

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIAMENT)

HYDERABAD BRANCH (SIRC)

**E-NEWSLETTER
SEPTEMBER 2025**



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FROM THE CHAIRMAN

Dear Member,

Warm Greetings!

“Arise! Awake! and stop not until the goal is reached.” – Swami Vivekananda

As we step into the month of September, we warmly welcome all our esteemed Chartered Accountants into one of the most significant and challenging phases of our professional calendar – the Tax Audit Season. This period is not merely about meeting compliance requirements or adhering to statutory deadlines; it is also a true reflection of the noble values that define our profession – integrity, precision, service, and commitment.

Swami Vivekananda’s timeless message reminds us that perseverance and determination can transform challenges into opportunities. Just as he inspired generations through his call for discipline, focus, and dedication, may his words continue to guide our profession as we carry forward the responsibilities entrusted to us.

Let this Tax Audit season be marked with:

- Clarity in thought,
- Excellence in execution, and
- Service with responsibility.

We are fully aware that our Chartered Accountant fraternity is presently engaged in handling intense caseloads amid tight deadlines – with the extended ITR filing date of 15th September 2025 and the unchanged 30th September 2025 deadline for audit reports. We deeply appreciate the relentless hard work and commitment of our members during this demanding period, which contributes not only to businesses and institutions but also to the growth and strength of our national economy.



CA. CHINNA SITA RAMI REDDY A
- CHAIRMAN

At the SIRC 57th Regional Conference 2025 held in Chennai, the Hyderabad Branch of SIRC of ICAI was bestowed with two prestigious awards for the year 2024:

- 🏆 Second Best Branch Award – Mega Category
- 🏆 Best Branch SICASA Award – Mega Category

This recognition is a reflection of the hard work, teamwork, and unwavering commitment of our branch in serving members and students.

🌟 I extend my heartfelt congratulations to the Managing Committee of 2024-25, under the leadership of then Chairman Adv. Ravi Sankara Reddy, Secretary CA. Girdhari Toshniwal, and all esteemed colleagues, whose dedicated efforts and vision have brought this proud moment to Hyderabad Branch.

Together, we continue to uphold the values of our profession and set new benchmarks of excellence.

FROM THE CHAIRMAN

📌 Highlights of August 2025 Activities

The month of August was eventful, with several impactful programmes and initiatives conducted by the Hyderabad Branch:

79th Independence Day Celebrations held on 15th August 2025 at the Branch premises.

Women's Study Circle: Session on Major Changes in ITR Forms.

Two days Programme :

Digital Transformation Finance Summit (DxFS) 2025, focusing on the future of finance and technology which was successfully conducted with more than 1300 members attending the same.

GST Study Circle Meeting (SCM) on Assessments and Audits.

Financial and Tax Literacy Programme for GC CRPF Hyderabad held on 21st August 2025 at CRPF Hyderabad

For students preparing for September exams:

- Marathon Classes for Intermediate and Final subjects were conducted.
- Mock Exams were also organized to provide exam readiness and confidence.

For newly qualified Chartered Accountants:

- Campus Orientation Programme followed by Campus Interviews was successfully held.
- Convocation Ceremony was conducted for the newly enrolled Chartered Accountants, marking the beginning of their professional journey.

🌸 Teachers' Day Wishes (5th September 2025):

"Happy Teachers' Day! To all the mentors and guides who enlighten our path with knowledge and wisdom – we salute your dedication and devotion."

🌸 Festive Greetings from Hyderabad Branch

Onam (5th Sept 2025):

"Wishing you and your family a joyous Onam filled with prosperity, happiness, and togetherness. 🌸"

Eid-e-Milad-un-Nabi (5th–6th Sept 2025):

"On this blessed occasion of Eid-e-Milad-un-Nabi, may peace, harmony, and compassion prevail in our lives. 🌙🌟"

Durga Puja (29th–30th Sept 2025):

"Wishing you a vibrant Durga Puja filled with devotion, cultural celebrations, and festive cheer. 🌸🌟"

Bathukamma (late Sept–Oct 2025):

"May the floral beauty of Bathukamma bring joy, prosperity, and cultural pride to every home. 🌸🌿"

🌟 With these words, let us march ahead into September with renewed energy, professional dedication, and festive spirit.

