

Monthly tax bulletin

March 2025



As we step into the vibrant festival of Holi, bringing colours of joy and renewal, I bring you the March edition of the Tax Bulletin, packed with the latest important tax updates across direct taxes, transfer pricing, GST, and customs.

In the indirect taxes, the Supreme Court (SC) has delivered significant rulings, upholding the constitutional validity of arrest provisions under GST and Customs and emphasising that such powers must be exercised with due process and accountability. In another landmark judgement, the SC reaffirmed that employees could not be held vicariously liable for a company's GST liabilities unless they were directly involved in fraud, striking down jurisdictionally flawed SCNs. Meanwhile, in a crucial service tax ruling, the court reinforced state authority over betting and gambling taxation, limiting the Parliament's ability to impose taxes in this domain.

On the Customs front, the Central Board of Indirect Taxes and Customs (CBIC) Ekal Anubandh initiative is set to transform the bond system for importers and exporters, enhancing ease of trade through an electronic, paperless mechanism. Further, starting April 2025, customs refunds will undergo a complete digital overhaul, promising faster and more efficient processing.

Under direct taxes, recognising taxpayer challenges, the Central Board of Direct Taxes (CBDT) has extended the due date for Form No. 56F filing to 31 March 2025. Additionally, the SC has clarified that the Most Favoured Nation (MFN) clause under tax treaties does not trigger automatically — a separate notification is required for its implementation.

On the transfer pricing front, the Delhi High Court's ruling on MAP under the Indo-US DTAA reinforces that such adjustments do not bind tax authorities of non-US nations, underscoring MAP's role as a consensual dispute resolution mechanism.

I hope this bulletin will clarify the intricate hues of India's tax landscape. Wishing you insightful reading and a joyous Holi!



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A

Key developments under direct tax laws

Legislative/other developments

- **CBDT provides revised timeline for filing Form No. 49C and issues the updated form¹:** Section 285 of the Income-tax Act, 1961 (IT Act), read with Rule 114DA of the Income-tax Rules, 1962 (IT Rules), requires a non-resident (NR) to furnish an annual statement in Form No. 49C, if such NR has a liaison office in India. The CBDT has w.e.f. 7 February 2025 amended the aforesaid rule to provide that Form No. 49C is required to be furnished within 8 months from the end of the financial year (FY). The CBDT also notified a new Form No. 49C, substituting the existing form.
- **CBDT extends the due date of filing Form No. 56F for AY 2024-25 to 31 March 2025²:** Section 10AA(8), read with Section 10A(5) of the IT Act, provides that deduction under these sections would be available if the taxpayer furnishes a report in Form No. 56F on or before the due date for filing the tax audit report. Considering the taxpayers' difficulties in furnishing such reports for AY 2024-25, the CBDT has extended the due date for furnishing Form No. 56F to 31 March 2025 (for AY 2024-25).
- **CBDT amends its earlier circular for tax deduction at source (TDS) on salary to incorporate amendments made vide subsequent Finance Acts:** The CBDT had earlier issued a circular³ regarding the TDS from salary under Section 192 of the IT Act during FY 2022-23, which prescribed the rate at which tax is required to be withheld by the employer. In this regard, the CBDT⁴ has amended the aforesaid circular to incorporate amendments made by the Finance Act, 2023, Finance Act (No.1), 2024, and Finance Act (No.2), 2024 in relation to "TDS in respect of salary" for the TDS on salary for FY 2024-25.

Further, the CBDT has clarified that other contents of the earlier circular would remain unchanged and continue to apply for FY 2024-25.

Other direct tax judicial precedents

- **Most Favoured Nation (MFN) issue: SC upholds Delhi High Court's (HC's) decision that dismissed taxpayer's case basis SC's decision in the case of Nestle SA**
 - In October 2023, the SC, in the batch of appeals in the case of Nestle SA⁵, settled the controversy regarding the

applicability of the MFN clause in the Indian tax treaties.

- In the said case, the SC held that the MFN clause would not automatically be triggered, and a separate notification is required to operationalise the same. Further, to import the benefit of a lower rate/restricted scope from a third-country treaty, such a country must be an OECD member while entering into a treaty with India.
- In this regard, the Delhi HC, in the case of **Societe De Participations Financieres Et Industrielles Spafi⁶**, dismissed the taxpayer's appeal on the premise that the SC settled this case in the Nestle SA case (**supra**). The taxpayer filed an SLP before the SC against the Delhi HC's aforesaid decision.
- Now, the SC⁷ has dismissed the taxpayer's SLP and upheld the Delhi HC's decision in the taxpayer's case.



