

DEVMANTRA TIMES

MARCH EDITION

Issue No.48, Dated 5th March, 2025

Dear Readers,

We welcome you to the Forty-Eight edition of DevMantra Times for the month of March 2025. This newsletter highlights key updates, including a drop in India's oil imports from Russia due to US sanctions, the completion of the world's longest LPG pipeline, and India's push to increase ethanol blending in petrol. Notable startup news includes DeepSeek's AI model profits, Zepto Cafe's growth, and CrisprBits' antibiotic resistance platform. Additionally, the Indian government has launched a Technology Adoption Fund for space startups. Judicial and regulatory updates cover issues related to GST, income tax, and compliance matters, offering insights for businesses and taxpayers. At Aone Devmantra, we are committed to exceeding your expectations, driving innovation, and supporting you in achieving your goals.

Here's to a year filled with new milestones, shared successes, and inspiring moments. May 2025 bring health, happiness, and prosperity to you and your loved ones. Thank you for being an essential part of our community. Together, let's make this year extraordinary!

Industry & Economic Updates

India's oil imports from Russia plunge to lowest in two years

India's imports of crude oil from

Russia slumped this month to the lowest level since January 2023, according to data analytics company Kpler, underlining how stringent US sanctions have disrupted supply chains. Purchases by the South Asian nation, the largest buyer of Moscow's seaborne crude in 2024, are likely to drop further in the next two months as the sanctions have led to a sharp cut in the fleet availability and sellers of discounted cargoes, according to a Bloomberg report published earlier this month.

India builds world's longest LPG pipeline to cut costs & deadly road accidents

India's state-run refiners will fully commission the world's longest liquefied petroleum gas pipeline by June, a key development that will sharply cut fuel transportation costs and help prevent deadly road accidents. This will be a game changer in the LPG supply chain," N. Senthil Kumar, director of pipelines at Indian Oil Corp., said in an interview. "It's like putting LPG on a conveyor belt."

India eyes increasing 20% ethanol blending in petrol, says minister Hardeep Singh Puri

Union Petroleum Minister Hardeep S Puri said on Wednesday that India is looking at increasing its target to blend ethanol with petrol to more than 20 per cent and has formed a committee under the NITI Aayog to look into this. Speaking at the

Advantage Assam 2.0 investment summit in Guwahati, he noted that the country has already achieved a 19.6% ethanol blending rate. "We are considering blending more than 20% biofuel. A group under NITI Aayog has already been established to explore this possibility.

Startup Updates

DeepSeek reveals theoretical margin on its AI models is 545%

Chinese artificial intelligence phenomenon DeepSeek revealed some financial numbers on Saturday, saying its "theoretical" profit margin could be more than five times costs, peeling back a layer of the secrecy that shrouds business models in the AI industry. The 20-month-old startup that rattled Silicon Valley with its innovative and inexpensive approach to building AI models, said on X its V3 and R1 models' cost of inferencing to sales during a 24-hour-period on the last day of February put profit margins at 545%.

Zepto Cafe crosses 100,000 orders per day mark, says CEO Aadit Palicha

According to Palicha's post on X, this order rate indicates a \$100 million annualised GMV run rate at a near-50% gross margin for the quick commerce platform's 10-minute food delivery service.

Biotech startup CrisprBits develops platform to test antibiotic resistance

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Through this platform, resistance in bacterial samples can be tested within two hours compared to 24-27 hours through other methods. This can help reduce long hospital stays and bring down healthcare costs.

India rolls out Rs 500-crore Technology Adoption Fund to boost space startups

According to the Indian National Space Promotion and Authorisation Centre (IN-SPACe), an arm of the Department of Space (DoS), the fund will offer financial support of up to 60% of the project cost for startups and MSMEs and 40% for larger industries, with a maximum funding cap of Rs 25 crore per project.

Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery.