Thanking You,

CA. Chinna Sita Rami Reddy A

Chairman

Hyderabad Branch of SIRC of ICAI

MEET THE TEAM!

MANAGING COMMITTEE (2025-26) OF HYDERABAD (SIRC)



CA. A Chinna Sita Rami Reddy
(Chairman)



CA. Girdhari Lal Toshniwal
(Vice- Chairman)



CA. Rama Rao Karumanchi
(Secretary)



CA. S N Harshavardhan Reddy
(Treasurer)



CA. Mukkara Sai Charan Reddy
(Chairman - SICASA)



CA. Gonugunta Murali
(Co-Chairman - SICASA)



CA. Uppalapati Saran Kumar
(Committee Member)



CA. Shailesh Khandelwal
(Committee Member)



CA. Kumar Pal Tated
(Committee Member)

EX- OFFICIO COUNCIL MEMBERS (2025-26)



CA. Dayaniwas Sharma
(Central Council Member)



CA. Muppala Sridhar
(Central Council Member)



CA. Bhanu Narayan Rao Y V
(Treasurer - SIRC)



CA. Chengal Reddy R
(Member - SIRC)



CA. Deepak Ladda
(Member - SIRC)



CA. Mandava Sunil Kumar
(Member - SIRC)



CA. Yarra Tirupathaiah
(Member - SIRC)

SUB - COMMITTEES

COMMITTEE FOR MEMBERS IN INDUSTRY

CA. Shailesh Khandelwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Srikanth Bhakkad	Member Co-opted
CA. Manu Sharma	Member Co-opted

TAXATION COMMITTEE

CA. Kumar Pal Tated	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Akshaye Surana	Member Co-opted
CA. Komal Chhaged	Member Co-opted

CPE COMMITTEE

CA. Girdhari Lal Toshniwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

NEWSLETTER COMMITTEE

CA. Shailesh Khandelwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

INFORMATION TECHNOLOGY (IT) COMMITTEE

CA. Uppalapati Saran Kumar	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

LIBRARY COMMITTEE

CA. Rama Rao Karumanchi	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

**HYDERABAD
(SIRC)**

MAJOR CHANGES IN ITR FORMS

HELD ON
1ST AUGUST, 2025



The session highlighted the significant amendments introduced in the latest Income Tax Return (ITR) forms. CA. Aravinda Garikipati explained the new disclosure requirements, reporting changes, and compliance aspects. Practical insights were shared to help participants understand the implications for taxpayers and professionals in the upcoming filing season.

RESOURCE PERSONS: CA ARAVINDA GARIKIPATI

CBSE SCHOOL PRINCIPALS PROGRAMME

HELD ON
2ND AUGUST, 2025



The programme brought together CBSE school principals to discuss leadership, academic excellence, and the role of technology and innovation in education. The sessions focused on enhancing administrative effectiveness, fostering holistic student development, and aligning schools with the evolving standards of the CBSE curriculum. It served as an excellent platform for knowledge sharing and collaboration among education leaders.

CBSE SCHOOL PRINCIPALS PROGRAMME

HELD ON
2ND AUGUST, 2025



Felicitation at Branch Premises

Digital Transformation Finance Summit (DxFS) 2025

HELD ON
07TH & 8TH AUGUST, 2025





The Digital Transformation Finance Summit (DxFS) 2025, held on 7th and 8th August 2025, served as a premier platform for thought leaders, industry experts, and finance professionals to explore the intersection of technology and finance. The two-day summit featured eminent speakers who shared their expertise on the latest advancements shaping the finance ecosystem, including AI-driven finance, automation, data analytics, blockchain applications, regulatory technology, and digital compliance frameworks.



Discussions also highlighted how organizations can leverage emerging technologies to enhance financial reporting, risk management, governance, and decision-making. The summit provided participants with insights into global best practices, case studies, and future trends, fostering a deeper understanding of the evolving role of Chartered Accountants and finance professionals in the digital age.

