

Monthly tax bulletin

April 2025



Grant Thornton Bharat brings you the April 2025 edition of the Tax Bulletin, covering key developments shaping India's tax and regulatory landscape across direct taxes, transfer pricing, GST, and customs.

In December 2024, US President Donald Trump triggered trade tensions by criticising high tariffs by many countries, mainly the developing countries, and vowing "reciprocal tariffs." On 2 April 2025, he issued executive orders under the International Emergency Economic Powers Act (IEEPA) and National Emergencies Act, directing additional ad valorem tariffs on all imports into the US, including those from India. Our detailed note discussing the recent announcements and the possible impact of the reciprocal tariffs by the US on India can be referred [here](#).

The tariff war escalated, with China announcing a counter-tariff and the USA increasing the rate of reciprocal tariffs for China. Now, when the USA has paused its reciprocal tariff for 90 days for the rest of the countries, China has to bear the brunt of exceptionally high tariffs from the USA. Our detailed note discussing the pause announcement and its impact on India can be referred [here](#).

The entire world is following the policy of wait and watch. However, this will definitely change the pattern of global trade in the long run.

In a landmark Supreme Court ruling under GST, the SC has upheld the Bombay High Court's decision that allowed rectification of GST returns in cases of bonafide clerical errors, even beyond statutory timelines. The court underscored that the right to correct such mistakes is fundamental to conducting business and cannot be restricted without revenue loss. It further emphasised that technological constraints should not hinder legal entitlements and urged the Revenue to revisit and rationalise relevant provisions.

In direct taxes, the CBDT has clarified its earlier guidance on the Principal Purpose Test (PPT) for India's tax treaties. In addition, the CBDT has extended the due date for filing certain forms under the IT Act. On the judicial front, the Supreme Court has dismissed the Revenue's SLP, ruling that mere registration of a charitable trust does not automatically entitle it to exemption under the Income-tax Act.

Within the transfer pricing domain, the Tribunal has held that the Dispute Resolution Panel (DRP) lacks the authority to issue directions in a second round of proceedings after the ITAT has set aside an assessment order for the DRP's file.

We hope this edition provides valuable insights to help you confidently navigate India's evolving tax framework.

Happy reading!



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Key developments under direct tax laws

Legislative/other developments

Central Board of Direct Taxes (CBDT) Circular / Notification:

- **CBDT notifies amended Forms 64A to 64F and revises the timeline for filing the forms 64A and 64E¹:** Section 115TCA(4) of the Income-tax Act, 1961 (IT Act), requires a securitisation trust to furnish a statement of income paid/credited to investors and the jurisdictional Principal Commissioner or the Commissioner of Income-tax (PCIT / CIT) within the prescribed timelines [i.e., Rule 12CC of the Income-tax Rules, 1962 (IT Rules)].

Similarly, 115UA(4) of the IT Act requires a business trust to furnish a statement of income distributed to unit holders to the jurisdictional PCIT/CIT and the unit holders within the prescribed timelines (Rule 12CA of the IT Rules).

In this regard, the CBDT has introduced the following changes in Rule 12CC and 12CA of the IT Rules (effective from 24 February 2025):

| Rule No. / Section No. | Form to be furnished to PCIT / CIT | Form to be furnished to investor/unit holder |
|----------------------------|--|--|
| Rule 12CC (Section 115TCA) | Form 64E is to be furnished by 15 June (earlier due date: 30 November) of the FY following the year in which income is paid/credited | Form 64F is to be furnished by 30 June of the FY following the year in which income is paid/credited |
| Rule 12CA (Section 115UA) | Form 64A is to be furnished by 15 June (earlier due date: 30 November) of the FY following the year in which income is distributed | Form 64B is to be furnished by 30 June of the FY following the year in which the income is distributed |

The amended Rule 12CA and 12CC of the IT Rules inter alia also provide that:

- Forms 64A and 64E are to be verified by the accountant and furnished electronically using a digital signature.
- Form 64B and 64F can be generated and downloaded from the specified portal. Such forms are required to be duly verified by the prescribed persons.

Further, the CBDT has substituted the existing Form No. 64A, Form No. 64B, Form No. 64C, Form No. 64D, Form No. 64E, and Form No. 64F with new forms (provided as an annexure in the notification).