1. Notification No. 14 of 2025 dated 7 February 2025
2. Circular No. 2 of 2025 dated 18 February 2025
3. Circular No. 24/2022 dated 7 December 2022
4. Circular No. 3 of 2025 dated 20 February 2025
5. Nestle SA and others [Civil Appeal No(s). 1420 of 2023]
6. Societe De Participations Financieres Et Industrielles Spafi vs. ACIT [(2023) (157 taxmann.com 240) (Delhi HC)]
7. Societe De Participations Financiers vs. ACIT vide Special Leave to Appeal (C) No(s). 2975/2024

B

Key developments under transfer pricing law

Legislative/other developments

- **High Court holds MAP as a consensual process, and says a resolution cannot be applied to non-MAP transactions⁸:** Delhi High Court remanded an ITAT order, emphasising that transfer pricing (TP) adjustments based on the Mutual Agreement Procedure (MAP) under the Indo-US DTAA do not bind tax authorities of non-US countries. The court highlighted that MAP is a consensual process designed to resolve double taxation issues between contracting states. A multi-national group might accept an upward TP adjustment in one country if it balances out in another. However, this does not justify the adjustments for disputed transactions not covered by the MAP. The court noted that applying the same TP adjustment framework for non-US transactions, as agreed for US transactions, is not legally sustainable.
- **High Court holds AO's order barred by limitation, emphasises on the importance of timely assessment⁹:** The Bombay High Court dismissed the Revenue's appeal, holding that the Assessing Officer's (AO) final assessment order was barred by limitation. The court emphasised that the period provided under Section 144C(13) starts from the end of the month in which the Dispute Resolution Panel's (DRP's) directions were received by the AO, not from the date of the Transfer Pricing Officer's (TPO's) subsequent order. The court rejected the Revenue's argument that the time limit in Section 144C(13) is merely directory, stressing that the timely completion of assessments is crucial. The court concluded that the AO's delay in passing the assessment order rendered it invalid.



8. AON Consulting Pvt. Ltd [TS-40-HC-2025(DEL)-TP]
9. Sterling Oil Resources Ltd [TS-41-HC-2025(BOM)-TP]
10. Notification No. 09/2025 - Central Tax dated 11 February 2025
11. Notification No. 12/2024 - Central Tax dated 10 July 2024
12. Circular No. 247/04/2025-GST dated 14 February 2025

C

Key developments under GST law

Legislative/other developments

- **CBIC notifies effective dates for amendments to CGST rules and forms¹⁰:** The CBIC has issued a notification to implement amendments introduced earlier¹¹, impacting GST compliance, tax administration, and procedural requirements.

Key amendments and effective dates are as follows -

Effective from 11 February 2025

- Rule 8(4A): Additional verification for GST registration applicants who do not opt for Aadhaar authentication.
- Rule 138(3): The unregistered persons must first submit details in FORM GST ENR-03 before generating an e-way bill.
- FORM GSTR-3B: Revised Table 6.1 for separate tax payments under reverse charge and Section 9(5); Table 6.2 for TDS/TCS omitted.
- FORM GSTR-7 and GSTR-8: New columns added for invoice/document details and the place of supply for e-commerce transactions.

Effective from 1 April 2025

- Rule 39: Input Service Distributor (ISD) Input Tax Credit (ITC) distribution must be completed within the same month and reported in FORM GSTR-6.
- New Rule 39(1A): Allows the ITC transfer between the same PAN and state code using invoices, credit, or debit notes before ISD distribution.

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

- **CBIC clarifies GST rate on certain goods pursuant to 55th GST Council Meeting recommendations¹²:** The CBIC has clarified GST classification and the rates on key goods and regularised past tax liabilities. The key clarifications are as under -
 - Pepper attracts 5% GST rate but that is exempt if supplied by agriculturists
 - Raisins are exempt when supplied by agriculturists
 - Ready-to-eat popcorn attracts 5% on unpackaged versions, 12% on pre-packaged versions, and 18% on caramel popcorn. Accordingly, past liabilities are regularised till 14 February 2025.