Interactive sessions, panel discussions, and knowledge-sharing opportunities made DxFS 2025 an enriching and forward-looking event that empowered participants to embrace innovation and lead digital transformation in the financial sector.



RESOURCE PERSONS: CA. VITTAL RAJ, CA. NAVAL KISHORE BAJAJ, SHRI. JOGENDRA SINGH, CA. M V NARASIMHAM, SHRI. SAHIL MALIK, SHRI. PRABIN DOKANIA, CA. (DR) DURGESH PANDEY, CA. PREMNATH, CA. DAYANIWAS SHARMA, CA. ARPIT KABRA, CA. (DR.) DEBASHIS MITRA, CA. ANIKET SUNIL TALATI, CA. RAJIV GUPTA, CA. RAKESH SAMANT, MS. DEEPTI RATHORE, SHRI. MANIAN K.B.S, MS. SHWETA MANCHANDA, CA. ANAND JANGID, SHRI. PRASHANT GANTI, CA. NARASIMHAN E, SHRI MK CHAITANYA, SHRI PRASANNA LOHAR, CA. MAYUR ZANWAR, SHRI TAPAN PATEL, CA. UDAY KULKARNI

CONDOLENCE MEETING - REMEMBRANCE & HONOUR OF PADMASHREE CA. T. N. MANOHARAN, PAST PRESIDENT – ICAI

HELD ON
14TH AUGUST, 2025



A Condolence Meeting was held on 14th August 2025 in remembrance of Padmashree CA. T. N. Manoharan, Past President – ICAI. Members paid rich tributes to his remarkable contributions to the profession and society. His vision, leadership, and humility continue to inspire generations of Chartered Accountants.

79TH INDEPENDENCE DAY CELEBRATIONS AT HYDERABAD BRANCH

HELD ON
15TH AUGUST, 2025



The 79th Independence Day was celebrated with great patriotic fervor at the Hyderabad Branch on 15th August 2025. The Tricolor was hoisted in the presence of members, students, and staff, followed by cultural programs and tributes to the nation's freedom fighters. The event reflected unity, pride, and commitment to the values of our nation.



SIRC PREMIER LEAGUE AT COE

HELD ON
18TH AUGUST, 2025



The SIRC Premier League was held on 18th August 2025 at COE. The tournament witnessed enthusiastic participation from members and students, showcasing sportsmanship, teamwork, and camaraderie. Featuring various games such as chess, carrom, and other competitions. The event served as a refreshing platform to promote fitness, networking, and bonding within the fraternity.



62ND CAMPUS ORIENTATION PROGRAMME

HELD ON
19TH AUGUST, 2025





CAREER COUNSELLING SESSION AT JUBILEE HILLS PUBLIC SCHOOL

HELD ON
21ST AUGUST, 2025



A Career Counseling Session was conducted by CA. Vikas Chobey and CA. Shailesh Khandelwal on 21st August 2025, aimed at guiding aspiring students about the opportunities, scope, and pathways in the field of Chartered Accountancy. The session provided valuable insights into the profession, motivating students to pursue CA as a rewarding career and helping them understand the skills required to excel.

FINANCIAL & TAX LITERACY (FTL) SESSION AT CRPF GROUP CENTRE, HYDERABAD

HELD ON
21ST AUGUST, 2025



SESSION HIGHLIGHTS

The Financial & Tax Literacy (FTL) programme was successfully conducted at the CRPF Group Centre, Hyderabad, on 21st August 2025, and received an excellent response from the attendees. The session was addressed by CA. Girdhari Lal Toshniwal, who engaged the participants with practical insights on taxation and financial awareness. Around 75 CRPF personnel participated, showing keen interest and enthusiasm throughout the programme. The feedback was overwhelmingly positive, with participants appreciating the relevance and usefulness of the content delivered.

We extend our sincere gratitude to Mr. Ullhas, CRPF Personnel, for his valuable support and warm hospitality during our visit. His guidance and assistance made the experience both memorable and enriching.