Also, the CBDT has specified certain changes in Form No. 10IH, i.e., the statement of income of a specified fund eligible for concessional taxation under Section 115AD of the IT Act.

- **CBDT issues clarification regarding its earlier guidance issued on Principal Purpose Test (PPT) for India's tax treaties²:** In order to provide clarity regarding the application of the PPT provision under India's tax treaty, the CBDT had earlier provided specific guidance³. In this regard, the CBDT has now issued the following clarifications regarding the aforesaid guidance:
 - The guidance, as mentioned earlier, will only apply to India's tax treaties that contain the PPT provisions.
 - The earlier circular will not interfere or interact with:
 - Any provision (other than PPT) of India's tax treaty can be invoked to examine the tax treaty benefit or its denial.
 - Anti-abuse rules under domestic law, such as General Anti-Abuse Rules, Special Anti-Abuse Rules, and Judicial Anti-Abuse Rules, are reflected in or result from judicial interpretations.

Further, the CBDT has stated that the aforesaid clarification does not introduce any new legal interpretation and reaffirmed that the earlier circular applies only to PPT, without impacting other provisions of the IT Act.

1. Notification No. 17 of 2025 dated 24 February 2025
2. Press Release dated 15 March 2025
3. Circular no. 1 of 2025 dated 21 January 2025

Other direct tax judicial precedents

- **Mere registration of charitable trust does not automatically entitle trust to avail exemption under the IT Act⁴:**

Brief facts

- The taxpayer was a charitable trust and applied for registration in February 2008 under Section 12A(a) of the IT Act for claiming exemption under Sections 10 and 11 of the IT Act. However, the CIT refused to grant such registration on the premise that the taxpayer did not substantiate that it was undertaking charitable activities.
- On appeal, the Tribunal reversed the CIT's order and directed that registration should be granted to the Trust. The Tribunal observed that since the Trust was carrying out no activities on the date of application for registration or 31 March 2008, it was premature to decide that the activities were not charitable in nature. Further, it held that the CIT must look into the Trust's objects, and the CIT had not pointed out any defect in the Trust deed.
- The Revenue authorities filed an appeal before the HC. The HC upheld the Tribunal's order and observed that the activity would be carried out once the Trust is registered.
- Revenue authorities filed an SLP before the SC and requested that the SC's decision, in the case of **M/s. Ananda Social and Educational Trust⁵**, needs to be reconsidered since the findings in the said decision were contrary to the object of Section 12AA of the IT Act. Revenue authorities also requested the SC to refer the aforesaid decision to a larger bench.
- Further, it observed that mere registration under the IT Act does not automatically entitle a charitable trust to claim an exemption under Sections 10 and 11 of the IT Act.
- The SC was of the view that the AO may decide on the genuineness of the exemption claimed by the Trust in its return of income after considering all the materials. It also held that the AO can choose to deny the exemption to the taxpayer if he is satisfied with the genuineness of the claim.
- Given the above, the SC dismissed the Revenue's SLP against the order of the HC.

- **SC upholds validity of reassessment notice: No need to issue satisfaction note in search case, and the note issued without DIN can be regularised⁶**

- In February 2021, a search was conducted on the RK Group, wherein incriminating documents and digital data were found, as per which the tax officer initiated the reassessment proceedings. Subsequently, the AO recorded a satisfaction note basis, which the note under Section 148 of the IT Act was issued to the taxpayer.
- The taxpayer contended that the satisfaction note uploaded to the portal did not have a DIN and date. Hence, the reassessment proceedings will be vitiated after relying on the CBDT's circular⁷. This circular inter alia provides that all DINs need to be quoted in all communication issued by tax authorities on or after 1 October 2019. In the absence of DINs, such communication would be treated as invalid.
- The taxpayer filed a writ petition before the HC for setting aside the reassessment notice and quashing the reassessment proceedings.

SC's decision

- The SC declined to doubt the correctness of the aforesaid ruling in the **Ananda Social and Educational Trust (Supra)** case and did not refer it to a larger bench.
- The SC also observed that before registration, a trust must provide cogent material to the CIT to prove that its activities are genuinely charitable.

