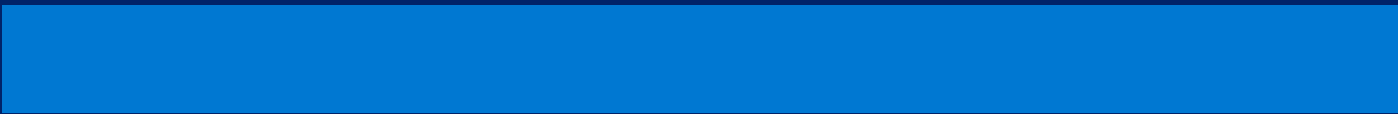


Tax INFORM

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DIRECT TAX



A. Recent Case Laws

G Square Layout Private Limited & Ors. v. Deputy Commissioner of Income Tax (Crl.O.P. No. 22880 of 2025)

Prosecution under Section 276C(2) cannot be sustained in absence of wilful intent to evade tax: Madras HC.

The Madras High Court has held that mere delay in payment of self-assessment tax does not constitute a “wilful attempt to evade tax” under Section 276C(2) of the Income Tax Act, 1961, unless accompanied by suppression of income, false entries, or deliberate evasion. The Court emphasised that penal provisions must be construed strictly and that prosecution under Section 276C(2) requires the presence of mens rea (guilty mind), not just non-payment or delay.

In this case, the Assessee filed its return declaring an income of ₹27.31 crores and a self-assessment tax liability of ₹8.72 crores, which remained unpaid at the time of filing. The Revenue alleged wilful default and initiated prosecution under Section 276C(2) despite the Assessee’s explanation that funds were locked in non-liquifiable assets. Before the criminal complaint was filed, the Assessee remitted the entire outstanding amount following issuance of a show-cause notice. The Revenue nonetheless proceeded with prosecution, arguing that subsequent payment did not absolve earlier non-compliance.

The High Court observed that there was no allegation of concealment, fabrication, or false statement by the Assessee. Citing S.P. Velayutham v. Assistant Commissioner of Income Tax, (2022) 442 ITR 74 (Mad), the Court reiterated that only deliberate evasion or suppression attracts Section 276C(2). Since the delayed payment was subsequently made and no wilful intent was proven, the complaint amounted to an abuse of process. Accordingly, the Court quashed the prosecution under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023.

Principal Commissioner of Income Tax-1 v. Paschim Gujarat Vij Company Ltd. (R/Tax Appeal No. 418 of 2024)

Interest earned from employee loans and advances constitutes business income under Section 28(i) and not “income from other sources”: Gujarat HC.

The Gujarat High Court has held that interest income earned by an electricity distribution company from staff loans and advances should be treated as business income under Section 28(i) of the Income Tax Act, 1961, rather than as “income from other sources” under Section 56. The Court observed that such income is incidental and directly connected to the Assessee’s core business of electricity distribution, thereby falling within the ambit of business income.

In this case, the Assessee, engaged in the business of power distribution, had declared nil income for Assessment Year 2014–15 after setting off losses and unabsorbed depreciation. The Assessing Officer classified interest of ₹2.45 crores from staff loans, deposits, and other advances, along with miscellaneous receipts of ₹25.02 crores, as income from other sources. The Commissioner (Appeals) partly upheld this view, holding certain miscellaneous receipts as business income. On further appeal, the Income Tax Appellate Tribunal (ITAT) relied on the Orissa High Court's decision in Odisha Power Generation Corporation Ltd. and the Gujarat High Court's ruling in Gujarat Urja Vikas Nigam Ltd. v. DCIT to hold that interest from staff loans is inherently linked to the Assessee's business operations.

The High Court affirmed the ITAT's view, reiterating that income from employee loans and similar welfare-linked activities forms part of the Assessee's business income, being integrally connected with its commercial functions. Finding no substantial question of law, the Court dismissed the Revenue's appeal, upholding that interest from staff loans and related receipts are taxable under the head "Profits and gains of business or profession."

