/utility rather than qualifying a specific entity viz., "Indian Railway". This would be even more evident from the fact that the notification is not confined to original work pertaining to railway, but also original work pertaining to mono rail and metro rail. Mono Rail and Metro Rail are primarily funded, operated and managed by private entities.
5. If the expression railway employed in the notification were to be construed to be confined to Indian Railway in its operation it may produce results which are incongruous inasmuch as the relevant entry under the notification covers original works pertaining not only to railways but also Mono Rail and Metro

Rail which is undisputedly not part of the Indian Railway. The reference to Mono Rail and Metro Rail is only to show that the object does not appear to be to grant concession under the relevant entry to the subject notification of the qua an entity instead the object / intent appears to be to extend the benefit/ concession to industry/utility mentioned therein viz., Railway, Metro Rail and Mono Rail.

6. The next issue is to examine the scope of the expression, “pertaining to” employed in the subject notification with reference to railway. The expression “pertaining to” employed in the subject notification with reference to railways is one of very wide import. The use of the expression “pertaining to” would show that the legislation intended to give an expansive meaning to the expression “Railway” consequent to which the contract for doubling of track between Vanchi Maniyachchi to Nagercoil, construction of roadbed, minor bridges, platforms, buildings, water and effluent treatment facilities, wagon / coaching maintenance infrastructure, supply of ballast, installation of tracks and other electrical, signalling and telecommunication infrastructure in Madurai and Thiruvananthapuram Divisions of Southern Railway, between the petitioner and RVNL, would constitute original work pertaining to railway for the purpose of the subject notification.

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7. The expression “Railway” employed in the notification does not incorporate the definition under Indian Railway Act nor is it with reference to or limited in its operation to Indian Railway. In any view, assuming that the definition of “Railways” as defined under the Indian Railways Act, 1989 does apply to the subject notification, the definition of Railway under IRA extracted above does not appear to limit its operation to any particular entity or in particular Indian Railways instead covers the entire industry / utility viz., Railway.
 8. Thus any attempt to suggest that the expression “railway” employed in the subject notification would only cover “Indian Railways” would fall foul of the settled principle that exemptions cannot be curtailed by artificially narrowing down the width of the exemption or by importing conditions. It may be relevant to keep in mind that while exemption notifications must be strictly construed, it certainly would not mean that the scope of the exemption notification can be curtailed by importing conditions or giving an artificially restrictive meaning to the words in an exemption notification.
 9. The Supreme Court in *Hansraj Gordhandas V. Assistant Collector* [1978 (2) E.L.T. (J350)], held that if the taxpayer is

within the plain terms of the exemption it cannot be denied its benefit by calling in aid any supposed intention of the exempting authority.

10. It is trite law that consistency in law is as important as correctness, if not greater as held in Paper Products Ltd. v. Commissioner of Central Excise 1999 (112) E.L.T. 765 (S.C.) = (1999) 7 SCC 84.

Hence, the impugned orders were set aside and it was held that contract for doubling of track between Vanchi Maniyachchi to Nagercoil, construction of roadbed, minor bridges, platforms, buildings, water and effluent treatment facilities, wagon / coaching maintenance infrastructure, supply of ballast, installation of tracks and other electrical, signalling and telecommunication infrastructure in Madurai and Thiruvananthapuram Divisions of Southern Railway, between the petitioner and RVNL would be covered by Notification 11/2017-CGST (RATE) dated 28.06.2017 as amended vide Notification No. 20/2017 dated 22.08.2017, Notification No. 8/2017-Integrated Tax (Rate) dated 28.06.2017 and G.O.Ms.No. 94 dated 22.8.2017 CT & RE and liable to tax at 12%.

4. GST - AFFILIATION FEE COLLECTED BY UNIVERSITY SET UP BY STATE UNIVERSITY WHICH ARE IN THE

**NATURE OF STATUTORY FEE OR REGULATORY FEE IN
TERMS OF STATUTORY PROVISIONS - NOT LIABLE FOR
GST - EXEMPT**

In Goa University v. JC CGST, Panjim, Goa 2025 (96) GSTL 513/ (2025) 29 Centax 281 Bom.), the petitioner is a University established under the Goa University Act, 1984 (University Act for short) for providing higher education in the State of Goa. The adjudicating authority, vide Order-in-Original dated 10.04.2019, dropped the demand of service tax on affiliation fee collected by the University.

Thereafter, an SCN dated 27.05.2024 was issued u/s 74(5) demanding tax for the period 2017-2024 on affiliation services amounting to Rs.1,90,30,494 (Rupees One Crore Ninety Lakh Thirty Thousand Four Hundred Ninety-Four Only) along with & penalty which was replied by the University denying the liability as the same was exempt. On a writ petition, the high court observed as under:

1. Thus, the question in the present case is whether the SCN is issued on an assumed jurisdiction (where none actually existed) as to taxability of the activities of a university and the said SCN is completely contrary to statutory prescription, in which case

the high court would be competent to interfere in the exercise of its jurisdiction under Article 226 of the Constitution.

2. The term 'education' has been neither defined under the CGST Act/SGST Act nor under the Constitution of India. The Supreme Court in *Gujarat University v. Krishna Ranganath Mudholkar* - AIR 1963 SC 703, held that the expression "education" is of wide import and includes all matters relating to imparting and controlling education.
3. In *Sole Trustee, Lok Shikshana Trust v. CIT* [1976] 1 SCC 254 the term "education" was held to mean the systematic instruction, schooling or training given to the young in preparation for the work of life. It also connotes the whole course of scholastic instruction which a person has received. What education connotes is the process of training and developing the knowledge, skill, mind and character of students by formal schooling.
4. In the case of *T.M.A. Pai Foundation v. State of Karnataka* [2002] 8 SCC 481, it was observed that education plays a cardinal role in transforming a society into a civilised nation. It accelerates the progress of the country in every sphere of national activity. No section of the citizens can be ignored or left behind because it would hamper the progress of the country as a whole. It is

the duty of the State to do all it could, to educate every section of citizens who need a helping hand in marching ahead along with others.

5. In *State of Tamil Nadu v. K. Shyam Sunder* [2011] 8 SCC 737, the Supreme Court emphasized the importance of common curriculum and prescription thereof as an integral and essential requirement of education.
6. In *Indian Medical Association v. Union of India* [2011] 7 SCC 179, it was observed that education is one of the principal human activities to establish a humanised order in our country. Its ontological specification is simple: every individual, in every group, is worthy of being educated.
7. In *Bhartiya Seva Samaj Trust v. Yogeshbhai Ambalal Patel* [2012] 9 SCC 310, it was held that education not only means learning how to write and read alphabets or get mere information, but it means to acquire knowledge and wisdom so that one may lead a better life and become a better citizen to serve the nation in a better way.
8. In *Sahitya Mudranalaya (P.) Ltd. v. Addl. Director General* [(2020) 115 taxmann.com 89 (Guj.) = 2021 (46)G.S.T.L. 245 (Guj.), while examining the issue as to whether services in relation to

examination conducted by the Education Boards were exempted from service tax, it was held that conducting of examinations are indispensable part of education process. The University confers degrees/diplomas etc. after holding examinations. Unless a student holds a certificate or degree issued by a Board/University, his or her school education would not be complete, similarly, without a degree or diploma being conferred by the University, college education would not be complete. Therefore, examinations are an indispensable component of education, without which such education is incomplete. Therefore, to say that Boards/Universities are not “educational institutions” would amount to divorcing examinations from education.

9. The Petitioner University is creature of statute established with a purpose of ensuring proper and systematic instruction, teaching, training and research. The fees such as affiliation fees, prospectus fees and migration certificate fees, sports fee etc. received by the Petitioner are per se not commercial in nature. The State has a duty to provide education to the people of India. This duty is being discharged through the University.
10. The fees collected by the University i.e. Affiliation fees, PG registration fees and convocation fees are not amenable to GST

in as much as the fees collected by the University is not a consideration as contemplated in section 7 of CGST Act/GGST Act, as the fees are collected in the nature of statutory fee or regulatory fee in terms of the statutory provisions and not contractual in nature. The same cannot be given a colour of commercial receipts as there is no element of commercial activity involved in the subject transaction.

11. In *Asstt. CIT (Exemptions) v. Ahmedabad Urban Development Authority* (2023) 4 SCC 561, it was held that the concept of consideration involves an element of contractual relationship wherein the person undertaking the activity of supply does so at the desire of another in exchange of consideration. Essentially there shall involve a quid pro quo. The fee collected for affiliation will not qualify as consideration since neither quid pro quo is involved nor it is a contractual obligation.
12. The affiliation fee is collected while discharging the statutory functions under the Goa University Act, 1984. The petitioner is actively involved in imparting education to students and it acts as a regulator of education. It is in view of the affiliation from the petitioner University to constituent colleges that the colleges conduct programmes of study. The activities undertaken by the Petitioner University are statutory and regulatory in nature.

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13. In *Shri Ramtanu Co-operative Housing Society Ltd. v. State of Maharashtra* [1970] 3 SCC 323, it was held that the Maharashtra Development Corporation, incorporated under the Maharashtra Industrial Development Act, 1961, was established for carrying out the purposes of the Act and that the pith and substance of the Act is establishment, growth and organization of industries; acquisition of land in that behalf and the Corporation was functioning as one of the limbs or agencies of Government. It was further held that powers and functions of the Corporation show that these are all in aid of the principal and predominant purpose of the corporation which is growth and establishment of industries.
14. In *Asstt. CIT(Exemptions) V. Ahmedabad Urban Development Authority* - (2023) 4 SCC 561, it was held that the amounts or money charged by the statutory bodies or institutions is for achieving public functions or services. Such amounts are excluded from the mischief of commercial receipts.
15. In *Manonmaniam Sundaranar University v. Joint Director (GST Intelligence)* – 2022 (58) G.S.T.L. 27 (Mad.), it was held that the affiliation fees as well as the inspection commission collected by the University are in the nature of statutory levies and such fees collected by the Petitioner cannot be amenable to levy of Service Tax.

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16. Consequently, the fees collected by the Petitioner University are in terms of the statutory mandate to undertake the activities as set out in the Goa University Act towards regulating the activity of colleges affiliated to the university cannot be brought under the GST net.
17. The exemption entry (Notification No. 12/2017 dated 28.06.2017) firstly provides that the service provided by an educational institution to its students, faculty and staff are exempted and secondly, services provided by third parties to an educational institution relating to the matters specified therein are exempted from fees.
18. Even assuming that the affiliation fees collected by the university, is to be regarded as a service, the said services provided by Goa University are covered under the 1st limb of the exemption entry as ultimately the student of an affiliated college has to be regarded as a student of the university which grants him the degree.
19. Without the affiliation from the Petitioner University, the constituent colleges are not permitted to admit students for the courses. Further, the examination is conducted by the Goa University which in turn leads to award of degree to the

students. Hence the fees which are collected from colleges are clearly covered by the exemption notification. The activity of the Goa University in collecting the affiliation fees is exempt from GST.

20. The Goa University is actively involved in imparting education to students and it acts as a regulator of education. It is on the basis of the affiliation that is granted by the University that the affiliated colleges conduct courses, conduct examinations and also award the degree to the students admitted to secondary education. The term 'education' should not be restricted to the activity of teaching/providing instruction to students inside a classroom, rather it is a wider term which would involve the activity of designing the curriculum for the course of study which would be used by constituent colleges, giving affiliation to colleges so that the standard of education imparted by them is in accordance with the standards set by the Goa University, conferring the degree at the end of the course to the students.
21. The Impugned Show Cause Notice relies on CBIC clarifications vide Circular dated 17/06/2021 which, while clarifying the exemptions availability to the National Board of Examination, in paragraph 4(iii) of the circular states that GST at the rate of 18% applies to other services provided by such Boards, namely

of providing accreditation to an institution. Paragraph 2 of the Circular dated 11/10/2024, clarified that affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions.

22. In so far as the University is concerned, these clarifications are contrary to the statutory provisions of Sections 7 and 9 of the GST Legislations in as much as the said Circular assumes that the said activity of affiliation service provided by the University to their constituent colleges would qualify as supply.
23. In CCE v. Ratan Melting & Wire Industries 2008 (231) E.L.T. 22 (S.C.), it was held that the clarifications which are contrary to the statutory provisions have no existence in law to attract levy of GST in terms of section 9, it has to be first established that the activity undertaken by the petitioner University would qualify to be 'supply' in terms of Section 7 of the CGST Act.
24. Imposing levy by way of clarifications is impermissible. Moreover, by the impugned Circular, additional restrictions for availing exemption duty under Entry 66 of the Notification dated 28.06.2017 is enforced and therefore also the clarification which is not in consonance with the statutory provisions and the exemption Notification dated 28.06.2017 cannot be acted upon.