📌 Key Topics Covered

- Salary structure and its components
- Understanding Form 16
- Comparison between Old vs. New Tax Regime
- Deductions under both regimes
- Retirement benefits (Pension, Gratuity, Leave Encashment)
- Tax benefits & exemptions for CRPF personnel
- Detect, Defend & Deter – tackling frauds and scams
- Awareness on fraudulent SMS links, phishing & cyber scams
- Common tax-related frauds and how to avoid them

💛 Felicitation & Interaction

We had the privilege of meeting and felicitating the following esteemed officers:

- Shri M.H. Khobragade – Commandant
- Shri Chandrasekaran P – Dy. Commandant
- Shri Dhruv Narayan – Dy. Commandant
- Shri M. Shivanagaraju – Asst. Commandant
- Shri R. Rajashekhar – Asst. Commandant
- Shri Sanjay Bhujbal – Asst. Commandant
- Shri Anil Baghel – Asst. Commandant
- Shri Mukesh Kumar Pandey – Asst. Commandant (Min)

During the interaction, the officers expressed keen interest in conducting a similar programme at their Bangalore unit and requested continued support from the FTL Department in this regard. The session concluded on a highly positive note, leaving the participants more empowered, informed.

SHRI M.H. KHOBRAGADE

SHRI MUKESH KUMAR PANDEY

SHRI ANIL BAGHEL



THE DIGNITARIES OF CRPF GROUP CENTRE

**HYDERABAD BRANCH OF SIRC OF ICAI HAS RECEIVED
TWO PRESTIGIOUS AWARDS FOR THE YEAR 2024:
1.SECOND BEST BRANCH AWARD – MEGA CATEGORY
2.BEST BRANCH SICASA AWARD – MEGA CATEGORY**





CA SHAILESH KHANDELWAL

MIRROR FIRMS AT GIFT CITY - A GAME-CHANGER FOR THE PROFESSION

Introduction

The Institute of Chartered Accountants of India (ICAI) has recently made a landmark announcement that could reshape the future of our profession—the introduction of “mirror firms.” This initiative is designed to strengthen the presence of Indian Chartered Accountants on the global stage while safeguarding domestic audit eligibility.

What Are Mirror Firms?

Think of it as holding a mirror to your existing CA firm. A mirror firm is an identical replica of your domestic firm, with the same partners and structure, but operating out of GIFT City’s International Financial Services Centre (IFSC). The beauty of this arrangement is that it allows expansion into global markets without compromising domestic exclusivity or eligibility for critical audits such as CAG and RBI engagements.

Why This Move Matters

Traditionally, ICAI regulations prevented partners from simultaneously joining another firm, ensuring exclusivity for domestic opportunities. This meant that exploring global opportunities often came at the cost of domestic eligibility. Mirror firms change this equation by offering the best of both worlds:

- **Global Expansion:** Firms can tap into international opportunities at GIFT IFSC, particularly in bookkeeping, accounting, taxation, compliance, and financial crime advisory.
- **Domestic Continuity:** Existing entitlements, such as CAG or RBI audits, remain unaffected.
- **Professional Growth:** This reform empowers Indian CAs to participate in the global outsourcing market, positioning our profession as a global leader.

Dual COPs – A Complementary Reform

Alongside mirror firms, ICAI has also allowed dual Certificates of Practice (COPs). This enables Indian CAs to hold a COP in India and another in countries like the UK, Australia, Canada, or New Zealand. Together, these two reforms are designed to propel Indian CAs into the global arena while keeping their domestic base strong.

Who Benefits?

This isn’t just a reform for large firms. Small and mid-sized firms, which often face resource limitations in exploring global opportunities, now have a structured gateway to international markets. GIFT IFSC offers tax benefits, regulatory clarity, and a platform to connect with global clients—all while staying rooted in India.

Key Talking Points for Firms

Compliance Requirements: Detailed ICAI guidelines will follow, but mirror firms must mirror the structure and partners of the original firm.

Scope of Services: Firms can focus on international accounting, compliance outsourcing, and advisory services.