[Verjina Foods Limited v. Income Tax Officer, Ward-1\(1\), Kalyan \(I.A. No. 12229 of 2025 in W.P. No. 1428 of 2023\)](#)

Bombay HC holds reassessment notice issued after April 1, 2021, for AY 2015–16 to be barred by limitation, quashes consequential reassessment and penalty proceedings.

The Bombay High Court recently quashed reassessment proceedings initiated against the Assessee under Section 147 of the Income Tax Act, 196, holding that the notice issued under Section 148 on April 5, 2022 for Assessment Year 2015–16 was time-barred and invalid in light of the Supreme Court's decision in Union of India v. Rajeev Bansal, [2024] 469 ITR 46 (SC). The Court reiterated that the Central Board of Direct Taxes (CBDT) and the Revenue had themselves conceded before the Supreme Court that all reassessment notices issued on or after April 1, 2021 for AY 2015–16 were liable to be dropped as they fell outside the limitation period prescribed under the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.

In this case, the Assessee's earlier writ petition challenging the notice under Section 148 had already been allowed by a coordinate bench in 2024. Despite this, the Assessing Officer continued reassessment proceedings and passed an order under Section 147 adding ₹1.18 crore to income, followed by a demand notice under Section 156 and penalty notices under Sections 271F, 271(1)(b), and 271(1)(c). The Revenue defended the continuation on the ground that an SLP against the earlier High Court order was pending.

The Court found that the Assessing Officer's action was wholly untenable. It observed that, in view of Rajeev Bansal and its own earlier ruling in Hexaware Technologies Ltd. v. ACIT, the notice itself was illegal and any consequential reassessment or penalty order was void. The Bench held that the Assessing Officer had acted in defiance of binding precedent and quashed the reassessment order, demand notice, and all penalty proceedings as an abuse of process.

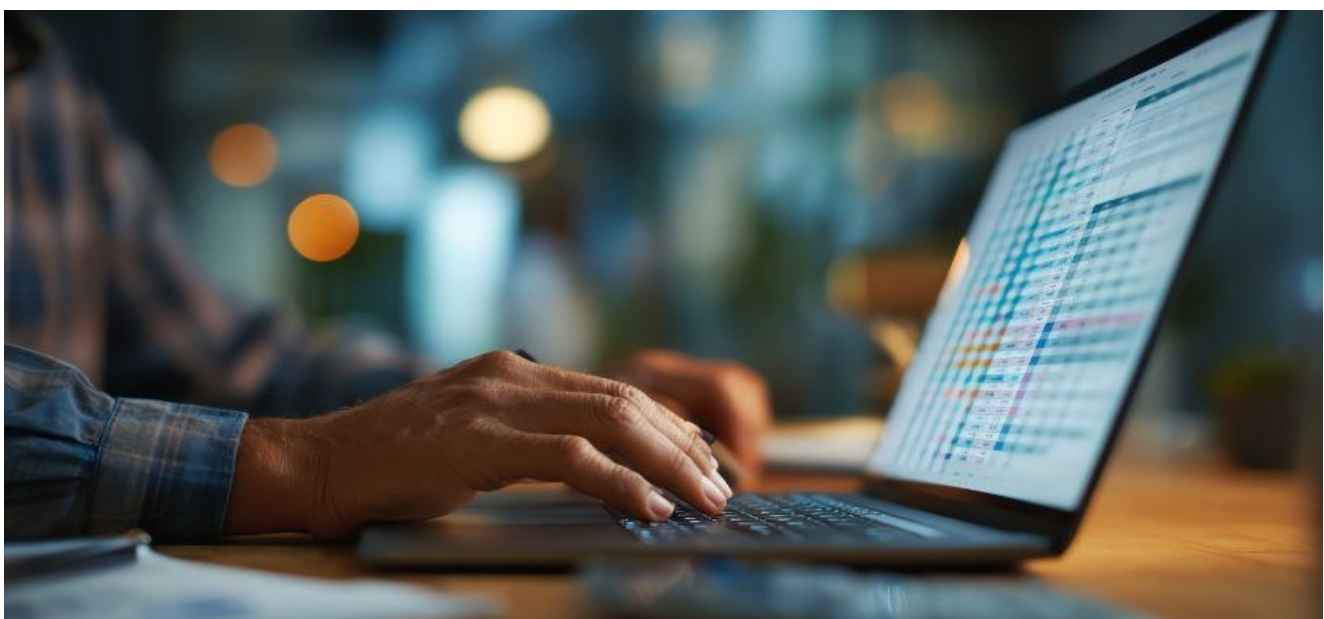
Sri Sai Dhurga Balaji Health and Educational Welfare Society v. Income Tax Officer (W.P. No. 16014 of 2024)

Telangana HC quashes reassessment proceedings as time-barred under Section 149(1) and vitiated for want of jurisdiction, says notice had to be issued by faceless authority.