- AAC Blocks (HS 6815, >50% fly ash) taxed under the 12% tax bracket.
- Motor Vehicles Compensation Cess amendment is applicable prospectively to vehicles exceeding 1500 cc, above 4,000 mm length, ground clearance 170 mm or above

(Please [click here](#) for the circular)

- **CBIC clarifies amnesty scheme applicability for department appeals on interest and penalty¹³:** Earlier, the CBIC issued a circular providing clarification w.r.t. the GST amnesty scheme¹⁴, which granted a waiver of interest or penalty for non-fraud cases from FY 2017-18 to 2019-20. Now, an instruction has been issued to provide that the benefit of Section 128A should not be denied only because the department has filed or is in the process of filing an appeal against interest calculation errors or incorrect/non-imposition of penalty.

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

Judicial developments

- **SC upholds the constitutional validity of the arrest provisions under the GST and Customs Act¹⁵:** Affirming that certain offences are cognisable and non-bailable, allowing arrests without a warrant, the SC upheld the constitutional validity of arrest provisions under the CGST Act, 2017. It ruled that customs officers are not police officers and do not have powers under the Code of Criminal Procedure, 1898.

Applying the doctrine of pith and substance, the SC ruled that summoning, arrest, and prosecution are integral to tax collection and fall within the Parliament's legislative competence under Article 246A. Citing precedents¹⁶, the court reaffirmed that anticipatory bail can be granted even before an FIR, if there is a reasonable apprehension of arrest. The SC also emphasised that GST officers must exercise arrest powers responsibly, ensuring adherence to procedural safeguards and informing arrestees of their legal rights.

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

- **SC issues notice on the challenge to validity of time extension notifications under Section 168A of the CGST Act¹⁷:** The SC has issued a notice challenging the Telangana HC's ruling¹⁸, which upheld Notification Nos. 13/2022 & 9/2023 but quashed Notification No. 56/2023 for lacking prior GST Council recommendation. The petitioners argued that the limitation extensions under Section 168A of the CGST Act were arbitrary, as no force majeure conditions existed at the time of issuance and disproportionately benefited the tax department, violating Article 14.

The SC is reviewing whether the time limit for the SCN adjudication under Section 73 for FY 2019-20 could be extended via these notifications, noting that there are conflicting high court rulings on the matter. A notice has been issued, and the case is listed for hearing on **21 March 2025**.

- **SC upholds Bombay HC ruling that employee not vicariously liable for GST violations¹⁹:** The SC upheld the Bombay HC ruling affirming that employees cannot be held vicariously liable for a company's GST obligations without direct involvement in fraud. The case involved Maersk India employees, who were issued SCNs under Sections 122(1A) & 137 for alleged wrongful ITC utilisation by Maersk A/S, Denmark. The HC ruled the SCNs lacked jurisdiction, as the petitioners were neither taxable persons nor responsible for business operations. It criticised the tax authorities for misusing statutory provisions and declared the SCNs illegal. The SC dismissed the Revenue's appeal, reinforcing that employees cannot be penalised for a company's GST liabilities.
- **Andhra Pradesh HC rules 28 November 2024 as timeline for issuance of SCN under Section 73 for FY 20-21²⁰:** The HC ruled that the SCN, issued on 30 November 2024, was time-barred, as the deadline for issuing such notices for FY 2020-21 had expired on 28 November 2024. It further emphasised that the prescribed timeline under Section 73(2) is mandatory, and any deviation renders the SCN legally invalid.

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

13. Instruction No. 02/2025-GST dated 7 February 2025

14. Circular No. 238/32/2024-GST dated 15 October 2024

15. Radhika Agarwal (W.P.(Cr.) No. 336/2018)

16. Shri Gurbaksh Singh Sibbia [(1980) 2 SCC 565]

17. M/s HCC-SEW-MEIL-AAG JV (SLP No. 4240/2025)

18. M/s Brunda Infra Pvt. Ltd. (WP No. 1154/2024)

19. Shantanu Sanjay Hundekari (WP (L) No. 30198 to 30241 of 2023)

20. M/s The Cotton Corporation of India (W.P. No. 1463 of 2025)

D

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

Legislative/other developments

- **DGFT issues advisory regarding manually issued Certificates of Origin²¹:** The DGFT had mandated the electronic issuance of Certificates of Origin (CoO) via the eCoO 2.0 platform²². However, some agencies continued issuing manual CoOs despite these directives. Accordingly, the DGFT has advised exporters and trade members not to accept manually issued CoOs beyond the stipulated deadlines, as they will be deemed null and void and may be rejected by the Customs authorities.