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25. By the impugned Circular dated 17.06.2021 it was clarified that - (a) any services provided by examination board by way of conduct of examination for students including entrance examination for admission to education institutions and fees collected thereof shall be exempted from GST; (b) GST is also exempted for input services availed by the education institutions for conducting examination and entrance examinations; (c) However, other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorise them to provide their respective services would be liable to GST at 18%.
26. Thus, the said clarifications restrict the scope of exemption notification and makes the fee collected by the board from the educational institution for the purpose of accreditation to such board, liable for GST.
27. By the Circular dated 11.10.2024, the respondent clarified that (a) the activity of affiliation is to monitor and ensure whether the institution possesses the required infrastructure and is thereby eligible for the privileges to conduct the course/program of study for the degree/title extended by the University to the students enrolled in such institutions; (b) the affiliation services provided

by the universities to colleges are not by way of services related to the admission of students to such colleges or the conduct of examinations by such colleges and consequently, the said services are not covered within the exemption.

28. In *Bhartia Education Society v. State of H.P.* [2011] 4 SCC 527, in the context of the NCTE Act, it was observed that “affiliation” enables and permits an institution to send its students to participate in the public examinations conducted by the examining body and secure the qualification in the nature of degrees, diplomas, certificates, etc.
29. In *Principal v. Presiding Officer* [1978] 1 SCC 498, it was held that affiliation is meant to prepare and present students for public examination and that it was essentially an activity relating to admission and examination of students and hence the Circular dated 11.10.2024 in its application to the petitioner University is contrary to the settled legal position. The circular cannot take away the effect of the notification statutorily issued. The Respondents cannot whittle down the exemption notification and restrict the scope of the exemption notification by issuing a circular, whereby a new condition is sought to be incorporated thereby restricting the scope of the exemption, relying on *Sandur Micro Circuits Ltd. v. CCE* [2008 (229) E.L.T. 641 (S.C.)].

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30. In *Union of India v. Inter Continental (India)* [2008 (226) E.L.T. 16 (S.C.)], while examining the issue as to whether CB EC by way of circular could introduce additional condition for claiming exemption for imported crude palm oil, it was held that that by issuing a circular subsequent to a notification, the department could not add new conditions to the notification, thereby restricting the scope of exemption notification or whittling it down.
31. GST has been demanded based on the income recorded in the financial statements. However, the activity has to qualify supply to be made liable to GST. The amounts that are chargeable to tax arise on account of supply of goods or services or both and in the absence of this, the show cause notice would be bad on jurisdictional facts, relying on *Girdhari Lal Nannelal v. CST* [1976] 3 SCC 701, *Haleema Zubair v. State of Kerala* 2009 (13) S.T.R. 113 (S.C.) and *P.C. Ittymathew & Sons v. Dy. CST* [2000] 9 SCC 318.
32. The petitioner University has reported income in the income and expenditure account and its schedules and sub-schedules have been listed and the GST is demanded on the same without establishing as to how these incomes would be liable to GST. GST is proposed on the sale of prospectus, sale of old newspaper,

various fees towards sports, eligibility certificate, migration certificate, admission fee etc., received from students are also taken for the purpose of demand as also on the interest income earned. The burden to prove such intention rests on the Department and where the main and dominant activity of the University is education, it cannot be termed as business activity to demand tax, relying on the decision in CST v. Sai Publication Fund – (2023) 4 SCC 57.

33. Incomes such as rent/license fee received from teachers or staff are clearly exempt from tax being residential in nature and being services rendered to faculty. The interest income is exempt from tax in terms of serial 27 of Notification 12/2017-CT(R) dated 28.06.2017. Rent received from third parties towards setting up Kiosks and others, GST has already been remitted and reported in the returns.

Hence, the petition was allowed and it was held that the activities of the petitioner University not being commercial in nature, are not amenable to GST and that there was a complete absence of jurisdictional facts to issue the impugned show cause notice.

5. GST - SUPPLY OF SERVICES TO MEMBERS OF CLUB OR ASSOCIATION - SELF SUPPLY- RETROSPECTIVE AMENDMENT TO THE DEFINITION OF SUPPLY TO

INCLUDE ACTIVITY/TRANSACTIONS BY A PERSON TO ITS MEMBERS OR CONSTITUENTS VICE-VERSA CANNOT SATISFY THE DEFINITION OF SERVICE WHICH REQUIRES TWO PERSONS - SUPPLIER AND RECEIVER - AMENDMENTS ARE UNCONSTITUTIONAL AND VOID BEING ULTRA VIRES PROVISIONS OF ARTICLE 246A READ WITH ARTICLES 366(12A) AND 265 OF CONSTITUTION

In *Indian Medical Association v. UOI* 2025(96) GSTL 532/(2025) 29 Centax 232 Ker.), a writ petition was filed by the Kerala State Branch of the Indian Medical Association apprehending coercive action from the Directorate General of GST Intelligence for recovery of tax on various services rendered by it to its members. when it was served with summons requiring it to produce details of the registration taken by it under the GST Act and their audited books of accounts and other financial documents for the financial years from 2017-18 to 2021-22. The Schemes have separate bank accounts, and accounts of each Scheme are drawn up and separately audited.

The writ petitioner bona fide believed that they were not liable to pay GST on services rendered by it to its members under various Schemes since it was well settled through a line of

precedents that the principle of mutuality would insulate services rendered by a Club/Association to its members from the levy of GST on supply of services. The underlying basis for the non-taxability of such services was the concept that when a Club/Association provides services to its members, there is no separate recipient of the services provided by the Club/Association and that the services were effectively provided by the members of the Club/Association to themselves.

This basis of non taxability was, however, removed by an amendment of the provisions of Section 2(17)(e) and Section 7(1)(aa) read with the Explanation thereto that introduced deeming provisions making the supply of services by a Club/Association to its members a taxable supply for the purposes of the levy of tax. The amendment that was introduced through the Finance Act, 2021 was also made retroactive with effect from 01.07.2017, thereby adding to the financial woes of the petitioner.

The learned Single Judge found that, insofar as the amendment through Finance Act, 2021 had the effect of removing the basis of the immunity, that was hitherto granted to the petitioner on the principle of mutuality, and there was no merit in the contentions of the petitioner as regards manifest arbitrariness of the statutory provisions, the declaration sought for in the writ

petition could not be granted. The Learned Judge, however, found that the retroactive operation given to the amendment could not be legally sustained on the principles of fairness and set aside the retroactivity envisaged for the amendment. On a writ appeal before the Division Bench, it was observed as under:-

1. The main issue to decide is when the Constitution has understood a taxable transaction as necessarily involving two persons, can a legislature deem a transaction that does not involve two persons as a taxable transaction? This is the limited point of variance with the views of the learned Single Judge who found no merit in the argument of the writ petitioner that the amendments had to be invalidated for the reason that it was ultra vires the Constitutional provisions.
2. GST is envisaged as a levy of tax on the “supply” of “goods or services or both”. The words “goods”, “supply” and “services” are understood in a particular sense under the Constitution. When the words used in the Constitutional text have acquired a meaning through judicial interpretation over the years, one must assume that that is the same sense in which the word is used when inserted into the Constitution through a later amendment.

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3. While “goods” is a standalone concept, meaning thereby that it is not something that requires a plurality of persons to infer its existence, the concepts of “supply” and “service” do require a plurality of persons to infer their existence. This aspect was recognised in *Ranchi Club Ltd. v. Chief CCE & ST* – 2012 (26) S.T.R. 401 (Jhar.) wherein it was laid down that the basic feature common in sale and services was that both required the existence of two parties. The decision in *Ranchi Club Ltd.* was quoted with approval by the Supreme Court in *State of West Bengal & Ors. v. Calcutta Club Ltd.* [2019 (29) G.S.T.L. 545 (S.C.) too.
 4. Therefore, it can be safely assumed that the scheme of GST under the Constitution also contemplates the existence of at least two persons - a provider and a recipient before one can infer either a “supply” or a “service” for the purposes of the levy. In other words, the concepts of self-supply or self service are not envisioned under the constitution for the purposes of the levy.
 5. Article 246A of the Constitution, that confers simultaneous legislative powers on the Union and the States to make laws with respect to goods and service tax, uses the word “supply” without giving it an artificial meaning that would take in even a “deemed supply”. In fact, even by the Constitution [46th Amendment] Act, 1982 when a deeming provision was

introduced to bring transactions, that did not fit into the traditional concept of sale of goods, to sales tax, the exercise that was done was to amend the Constitution to deem those transactions as “Sales” or “Purchases”.

6. Thus, under Article 366(29A), a tax on the “supply of goods” by an incorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration, was deemed to be a “tax on the sale or purchase of goods”.
7. In contrast to the above, what has been done through the present amendment to the CGST/SGST Act is merely to amend the definition of “supply” to include “activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration”. Significantly, such supply has not been deemed to be a “service”, and the concept of “service” itself has not undergone a change, to include within its fold such activities or transactions.
8. Therefore, the decisions in *Karnataka Bank Ltd. v. State of Andhra Pradesh* [2008] 2 SCC 254 and *Ramanlal Bhailal Patel v. State of Gujarat* (2008) 5 SCC 449), that held that it is always open to the legislature to provide an artificial meaning to a word

for the purposes of the Statute, and that the mere fact that the said meaning of the word in the Statute differs from its popular meaning can be of no avail, shall not apply.

9. What is being confronted with in these proceedings is a situation where the statutory exercise undertaken by the legislative body has given a meaning to a word/concept therein that differs from the accepted meaning of the same word/concept under the Constitution.
10. When a word/concept in the Constitution has been interpreted by the Supreme Court in a particular manner, a legislative body, that derives its legislative competence to enact a Statute from the Constitution, cannot give to the word/concept a meaning that goes against the meaning assigned to the same word/concept by the Supreme Court in the context of its setting under the Constitution. This is especially so because, when used in the Constitution in a particular sense, it is that sense of the word/concept that determines the very competence of the legislature to enact a law in relation to the subject represented by that word/concept.
11. The levy of GST is on the “supply” of taxable “goods” or “services” or both for a consideration. The concept of “supply” and “service” as understood under the Constitution and the

CGST/SGST Acts (before their amendment) both excluded transactions informed by the principle of mutuality ie. a supply/service from one entity to itself (self supply/self service).

12. Thus, even if there is now a deemed “supply”, based on the amendments effected to the CGST/SGST Acts, there is no deemed “service” in circumstances where the service is rendered by a club or association to its members, since the definition of service has not been amended.
13. The Constitution has not been amended to deem a supply of service by a club or association to its members as a taxable service for the purposes of GST. The decision of the Supreme Court in Calcutta Club Ltd. is authority for the proposition that the principle of mutuality has survived under the Constitution even after the 46th Amendment. If that be so, then the amendment exercise carried out by the Parliament would itself have to be seen as unconstitutional since it incorporates a definition of supply that militates against the constitutional understanding of the term.
14. A phrase as understood under the Constitution cannot be statutorily expanded by any legislature since the power to legislate is itself one that is conferred by the Constitution.

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15. When similar situations arose in the past where various State legislatures attempted to broaden the tax net by statutorily expanding the definition of “sale”, the Supreme Court struck down such amendments as being beyond the meaning of the word ‘sale’ in Entry 54 of List II of the Seventh Schedule to the Constitution. To get over the said decisions of the Supreme Court, the Constitution had to be amended to add six sub-clauses [(a) to (f)] to the newly inserted Article 366 (29A) of the Constitution.
16. The concepts of “supply” and “service” having been judicially interpreted as requiring at least two persons - a provider and a recipient, for inferring their existence, and the Supreme Court having held in *Calcutta Club Ltd.* (supra) that the principle of mutuality has survived the 46th amendment to the Constitution, so long as the said judgment holds sway as a binding precedent and/or the Constitution is not amended suitably to remove the concept of mutuality from the concepts of supply and service thereunder, the impugned amendment to the CGST/SGST Acts must necessarily fail the test of constitutionality.