In a recent decision, the Telangana High Court quashed reassessment proceedings initiated under Sections 147 and 148 of the Income Tax Act, 1961, holding that the show-cause notice dated March 31, 2024 for Assessment Year 2017–18 was barred by limitation under Section 149(1) and was issued without jurisdiction since it emanated from a jurisdictional Assessing Officer (JAO) rather than through the mandated faceless procedure. The Court reaffirmed that reassessment notices issued after April 1, 2021, must comply with the amended provisions of Section 149(1) introduced by the Finance Act, 2021, and must be undertaken only by faceless authorities.

In this case, the Petitioner society received a show-cause notice under Section 148A(b) alleging escapement of income due to a loan write-off by the Andhra Pradesh State Financial Corporation. The Petitioner's secretary, being unwell, sought an adjournment via email, but the Assessing Officer proceeded to pass an order under Section 148A(d) and issued a notice under Section 148 on the same day. The Petitioner contended that the proceedings were both time-barred and conducted in violation of principles of natural justice. The Revenue argued that the notice was within the limitation period and that an opportunity had been duly provided.

The Court held that, for Assessment Year 2017–18, the limitation period under both the pre- and post-amendment versions of Section 149(1) had expired by March 31, 2022. A notice issued on March 31, 2024, was, therefore, patently beyond limitation. Further, relying on *Kankanala Ravindra Reddy v. ITO* (W.P. No. 25903 of 2022), the Court ruled that reassessment proceedings post-April 1, 2021, must be initiated by the faceless authority, not the JAO. The entire reassessment, including notices under Sections 148A(b), 148A(d), and 148, was quashed as being without jurisdiction and contrary to the statutory mandate.



Akhtar Hasan Rizvi v. Joint Commissioner of Income Tax, Special Range-44, Mumbai (Income Tax Appeal No. 44 of 2004)

Bombay HC dismisses appeal under Section 260A for absence of any substantial question of law where concurrent findings established suppression of income.

In the instant case, the Bombay High Court dismissed the Assessee's appeal under Section 260A of the Income Tax Act, 1961, holding that no substantial question of law arose, as both the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal (ITAT) had concurrently found that the Assessee had suppressed his income. The Court reiterated that an appeal under Section 260A lies only on a substantial question of law, not merely on a question of law, relying on *Chandrabhan (Deceased) through LRs v. Saraswati* (2022) 20 SCC 199 and *Chunnilal V. Mehta & Sons Ltd. v. Century Spg. & Mfg. Co. Ltd.* (1962) SCC OnLine SC 57.

The Assessee, a property developer, was subjected to proceedings following a search at his architect's premises under Section 132. Based on seized documents, the Assessing Officer (AO) issued a notice under Section 158BD, determining undisclosed income of ₹19.75 lakh for the block period 1986-87. The Assessee argued that Section 158BD was wrongly invoked and that the assessment should have been made under Section 69C, contending the absence of a recorded satisfaction by the AO. The Revenue maintained that the conditions under Chapter XIV-B were met, and the AO's satisfaction was evident from the record.

The High Court found that both lower forums had conclusively held that the Assessee had made cash payments and failed to disclose the income. Merely citing statutory provisions without contesting the factual findings could not raise a substantial question of law. Observing that concurrent factual determinations cannot be reopened in appeal absent a clear legal infirmity, the Court upheld the ITAT's view that the undisclosed income was correctly assessed under Chapter XIV-B. Accordingly, the appeal was dismissed as devoid of merit.