These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavor with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

Regards & Best Wishes,
Editorial Team

GST

JUDICIAL UPDATES

Detention Order and Penalty Quashed: Minor E-way Bill Error Not Tax Evasion When Goods Moved for Exhibition Display

Editorial Note: HC quashed detention order and penalty imposed due to minor E-way bill discrepancy where goods were transported for exhibition display. Genuine delivery challans under Section 55(1) were issued for both dispatch and return, with only technical error in listing dispatch location as Ghaziabad instead of New Delhi. No evidence of tax evasion intent was established by authorities. Court found proceedings unjustified where goods were accompanied by legitimate documentation, despite technical discrepancy. Following precedent requiring proof of tax evasion intent for penalty imposition, and recognizing substantial compliance with documentation requirements, petition was allowed and proceedings invalidated.

Service Tax Liability Order Challenge Must Follow Appeal Process After 7.5% Pre-deposit Made, 8-week Filing Window Granted

Editorial Note: HC declined to entertain writ petition challenging Principal Commissioner's ex parte Service Tax liability order, directing petitioner to pursue statutory appeal

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remedy. Court noted petitioner had previously withdrawn similar petition (CWJC 9292/2010) and already deposited 7.5% pre-deposit for appeal. While HC retained discretionary power to hear writs despite alternative remedies, circumstances warranted relegation to appellate process. Petitioner granted 8 weeks to file appeal, with Appellate Authority directed to consider limitation period excluding time spent in current proceedings since 19.08.2024. Previous liberty to file fresh writ petition held immaterial given available statutory remedy. Matter disposed with appellate pathway preserved.

GST Audit Completion Timeline Valid as Three-Month Period Starts from Date of Final Document Submission under Section 65

Editorial Note: HC determined GST audit completion timeframe was compliant with Section 65 of CGST Act. Petitioner challenged SCNs under Sections 73 and 74, claiming audit exceeded statutory timeline. Court found additional documents were submitted by petitioner on 09.04.2024, which marked commencement of audit per Section 65 Explanation. Three-month completion requirement ran from this date, not initial notice. Final audit report was filed within prescribed period. While question of whether timeline is

mandatory or directory remained open, Court dismissed petition finding audit was timely completed based on actual document submission date. Writ petition dismissed with no merit.

Contractors Cannot Claim Additional GST Beyond Quoted Rates When Tender Terms Specify "GST-Inclusive" Pricing

Editorial Note: HC held that a contractor cannot claim GST payment beyond rates quoted in government contracts where tender explicitly states "rates inclusive of GST & other taxes." The court dismissed petitions challenging this interpretation, emphasizing that allowing additional GST claims would undermine tender process integrity. Using an illustrative example, if a contractor quotes Rs. 100 with GST-inclusive terms, they cannot later demand Rs. 118 (additional 18% GST), as other bidders might have quoted higher base rates (e.g. Rs. 105) accounting for inclusive GST. The court found circulars cited by petitioner pertained to estimate preparation, not final tendering, and were inapplicable where agreements explicitly specified GST-inclusive rates. Petitions dismissed in limine.

No attachment of director's demat account if no proceedings have been initiated against him under GST: HC

Editorial Note: At least prima facie, if a director of a private company is held liable after action in terms of section 89 of MGST Act, which will essentially involve compliance with principles of natural justice and fair play, only then could action for attachment/freezing of his demat accounts have been initiated

INCOME TAX REGULATORY UPDATES

Tax Assessment Order Void After Denial of Personal Hearing Under Section 144B Despite One-Day Response Delay

Editorial Note: HC invalidated final assessment order due to violation of natural justice principles under s.144B of IT Act. Assessee's one-day delay in responding to draft assessment order and requesting video conference hearing was deemed insufficient grounds to deny procedural rights. Court rejected revenue's argument regarding alternate remedies, holding that jurisdictional defect required immediate intervention. Assessment order declared void ab initio for failing to grant mandatory personal hearing. Consequential demand notice under s.156 and penalty notices under s.274, 270A read with s.271AA(1) also quashed as they stemmed from invalid assessment. Court emphasized that orders with civil

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consequences must strictly adhere to natural justice principles, including right to be heard.