Accordingly the provisions of Section 2(17)(e) and Section 7(1)(aa) and the Explanation thereto were declared as unconstitutional and void being ultra vires the provisions of Article 246A read with Article 366 (12A) and Article 265 of the Constitution of India.

Furthermore, the Division Bench concurred with the findings of the Learned Single Judge which held the retrospective/retroactive operation given to the said provisions as illegal as the principle of fairness is one that must inform all actions of a State, including legislation, since it is an essential aspect of the Rule of Law that is recognised as a basic feature of the Constitution as the insertion of a statutory provision that alters the basis of indirect taxation with retrospective effect, so as to tax persons for a prior period when they had not anticipated such a levy resulted in the denial of an opportunity to collect the tax from the recipient of their services which militates against the concept of Rule of Law.

Hence, the writ appeal was allowed with consequential relief

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SUMMARY OF AAR/AAAR

1. Requirement to obtain registration under GST in the state where goods are traded through Free Trade and Warehousing Zone located in SEZ



CA. AMAN GOYAL &



CA. VENKADATHRI
RAJARAMAN

In the case of M/s. West Pharmaceutical Packaging India Private Limited (referred to as “applicant”) (Order No. TN/22/ARA/2025) – Tamil Nadu Authority for Advance Ruling

Facts of the case

- The applicant (registered in the state of Telangana) is engaged in the trading of “rubber stopper” products for pharmaceutical use which are imported through Free Trade Warehousing Zone (“FTWZ”) unit located in Tamil Nadu.
- The applicant is affiliated to overseas group companies engaged in manufacturing and production of pharmaceutical products and supply of the same to the applicant for further sale to end customers located in India.

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- For the procurement of the said products from overseas group companies the applicant places a purchase order from their registered place of business in Telangana to import the said goods into FTWZ located in Tamil Nadu.
 - The FTWZ unit is operated by a service provider holding requisite licenses and approvals under SEZ Act, 2005. Such service provider assists the applicant in warehousing, storage, packaging, logistics, undertaking customs clearances and activities relating to the import of the goods into FTWZ.
 - The applicant, being registered in Telangana undertakes the aforesaid activities through FTWZ unit situated in Tamil Nadu. The said operation is supervised by the applicant from the state of Telangana and the applicant does not have any presence in the state of Tamil Nadu i.e., the applicant is not registered under GST in Tamil Nadu.
 - Goods are imported on a “bill to-ship-to” arrangement where the export invoice issued by overseas supplier is billed in the name of the applicant (registered in Telangana) and the goods are dispatched or shipped to the location of the FTWZ unit in Tamil Nadu for the purpose of import.

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- The payment is made by the applicant to the overseas group company based on the price agreed as per the invoice issued by overseas supplier. Once the customer is identified and contracted for sale, a commercial invoice is raised by the applicant from the state of Telangana with “bill from Telangana, ship from FTWZ, Tamil Nadu” arrangement. The customer remains as the ‘importer on record’ for the purpose of customs clearances. The applicable duties of customs along with integrated tax is discharged by the service provider on behalf of the customer. Such duty amount paid is recovered by the service provider from the applicant, who in turn recovers the same from the end customer.

Question before AAR

- Whether the applicant is required to obtain registration under GST in the state of Tamil Nadu as per Section 22 of the CGST Act for the operations undertaken from the FTWZ unit?

Interpretation of law by the applicant

- FTWZ unit is regulated under the provisions of Section 3(4) and section 4(1) of Special Economic Zones Act, 2005 (‘SEZ Act’) and

is notified as a special category of Special Economic Zone ('SEZ') with a focus on trading and warehousing.

- Any provision issued and enforceable in the context of an SEZ shall equally apply for an FTWZ unit. Instruction No.60 dated 6th July 2010, issued by the Ministry of Finance, has specifically clarified that units established in FTWZ can hold goods on behalf of the foreign suppliers as well as domestic suppliers and buyers.
- The SEZ Act or rules framed thereunder do not prescribe that a person storing goods with a FTWZ unit would be required to get itself registered with the Development Commissioner of SEZ. In other words, the applicant is not be required to get themselves registered as a unit under the SEZ law, in a situation where the applicant has engaged a licensed FTWZ unit (through a service provider) to warehouse the goods under the service provider's license.
- An FTWZ unit is exempted from the levy of customs duty including IGST on import of goods in terms of section 26(1)(a) of SEZ Act read with Rule 27 of SEZ rules 2006. When goods are brought into an FTWZ unit, the importer is required to file

‘bill of entry for warehousing’. As the imported goods are stored in FTWZ unit and not cleared for home consumption, there is no levy of customs duty. Supply of goods before their clearance from the warehouse would not be subject to levy of customs duty and IGST.

- Under Schedule III of the CGST Act, the supply of warehoused goods to any person before clearance for home consumption is treated neither as a supply of goods nor as supply of service. FTWZ being a special category of an SEZ, can be implied as a customs warehouse under the provisions of Customs Act. Accordingly, sale of goods stored in the FTWZ to the Indian customer is covered under schedule III (neither supply of goods nor services) and hence, such transaction is not subject to IGST in the hand of the applicant. The Finance Act, 2025, has inserted entry 8(aa) in schedule III to provide retrospective effect to exclude any supply of goods warehoused in an SEZ or FTWZ to any person before clearance to domestic tariff area from the levy of GST.
- In terms of section 22 of the CGST Act, every supplier shall be liable to be registered in the state or union territory, from where he makes a taxable supply of goods or services or both.

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- Considering that the sale transaction undertaken by the applicant to Indian customers is covered under Schedule III of the CGST Act and are neither supply of goods nor services, the activity of trading from FTWZ is not liable to tax and therefore, registration under GST is not required.
 - Rule 11 (5) of the SEZ Rules prohibits an FTWZ from leasing of space to non-SEZ units. The applicant would practically be unable to take registration in Tamil Nadu inside the FTWZ unless they register as an FTWZ unit. Even in case the applicant takes a registration outside the FTWZ, they may face challenges in adding the FTWZ location as an additional place of business.

Observations & Ruling of AAR

- Since no liability to pay IGST by the applicant arises while making sale of goods lying in the FTWZ warehouse to any customer (before clearance for home consumption), the requirement of a registration under section 22 of the CGST Act, 2017 for this purpose, in the state of Tamil Nadu, does not arise. The GST registration obtained by the applicant in the state of Telangana would be sufficient.

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- The applicant is not required to obtain a separate registration under GST in the state of Tamil Nadu

2. Eligibility to avail input tax credit based on TR-6 challan and re-assessed bill of entry

In the case of M/s. Becton Dickinson India Private Limited (referred to as “applicant”) (Order No. TN/20/ARA/2025) - Tamil Nadu Authority for Advance Ruling

Facts of the case

- The applicant is engaged in the manufacturing and trading of medical equipment and devices. The applicant imports the goods from its group companies located outside India, upon payment of customs duty and IGST.
- Since the goods are imported from related parties, the transaction value of import is subject to review by the Special Valuation Branch (SVB) of Customs under Circular No. 5/2016-Customs. Accordingly, an SVB Order has been obtained by the applicant from the Deputy Commissioner of Customs, SVB, New Delhi.

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- At the end of the financial year as per the Income Tax Law, the ALP margin is determined and compared with the actual margins earned by the applicant on the sale of imported goods. In case, the actual margin earned by the Applicant is more than the ALP margin, the applicant transfers the differential margin through a pricing adjustment ('true up') for the value of goods imported from the overseas entity.
 - Owing to increase in business and domestic prices, the applicant has earned an operating profit in excess of the arm's length range of operating margin (as determined under the transfer pricing regulations under the Income Tax Law).
 - The SVB order has held that the applicant shall be liable to pay the customs duties along with applicable interest in case of upward revision in the invoice value of imported goods on account of transfer pricing adjustments. The differential duty and IGST in this regard have been discharged by way of TR-6 challan in certain cases, while the bill of entry in this regard has been re-assessed in certain other cases.

Question before AAR

- (i) Whether the Applicant can avail the ITC of the import IGST paid through TR-6 Challan in terms of Section 16 (2) of the CGST Act read with rule 36 of CGST Rules?
- (ii) Whether the eligibility to avail ITC of the import IGST paid vide TR-6 Challan is subject to the time limit prescribed under Section 16 (4) of the CGST Act?
- (iii) Whether the eligibility to avail ITC of the import IGST paid vide re-assessed bill of entry is subject to the time limit prescribed under Section 16 (4) of the CGST Act?
- (iv) If the answer to Q.3 for bill of entry is in affirmative, whether the time limit for availing ITC would begin from the initial date of bill of entry originally filed or from the date of re-assessment of bill of entry?

Interpretation of law by the applicant

- TR-6 challan can be considered as a valid document for the purpose of availing ITC. Under Section 16 (2) (a) of the CGST Act, one of the conditions for availing ITC is that the taxpayer

should be in possession of “a tax invoice or debit note issued by the supplier under this Act, or such other tax paying documents as may be prescribed”. Further Rule 36 (1) (d) of the CGST Rules, prescribes that the registered person can avail ITC on the basis of any of “a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports.

- TR-6 challan is a generally accepted document for payment of customs duties, where there is practical difficulty in amendment of bill of entries.
- Rule 36 (3) should be read in a manner to allow credit based on any document which substantially conveys that the tax is levied and paid, though it may or may not bear the strict particulars as that of an invoice or a bill of entry.
- Section 16(4) of the CGST Act, is not applicable to TR-6 challan or Bill of Entry, as it prescribes the time limit for availment of ITC in respect of any “invoice or debit note” for supply of goods or services or both.

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- A bill of entry on the other hand is a different document, whose origins can be traced from Section 2(4) read with Section 46 of the Customs Act. Unlike an invoice which is an instrument for transferring the title of goods, a bill of entry is only an instrument for taking delivery for the purpose of Customs Act. A bill of entry is not a 'debit note' either, because in terms of Section 34 (3) of the CGST Act, a debit note is issued in pursuance of a tax invoice which was already issued for supply of goods or services, where the taxable value or tax charged in the tax invoice is found to be less than the taxable value or tax payable.
 - Rule 36 (4) of the CGST Rules, applies a specific embargo when it relates to 'tax invoice', or 'debit note', such that ITC is available only when the details of the same are uploaded by the vendor in his GSTR-1/IFF and reflecting in Form GSTR-2 of the recipient, but no such embargo applies to bill of entry.
 - TR-6 is also not an invoice or debit note. TR-6 challan emanates from Rule 92 of the Treasury Rules of the Central Government which inter-alia prescribes a manner of paying money into the treasury or the bank, and based on the specific codes, the amount paid in Central Government's account is allocated. TR-6 challan is different in its roots and its object, because while tax invoice

and debit note contains material particulars relating to transaction of supply of goods, TR-6 contains particulars relating to payment of tax/duties.

- The time limit for availing ITC as stipulated under Section 16 (4) of the CGST Act, is applicable only where the ITC is availed on the basis of a tax invoice or a debit note. Thus while bill of entry is a document basis which ITC can be availed in terms of Section 16 (2) (a) of the CGST Act read with Rule 36 (1) (d) of the CGST Rules, the time limit as stipulated in Section 16 (4) of the CGST Act, is not applicable to such 'bill of entry' and TR-6 challan.
- If at all, Section 16 (4) of the CGST Act were to be applicable to TR-6 challan or Bill of Entry, even for the sake of assumption, then the 'financial year' should be considered the year in which TR-6 challan is drawn or Bill of Entry is re-assessed
- It would be impossible for the applicant to avail ITC based on the original date of bill of entry, because it would not have been possible to predict how much differential duty would be paid / payable in future, and it would be impossible to avail ITC based on future event.

Observations & Ruling of AAR

- Only such documents like Bill of entry, Courier Bill of entry and other Declarations/Forms prescribed under the Customs Act, 1962 or rules made thereunder, get covered under rule 36(1) (d) for the purposes of availment of ITC.
- In the instant case, the transaction involving import of goods that has already been assessed to duties of Customs including IGST, is being subjected to re-assessment whenever upward price revision takes place between the applicant and the foreign supplier. ITC on the differential IGST paid is very much eligible for availment based on the re-assessed bills of entry in respect of the goods imported.
- A TR-6 challan cannot be considered as a document for the purpose of availment of ITC as highlighted in Circular No. 16/2023-Customs.
- In the pre-GST era, under rule 9 of the CENVAT Credit Rules, 2004, challans were indeed identified as documents for the purpose of availment of credit. Whereas, in present scenario involving GST, the TR-6 challan is conspicuously absent in the

list of documents prescribed for availment for ITC under Rule 36 of the CGST Rules, 2017.