B. Notifications/Circulars

Circular No. 13/2025, dated September 11, 2025

The Central Board of Direct Taxes (CBDT) has issued an order under Section 119 of the Income Tax Act, 1961, providing relief to taxpayers by waiving interest payable under Section 220(2) in specific cases involving rectification of rebate under Section 87A. The waiver applies where demands arise due to the disallowance of rebate previously granted on incomes chargeable at special rates under Chapter XII.

The CBDT noted that certain returns had been processed earlier, allowing rebate under Section 87A on incomes taxable at special rates under Chapter XII, which was not permissible under Section 115BAC(1A). Upon rectification, fresh demands were raised, and delays in their payment attracted interest under Section 220(2). To mitigate such genuine hardship, the Board

has directed that where the resulting demand is paid on or before December 31, 2025, the interest under Section 220(2) shall be fully waived.

However, if payment is not made within the specified time, interest under Section 220(2) will be levied from the day following the expiry of the period under Section 220(1). This waiver is a one-time relief applicable only to cases where demand arises due to rectification of rebate errors under Section 87A.

Click [here](#) to read the Circular.

Circular No. 14/2025, dated September 25, 2025

The Central Board of Direct Taxes (CBDT) has extended the due date under Section 139(1) of the Income Tax Act, 1961, for filing audit reports for FY 2024–25 (AY 2025–26) from September 30, 2025, to October 31, 2025.

Click [here](#) to read the Circular.

Notification No. 148/2025, dated September 22, 2025

The Central Board of Direct Taxes (CBDT) has notified the Real Estate Regulatory Authority, Rajasthan, Jaipur, as exempt under Section 10(46) of the Income Tax Act, 1961. The exemption covers income from:

- (a) Government grants or loans,
- (b) Fees and penalties under the Real Estate (Regulation and Development) Act, 2016, and
- (c) Interest on such receipts.

It is specified that the Authority must not undertake commercial activity, must maintain the same nature of income, and file returns under Section 139(4C)(g). The notification applies retrospectively for AYs 2023–24 to 2025–26 and prospectively up to AY 2027–28.

Click [here](#) to read the Notification.

INDIRECT TAX



Goods & Services Tax

Recent Case Laws

[Adarsh S/o Gautam Pimpare v. State of Maharashtra \(W.P. No. 11135 of 2025\)](#)

Bombay HC: GST Act overrides RTI Act; disclosure of GST returns barred under Section 158.

The Bombay High Court recently held that the Goods and Services Tax Act, 2017, being a special and later enactment, overrides the Right to Information Act, 2005, and therefore, information such as GST returns of companies cannot be disclosed under the RTI framework. The Court clarified that Section 158(1) of the GST Act expressly prohibits disclosure of any particulars contained in returns, accounts, or documents furnished under the Act, except under the limited exceptions enumerated in Section 158(3). Hence, where disclosure of such information is barred under a special law, it cannot be compelled through the RTI Act.

The Petitioner sought GST return details of six companies in Udgir, Latur district, alleging that they had committed large-scale fraud while executing government tenders. The Information Officer issued notices to the concerned companies under Section 11 of the RTI Act and, upon their objection, rejected the request. The first and second appellate authorities affirmed the decision. The Petitioner argued that GST returns were public documents and not third-party information, contending that disclosure was warranted in the public interest to expose fraud. The Revenue countered that disclosure was statutorily barred and that the Petitioner's allegations were unsupported by evidence.

The Court upheld the authorities' decision, ruling that both Section 8(1)(j) of the RTI Act and Section 158(1) of the GST Act protect commercial and personal information from disclosure unless a larger public interest is established. As the Petitioner had furnished no prima facie evidence of fraud or overriding public interest, the plea for disclosure was rejected. The High Court reiterated that the right to information is not absolute and must yield to confidentiality obligations under the special tax statute.

[Amit Kumar Basau & Anr. v. Sales Tax Officer Class II, AVATO Ward 13 \(Special Zone\), Zone 12, Delhi & Ors. \(W.P.\(C\) No. 15327 of 2025 & CM APPL. 62787 of 2025\)](#)

Writ petition by unregistered partnership firm maintainable; Section 69(2) of the Partnership Act does not bar enforcement of statutory rights under GST law: Delhi HC.