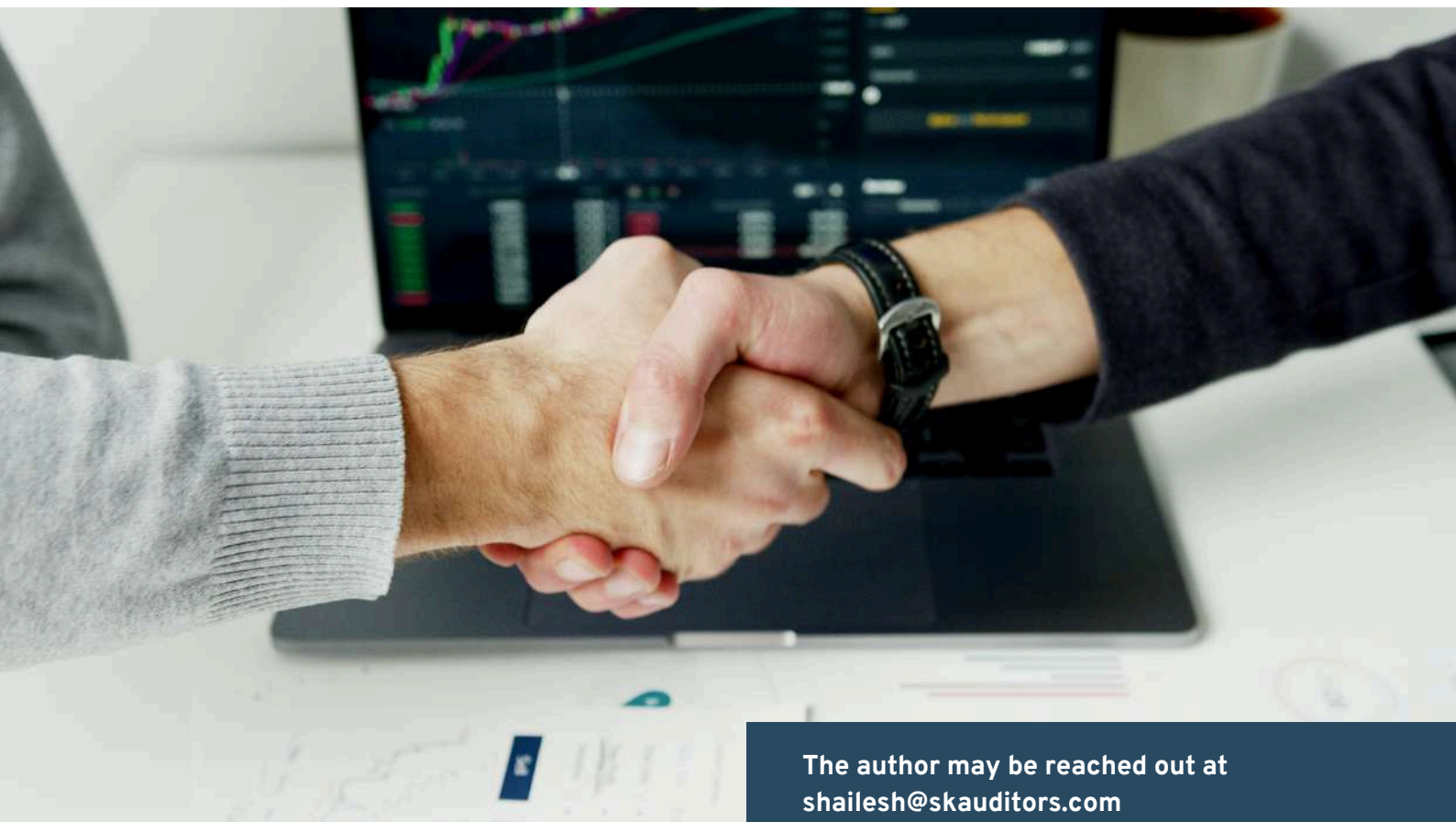
Future Potential: By 2047, ICAI projects a demand for 30 lakh Chartered Accountants. Mirror firms will play a crucial role in meeting this demand by expanding opportunities beyond borders.