- This noticeable difference in the pre-GST legal provisions as compared to GST provisions, is due to the fact that the dynamics involving the transmission of IGST, Cess, etc., to the GSTN portal, so as to enable the same to be available for the claim of ITC, which was not a pre-requisite in the pre-GST era.
- “Bill of Entry” figures as one of the prescribed document for the purposes of availment of ITC, under rule 36 (1) (d) of the CGST Rules, 2017. As a result, availment of ITC based on a ‘Bill of entry’ becomes eligible to the applicant, irrespective of the fact whether it is re-assessed or original. The time limit for availing ITC would ideally begin from the date of re-assessment of bill of entry, as the payment of differential duties of customs including IGST, interest thereon, etc., is necessitated only when an upward price revision takes place at a later date.

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RECENT JUDGEMENTS IN DIRECT TAXES

1. ITAT Mumbai- Remanded matter as lower authorities did not examine extract relied upon to substantiate 54B claim-Land used for agricultural purposes though capital asset entitled to exemption subject to fulfilment of conditions.



CA.P. ARUMUGARAJ

ITAT MUMBAI BENCH Suresh Bhagwandas Mehta *v/s.* Income Tax Officer.

Assessee claimed exemption under section 54B on ground that he had invested sale proceeds of land sold by him in purchase of new agricultural land - Assessing Officer denied exemption on ground that land sold by assessee was not agricultural land - It was noted that lower authorities had not examined extract relied upon by assessee to substantiate claim that land sold was used for agricultural purposes - Whether what is relevant for claiming deduction under section 54B is a transfer of a capital asset being a land which was used for agricultural purposes and not transfer of an agricultural land as there may be a case where land may be used for agricultural purpose, however,

same being covered under one of clauses of section 2(14)(iii) be considered as a capital asset - Held, yes - Whether therefore, findings of lower authorities that since land sold by assessee was a capital asset and not an agricultural land, deduction under section 54B was not available to assessee, was not justified - Held, yes - Whether since necessary documentary evidence for complete adjudication of issue was not examined by lower authorities, issue was to be restored to file of Assessing Officer for denovo adjudication with a direction to assessee to furnish documents to substantiate fulfilment of conditions for claim of deduction under section 54B - Held, yes. [Paras 11 and 12] [Matter remanded]

2. ITAT Ahd-Agricultural land cannot be taken out of purview of section 56(2)(x) as the term immovable property is not defined.

ITAT AHMEDABAD BENCH 'C' Clayking Minerals LLP *v.*
Income-tax Officer

Section 56, read with section 50C of the Income-tax Act, 1961 -
Income from other sources -Chargeable as (Sub-section (2)(x)) -
Assessment year 2018-19 - Assessee purchased a property for a

sum of Rs. 42.72 lakhs - However, stamp duty value of same was Rs. 1.15crores - Assessing Officer invoked provisions of section 56(2)(x) and taxed difference of Rs.72.90 lakhs as income from other sources - Whether going by plain words of section 56(2)(x),which uses term immovable property, agricultural land cannot be taken out of purview of section 56(2)(x) - Held, yes - Whether however, where stamp duty value of property was disputed, Assessing Officer had to make a reference to DVO for purpose of valuing same -Held, yes - Whether therefore, matter was to be referred to file of Assessing Officer with a direction to refer matter to DVO as requested by assessee - Held, yes [Paras 12 and 14][Matter remanded]

Words and Phrases: Term “immovable property” as stated in section 56(2)(x)

3. Delhi HC allows 54F deduction of Rs 90 Cr, where multiple floors of residential property were purchased

Principal Commissioner of Income-tax – Central vs. Lata Goel
- [2025] 174 taxmann .

Facts: The assessee, an individual, filed her return of income for the relevant assessment year, declaring the income and claiming a deduction under Section...

The post Delhi HC allows 54F deduction of Rs 90 Cr, where multiple floors of residential property were purchased

4. Foreign Tax Credit (FTC) admissible even if there is a delay in filing of Form 67

Foreign Tax Credit (FTC) admissible even if there is a delay in filing of Form 67 ITAT Pune in the case of Vipul Chandrakant Sawalwade v. ITO, ITA No. 659/PUN/2025, dated 13.05.2025 was dealing with the issue of allowability of Foreign Tax Credit (FTC) despite delayed filing of Form 67.

The post Foreign Tax Credit (FTC) admissible even if there is a delay in filing of Form 67

Substantial Justice Over Technicalities: ITAT Condone 98 Days Delay in Filing Appeal Citing Taxpayer's Illiteracy [Read Order]

The Rajkot Bench of the Income Tax Appellate Tribunal (ITAT) has condoned a 98-day delay in filing an appeal and remanded the matter to the Assessing Officer (AO) for fresh adjudication, emphasizing substantial justice over technical considerations. Ramjibhai Devjibhai Mokariya (assessee) faced scrutiny for the Assessment Year (AY) 2012-13.

5. [Genuineness of Business Transaction Affirmed: ITAT Deletes Rs. 4.90 Lakh Addition for Director's Loan \[Read Order\]](#)

The Delhi Bench of the Income Tax Appellate Tribunal (ITAT) has set aside an addition of Rs. 4.90 lakh made under Section 68 of the Income Tax Act, 1961, and affirmed the genuineness of a business transaction involving a loan from the company's director.

6. [Late Fee Levy u/s 234E for TDS Returns Prior to June 2015 Invalid: ITAT \[Read Order\]](#)

The Pune Bench of the Income Tax Appellate Tribunal (ITAT) deleted the late fees imposed under Section 234E of the Income Tax Act, 1961, for the delayed filing of quarterly Tax Deducted at Source (TDS) returns prior to June 2015. Ram Refrigeration

& Electronics Pvt. Ltd., (assessee) a private limited company filed against the orders.

7. ITAT Remands Case to CIT(A) Over Additional Evidence Admission

Bengaluru tax authorities challenge NFAC order on unsecured loan deletion, citing Rule 46A violation. Case remitted for fresh adjudication.

The post ITAT Remands Case to CIT(A) Over Additional Evidence Admission

8. Karnataka HC allows Trust's delay in filing Income Tax Return & Form 10

The Karnataka High Court has overturned an Income Tax Department order, allowing a trust to condone a 151-day delay in filing IT returns and Form 10 due to a tax consultant's oversight, citing a "justice-oriented approach."

The post Karnataka HC allows Trust's delay in filing Income Tax Return & Form 10

9. Agricultural Land beyond urban limits exempt from capital gains tax irrespective of cultivation

ITAT Chennai rules agricultural land beyond urban limits is exempt from capital gains tax, irrespective of actual cultivation, citing Section 2(14).

The post Agricultural Land beyond urban limits exempt from capital gains tax irrespective of cultivation

10. Imposition of penalty merely on technical mistake committed by the assessee without any loss of revenue would not be sustainable.

Imposition of penalty merely on technical mistake committed by the assessee without any loss of revenue would not be sustainable. The word 'reasonable cause' under Section 273B of the ITA has not been defined. Therefore, in the context of the penalty provisions, the words 'reasonable cause' would mean a cause which is beyond the...

The post Imposition of penalty merely on technical mistake committed by the assessee without any loss of revenue would not be sustainable.

11. ITAT Quashes 148 Notice as Income Below ₹ 50 Lakhs

Pune ITAT ruled against reassessment for Kalpana Kadam, quashing a Section 148 notice as her share of property investment was below the ₹ 50 lakh threshold.

12. No Requirement to Explain Source of Unsecured Loan in Books of Account Prior To April 1, 2023 u/s 68: Delhi HC [Read Order]

The Delhi High Court has clarified that the requirement to prove the “source of the source” under Section 68 of the Income Tax Act, 1961, in respect of unsecured loans, is prospective and applicable only from April 1, 2023, following the amendment introduced by the Finance Act, 2022.

13. ITAT grants Section 11 relief by holding that amendment is prospective and not punitive as Onerous compliance not to apply backwards

ITAT grants Section 11 relief by holding that amendment is prospective and not punitive as Onerous compliance not to apply backwards. In a decisive and well-reasoned ruling, the ITAT Bangalore allowed the appeal of Karnataka Chinmaya Seva

Trust for AY 2016-17, directing the Assessing Officer to grant the exemption under Section 11 as claimed....

The post ITAT grants Section 11 relief by holding that amendment is prospective and not punitive as Onerous compliance not to apply backwards

14. Calcutta HC upholds ITAT Order Confirming Deletion of Addition made on Unexplained Cash Deposits during Demonetization Period [Read Order]

In a recent case, the Calcutta High Court while dismissing the revenue's appeal upheld the Income Tax Appellate Tribunal's (ITAT's) order confirming the deletion of addition made on account of unexplained cash deposits during demonetization period. This appeal filed by the revenue under Section 260A of the Income Tax Act, 1961 (the Act) is directed.

15. ITAT Jaipur Remands Arya Samaj Mandir's 12AA & 80G Applications for Reconsideration

Jaipur ITAT remands Arya Samaj Mandir's tax exemption and 80G approval case back to CIT(E), citing curable defects and stressing the need for a fair hearing.

The post ITAT Jaipur Remands Arya Samaj Mandir's 12AA & 80G Applications for Reconsideration

16. Income Tax AO Can Grant Relief u/s 220(6) Even Below 20% Tax Deposit: Madras HC Remands Matter [Read Order]

The Madras High Court has clarified that an Assessing Officer (AO) is empowered to grant relief under Section 220(6) of the Income Tax Act, 1961, even when the assessee has deposited pre-deposit below 20% of the total amount. The petitioner, VME Infrastructure Private Limited having filed an appeal against an assessment order.

17. ITAT Upholds Rule of Consistency: Rental Income from Leased Property Taxable as 'House Property', Not 'Business Income.

The Bench observed that the mere provision of amenities like lift, parking, and maintenance does not convert rental income into business income if the primary business is not property letting. The Income Tax Appellate Tribunal (ITAT) New Delhi Bench has reaffirmed the principle of consistency in tax treatment by ruling that rental income earned from leasing property should be taxed under the heading 'Income from House

Property’ and not as ‘Business Income’. IHDP Globals Pvt Ltd, a private limited company primarily engaged in the business of carpet fabrication.

18. ITAT Chennai-45(4) amendment wef 01-04-2021 has no application to the facts of the case. During the subsistence of the partnership firm, the partners have no defined share in the assets of the partnership firm and thus on realignment of profit-sharing ratio, on introduction of new partners, there is no relinquishment of any non-existent share in the partnership firm’s assets as the asset remained with the firm. Such an arrangement is not covered by the provisions of section 45(4) of the Act, which covers the case of dissolution of partnership firm. Accordingly, no capital gains arise on such relinquishment of share ratio in the partnership firm. However, we find that in order to bring the profit or gains from receipt of money or capital asset or both by the specified person from a specified entity on reconstitution of the specified entity shall be chargeable to income-tax as income of such specified entity under the head “Capital Gains”, the legislation amended the provisions of section 45(4)] vide Finance Act, 2021, shall come into force on the 1st day of April, 2021, which is prospective in nature. Similarly, the provisions

of section 9B of the Income Tax Act has been inserted w.e.f. A.Y. 2021-22 vide Finance Act, 2021 to bring under the tax net the income on receipt of a capital asset or stock in trade by a specified person from the specified entity in connection with the dissolution or reconstitution of such specified entity, shall come into force on the 1st day of April, 2021, which is prospective in nature. In fact, transfer of capital asset is common in both section 9B and section 45(4) of the Act. In the present case, the assessment year under consideration is 2017-18 and accordingly, the amendments vide Finance Act, 2021 have no application in the present case. Under the above facts and circumstances of the case as well as judicial precedents, the addition made by the Assessing Officer towards levy of short term capital gains tax at ¹ .2,38,63,452/- and confirmed by the CIT(A) stands deleted. Thus, the grounds raised by the assessee are allowed. *Gokulakrishna Vs. The Deputy Commissioner of Income Tax, Non Corporate Circle 8(1), Chennai.*

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

EXCEL TIPS

XMATCH Function



CA. DUNGAR CHANDU JAIN

The **XMATCH** is a dynamic and versatile Excel function introduced in Excel 365/2021. This function searches for a specified item in an array or range of cells, and then returns the item's relative position. It allows one to perform more accurate and flexible lookups, making it useful in audit checks, data validations, and reconciliations – all without needing helper columns or complex formulas.