4. International Health Care Education and Research Institute [TS-135-SC-2025]

5. M/s. Ananda Social and Educational Trust vs. CIT [(2020) 17 SCC 254]

6. Rameshkumar Tulidas Kaneriya [TS-172-SC-2025]

7. Circular no. 19 of 2019 dated 19 August 2019

B

Key developments under transfer pricing law

Judicial developments

- On perusal of the provisions of Section 148 of the IT Act, the HC held that the entire scheme of reopening of assessment had undergone a paradigm shift. In the new reassessment regime (post 1 April 2021), the AO is not required to provide an opportunity for hearing by issue of a show cause notice in search cases (as per provisions of Section 148A of the IT Act). Further, the HC held that there is no provision in Section 148 of the IT Act that requires the AO to provide a satisfaction note.
- The HC held that the satisfaction note uploaded by the AO is part of his internal communication with the PCIT, and hence, the provisions of the CBDT's circular⁸ would not apply. The HC held that even otherwise, the reassessment notice contains the DIN and date, and hence, the satisfaction note (issued along with such notice) can be regularised by issuing a copy with the DIN.
- With respect to the inordinate delay in sending the reassessment proposal to the PCIT (considering that the search was conducted in 2021), the HC believed there was no time limit for initiating reassessment proceedings.
- The HC held that the CBDT's circular⁹ deals with recording the satisfaction of the AO (under Sections 158BD/153C of the IT Act) of the search person and the time limit for the same. The said circular does not apply to the recording of satisfaction in the case of a person other than the searched person.
- The taxpayer filed a special leave petition before the SC against the aforesaid HC's order, which the SC dismissed. The SC declined to interfere with the HC's order.
- **DRP lacks authority in second round after Tribunal's direct set-aside¹⁰:** The Chennai Tribunal addressed the issue of whether the Dispute Resolution Panel (DRP) has the authority to issue directions in a second round of proceedings after the ITAT has set aside an assessment order to the file of the DRP. The Tribunal concluded that the DRP does not have the power to direct the Transfer Pricing Officer (TPO) or Assessing Officer (AO) in such cases, as the provisions of Section 144C of the Income Tax Act do not grant such authority. The Tribunal emphasised that the DRP's role is limited to pending assessment proceedings and cannot extend to cases where the final assessment order has already been passed. The DRP has the jurisdiction to give directions only in cases where the taxpayer raises an objection against the draft order. Consequently, the Tribunal quashed the transfer pricing order and the final assessment order as void ab initio.
- **RPM for distributor; warranty costs reimbursed by AE not to be aggregated¹¹:** The Delhi High Court examined the ITAT's conclusion on selecting the Resale Price Method (RPM) as the most appropriate method for determining the Arm's Length Price (ALP). The court noted that the assessee is a distributor importing solar products from its associated enterprise (AE) and reselling them without adding value. The court found that the warranty cost claims and reimbursements are unrelated to the purchase transactions and should not be aggregated. The court upheld the ITAT's finding that the RPM is suitable for benchmarking the transactions, as the assessee does not add value to the products. The Revenue's appeal was dismissed, with the court finding no substantial question of law.



8. Circular no. 19/2019

9. Circular no. 24 of 2015 dated 31 December 2015

10. Young Buhmwo India Co Pvt Ltd [TS-72-ITAT-2025(CHNY)-TP]

11. D Light Energy P. Ltd [TS-94-HC-2025(DEU)-TP]



Key developments under GST law

Legislative/other developments

- **CBIC issues amendments and clarifications on the Amnesty Scheme under Section 128A of the Central Goods and Services Tax Act, 2017 (CGST Act)¹²:** The CBIC has amended Rule 164 of the Central Goods and Services Rules, 2017 (CGST Rules) and clarified the following provisions related to the Amnesty Scheme under Section 128A of the CGST Act –

Key amendments:

- **Rule 164(4):** Tax payments should cover only the eligible period (1 July 2017 to 31 March 2020). No refund will be granted for the tax already paid on consolidated periods.
- **Rule 164(7):** Taxpayers are not required to withdraw appeals for the entire period if the demand notice covers both the eligible period and periods outside it. Only an intimation for withdrawal concerning the eligible period is required.