Income Tax Notice Under Section 148 Valid Despite Wrong Attachment, Revenue Must Rectify Error Within Week

Editorial Note: HC held that erroneous attachment of another taxpayer's information to section 148 notice due to inadvertence does not invalidate reassessment proceedings. However, the subsequent order dated 03.02.2025 was deemed unsustainable as it overlooked this apparent error, indicating lack of proper consideration of petitioner's objections. Court directed revenue authorities to rectify notice by providing correct Insight Portal information and Specified Authority approval within one week, allowing petitioner to file fresh objections. The procedural error was treated as rectifiable rather than fatal, balancing administrative efficiency with taxpayer rights under reassessment provisions.

Call Center Services with Basic Operations and Non-Technical Staff Fall Under TDS Section 194C Instead of 194J

Editorial Note: HC determined payments made to IGSP for call center services were subject to TDS under section 194C, not 194J. The agreement between parties involved

basic call center operations performed by undergraduates/graduates following prescribed guidelines, rather than professional/technical services. Service executives handled subscriber complaints without requiring specialized expertise. CIT(A) and ITAT's concurrent findings established the services were routine operational support, not technical/professional in nature. Additionally, service providers had already paid appropriate taxes through advance tax/self-assessment. HC found no question of law arose, as factual findings were supported by agreement terms, staff qualifications, and work nature documentation. Original assessment order requiring TDS under section 194J was not sustained.

Property Transfer Date for Capital Gains to be Counted from Allotment Date, Not Registration Date Under Section 2(47)

Editorial Note: HC allowed the appeal regarding determination of property acquisition date for capital gains calculation. The court held that transfer date should be considered as allotment date (1.8.2006) rather than agreement registration date (18.3.2008). The ruling established that property rights accrued to assessee upon allotment, evidenced by initial

payment made before allotment and subsequent adherence to payment schedule. HC emphasized that 'transfer' under Income Tax Act should be interpreted distinctly from **Transfer** of Property Act, and allotment created direct interest in property. Matter remanded to AO for reassessment considering 1.8.2006 as transfer date.

Income Tax Reassessment Under Section 147 Invalidated Due To Vague Notice And Procedural Lapses In 148A

Editorial Note: HC quashed reassessment proceedings initiated under s.147 due to procedural deficiencies and lack of specific information. AO failed to provide essential details including bank name in s.148A(b) notice, making it impossible for assessee to respond effectively. Despite assessee's objections and proof of closed ICICI account, AO proceeded hastily without proper verification. Department's failure to deny bank's confirmation of account closure and inability to establish prima facie connection between disputed account and assessee demonstrated non-compliance with s.148A procedural requirements. Court found reassessment notice invalid due to vague information, rushed decision-making, and department's failure to substantiate claims even during proceedings.

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Penalties Deleted Under Section 271(1)(c) and 270A as TDS Non-Deduction on EDC Payments Found Non-Malicious

Editorial Note : ITAT upheld deletion of penalties under s271(1)(c) and s270A regarding non-deduction of TDS on External Development Charges paid to HUDA. While assessee did not contest the s40(a)(ia) disallowance, they provided reasonable explanation that legal clarity was lacking on TDS applicability to EDC payments at the relevant time. No evidence suggested non-genuine payments or income concealment. Mere non-compliance with TDS provisions does not constitute concealment or furnishing inaccurate income particulars. Making incorrect legal claims does not amount to providing inaccurate details, following Reliance Petroproducts precedent. CIT(A)'s order deleting both penalties was upheld, ruling in assessee's favor.

Assessment Order Under Section 143(3) Quashed As Proceedings Should Have Been Under Section 153C For Block Period

Editorial Note : ITAT determined that for proceedings under section 153C, the relevant assessment years should be AY 2017-18 to 2022-23, based on the satisfaction note recorded by AO on 10-10-2022. The assessment year in which search was conducted was AY 2023-24. Since the disputed AY 2021-22 falls within this block period, assessment should have been

completed under section 153C rather than section 143(3). The assessment order dated 28.12.22 passed under section 143(3) was quashed. The Tribunal relied on established precedents regarding determination of six assessment years and proper procedure for assessment. Appeal allowed in taxpayer's favor.