Looking Ahead

The concept of mirror firms is not just regulatory flexibility—it's a vision to make Indian Chartered Accountants globally competitive while retaining their strength at home. For professionals, this is a unique chance to explore dual opportunities: expand services globally through GIFT IFSC, and maintain a stronghold in domestic practice.

The big question now is: How will individual firms leverage this opportunity? For some, it may be about unlocking outsourcing potential. For others, it may be about building a stronger international presence. Either way, the mirror firm framework promises to open new doors without closing old ones.

In essence, ICAI has handed us a mirror—not just to reflect what we already are, but to envision what we can become.



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CA SATISH SARAF

GST COMPLIANCE DIAGNOSIS

The proverb "prevention is better than cure" is widely attributed to Hippocrates, the Greek physician often referred to as the "father of medicine", according to the European Innovative Teaching Award. While the exact phrasing may have evolved over time, the sentiment of avoiding illness or problems in the first place, rather than dealing with them after they occur, is a concept deeply rooted in his writings and teachings (source Google).

It has been more than eight years of implementation of GST in India, during this one has faced various undesired situations due to improper reporting and filing of various compliances in GST such as monthly, quarterly, and annual returns; one has learned enough lessons and set themselves in line with GST compliances. Since initial days of implementation of GST, the reality is that law and practice are two different tangents in GST because law stipulates certain process but when it comes to compliance it is not the same.

Central and State Governments are having access to enormous data, they themselves have developed tools to identify bugs in data and these tools generate data mismatch reports. Central and State GST Departments, basing on these reports, take appropriate actions to prevent loss of revenue to the

exchequer. The actions taken up by the Central & State GST Departments may range from scrutiny of returns to Search and seizure.

We have heard that an entity is subjected to various rigors from GST department, such as Audit U/s. 65, Special Audit U/s. 66, Scrutiny of returns U/s. 61, Notice to return defaulters U/s. 46, Inspections U/s. 67(1), Search U/s. 67(2), notice for payment of late fee U/s. 47, levy of interest U/s. 50, imposition of penalties under various sections, Show Cause Notices u/s. 73 and/or 74 and/or 74A, invocation of provisions by investigating agencies such as DGGI, Anti-evasion, Enforcement wing, & etc.; even we have heard that certain entities have not received a single communication / letter / notice from the GST Department.

Thin line of difference between these entities is **compliance of GST law in day-to-day activities and adopting good compliances practices**. The following illustrative (not exhaustive) activities makes the difference and the life of trade and industry becomes smooth sail under GST Regime. It is pertinent to know that, not only the trade and industry, everyone who is involved in GST compliance must follow the same, they may be Chartered Accountants, Advocates, GST Practitioners, in house accountants, consultants, advisors, etc.

Adhere to due dates:

The first and most important aspect in GST Compliance is adhering to the due date of various returns or statements to be submitted ranging from GSTR-1 to GSTR-10 etc., When these due dates are met, primarily they are avoiding unwanted or undesired actions from the department and they are outside the radar eye of the department.

Reporting of data in proper tables:

In various returns or statements, data to be reported basing on the nature of transactions, nature of recipient, quantum of transaction etc. Tables in returns or statements are designed to capture data on specific parameters. While keying the data in these tables if the data is reported proper and correct the future outcome or damage to the entity is arrested from department side. Say for example in Table 4(A)(4) of GSTR-3B Returns, Input from ISD is to be reported, in case even by mistake or by ignorance, if any other ITC is reported in this table, the Department tools verify ITC from ISD and in case of mismatch, it sends alert to the officer, these alerts over a period may result into a department enquiry.

Check tax liability in GSTR-1 and GSTR-3B:

The due date for filing GSTR-1 and GSTR-3B returns are different, it may happen that, the outward supplies reported in GSTR-1 are different in GSTR-3B return. This can cause an alert to the department for further verification of returns. To avoid the same, registered person must check the tax liability reported in GSTR-1 while submitting GSTR-3B return.