In a recent decision, the Delhi High Court held that a writ petition filed by an unregistered partnership firm is maintainable where the firm seeks to enforce a statutory or common law right, clarifying that Section 69(2) of the Indian Partnership Act, 1932, does not bar such proceedings. The Court reasoned that the restriction in Section 69(2) applies only to suits

arising from contracts and not to actions enforcing rights conferred under a statute like the Central Goods and Services Tax Act, 2017.

In the present case, the Petitioner, a partner of M/s Basau Construction (India), an unregistered firm, challenged a demand order raising tax liability of ₹59.05 lakh (total ₹1.09 crore, including interest and penalty) and the corresponding show-cause notice under the CGST Act. The Revenue objected to maintainability, contending that the unregistered firm was barred under Section 69(2) from initiating proceedings. The Petitioner countered that the action sought enforcement of statutory rights under the GST framework and thus fell outside the contractual bar.

Relying on *Haldiram Bhujawala v. Anand Kumar Deepak Kumar*, (2000) 3 SCC 250, and *Shiv Developers v. Aksharay Developers* [2022 SCC OnLine SC 114], the Court observed that an unregistered firm can maintain proceedings where it seeks to enforce statutory or common law rights. Since the partner had been impleaded as co-petitioner and the firm held a valid GST registration and was paying tax, the petition was held to be maintainable. The Court directed that an appeal may be filed by November 30, 2025, with the requisite pre-deposit, clarifying that the case shall be subject to the outcome of *Sarens Heavy Lift India Pvt. Ltd. v. Sales Tax Officer*, wherein the validity of Notification No. 40/2021–Central Tax is under consideration.

Tansam Engineering and Construction Company v. The Commissioner of CGST and Central Excise & Ors. (W.P.(C) No. 15935 of 2025)

Orissa HC holds parallel proceedings by Central and State authorities on the same subject matter to be impermissible under Section 6(2)(b) of the CGST Act.

In this case, the Orissa High Court held that once proceedings under Section 74 of the Central Goods and Services Tax Act, 2017, are initiated by the State Proper Officer, a Central Proper Officer cannot initiate parallel proceedings on the same subject matter. The Court emphasised that Section 6(2)(b) expressly bars initiation of proceedings by one authority when proceedings on the same subject matter are already underway before another. It observed that permitting two authorities to proceed concurrently would result in double taxation and violate the principle of cooperative federalism underlying the GST framework.

The Petitioner, a works contractor registered under the Odisha Goods and Services Tax Act, 2017, was issued show-cause notices by both the State Proper Officer and the Directorate General of GST Intelligence (DGGI) on identical allegations of wrongful availment of input tax credit based on fake invoices issued by non-existent suppliers. The State Proper Officer had first initiated proceedings under Section 74 and concluded them with final orders. Despite being informed of this fact, the DGGI issued a subsequent show-cause notice for the same periods (FY 2017–18 and 2018–19) and passed an Order-in-Original confirming tax, interest, and penalty. The Revenue argued that issuance of summons under Section 70 by the Central Officer predated the State's proceedings and hence did not violate Section 6(2)(b).

Rejecting this contention, the Court, relying on the Supreme Court's ruling in *Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate*, 2025 SCC OnLine SC 1700, clarified that issuance of summons does not amount to initiation of proceedings under Section 6(2)(b); only a show-cause notice constitutes such initiation. Since the State Officer had issued notices earlier, the subsequent Central proceedings were invalid. Accordingly, the High Court quashed the DGGI's show-cause notice, the Order-in-Original, and consequential demand orders, holding them void and contrary to law.

Milroc Good Earth Developers v. Union of India & Ors. (W.P. No. 2203 of 2025)

Bombay HC sets aside consolidated show cause notices issued for multiple assessment years as without jurisdiction.

The Bombay High Court (Goa Bench) recently held that consolidated show-cause notices (SCNs) issued for multiple financial years under the Central Goods and Services Tax Act, 2017, are without jurisdiction and amount to judicial overreach. The Court emphasised that under the statutory scheme of Sections 73 and 74 of the CGST Act, every assessment must correspond to a specific tax period defined under Sections 2(11), 2(97), and 2(106), and each financial year is to be treated as a distinct unit for assessment, limitation, and adjudication purposes.