Share Premium Rounding Difference of Rs. 0.09 Per Share Not Taxable Under Section 56(2)(viib) for Rights Issue

Editorial Note: ITAT ruled in favor of assessee regarding addition under s. 56(2)(viib) for alleged excess share premium. The disputed amount arose from a nominal rounding difference of Rs. 0.09 per share on allotment of 1 crore equity shares to existing shareholders in proportion to their shareholding ratio. The Tribunal found the CIT(A)'s order unsustainable as the share allotment maintained original shareholding patterns without substantive premium excess. The technical rounding difference did not constitute premium warranting addition under s. 56(2)(viib). Addition deleted based on assessee's submission demonstrating proportional allotment to existing shareholders with unchanged shareholding ratios.

Trust Denied Section 12AB Registration Due to Missing State License Gets Relief After Proving Independent Operation

Editorial Note: ITAT overturned

denial of registration under s.12AB despite trust's non-registration under Rajasthan Public Trust Act 1959. Tribunal held RPT Act registration not mandatory for tax registration as statutes operate independently without overriding effect. On FCRA compliance, matter remanded to CIT(E) with direction for trust to amend deed requiring prior MHA approval for foreign contributions. Regarding genuineness of activities, ITAT found CIT(E)'s observations self-contradictory and unsupported, noting trust had purchased land for hostel construction as new entity. Following precedent, mere lack of extensive operations at initial stage cannot justify registration denial. Registration granted subject to FCRA compliance amendment.

Interest on Government Loans Must Be Recorded Under Mercantile System Even If Payment Pending, Rules Authority

Editorial Note: ITAT held disallowance of interest on government loans invalid where assessee followed mercantile accounting system. Interest payable on UP Government loans must be recorded despite non-payment, as revenue authorities failed to demonstrate any loan conversion to non-interest bearing status or interest waiver by the government. Without evidence showing loan modification or questioning assessee's consistent

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accounting method, disallowance contradicts established accounting principles. Interest allowability not determined by loan appropriation, especially when AO did not establish existence of non-interest bearing funds. CIT(A)'s decision sustaining disallowance overturned in assessee's favor, maintaining principle of accounting consistency.

Trust's Interest Expenditure and Lease Rent Valid; Section 13(3) Inapplicable as ABET Not "Specified Person"

Editorial Note: ITAT held that ABET does not qualify as a "specified person" under section 13(3), invalidating the AO's disallowance of interest expenditure and lease rent under section 13(2). The Tribunal upheld CIT(A)'s order on these matters, dismissing Revenue's grounds 1-4. Regarding standard deduction under section 24, ITAT directed AO to disallow the 30% deduction claimed on house property income, reversing CIT(A)'s findings. On the issue of hybrid accounting for interest income, ITAT ruled in favor of the assessee, confirming that following cash system for Income from Other Sources was consistent with section 145 requirements. The Tribunal referenced precedents from Madras HC and Calcutta HC supporting income computation from trust property in normal commercial manner without section 14 provisions.

Tax Revision Rejected: Multiple

Cash Deposits of Rs. 25,000 Each Explained Through Previous Year's Opening Balance

Editorial Note: ITAT quashed revisionary proceedings under section 263 initiated by PCIT regarding unexplained cash deposits. While assessee had deposited Rs. 16 lacs in multiple transactions of Rs. 25,000 each, these amounts originated from opening cash balance pertaining to AY 2012-13. During reassessment under section 147, AO had conducted proper inquiries and obtained necessary explanations from assessee regarding bank deposits. ITAT held that since AO had taken a plausible view after due application of mind and specific verification, PCIT's revision order alleging non-application of mind was not sustainable. The tribunal emphasized that department could separately initiate proceedings under section 147 for AY 2012-13 if income had escaped assessment for that year.

Exp. incurred on R&D facilities from AEs outside India not eligible for weighted deduction u/s 35(2AB): ITAT

Editorial Note : Where assessee-company engaged in manufacturing automobile accessories, claimed weighted deduction under section 35(2AB) on capital expenditure incurred on payment of R&D facilities availed from its AEs, same not being in-house R&D of assessee nor being approved by prescribed authority, could not be

granted weighted deduction under section 35(2AB), however same was eligible for deduction under section 35(1)(iv).