(Please [click here](#) to refer to the notification)

Key clarifications:

- **GSTR-3B payments before 1 November 2024:** Taxpayers who made payments through GSTR-3B before 1 November 2024 for the eligible period (FY 2017-18 to 2019-20) are eligible for the Amnesty Scheme.
- **Consolidated demand orders:** Taxpayers can apply for amnesty after paying the tax for the eligible period and withdraw appeals for that period. The authority will adjudicate for the remaining periods outside the scope of Section 128A.

(Please [click here](#) to refer to the circular)

- **CBIC releases FAQs on restaurant services at specified premises:** The CBIC, in its 55th GST Council meeting, amended the definition of 'specified premises' to include those providing hotel accommodation services above INR 7,500 per unit per day, effective 1 April 2025. The 'declared tariff' definition has been omitted. In this regard, FAQs have been released to clarify GST applicability and compliance for restaurant services at these premises.

(Please [click here](#) to refer to the FAQs)

Goods and Services Tax Network Advisory

- **Technical difficulties faced while filing waiver applications under the GST Amnesty Scheme:** The GSTN has issued an advisory addressing technical challenges taxpayers face while filing Forms SPL-01 and SPL-02 under the waiver scheme (Section 128A of the CGST Act). The key issues include missing order numbers in SPL-02, non-auto-populating payment details, and issues with the "Payment towards demand" option.

- Waiver applications can be filed until **30 June 2025**, not 31 March 2025.
- Payment must be made by 31 March 2025 using "Payment towards demand" or via DRC-03 if the option is not functioning.
- If payment details are not auto-populating in SPL-02, verify in the electronic liability register.

Accordingly, taxpayers are advised to complete payments by 31 March 2025 and submit waiver applications by **30 June 2025**.

(Please [click here](#) to refer to the advisory)

Judicial developments

- **SC upholds Bombay HC's ruling permitting rectification of GST return beyond statutory timeline; urges CBIC to re-evaluate timelines¹³:** The SC has upheld the Bombay HC's decision permitting rectification of GST returns in case of bonafide clerical errors, even beyond the statutory timelines. Rejecting the Revenue's SLPs, the SC emphasised that such corrections cannot be denied solely due to the expiry of timelines prescribed under Sections 37(3) and 39(9) of the CGST Act, or limitations of the GST portal.

The SC highlighted that the right to rectify such mistakes is integral to the right to conduct business and cannot be curtailed in the absence of any revenue loss. The apex court also observed that technological constraints could not be a valid justification for denying legal entitlements and called upon the Revenue to revisit and rationalise the relevant provisions.

(Please [click here](#) for the detailed alert)

12. Notification No. 11/2025-CT and Circular No. 248/05/2025-GST dated 27 March 2025

13. Brij Systems Ltd and Aberdare Technologies Pvt Ltd. (SLP[C] Diary No. 6332/2025 and 6334/2025)

D

Key developments under erstwhile indirect tax laws, Customs, Foreign Trade Policy, SEZ laws, etc.

Legislative/other developments

- **CBIC amends CAROTAR Rules by replacing 'Certificate of Origin' with 'Proof of Origin'**¹⁴: The CBIC has amended the CAROTAR Rules, to replace the Certificate of Origin (CoO) with Proof of Origin (PoO).

Importers are now required to submit a PoO while filing the bill of entry for claiming preferential duty benefits. Customs officers will verify the genuineness and accuracy of the PoO, and if discrepancies are found, the preferential duty claim may be rejected without further verification. The PoO may be verified during the customs clearance process or even after the goods have been imported.

(Please [click here](#) for a detailed update)

- **Cabinet approves Electronics Component Manufacturing scheme**: On 28 March 2025, the Union Cabinet approved the Electronics Component Manufacturing scheme to boost self-reliance in India's electronics supply chain. The scheme targets investments of INR 59,350 crores, generating INR 4,56,500 crore in production and 91,600 direct jobs.

The key features are -

- **Incentives**: INR 22,919 crores over 6 years, with a 1-year gestation period.
- **Segments**: Differentiated incentives for sub-assemblies, bare components, and capital goods.
- **Employment-linked Incentive**: Tied to job creation targets.

(Please [click here](#) for a detailed update)

- **DGFT extends due date for filing Annual RoDTEP Return**¹⁵: Exporters claiming RoDTEP benefits above INR 1 crore in a financial year are required to file the Annual RoDTEP Return (ARR) for each FY. In this regard, the DGFT has extended the deadline for filing the ARR for FY 2023-24 from 31 March 2025 to **30 June 2025**, with a grace period until **30 September 2025**.