(Please [click here](#) to refer to the trade notice)

- **DGFT mandates online submission and payment for proceedings under the Foreign Trade Development & Regulation Act, 1992²³:** As part of its digitisation drive, the DGFT has mandated the online submission of documents and online payments for proceedings under the Foreign Trade Development & Regulation (FTD&R) Act, 1992. Replies to SCNs, adjudication proceedings, appeals, and reviews must be submitted exclusively through the DGFT portal, with paper-based submissions no longer accepted. Additionally, penalties levied under the FTDR Act must be paid online against the respective ECA/appeal/review file, avoiding the miscellaneous payments feature to ensure accurate accounting and compliance.

(Please [click here](#) to refer to the trade notice)

- **CBIC introduces Single Unified Multi-Purpose Electronic Bond in Customs through Ekal Anubandh initiative²⁴:** The CBIC has introduced the “Ekal Anubandh” initiative, featuring the Single All-India Multi-Purpose Electronic Bond (SEB) to replace multiple transaction-specific bonds across ports. The SEB, executed in favour of the President of India, covers the obligations related to provisional assessment, export promotion schemes, and warehousing, reducing compliance costs and delays. The initiative also enables electronic bond execution and stamp duty payment via the NeSL platform, eliminating notarisation. Electronic bank guarantees (e-BG) ensure real-time tracking and enhanced

security. By eliminating physical paperwork and signatures, Ekal Anubandh enhances efficiency, reduces costs, and accelerates trade approvals.

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

- **CBIC automates customs duty refund application and processing²⁵:** The CBIC has launched an online system for Customs duty refunds via the Customs automated system to enhance transparency and efficiency. Refund applications must be filed electronically on ICEGATE, with reassessment requests and real-time status tracking. A unique Application Reference Number (ARN) is generated upon submission, and any deficiencies are communicated via a single memo within 10 days. Refund approvals include a speaking order, while rejections trigger a SCN via ICEGATE. Post-audit reviews replace concurrent audits, and sanctioned refunds are electronically disbursed via Public Financial Management System (PFMS). Manual refund claims will be accepted only until **31 March 2025**, except with specific authorisation. Further guidelines will be issued separately by DG (Systems).

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

- **Government of Karnataka announces the Karnataka Industrial Policy 2025-30:** Effective from 8 February 2025, this policy targets 12% annual growth, INR 7.5 lakh crore investments, and 20 lakh jobs by 2030. The policy focuses on electronics, aerospace, EVs, and biotech, offering 10-25% capital subsidies or 1-2.5% PLI for large enterprises and 30% subsidies, power benefits, and stamp duty exemptions for MSMEs. Special incentives apply to projects over INR 1,000 crore, backward talukas, women-led employment, and green industries. The plans include aerospace parks, semiconductor hubs, and mega food parks, supported by a revamped single-window clearance system to streamline approvals.