ITAT can't decide on correctness of additions if CIT(A) confined his order to applicability of sec. 153A: HC

Editorial Note: Where Assessing Officer issued notice under section 153A and thereafter, opined that unsecured loan taken from entities was merely accommodation entries and added said loan as unexplained cash credits under section 68 in assessee's income, since Commissioner (Appeals) had decided assessee's appeal confined to applicability of section 153A and did not decide assessee's challenge to addition under section 68.

CORPORATE LAW UPDATES

Limitation period for appointing an arbitrator starts after a valid notice is issued & the other party fails to appoint

Editorial Note: Limitation period for filing an application seeking appointment of arbitrator commences only after a valid notice invoking arbitration has been issued by one of parties to other party and there has been either a failure or refusal on part of other party to make an appointment as per appointment procedure agreed upon between parties

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SEBI proposes allowing AOPs to hold units of MFs, corporate bonds and govt. securities in their own demat accounts

Editorial Note: SEBI has proposed allowing associations of persons (AOPs) to hold units of mutual funds (MFs), corporate bonds and government securities in their own demat accounts. This would encourage dematerialisation of securities held in physical form. In the

case of AOP, the beneficiary owner (BO) account can be in the name of AOP and securities (other than equity shares) can be held in its own name. Further, the demat account must not be used for subscribing/holding equity shares.

ICSI caps signing of Annual Returns by practicing Company Secretaries to 75 companies annually w.e.f. F.Y. 2025

Editorial Note: ICSI's Council, in its

312th meeting, introduced a ceiling on the number of Annual Returns (MGT-7) that a Company Secretary (CS) in Practice can sign. A CS can sign for up to 75 companies per financial year, while a Peer Reviewed CS can sign for up to 125 companies, effective from FY 2025. Also, it has been advised that the CS in practice shall observe mandatory compliance with the ICSI Unique Document Identification Number (UDIN) Guidelines, 2019.

Tax Compliance Calendar for March 2025

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
1 ST March	January 2024 to March 2024	Section 173 of Companies Act, 2013	Section 173 provides for holding at least four board meetings in a year in such manner that not more than 120 days shall intervene between two board meetings. Regulation 17(2) of SEBI (LODR) Regulations, 2015 provides for holding at least one board meeting in a quarter with the stipulation that maximum time between two board meetings should not exceed four months.
		Regulation 29 & 30 of SEBI	LODR provides for giving of notice of board meeting at least 5 days prior to each meeting. Outcome of the meeting is to be informed to Stock Exchange. (SE) within 30 minutes of the closure of the Board Meeting.
7 TH March		TDS Deposit for the month of February 2025	Deposit of tax deducted at source
11 TH March		GSTR-1 (Outward supply return)	Every regular taxable person who is required to furnish details of outward supply every month, is required to furnish monthly statement of outward supply for the month of February, 2025.
15 TH March		Last instalment of advance income-tax	(i) A sum equal to 100 percent of advance income-tax, as reduced by the amount already paid in advance, payable by corporate as well as non-corporate assessees for the assessment year 2025-26 is required to be deposited. (ii) Whole amount of advance tax by an assessee who declares profits in accordance with provisions of section 44AD(1) or section 44ADA(1)

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Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
20 TH March		GSTR-3B (Summary return)	A regular taxpayer having aggregate turnover more than Rs. 5 crore in the preceding financial year is required to make payment of tax and furnish monthly return for the month of February, 2025.
22 ND March		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category A States, is required to make payment of tax and furnish monthly return for the month of February, 2025
30 TH March		Furnishing of challan-cum-statement in respect of TDS under section 194-IA/194-IB/194M/194S	Challan-cum-statement in respect of tax deducted under section 194-IA/194-IB/194M/194S during the month of February, 2025 to be furnished to Principal DGIT systems or DGIT systems or person authorised by him.
31 ST March		Furnishing of Modified Return in ITR-A	Furnishing of modified return by a successor entity to a business reorganisation where the order of business reorganisation of the competent authority was issued between the period 1st April, 2024 and 30th September, 2024

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