Syntax :

XMATCH (lookup_value, lookup_array, [match_mode], [search_mode])

lookup_value	The value you want to find.
lookup_array	The range or array to search.
match_mode (optional):	
<ul style="list-style-type: none">• 0• -1• 1• 2	<ul style="list-style-type: none">• Exact match (default)• Exact match or next smallest item• Exact match or next largest item• Wildcard match where *, ?, and ~ have special meaning
search_mode (optional):	
<ul style="list-style-type: none">• 1• -1• 2 • -2	<ul style="list-style-type: none">• Search from first to last (default)• Search from last to first (reverse search)• Perform a binary search that relies on lookup_array being sorted in ascending order. If not sorted, invalid results will be returned.• Perform a binary search that relies on lookup_array being sorted in descending order. If not sorted, invalid results will be returned.

Assume we have a list of products in cells B2 through B6 and we wish to determine where in the list the product from cell D2 is located. Here, we'll use XMATCH to determine an item's position within a list.

E2 \times \checkmark f_x \downarrow =XMATCH(D2, B2 : B6)

	A	B	C	D	E
1		Product		Product	Position
2		Apple		Banana	3
3		Grape			
4		Banana			
5		Mango			
6		Papaya			
7					

Example 1 : Identifying First Unmatched Transaction – Bank Reconciliation

You're reconciling the bank column with the cash book entries.

	A	B	C
1	Date	Bank Amt (₹)	Cash Book Amt (₹)
2	01-Apr	10,000	10,000
3	02-Apr	12,500	—
4	03-Apr	15,000	15,000
5	04-Apr	70253	70253
6	05-Apr	617	617
7	06-Apr	59237	59237
8	07-Apr	19439	19439
9	08-Apr	42644	42644
10	09-Apr	24097	24097

Formula: =XMATCH(FALSE, B2:B100 = C2:C100)

Result: Returns 2 – the second row is the first mismatch (12,500 not in Cash Book).

Example 2 : Finding Last Entry of a Particular Transaction – Audit Trail

	A	B
1	Date	Transaction Type
2	01-May	CASH
3	03-May	NEFT
4	05-May	CASH
5		

Formula: =XMATCH("CASH", B2:B100, 0, -1)

Result: Returns 3 – useful to trace last cash transactions in audit review.

Example 3 : Check the ones eligible for bonus based on the value

The number of people qualified for a bonus is determined in the following example. In order to discover the closest item in the list or an exact match, this also uses 1 for the match_mode; however, because the data is numeric, it returns a count of values.

E3 : XMATCH(E1, B2:B10, 1)					
	A	B	C	D	E
1	Name	Amount		Bonus	15000
2	Arvind Nair	₹ 42,000			
3	Meera Sharma	₹ 35,000		Eligible	4
4	Rakesh Bhatia	₹ 25,000			
5	Kavitha Subramanian	₹ 15,901			
6	Alok Verma	₹ 13,801			
7	Rakesh Bhatia	₹ 12,181			
8	Sneha Iyer	₹ 9,201			
9					

Formula =XMATCH(E1, B2:B10, 1) returns 4, as there were four sales representatives that exceeded the bonus amount in this instance, the function yields 4.

Comparison with MATCH function

Feature	MATCH	XMATCH
Exact match	✓	✓
Wildcard support	✗	✓
Approximate match (ascending & descending)	Limited	✓
Reverse search (last match)	Workaround needed	✓
Binary search (sorted data)	Ascending only	Ascending & descending
Native support for arrays	Limited	✓

While MATCH is still useful and supported in older Excel versions, XMATCH offers enhanced functionality, accuracy, and flexibility, especially for complex audit and reconciliation tasks.

(The author is a Madurai based Chartered Accountant in Practice. He can be reached at dungarchand@hotmail.com)

FROM SURFACE TO CORE: THE SIGNIFICANCE OF "LOOK THROUGH APPROACH" IN INDIA TAXATION

In the colorful world of tax law, the dance between 'look through' and 'look at' approach has been a swirling battle for ages. The 'look through' approach allows the tax authorities' to conveniently disregard the form of



CA. DHRUV KUMAR & CA. M.A. ABHINAYA

a transaction and see beyond the façade of transactions or entities to uncover the true substance or the real party pulling the strings. This handy tool is often wielded against tax avoidance and treaty abuse.

Recently, this trusty approach has taken a center stage (yet again!), highlighted by the Delhi ITAT's ruling in the case of *Sangita Kshetry* (ITANo.1876/Del/2023). Picture this: it's AY 2016-17, and the Assessee, a non-resident individual, has declared long-term capital gains from selling shares in an Indian private limited company. Enter the Assessing Officer (AO), armed with the 'look through' approach, attempting to reclassify these benign long-term gains as short-term simply by treating the share sale as a sale of the company's underlying assets.

The Delhi Tribunal, referenced the venerable Supreme Court's ruling in *Bacha F. Guzdar* [1955] 27 ITR 1 (SC), where it was firmly established

that a shareholder is but a mere participant in the profits, with no proprietary claim over the actual assets of the Company. The Tribunal also tipped their hats to the iconic *Vodafone International Holdings B.V.* (2012) 341 ITR 1 (SC), underlining that tax authorities cannot disregard the form of legitimate transactions without statutory backing. Essentially, it is made clear that to don the 'look through' cape, the following principles must hold true:

1. Existence of foundational statutory provisions in Income tax law
2. Genuineness and validity of form of transaction is in stake and controverted

Certainly, this ruling isn't a debut on the stage of law! It's part of a saga that traces its roots back to the illustrious **Solomon v. Solomon and Co.** (1897) A.C 22 (H.L), where the concept of 'piercing the corporate veil' first twirled into the legal spotlight. Fast forward through the annals of tax history, and we find ourselves amidst the thrilling spectacle of transactions scrutinized with a 'Look Through' lens in the Indian tax realm.

Now, the questions arise: Are the twin principles established in the Sangita Kshetry case consistently followed in prior jurisprudence and how has the jurisprudences evolved? What types of transactions are typically scrutinized through a 'look through' lens? Does the Sangita

Kshetry ruling and past jurisprudences still hold significance in the era of General Anti-Avoidance Rules (GAAR) and the Principal Purpose Test (PPT)?

Let's unravel this intricate tapestry, seeking answers within the context of India's tax saga.

Jurisprudences on 'Look through' approach:

One of the earliest rulings in this context was in the case of **Richter Holding Ltd.** ((2011) 199 TAXMAN 70), wherein a Cyprus company, acquired 60% of shares in Finsider International Company Ltd from Early Guard Ltd, UK. Finsider International held a 51% share in India's Sesa Goa Ltd. The Revenue contended that this acquisition was effectively a transfer of the capital asset represented by the Sesa Goa shares.

The Karnataka High Court applied the doctrine of piercing the corporate veil and directed the fact-finding authority to follow the 'Look through' approach to delve into the actual substance of the transaction and uncover the underlying facts. The Hon'ble High Court further concluded that as a majority shareholder, the assessee possesses influence over the assets and capital gains of the company. Hence, it is imperative to determine whether the transfer of shares encompasses an indirect transfer of these assets and interests within the company. Surprisingly, there is no discussion about the 'statutory provisions' backing up such scrutiny.

Subsequently, in the landmark decision of **Vodafone International Holdings B.V.** [2012] 341 ITR 1 (SC), the Supreme Court of India set a precedent by clarifying the approach the Revenue should adopt when examining transactions. The Court emphasized that authorities should not initiate investigations with the presumption that a transaction is merely a tax avoidance scheme. Instead, they should employ the “look at” test to discern its genuine legal nature, as referenced in *Craven v. White*. This landmark judgment underscored that genuine strategic tax planning remains valid.

Moreover, the Supreme Court made a significant observation that for the “look through” approach to be applicable, it must be specifically provided for in legislation or treaties. Here is a remarkable decade-old observation of the Supreme Court in the case of Vodafone:

“93. The question of providing “look through” in the statute or in the treaty is a matter of policy. It is to be expressly provided for in the statute or in the treaty. Similarly, limitation of benefits has to be expressly provided for in the treaty. Such clauses cannot be read into the section by interpretation. For the foregoing reasons, we hold that Section 9(1)(i) is not a “look through” provision.”

It is well acknowledged that the insertion of Explanations 5 and 6 into Section 9(1)(i) of the Income-tax Act was a direct response to this pivotal ruling.

Later, in the case of **Mrs. Nalini Mahajan** [2023] 151 taxmann.com 374, the Assessee entered into a service agreement with Nova Pulse IVF Clinic Pvt. Ltd., agreeing to provide exclusive professional services. For the AY 2014-15, she received a sum from Nova, which she allocated between non-compete fee, transfer of practice and the transfer of goodwill. She treated this sum as a capital receipt, claiming it was exempt from taxation as business or professional income.

The AO and CIT(A) attempted to disregard the explicit terms of the agreement, alleging that the split between service fee and non-compete/goodwill was a colorable device to evade tax. They argued that the payment was essentially for professional services, and the bifurcation was artificial. The Tribunal emphasized that the Revenue should “look at” the agreement as it stands, not “look through” it to infer a different substance than what is contractually agreed. Relying on **Vodafone International Holdings B.V.**, it was held that there was no evidence of bad faith, fraud, or sham in the agreement. The split between service fee and non-compete/goodwill was genuine and contractually agreed between independent parties. The Revenue cannot disregard the agreement merely because it results in a favorable tax position for the assessee.

Now, let's venture into the turnkey contracts involving offshore and onshore supplies / services. A notable ruling was the case of **Linde AG, Linde Engineering Division** [2014] 44 taxmann.com 244 (Delhi),

wherein Linde AG entered into a contract with Indian entity for the design, engineering, procurement, construction, installation, commissioning, and handing over of a petrochemical plant on a lump sum turnkey basis. Linde sought an advance ruling that no withholding tax was applicable on payments for offshore supply of equipment and services, as these were performed and paid for outside India. Interestingly, the revenue authorities relied on the Supreme Court's decision in Vodafone International Holdings B.V. and argued that the contract should be treated as an indivisible whole for tax purposes, thus taxing the entire income in India.

The High Court distinguished Vodafone, clarifying that the subject of taxation is the income derived by the taxpayer, not the contract itself. The 'look through' approach, which allows authorities to disregard the form and look at the substance of transactions (often to counter tax avoidance), was not applicable here because there was no allegation of a sham or artificial arrangement; Both parties accepted the contract as genuine and substantive; And, the issue was about the situs of income accrual, not about piercing the corporate veil or countering tax avoidance schemes.

It is notable that the Tribunals and Courts, in a plethora of rulings, have consistently showcased their commitment to the 'look at' approach when evaluating turnkey projects and affirmed that as long as the transaction's

form remains unchallenged, the ‘look through’ approach remains off the table - **DSD Noell GMBH** [2023] 157 taxmann.com 64 (Delhi - Trib.), **Roxor Maximum Reservoir Performance WLL** (2012) 349 ITR 0189, **Dongfang Electric Corpn.** (ITA No. 833/Kol/2011), **Alstom Transport SA** (A.A.R. No. 958 of 2010, order dated 7th June 2012).

A recent ruling in the case of **Tiger Global International III Holdings v. Authority for Advance Rulings (Income-tax)** [2024] 165 taxmann.com 850 (Delhi) is worth noting. Between 2011 and 2015, the petitioners, functioning as investment pooling entities, acquired shares in Flipkart Singapore. Fast forward to May 2018, they inked a deal with Walmart to sell their controlling interest. They argued that the resulting capital gains were shielded from Indian taxes, leaning on their Tax Residency Certificates (TRC) from Mauritius and the India-Mauritius Double Taxation Avoidance Agreement (DTAA), especially the grandfathering provision in Article 13(3A). However, the Indian tax authorities dismissed this claim, asserting that the petitioners were mere conduit entities, lacking substantive economic presence and engineered for tax evasion; the authorities argued that the actual control and benefit rested with TGM LLC in the USA, rendering the Mauritian façade meaningless, and thus urged that the ‘look through’ method be used to trace benefits to the ultimate investors, thereby denying DTAA benefits. The Delhi High Court laid down the following conclusions:

İ% The post-2016 DTAA amendment tackles treaty misuse through the Limitation of Benefits (LOB) clause, defining objective benchmarks like expenditure thresholds in Mauritius.