Avoid frequent cancellation of e-Invoices and e-waybills:

In the initial days of implementation of e-invoicing and e-waybills, without proper knowledge of provisions relating to these documents, the trade has cancelled these documents which were generated inadvertently. Frequent cancellation of these documents resulted in to suspicion by the department and they have faced dire consequences of it. While generating these documents, let the user first understand the nature of transaction, value of transaction, etc. then go for generation, this practice can prevent a future unwanted damage.

Prompt and timely payment of tax under RCM:

At present after implementation of GSTR-2A and GSTR-2B, every registered person is getting information relating to transactions on which he is liable to pay tax under Reverse Charge, apart from what is auto populated in these statements, the registered person is also liable to pay tax on certain services or goods which are procured or received from unregistered supplies. Non-compliance of this aspect may result into department Audit or enquiry, which can be avoided by proper and timely payment of tax under Reverse Charge.

Avail & utilize ITC as per scheme of law:

After implementation of GSTR-2A and GSTR-2B, Input Tax Credit (ITC) is to be availed in GSTR-3B as per GSTR-2B and any excess availment will trigger an alert to the department. Utilization of ITC towards outward tax liability must be set off as per the scheme of law, any deviation will result in to alerts. ITC is eligible as per records but not appearing in GSTR-2B or GSTR-2A, one must prepare a reconciliation and park those amounts in pending account and what is appearing in these statements only to be

availed is the scheme of law, how for it is correct is a question of law.

The comparison of ITC on Tax Invoices & Debit Notes to be followed and similarly reversal of ITC on account of Credit Notes appearing in these statements must be considered in filing the prescribed returns.

Reporting of blocked ITC:

While filing the returns, Input Tax Credit blocked in terms of Section 17(5) to be reported properly. Transactions on which ITC is not eligible to be taken care as the department has the data to cross check with HSN/SAC codes provided by the suppliers in their returns. Any lenient view on this aspect can result into department actions.

Reversal of ITC for common credits:

In terms of Section 17(2) & 17(3) read with Rule 42 & Rule 43, one needs to reverse the ITC relating to exempted supplies which are part of common credit for the entity. This aspect to be taken care on monthly basis and once again upon conclusion of financial year. The department can easily identify and cross check with their analysis and proceed with their actions wherever they notice non-compliance of this aspect.

Payment of mandatory 1% of tax in Cash:

In terms of Rule 86B, any registered person having monthly taxable turnover exceeding Rs. 50 Lakhs must discharge 1% of tax from Electronic Cash Ledger subject to few exceptions. Non-compliance of rule 86B may result into levy of tax along interest and related penalty.

Reporting of HSN / SAC in outward supply returns:

It is mandatory to report HSN / SAC statistical data in outward supply returns by all the supplies who are in regular filing. This data helps the department for data analysis. Any registered person wrongly reports, the same may result into notice or letter or communication from GST Department.



Compliance of year end activity:

Certain category of registered persons like Real Estate Developers and those having common credit are required to comply year end compliances within the stipulated time. In case such compliance is not be adhered to, department tools will trigger alerts and those who have not complied the same, may result in to undesired outcomes.

Compliance of specific events:

Real estate developers are required to pay tax on certain aspects on receipt of Occupancy Certificate. Municipal Authorities are sharing the data relating to OC's issued by them to GST Department. Department will come to know post submission of returns by the developer, whether the developer has complied or not. Timely compliance in this regard will prevent unwanted department action.

Avoid inter adjustment between Output tax and Input tax:

In case of negative ITC in a tax period, it is added to output tax and reported in returns or vice versa. The argument made in this behalf is, the action is revenue neutral and there is no loss to the exchequer, but the department is making demand for the difference in show cause notice. Hence, it is advised to avoid such practices, but at present the common portal is allowing negative figures in output tax and input tax.

Report properly ISD Credit:

Input tax credit from ISD to be reported in the specific table of GSTR-3B Return, this data is matched by the department from the ISD Return filed. In few cases, the registered persons have added ISD Credit to the normal ITC and reported in common ITC table in GSTR-3B. In some cases, normal credit was reported in ISD Table, all these cases were subjected to department scrutiny. While filing GSTR-3B returns the recipient of ISD credit must take care in reporting the same in proper table.