In this case, the Petitioner, a partnership firm engaged in real estate development, was issued a consolidated SCN demanding GST and reversal of input tax credit (ITC) for FY 2017–18 to FY 2023–24 in respect of two projects—Colina and Adarsh. The notice also sought recovery of tax under the reverse charge mechanism (RCM) on the transfer of development rights. The Petitioner contended that clubbing multiple financial years in a single SCN was impermissible and violated the limitation provisions under Sections 73(10) and 74(10). The Revenue defended the consolidation, citing convenience and prior judicial observations in *Ambika Traders* and *RioCare India Pvt. Ltd.*

The Court rejected the Revenue's defence, distinguishing the cited precedents and relying on *R.A. & Co. v. Addl. Commissioner of Central Taxes* (Madras HC), *Titan Company Ltd. v. JC, GST & Central Excise* (Madras HC), *Tharayil Medicals v. Deputy Commissioner* (Kerala HC), and *Bangalore Golf Club v. Assistant Commissioner of Commercial Taxes* (Karnataka HC). It held that the GST Act envisages separate assessment for each tax period, and consolidated SCNs undermine the statutory limitation scheme and procedural fairness. Accordingly, the consolidated SCNs were quashed as being without jurisdiction and in excess of statutory authority.

Notifications/Circulars

[Circular No. 252/09/2025–GST, dated September 23, 2025](#)

The Central Board of Indirect Taxes and Customs (CBIC) has clarified that communications issued through the public option in CBIC's eOffice application, which automatically generate a unique "Issue Number," shall be deemed to have a valid Document Identification Number (DIN). Such communications will be treated as valid under Section 169 of the Central Goods and Services Tax Act, 2017, and do not require a separate DIN to be quoted.

This clarification follows earlier circulars mandating the generation and quoting of DIN on all communications to taxpayers. The Board noted that eOffice-generated documents already contain an electronically verifiable Issue Number, and a dedicated online utility has now been introduced, <https://verifydocument.cbic.gov.in>, to authenticate such Issue Numbers. The utility enables taxpayers to verify file details, issuing office, and masked recipient particulars, thereby ensuring traceability and transparency.

Accordingly, CBIC has directed that separate DIN generation for communications issued through eOffice is no longer necessary. However, the requirement to generate and quote DIN remains mandatory for all other communications not issued via eOffice or those without a verifiable Reference Number (RFN) generated on the GST common portal. Circulars No. 122/41/2019-GST, 128/47/2019-GST, and 249/06/2025-GST have been modified to this extent.

Click here to [read](#) the Circular.

[Circular No. 253/10/2025–GST, dated October 1, 2025](#)

The Central Board of Indirect Taxes and Customs (CBIC), in exercise of its powers under Section 168(1) of the Central Goods and Services Tax Act, 2017, has withdrawn Circular No. 212/6/2024–GST dated June 26, 2024. The earlier circular had prescribed a mechanism for suppliers to furnish evidence of compliance with the conditions under Section 15(3)(b)(ii) of the CGST Act regarding post-supply discounts.

The withdrawal has been made to ensure uniform implementation of the law across field formations and to eliminate unnecessary procedural requirements. Consequently, suppliers are no longer required to follow the procedure previously prescribed for providing such evidence of compliance.

Field officers have been directed to issue suitable trade notices to disseminate this clarification to stakeholders and to report any implementation issues to the Board.

Click [here](#) to read the Circular.



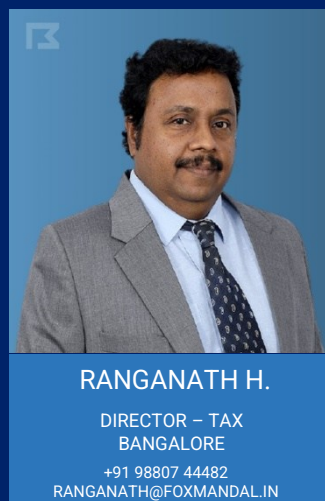
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