İ% Once these benchmarks are met and a valid TRC is presented, the Revenue cannot fabricate additional barriers or apply a ‘look through’ approach without evidence of fraud, sham, or misconduct requiring substantial proof.

İ% The Court distinguished between the ‘look through’ approach (which is justified in cases of sham or fraud) and the ‘look at’ approach (which respects the actual structure and substance unless there is clear abuse).

İ% It found no basis to suggest the petitioners were puppets or that the setup was deceptive; their operations indeed showed genuine economic activity, considerable spending, and autonomous management.

İ% The Court also noted that the DTAA’s grandfathering clause (Article 13(3A)) clearly exempted capital gains on shares acquired before 1 April 2017, and the LOB clause did not apply retroactively to such gains.

An analysis of the transaction discussed above indicates a transaction pattern that is commonly being subjected to examination by tax authorities – like sale of shares, business deals, and those intriguing turnkey contracts juggling offshore and onshore supplies. These transactions frequently find themselves under the ‘look through’ spotlight. So, does this mean only these kinds of transactions get the ‘look through’ treatment? Not at all! Transactions as simple as car perks provided to employees to as complex as an indirect transfer or intangible asset transfer could be ushered onto the stage for a ‘look through’ inspection.

And now we arrive at the conundrum: Is ‘look through’ testing tied down by statutory rules, or do tax authorities hold the freedom to apply it at their discretion? Let’s see if there’s a rulebook guiding their moves!

Statutory provisions and ‘Look through’ test

As we sift through legal judgments, an intriguing pattern emerges. In the early days, the Courts broke new ground by asserting that the ‘look through’ test wasn’t strictly confined to statutory provisions. Cases such as **Shri Meenakshi Mills Ltd. (1967) 1 SCR 934**, **In Re: Dinshaw Maneckjee Petit Bart** [AIR 1927 Bom 371] have revealed that the corporate veil can indeed be lifted even without explicit statutory support when there’s a suspicion that the corporate structure is being

used as a tool or disguise to evade tax responsibilities or perpetrate fraud. A similar observation has been made by the Hon'ble Supreme Court in the case of **Shri Sunil Siddharthbhai Etc. (1985) 23 Taxman 14**.

Then came the era of Vodafone, spotlighting the vital role of statutory provisions in summoning the 'look through' approach. This newfound rigor was followed by a cascade of rulings upholding its significance, until an explicit legislative amendment to section 9(1)(i) of the IT Act turned the tide. **The amendment itself was a clear nod to the necessity of statutory guidance in exercising 'look through'.**

The latest ruling by the Delhi ITAT in **Sangita Kshetry** further underscores this principle, reiterating that statutory provisions are crucial in challenging form-based taxation. In this evolving landscape, one thing is clear: the tax scrutiny is as dynamic as ever.

It's worth noting that the aforementioned rulings did not face the Specific Anti-Avoidance Rules (SAAR) (such as Transfer Pricing regulations) or General Anti-Avoidance Rules (GAAR) under the IT Act or the Principal Purpose Test (PPT) introduced by the Multilateral Instrument in tax treaties. This raises an intriguing question: Do these rulings still hold significance and binding power? And how might the new statutory provisions (SAAR, GAAR and PPT) expand or restrict the 'look through' test? The tax landscape is definitely getting interesting!

By mandating arm's length pricing for transactions between associated enterprises, India Transfer Pricing regulations, as a SAAR, enable the tax authorities to 'look through' the form of international transactions and evaluate them based on their substance. While India Transfer Pricing regulations was originally applicable for all related party transactions, the scope was later restricted to international transactions.

Through GAAR, tax authorities can pierce the corporate veil, leveraging the 'look through' approach to discern the true substance of a transaction. For instance, this gives them the power to interpret a subsidiary as merely an extension of its parent company. Yet, GAAR has its own limits – say, based on the quantum of tax benefits (i.e., INR 3 crores), based on evidences that prove that the transaction was carried out for economic and commercial reasons.

Similarly, under the tax treaties amended by MLI, the PPT enables denial of tax treaty benefits in the form of lower source country tax rates, exemption from source country tax, corresponding adjustments etc., where it is reasonably concluded that one of the principal purposes of an arrangement or transaction was to obtain a benefit, directly or indirectly, under a DTAA and that granting of the benefit is not in line

with the object and purpose of the DTAA. Like GAAR, PPT also has limitations. Notably, the CBDT in Circular No. 01 / 2025 dated 21 January 2025 clarified that grandfathered transactions by treaty residents of Mauritius, Singapore and Cyprus in respect of shares acquired prior to 1 April 2017 will be outside the purview of PPT.

Clearly, while SAAR, GAAR and PPT grant tax authorities tools to employ the ‘look through’ approach, exceptions sometimes transform them into blessings in disguise.

Furthermore, specific anti-abuse provisions within DTAA, like LoB clauses, restrict further scrutiny. Interestingly, such position was upheld in the recent **Tiger Global** ruling, limiting ‘look through’ applications unless a transaction clearly appears fraudulent.

Conclusion:

In summary, the landscape of tax law in India is dynamically evolving field shaped by historic precedents, legislative amendments, and modern provisions like GAAR and PPT. While the ‘look through’ approach has been a powerful tool for tax authorities in countering avoidance schemes, its application continues to be refined and limited by statutory provisions and international treaty norms.

As we move forward, the integration of advanced anti-avoidance mechanisms promises to make tax governance more robust, yet these tools are not without their nuances and exceptions, often turning potential challenges into opportunities. The continued interplay between foundational rulings, new-age statutory frameworks, and international guidelines paints a vivid picture of a tax system poised on the brink of transformation. Indeed, navigating these waters demands adaptability and an informed decision-making by the taxpayers with respect to the transactions proposed to be carried out.

With all these factors in play, the world of Indian taxation is sure to remain intriguing for both practitioners and policymakers alike.

(The authors are Chartered Accountants and can be reached at dhruvdds@gmail.com and abhinaya98@gmail.com)

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD.)

Prince Arcade, 2-L Rear Block, Second Floor,
22-A Cathedral Road, Chennai – 600086.

Notice of Annual General Meeting on Saturday, 31st July 2025

The 47th Annual General Meeting of the Members of The Chartered Accountants Study Circle will be held on Thursday 31st July 2025 at 6:30 p.m. at **Hotel Palmgrove**, No.13, Dr. MGR Salai, Tirumurthy Nagar, Nungambakkam, Chennai – 600034 to transact the following business:

To adopt minutes of the 46th Annual General Meeting held on 31st August 2024.

1. To receive and adopt the Annual Report of the Society and report of the Managing Committee for the year 2024-25.
2. To receive and adopt the Audited Accounts for the year ended 31st March 2025.
3. To announce the election results for the position of the Management Committee Members who retire by rotation (Three Members namely CA. Akshunn Daga, CA. R. V. Bhuvaneswari, CA. V. Thulasidaran) to the Managing Committee for the year 2025-26.
4. To appointment of Statutory Auditors of the Society for the year 2025-26 and fix their remuneration.

For The Chartered Accountants Study Circle,

Sd/-

Place : Chennai

CA.V. Balaji

Date : 01.07.2025

Committee Member

Explanatory Notes to the notice:

1. A Member entitled to attend at the Annual General Meeting (AGM) shall be the member as defined in Clause 2.6 of Bye-Law – 2 of the Association and as on record in the Registrar of Members as on the date of issue of this notice.
2. Nomination for election to the Management Committee Members should reach the Office of the Study Circle, in the enclosed format, before **17.00 hrs. (5 p.m.) on 24th July, 2025.**

Explanatory Notes: ITEM No. 4:

It is proposed to appoint CA. M. Navaratan, Chartered Accountant, as Auditor of the Society from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 48th Annual General Meeting to be held in the year 2026. CA. Navaratan, Chartered Accountant, has furnished a certificate of his eligibility for the said appointment. In this connection, the attention of the Members is invited to Item No.2 of the Notice. None of the Management Committee members have any interest in the said appointment.

INDEPENDENT AUDITORS' REPORT

To

The Members of **THE CHARTERED ACCOUNTANTS STUDY CIRCLE**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of The Chartered Accountants Study Circle ("Study Circle"), which comprise the Balance Sheet as at 31st March, 2025, the Income and Expenditure Account for the year ended 31st March 2025, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Study Circle as at 31st March, 2025, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Study Circle in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards, and for such internal

control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Study Circle's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Study Circle or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Study Circle's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Study Circle's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Study Circle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Study Circle to cease to continue as a going concern.

Report on Other Regulatory Requirements

Further, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account have been kept by the Study Circle so far as it appears from our examination of those books.
- c) The Study Circle's Balance Sheet, Statement of Income and Expenditure dealt with by this Report are in agreement with the books of account.

For D. SANTHOSH & Co.,
CHARTERED ACCOUNTANTS
Firm No. 017344S

Sd/-

D. SANTHOSH

Partner

M. No. 237796

Place: Chennai

Date: 19-06-2025

UDIN-25237796BMIZGH5727

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK, II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
BALANCE SHEET as at 31st MARCH 2025

Sl. No	Particulars	Note Ref	31st March 2025 (Amount in Rs.)	31st March 2024 (Amount in Rs.)
I	OWNERS'S FUND AND LIABILITIES			
1	NPO Funds	1		
(a)	Unrestricted Funds		63,41,399	61,77,656
(b)	Restricted Funds		20,71,000	9,86,000
	Total NPO Funds		84,12,399	71,63,656
2	Non-current Liabilities			
(a)	Long-term borrowings		-	-
(b)	Other long-term liabilities		-	-
(c)	Long-term provisions		-	-
	Total Non-current Liabilities		-	-
3	Current liabilities			
(a)	Short-term borrowings		-	-
(b)	Trade payables		-	-
(c)	Other current liabilities	2	66	-
(d)	Short-term provisions		-	-
	Total Current Liabilities		66	-
	TOTAL	I	84,12,465	71,63,656
II	ASSETS			
1	Non-current Assets			
(a)	Property, Plant and Equipment and Intangible assets			
(i)	Property, Plant and Equipment	3	2,87,952	2,44,076
(ii)	Intangible assets		-	-
(ii)	Capital work in progress		-	-
(iv)	Intangible asset under development		-	-
(b)	Non-current Investments		-	-
(c)	Long-term loans and advances		-	-
(d)	Other non-current assets	4	68,46,606	66,61,606
	Total Non- Current Assets - (D)		71,34,558	69,05,682

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
BALANCE SHEET as at 31st MARCH 2025

Sl. No	Particulars	Note Ref	31st March 2025 (Amount in Rs.)	31st March 2024 (Amount in Rs.)
2	Current Assets			
(a)	Current Investments		-	-
(b)	Inventories		-	-
(c)	Trade Receivables		-	-
(d)	Cash and bank balances	5	12,13,929	1,34,624
(e)	Short-term loans and advances		-	-
(f)	Other current assets	6	63,978	1,23,350
	Total Current Assets - (E)		12,77,907	2,57,974
	TOTAL ASSETS- (D)+ (F)	II	84,12,465	71,63,656
	Summary of significant accounting policies	11		
	The accompanying notes are an integral part of the financial statements			

As per our report of even date

For **D. SANTHOSH & Co.,**
Chartered Accountants

Sd/-

D Santhosh

Partner

M.No. 237796

Place: Chennai

Date: 19-06-2025

UDIN: 25237796BMIZGH5727

For and on behalf of the Committee

THE CHARTERED ACCOUNTANTS STUDY CIRCLE

Sd/-

V. Balaji

Committee Member

Place: Chennai

Date: 19-06-2025

Sd/-

V.Thulasidharan

Committee Member

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH 2025

Sl. No.	Particulars	Note	31st March 2025 (Amount in Rs.)			31st March 2024 (Amount in Rs.)		
			Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
I	Revenue from Operations	7	9,25,801	-	9,25,801	13,00,801	-	13,00,801
II	Other Income	8	4,54,019	85,050	5,39,069	4,22,358	74,400	4,96,758
III	Total Income (I+II)		13,79,820	85,050	14,64,870	17,23,159	74,400	17,97,559
IV	Expenses:							
(a)	Material consumed/distributed		-	-	-	-	-	-
(b)	Donations/contributions paid		-	-	-	-	-	-
(c)	Employee benefits expense	9	1,79,285	-	1,79,285	1,85,150	-	1,85,150
(d)	Depreciation and amortization expense	3	14,946	-	14,946	10,076	-	10,076
(e)	Finance costs		-	-	-	-	-	-
(f)	Other expenses	10	11,19,346	85,050	12,04,396	14,37,920	74,400	15,12,320
	Total Expenses		13,13,577	85,050	13,98,627	16,33,146	74,400	17,07,546
V	Excess of Income over Expenditure for the year before exceptional and extraordinary items (III-IV)		66,243	-	66,243	90,013	-	90,013
VI	Exceptional items (specify nature & provide note/delete if none)		-	-	-	-	-	-
VII	Excess of Income over Expenditure for the year before extraordinary items (V-VI)		66,243	-	66,243	90,013	-	90,013