(Please [click here](#) for a detailed update)

- **Government of Haryana notifies the Haryana One Time Settlement Scheme for Recovery of Outstanding Dues, 2025**: The Government of Haryana has introduced the Haryana One Time Settlement Scheme to settle outstanding tax demands and disputed amounts under various state tax laws. The scheme, effective from 1 April 2025 for 180 days, offers significant benefits, including the waiver of interest and penalties, encouraging the early resolution of pending tax disputes.

(Please [click here](#) for a detailed update)

- **Government of Kerala notifies the General Amnesty Scheme and Rules, 2025, for settlement of arrears under Pre-GST Laws**: The government of Kerala has introduced the General Amnesty Scheme, 2025, to settle arrears under pre-GST and existing tax laws up to FY 2017-18. Valid for three months, starting from 1 April 2025, the scheme offers waivers on interest and penalties for resolving pending disputes. Further, the Kerala Amnesty Rules, 2025, outline the filing, verification, and settlement certificate issuance procedures with specific timelines.

(Please [click here](#) for a detailed update)



14. Notification No. 14/2025-Customs (NT) dated 18 March 2025

15. Public Notice No. 51/2024-25 dated 19 March 2025

Judicial developments

- **SC upholds Allahabad HC's verdict that mobile chargers sold as part of handsets cannot be taxed separately¹⁶:** The SC has departed from its previous stance in the Nokia India Pvt. Ltd. case while upholding the Allahabad HC's decision that mobile chargers sold as a part of handsets cannot be taxed separately. Rejecting the Revenue's SLPs, the SC distinguished its earlier judgement in the Nokia India Pvt. Ltd. case, where chargers were classified as separate accessories, as they were sold independently. In contrast, the present case recognised the charger as an integral component of the handset, reinforcing the principle of dominant intent in determining taxability.

(Please [click here](#) for the detailed alert)

- **SC upheld that special provisions of the Customs Act prevail over general penal provisions of IPC¹⁷:** The SC dismissed an SLP against the ruling of the Punjab & Haryana HC, wherein it was held that prosecution under Sections 174 and 175 of IPC for non-compliance with summons issued under Section 108 of the Customs Act, 1962, was not maintainable due to the existence of a specific residual penal provision under Section 117 of the Customs Act. The HC had quashed the complaint and summoned orders under the IPC provisions, observing that the Customs Act, being a special enactment and complete code, overrides general penal provisions of the IPC.
- **Delhi HC quashes levy of additional duty over and above IGST on reimported aircraft parts post-repair¹⁸:** The Delhi HC has quashed the Customs' notification¹⁹, holding unconstitutional levy of additional customs duty under Section 3(7) of the Customs Tariff Act, 1975 (CTA), imposed over and above IGST on aircraft parts reimported after overseas repairs. The HC observed that once a transaction is classified as a "supply of service" under Schedule II of the CGST Act, it cannot be recharacterised as an import of goods to attract additional customs duty.

Further, the HC clarified that integrated tax on imported services can exclusively be levied under Section 5(1) of the IGST Act, 2017, and Section 3(7) CTA does not constitute an independent charge but merely serves as a collection mechanism linked to the IGST framework.

- **Bombay HC commences hearing on classification and applicable rate of customs duty on imported car kits²⁰:** The Bombay HC is hearing a challenge against a 12-year-old SCN on the classification of CKD kits (8703) vs. Parts (8708) and the legality of delayed adjudication. The HC had questioned the validity of revisiting 12-year-old assessments and acknowledged limitation as the primary issue.

The matter has been further scheduled for hearing on **21 April 2025**, with any existing ad-interim relief remaining in effect until then.



16. M/s Samsung (India) Electronics Pvt. Ltd. (Diary No[s]. 20066/2021)

17. Rakesh Kumar Goyal (CRM-M No. 24124)

18. InterGlobe Aviation Ltd. (W.P. [C] 934/2023)

19. Notification No. 36/2021(Customs) dated 19 July 2021

20. Skoda Volkswagen India (WP No. 2051/2025)



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