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

21. Trade Notice No. 28/2024-25 dated 11 February 2025

22. Trade Notices No. 36/2023-24 dated 26 December 2023 and 24/2024-25 dated 20 December 2024

23. Trade Notice No. 29/2024-25 dated 11 February 2025

24. Circular No. 04/2025-Customs dated 17 February 2025

25. Circular No. 05/2025-Customs dated 17 February 2025

- **Government of Rajasthan notifies the Amnesty Scheme, 2025, for settlement of pre-GST dues:** Effective from 19 February 2025 to **30 September 2025**, the amnesty scheme has been notified for tax rebate and the settlement of outstanding demands and disputed amounts under state tax laws up to 30 June 2017. It provides a 100% waiver on tax, interest, penalty, and late fees for demands up to INR 50 lakh and declaration form cases with proof. For interest liabilities above INR 25 crore, a 20% payment waives the remaining amount. Other cases require a 20% tax payment for a full waiver of interest, penalties, and late fees. Applications must be filed on www.rajtax.gov.in, with payments due by **30 September 2025**. Further, any pending cases under the 2024 scheme will be adjusted, but prior payments won't be refunded.
(Please [click here](#) for the detailed alert)
- **SC affirms CESTAT ruling that no service tax is payable on reimbursed expenses for group companies²⁷:** The SC dismissed the Revenue's appeal and upheld CESTAT Mumbai's ruling, confirming that no service tax is payable on reimbursing expenses incurred under a cost-sharing arrangement. The appellant shared common expenses such as insurance, stamp duty, and hotel costs with its group companies, recovering actual costs through debit notes. The Revenue alleged taxability under 'Business support services,' but the CESTAT ruled that no specific taxable service was identified, and the reimbursement of actual expenses does not constitute consideration. Since there was no provision of service, no service tax liability arose. The SC found no valid reason to interfere with the ruling and dismissed the appeal, reinforcing that cost-sharing arrangements do not attract service tax.
- **SC issues notice in CENVAT credit refund issue and tags with similar matters²⁸:** The SC has issued a notice to the appellant and tagged the case with similar pending matters, following the Bombay HC's ruling upholding CESTAT's order denying a refund of the unutilised CENVAT credit. The HC relied on precedents, holding that unutilised credit cannot be refunded in cash or transferred even if the unit was operational during duty payment. The appellant argued that since the duty was paid when the unit was functional, the refund should be allowed in cash or transferred to other units, citing the case of Lav Kush Textiles. However, the HC ruled that Lav Kush Textiles relied on the case of Slovak India Trading, which was overruled, making it inapplicable. Since no substantial question of law arose, the appeal was dismissed. The SC has now tagged the case for hearing alongside Bombay Dyeing Manufacturing Co. Ltd.

Judicial developments

- **SC upholds Sikkim HC's decision, ruling that the sale of lottery tickets would not attract service tax levy²⁶:** The SC has upheld the Sikkim HC's decision, ruling that service tax on the sale of lottery tickets is unconstitutional. The SC observed that lotteries fall under "betting and gambling" as per Entry 62, List II of the Constitution, granting the states exclusive taxation powers over such activities. In addition, the Parliament cannot impose a service tax on an activity already covered under a specific state list entry. Lottery distributors operate on a principal-to-principal basis, not as agents of the state, and thus, the sale of lottery tickets does not constitute a "taxable service" under the service tax laws. Accordingly, the SC dismissed the Revenue's appeal while directing the release of securities furnished by the assessee.
(Please [click here](#) for the detailed alert)

26. Future Gaming Solutions Pvt. Ltd. (Civil Appeal Nos. 4289-4290 of 2013)

27. Hindustan Construction Company Ltd. (Civil Appeal Diary No. 53372)

28. Emcare Pharmaceuticals Limited (Special Leave to Appeal (C) No. 3752/2025)

- Bombay HC lists case on classification and applicable rate of customs duty on imported car kits for hearing²⁹:** 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 petitioner argued that its imports have been consistently classified as 'Parts' since 2011, and the SCN is time-barred, violating the CBEC's six-month limitation. The Revenue countered that a DRI investigation found split consignments to evade higher duties, with 97% of parts imported at Volkswagen's Aurangabad unit, justifying CKD classification under Rule 2A. The HC questioned the validity of revisiting 12-year-old assessments, acknowledged limitation as the primary issue, and noted that even if the ruling favours Volkswagen, the Revenue may still invoke the five-year suppression period. The matter is now listed for **24 March 2025**.
- Andhra Pradesh HC stays rejection of Manufacturing and Other Operations in Bonded Warehousing Regulations (MOOWR) license for solar power plant³⁰:** The Andhra Pradesh HC stayed the rejection of a MOOWR license application, ruling against the retrospective application of the 17 December 2024 amendment to Section 65 of the Customs Act. The petitioner had applied on 24 May 2024 to set up a solar power plant in a MOOWR-bonded warehouse, complying with a circular³¹. The HC held that the amendment is substantive and cannot be applied retrospectively, keeping the rejection in abeyance until the final disposal. The matter is listed for further hearing in **six weeks**



29. Skoda Volkswagen India [WP No. 2051/2025]

30. Greenko AP01 IREP Pvt. Ltd. [WP No. 2/2025]

31. Circular No. 34/2019-Customs dated 1 October 2019



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