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH 2025

Sl. No.	Particulars	Note	31st March 2025 (Amount in Rs.)			31st March 2024 (Amount in Rs.)		
			Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
VIII	Extraordinary Items (specify nature & provide note/delete if none)		-	-	-	-	-	-
IX	Excess of Income over Expenditure for the year (VII-VIII)		66,243	-	66,243	90,013	-	90,013
	Appropriations Transfer to funds, e.g., Building fund		-	-	-	-	-	-
	Transfer from funds		-	-	-	-	-	-
	Balance transferred to General Fund		66,243	-	66,243	90,013	-	90,013
	The accompanying notes are an integral part of the financial statements							

As per our report of even date
For D. SANTHOSH & Co.,
Chartered Accountants

Sd/-
D.Santhosh
Partner
M.No. 237796
Place: Chennai
Date: 19-06-2025
UDIN: 25237796BMIZGH5727

For and on behalf of the Committee
THE CHARTERED ACCOUNTANTS STUDY CIRCLE

Sd/-
V. Balaji
Committee Member
Place: Chennai
Date: 19-06-2025

Sd/-
V.Thulasidharan
Committee Member

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Note No	Particulars	(Amount in Rs)	(Amount in Rs)	(Amount in Rs)	(Amount in Rs)	(Amount in Rs)
		As at 31st March 2025 - (E) = A+B+C-D	Income Utilised during the year - (D)	Income earned during the year - (C)	Funds received during the year - (B)	As at 31st March 2024 - (A)
1	NPOs Funds					
(A)	Unrestricted Funds					
1	Corpus Funds - Life Membership Fees	21,07,900	-	-	97,500	20,10,400
2	General Funds - Reserves & Surplus	42,33,499	-	-	66,243	41,67,256
(B)	Restricted Funds - Designated Funds-Endowment funds	20,71,000	85,050	85,050	10,85,000	9,86,000
1	Endowment funds for Meeting Expenses					
(i)	G Narayanaswamy Endowment Fund	9,99,650	350	350	10,00,000	-
(ii)	S.A.A. Ispahani Trust Endowment Fund	92,750	7,250	7,250	50,000	50,000
2	Endowment funds for Prizes & Awards for Cas					
(i)	G. Balasubramanian NRG Endowment Fund	23,000	2,000	2,000	-	25,000
(ii)	ITTA Parasarathy Endowment Fund	4,600	400	400	-	5,000
(iii)	K.Krishnamurthi Endowment Fund	91,750	8,250	8,250	-	1,00,000
(iv)	Nisar & Kumar Endowment Fund	91,750	8,250	8,250	-	1,00,000
(v)	P. Ramakrishna Endowment Fund	18,950	1,050	1,050	-	20,000
(vi)	Raman Endowment Fund	36,800	3,200	3,200	15,000	25,000
(vii)	R. Ramakrishnan Endowment Fund	23,000	2,000	2,000	-	25,000
(viii)	Sukumar & Associates Endowment Fund	46,000	4,000	4,000	-	50,000
(ix)	T.R. Parthasarathy Endowment Fund	9,200	800	800	-	10,000
3	Endowment funds for Scholarships					
(i)	B.B.Naidu Memorial Charitable Trust Endowment Fund	36,800	3,200	3,200	-	40,000
(ii)	CA.T.V.Jayaraman Endowment Fund	46,000	4,000	4,000	-	50,000
(iii)	D Rangasamy Endowment Fund	1,15,000	10,000	10,000	-	1,25,000
(iv)	K. Srinivasan Endowment Fund	1,33,400	11,600	11,600	-	1,45,000
(v)	S. Rajagopalan Endowment Fund	55,200	4,800	4,800	-	60,000
(vi)	Yanmantram Educational Trust Endowment Fund	1,47,200	12,800	12,800	20,000	1,40,000
4	Endowment funds for Skill Development					
(i)	Ashok Kumbhat Endowment Fund	14,900	1,100	1,100	-	16,000
	Total NPO Funds	84,12,399	85,050	85,050	12,48,743	71,63,656

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Note No	Particulars	(Amount in Rs) 31st March 2025	(Amount in Rs) 31st March 2024
2	Other Current Liabilities		
	(a) Current maturities of finance lease obligations	-	-
	(b) Interest accrued but not due on borrowings	-	-
	(c) Interest accrued and due on borrowings	-	-
	(d) Income received in advance	-	-
	(e) Unearned revenue	-	-
	(f) Goods and Service tax payable	-	-
	(g) TDS payable	66	-
	(h) Other payables (specify nature)	-	-
	Total Other Current Liabilities	66	-

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Note No	Particulars /Assets	TANGIBLE ASSETS					
		Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
		Freehold land	Buildings	Office Equipments	Furniture & Fixtures	Computer/ Laptops	Total
3	Property, Plant and Equipment (owned assets)						
	Opening WDV						
	At 1 April 2024	1,73,600	17,358	47,190	5,610	318	2,44,076
	Additions > 180 days	-	-	-	-	-	-
	Additions < 180 days	-	-	44,822	-	17,000	61,822
	Total Additions	-	-	44,822	-	17,000	61,822
	Deductions/Adjustments	-	-	3,000	-	-	3,000
	At 1 April 2023	1,73,600	18,272	55,518	6,233	529	2,54,152
	Additions > 180 days	-	-	-	-	-	-
	Additions < 180 days	-	-	-	-	-	-
	Total Additions	-	-	-	-	-	-
	Deductions/Adjustments	-	-	-	-	-	-
	At 31 March 2025	1,73,600	17,358	89,012	5,610	17,318	3,02,898
	At 31 March 2024	1,73,600	18,272	55,518	6,233	529	2,54,152
	Rate of Depreciation	0%	5%	10%	15%	40%	
	Depreciation						
	At 31 March 2025	-	868	9,990	561	3,527	14,946
	At 31 March 2024	-	914	8,328	623	211	10,076
	Closing WDV						
	At 31 March 2025	1,73,600	16,490	79,022	5,049	13,791	2,87,952
	At 31 March 2024	1,73,600	17,358	47,190	5,610	318	2,44,076

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Note No	Particulars	Amount in Rs. 31st March 2025	Amount in Rs. 31st March 2024
4	Other non-current assets		
(a)	Security Deposits-Electricity	9,575	9,575
(b)	Prepaid expenses	-	-
(c)	Fixed Deposits	68,37,031	66,52,031
	Total	68,46,606	66,61,606
Note No	Particulars	Amount in Rs. 31st March 2025	Amount in Rs. 31st March 2024
5	Receivables		
(a)	Trade Receivables	-	-
(b)	Others (specify nature)	-	-
	Total	-	-
Note No	Particulars	Amount in Rs. 31st March 2025	Amount in Rs. 31st March 2024
5	Cash and Bank Balances		
(i)	Cash and cash equivalents		
(a)	'-Balance with Banks	12,12,644	1,33,201
(b)	'-Cash on Hand	1,285	1,423
	Total	12,13,929	1,34,624
Note No	Particulars	Amount in Rs. 31st March 2025	Amount in Rs. 31st March 2024
6	Other Current Assets (Specify nature)		
(a)	Tax deducted at source and refund due	40,390	69,071
(b)	Interest accrued but not due on deposits	-	-
(c)	Interest accrued and due on deposits	23,588	54,279
	Total	63,978	1,23,350

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Amount in Rs

Note No		Unrestricted funds	Restricted funds	Total 31st March 2025	Unrestricted funds	Restricted funds	Total 31st March 2024
7	Revenue from Operations	-	-				
(a)	Sponsorship/Advertisement	1,95,000	-	1,95,000	2,36,000	-	2,36,000
(b)	Fees from Rendering of Educational Services	7,30,801	-	7,30,801	10,64,801	-	10,64,801
	Total	9,25,801	-	9,25,801	13,00,801	-	13,00,801
Note No.		Unrestricted funds	Restricted funds	Total 31st March 2025	Unrestricted funds	Restricted funds	Total 31st March 2024
8	Other income						
(a)	Interest income from FD / SB	3,98,047	85,050	4,83,097	3,65,908	74,400	4,40,308
(b)	Hall Rent	50,000		50,000	6,000	-	6,000
(c)	Miscellaneous Income	5,972		5,972	50,450	-	50,450
	Total other income	4,54,019	85,050	5,39,069	4,22,358	74,400	4,96,758
Note No.		Unrestricted funds	Restricted funds	Total 31st March 2025	Unrestricted funds	Restricted funds	Total 31st March 2024
9	Employee benefits expense (Including contract labour)						
(a)	Salaries, Wages, Bonus and Other Allowances	1,73,000	-	1,73,000	1,78,100	-	1,78,100
(b)	Staff Welfare Expenses	6,285		6,285	7,050	-	7,050
	Total Employee benefits expense	1,79,285	-	1,79,285	1,85,150	-	1,85,150
Note No.		Unrestricted funds	Restricted funds	Total 31st March 2025	Unrestricted funds	Restricted funds	Total 31st March 2024
10	Other Expenses						
(a)	Expenses ARC - Ahmedabad/Munnar	3,84,611	-	3,84,611	8,40,544	-	8,40,544
(b)	Conference/Seminar/Course Expenses	3,66,100	62,550	4,28,650	2,87,423	59,400	3,46,823
(c)	Rates and taxes, excluding, taxes on income	58,326	-	58,326	55,879	-	55,879
(d)	Designing Printing Expenses - Newsletter	1,01,040	-	1,01,040	75,550	-	75,550
(e)	Office Maintenance	1,00,062	-	1,00,062	41,700	-	41,700
(f)	Travelling & Conveyance expenses	41,540	-	41,540	37,893	-	37,893
(g)	Communication expenses	23,335	-	23,335	24,830	-	24,830
(h)	Scholarships To Students	-	22,500	22,500	-	15,000	15,000
(i)	Power and fuel	15,414	-	15,414	12,885	-	12,885
(j)	Bank Charges	1,401	-	1,401	2,101	-	2,101
(k)	Auditor's remuneration	11,800	-	11,800	11,800	-	11,800
(l)	Printing and stationery	6,697	-	6,697	3,874	-	3,874
(n)	Miscellaneous expenses	9,020	-	9,020	43,441	-	43,441
	Total Other expenses	11,19,346	85,050	12,04,396	14,37,920	74,400	15,12,320

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD)
PRINCE ARCADE, 2 L, REAR BLOCK , II FLOOR, 22A, CATHEDRAL ROAD, CHENNAI - 600 086
Notes forming part of the Financial Statements for the year ended 31st MARCH 2025

Note No 11 :

SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTION

The accounts are prepared on cash basis.

B. REVENUE RECOGNITION

Membership Fees

The annual membership fees are recognized as and when received. Lifetime membership fees are treated as Corpus funds.

Interest Income

Interest on fixed deposits are recognized on accrual basis based on 26AS. However, Interest on Savings bank / tax refunds are cash basis.

Donations

Donation received with specific direction for endowments is classified under Endowment Funds.

Income from Endowments fund Investments

Income from Endowments funds Investments are recognised in the Income & Expenditure only to the extent utilized for the specified purpose. Both income and expenditure are shown in "Restricted Funds". Such income to the extent unutilised for the specified purpose would be shown as part of such Endowment Funds.

Revenue from Operations

Revenue from Educational Services has been recognised on cash basis and are generally received in advance. The relevant expenses has been recognised as expenses in the year of actual payment under cash basis.

Other Income

Revenue from Sale of Books and Hall rent are being recognised on cash basis.

C. FIXED ASSETS

Fixed assets are accounted at cost less depreciation at rates specified under the Income-tax Act, 1961.

D. INVESTMENTS

Investments comprise of fixed deposits shown at cost. Interest accrued on such deposits are shown in Other current assets.

As per our report of even date

For D. SANTHOSH & CO.,

Chartered Accountants

FRN:017344S

For THE CHARTERED ACCOUNTANTS STUDY CIRCLE

Sd/-

D. SANTHOSH

Partner

M.No. 237796

Place: Chennai

Date: 19-06-2025

UDIN: 25237796BMIZGH5727

Sd/-

V.Balaji

Committee Member

Sd/-

V.Thulasidharan

Committee Member

47th ANNUAL REPORT FOR THE YEAR 2024-25

The Committee of Management of The Chartered Accountants Study Circle has great pleasure in presenting the 47th Annual Report for the year 2024 – 25.

THE ACTIVITY REPORT OF YOUR STUDY CIRCLE FOR THE YEAR ENDED 31st March 2025

MONTHLY REGULAR MEETINGS

The Chartered Accountants Study Circle was established from the initiative and vision of our founder members, whose regular monthly meetings laid the foundation for what we are today. In keeping with that spirit, we have continued to conduct meetings on the 2nd and last Thursday of every month, focusing on a diverse range of topics relevant to our profession.

A cornerstone of our philosophy has always been to encourage young and emerging professionals. We proudly offer them a platform to showcase their technical expertise and presentation skills—many of our current members delivered their very first talks right here within this forum.

To recognize their contributions, we annually award prizes to the top three emerging speakers. This year, we are pleased to mention that nine new members delivered their presentations at our regular meetings—a promising sign of continued enthusiasm and professional development.

SPECIFIC ENDOWMENT FUND FOR MEETING EXPENSES

We are delighted to share that our Study Circle has received a generous endowment of **• 10 lakhs** from **M/s Southern Electronics (Bangalore) Pvt. Ltd., Bengaluru**, in memory of **“Late Shri CA.G. Narayanaswamy”**, at the close of the financial year. An additional **• 10 lakhs** was also contributed in the month of May 2025 to support the expenses of conducting our monthly meetings.

In heartfelt recognition of this contribution, starting April 2025, our regular monthly meetings were renamed as **“G. Narayanaswamy CA Study Circle Meeting”**. This dedicated Endowment Fund will enable us to plan and conduct our regular meetings in a more consistent and structured manner.

On behalf of our entire Study Circle members, we sincerely thank, M/s Southern Electronics (Bangalore) Pvt. Ltd for their significant and thoughtful support toward providing valuable educational opportunities to emerging young professionals.

DETAILS OF MONTHLY MEETINGS

NO OF MEETINGS HELD - **21**

Date	Topic for the meeting	Name of the Speaker
18-04-2024	Importance Changes in ITR 1 to 4	CA. K Tarun *
25-04-2024	Tally Automation using Open Source Based coding and Excel Power Query	CA. Vinodh Kothari
09-05-2024	Ind AS 115- Revenue Recognition -Practical Aspects	CA. Karthick Srinivasan*
30-05-2024	Latest Amendments and Case Laws in GST	CA. T S Ravi
13-06-2024	Arbitration – Case Studies	Sr. Adv. V S Jayakumar
27-06-2024	Handling GST Litigations	CA. Manimaran Kathiresan*
11-07-2024	ITR Forms	CA. P Jainendar
18-07-2024	Tax Audit – Specifications	CA. R Sudarshan
08-08-2024	Financial & Accounting Disclosures for Non-Corporate Entities	CA. P Manish
29-08-2024	Tax Audit – Intricacies	CA. G. Subhashini
12-09-2024	Common Mistakes in the preparation of Financial Statement of Private Limited Companies	CS. T. H. Vijay Prasad*
24-10-2024	Key Aspects in Transfer Pricing – Form 3CEB	CA. Ranjani Shrinivasan*
14-11-2024	Key issues in Filing GSTR 9 and 9C	CA. Ganesh Prabu Balakumar
28-11-2024	Peer Review – Compliance and Reporting	CA. P. Arumugaraj*
16-12-2024	Direct Taxes Vivad Se Viswas Scheme 2024	CA. Suraj Nahar
09-01.2025	Strategies for adhering to Reverse Charge regulations	CA. K. Vasudev Joshi*
30-01-2025	Landmark Rulings in 2024	CA. V Vivek
13-02-2025	Direct Tax Budget Analysis	Adv. Samyuktha Banusekar*

Date	Topic for the meeting	Name of the Speaker
27-02-2025	Landmark Rulings in GST	CA. J Srinivasan
13-03-2025	Refresher on Bank Branch Audit	CA. G Subashini
27-03-2025	Recent Developments in GST	CA. H Saradha*

* *New Speakers*

JOINT MEETING WITH OTHER ORGANIZATIONS

During the year, your Study Circle has conducted the following Joint meeting with other Professional organizations from Chennai.

Date	Topic for the meeting	Name of the Speaker
30-04-2024	Search Proceedings under the Income Tax Act.	ADV. T. BANUSEKAR
03-09-2024	Students Program on Tax Audit	CA. R SUNDARARAJAN CA. SUBHASHINI GANAPATHY CA. S. PADMAJA CA. P. JAINENDAR
12-12-2024	Students Program on GST Annual Return & Reconciliation Statement	CA. B. GANESH PRABHU CA. MONICA CHALLANI CA. V. SHANKARANARAYANAN
22-03-2025	Students Program on Bank Branch Audit	CA. SUBHASHINI GANAPATHY CA. S PADMAJA CA. DEEPAK KUMAR

Your Study Circle was also associated with the Bombay Chartered Accountants Society and few other Organisations across the country in jointly conducting the Direct Tax Home Refresher Course 5 during May-June, 2024 through Zoom meeting in which more than 750 members participated and benefitted from listening to many learned and eminent speakers. The CASC proudly announces that it is associating in this program for the last two years.

Your Study Circle jointly with the Hindustan Chamber of Commerce organized 2 days ANNUAL TAX CONVENTION on 18th & 19th of April 2025 at Madras Management Association Centre, Chennai in which more than 110 members participated and listened to many learned and eminent speakers and Special Guest.

ANNUAL RESIDENTIAL CONFERENCE

During the year 2024-25, 25th Annual Residential Conference was held at Hotel Regent Inn Ranip, Ahmedabad from 23rd to 26th of January 2025. There were total registration of 90 Nos and out of which 58 were delegates. The conference went on well with active deliberation from members.

NEWS LETTER FOR SHARING OF KNOWLEDGE

Since the year 2000, our Study Circle's monthly bulletin has remained a cherished resource within the professional community. Now shared electronically throughout the year via email and WhatsApp broadcast, the bulletin continues to garner widespread appreciation for its high-quality content and insightful articles.

With enriched contributions from experienced professionals and fresh perspectives from emerging voices, the bulletin has attracted readers from across the country—and their encouraging feedback reflects its growing impact.

True to our mission of nurturing talent, the Study Circle actively invites young professionals to contribute. Each year, we recognize the top three contributors with awards for their exceptional articles. We are especially proud that this year, **12 new professionals** made their contributions to our bulletin—a promising sign of the vibrant, evolving intellect that fuels our profession.

Bulletin Period	Subject of the Article	Contributor's Name
June 2024	Relevance of Beneficial Ownership Test for Capital Gains	CA. K Prasanna
August 2024	Interest on Overdue Receivables	Adv. Nithya Srinivasan CA. Ranjani Shrinivasan
September 2024	Recent Decisions in Direct Taxes	CA. Sai Bhavani A
September 2024	Understanding Indian Safe Harbour Rules - An Indepth Analysis	Adv.Krithika Valliappan

Bulletin Period	Subject of the Article	Contributor's Name
October 2024	Corporate Guarantee - A Deep Dive	Adv. Chitra Subramanian
October 2024	Application of Income	CA. R. Ramachandran
November 2024	Demystifying Intra - Group Services in Transfer Pricing	Adv. Nitya Joseph
January 2025	Understanding the Swiss Government's Removal of the MFN Clause in the India-Switzerland DTAA and Its Implications	CA. Eshaan Singal
January 2025	Strategic Deliberation of APA Feasibility Specific Business Scenarios	CA. E. Rajesh
February 2025	Slump Sale Vs Demerger - Unfolding Tax Contrasts	CA. Abhinaya M.A
March 2025	Summary of AAR, AAAR	CA.Venkatadri Rajaraman
March 2025	Understanding Resale Price Method	CA.Saranya Nagarajan

The Editorial Board members are as follows:

1. CA. V Balaji
2. CA. R V Bhuvaneshwari
3. CA. T V Praveen

LIFE MEMBERSHIP DETAILS

The Study Circle added a steady growth of Life Members during the year 2024-25.

The details of membership are as follows:

Total Members as at the beginning of the year	481 Nos.
New Members enrolled during the year	13 Nos.
Resignation or Removal (Demise) of members during the year	01 Nos.
Total Members on Roll as at the end of the year	493 Nos.

The Committee of Management hopes to improve the number of Life Members in the coming years.

COMMITTEE MEETINGS

The Management Committee met physically on a periodical manner on need basis. The meetings were well attended by the MC members.

Total No. of Meetings – 7

Name of the Committee Member	Number of Meetings attended
CA. Akshun Daga	3
CA. V Balaji	6
CA. R V Bhuvanewari	4
CA. C Madasamy	4
CA. S Manikandan S	6
CA. T V Praveen	3
CA. C S Ramesh Babu	4
CA. R Sricharan	1
CA. V Thulasidaran	6
CA. P Uttamchand Jain	5

The Management Committee was ably assisted by Special invitees, CA R Ravi, CA. R. Sundararajan, & CA K.R. Sathiyararyana by providing valuable inputs.

ENDOWMENT SCHOLARSHIPS & PRIZES:

As in the past, the Study Circle has continued supporting meritorious students from Chennai pursuing foundation, Intermediate and Final Examinations conducted by ICAI.

The Study Circle continued to support poor and deserving students pursuing Chartered Accountancy course by offering scholarships.

The Study Circle also continued the practice of honoring the best article contributor and emerging speaker year on year to encourage young and fresh CAs to hone their skills in writing, presentation and public speaking.

We have also received the additional contribution from the existing Endowment creators a sum of Rs. 85,000/- to the following Endowment funds during this year:

Name of the Fund	Amount Contributed (in Rs.)
S.A.A Ispahaani Endowment Fund	50,000/-
Yanmantram Educational Trust Endowment Fund	20,000/-
Raman Endowment Fund	15,000/-

We sincerely thank all those Endowment Creators who have wholeheartedly set apart the Funds to fulfill the desired objects of our Study Circle.

OTHER INITIATIVES

The Study Circle has obtained QR code for enable our members to pay their membership fees and other fees for special programs. And has started using net-banking facilities and payments are being made online to vendors and others.

The Study Circle has installed a new 1.5 ton A/C in the premises and received a new refurbished Dell Laptop as donation from M/s. V Narayanan & Co.,

The Study Circle has made payment for the new lift facility in our premises, which is expected to be installed by end of September 2025.

The Study Circle has decided to revamp its entire premises especially to have separate rest rooms for Ladies and Gents, new chairs, tables, LCD, lights, water dispenser. The work is underway and it is expected to get completed before our 1st month meeting of July 2025.

ACKNOWLEDGEMENTS

The management committee places on record their sincere thanks appreciation for the whole-hearted support extended by Members, Speakers, other professional organizations, Bankers, Sponsors, Advertisers, Endowment Donors, and Staff of the Study Circle.

For **The Chartered Accountants Study Circle**

Sd/-

Place: Chennai

CA. V. Balaji

Date: 01-07-2025

Committee member

THE CHARTERED ACCOUNTANTS STUDY CIRCLE (REGD.)

Prince Arcade, 2-L Rear Block, Second Floor,
22-A Cathedral Road, Chennai – 600 086.

NOMINATION FORM

To
Returning Officer,
The Chartered Accountants Study Circle (Regd.),
Prince Arcade, 2-L Rear Block, Second Floor,
22-A Cathedral Road,
Chennai – 600 086.

We, the undersigned, members of The Chartered Accountants Study Circle, nominate the under mentioned person as a candidate for election as a Member of the Committee of Management at the Annual General Meeting to be held on

Name of the Candidate :
Father's / Husband's Name :
Address :

Membership Details : Life / Annual

Signature of the Proposer	Signature of the Seconder
Name & Address with	Name & Address with
Membership details :	Membership details :

Signature of candidate consenting to the nomination:



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

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