Check turnovers and taxes in monthly and annual returns:

Turnovers reported in monthly returns are consolidated and reported in annual returns and the same are compared with books of accounts. Any differences in these may cause hardship to the trade. Annual return is final opportunity to the registered person to comply the self-assessment and rectify the mistakes inadvertently or erroneously crept in monthly returns.

Proper reporting of zero-rated supplies:

There are specific tables in returns for reporting domestic supplies, import supplies, export supplies and supplies to SEZ. Proper reporting of these transactions in appropriate tables will hold the trade in speedy disposal of refund applications. Exporter of goods must take care additionally matching of data with ICEGATE portal. Mismatch of data with respect to these transactions are causing delay in processing of refunds and department enquires.

Conclusion:

The above aspects are illustrative and not exhaustive compliances with respect to checking of GST Compliance Diagnostics. It is pertinent to note another proverb “a stitch in time saves nine”, a proper and correct compliance in GST and keep the department away and one can run the business efficiently.

Whenever I address any trade body, I make a statement to them saying that, before implementation of GST businessmen use to do business and whenever they find time, verifies accounts and compliances. After implementation of GST, the businessmen first spend time on accounts and compliances and whenever they find time should focus on businesses.

As the business environment, time and laws changes, one must change to the needs and avoid unwarranted situations and unnecessary litigation with little efforts in enhancing the compliance levels.



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CA SHILPI JAIN

CASE LAW SUMMARY INDIRECT TAXATION – AUG '25

Case 1 - Electricity used at residential colony and ITC reversal w.r.t. duty credit scrips

***Bharat Aluminium Company Ltd.
2025-TIOL-1217-HC-CHHATTISGARH-GST***

Facts:

Bharat Aluminium Company Limited (BALCO) operates aluminium manufacturing plants in Korba, Chhattisgarh. It uses coal for generating electricity via two power plants. This power is:

- Captively consumed in manufacturing aluminium products which are also exported,
- Sold to the State Electricity Board, and
- Partly supplied to maintain a residential township for its employees.

BALCO claimed ITC of GST and Compensation Cess paid on coal used for generating electricity, including the portion supplied to the township, arguing that township maintenance is a business activity integral to its manufacturing operations.

Additionally, BALCO claimed that no reversal of ITC would be warranted under rule 42 of the CGST Rules against the sale of Duty Credit Scrips (DCS), considering the retrospective application of an amendment provided in the CGST Rules to exclude such supplies from the value of exempt supplies.

Issue:

1. Whether supplying electricity to the township for employees' residential use constitutes an activity "in the course or furtherance of business" under GST, thereby entitling BALCO to ITC on inputs (coal) used for generating that electricity.
2. Whether reversal of ITC is warranted under Rule 42 of the CGST Rules on account of supply of Duty Credit Scrips, in light of the question as to whether the amendment (Notification No. 14/2022 dated 5-7-2022) has retrospective application.

Decision:

On the first issue, the Court relied heavily on precedents including the Supreme Court's decisions in Gujarat Narmada Fertilizers Co. Ltd. and Maruti Suzuki Ltd., which clarify that ITC can only be claimed for inputs used in activities integrally connected to business and manufacturing. The Court held that supplying electricity to the township is a welfare activity incidental to business but not part of the business itself.

Since the electricity consumed in the township is not for manufacturing or business operations, ITC on coal attributable to this supply must be reversed as per Rule 42 of CGST Rules. The Court emphasized that ITC is a concession, not a substantive right, and its availability depends strictly on statutory provisions and conditions.

On the second issue, the Court examined the amendment to Rule 43 of the CGST Rules inserting Explanation 1(d), which excluded the value of exempt supplies of DCS from the aggregate exempt supply value used for ITC reversal calculations.

The Court observed that while the rule-making authority has power to make rules retrospectively under Section 164(3) of the CGST Act, the amendment did not expressly state retrospective effect.

The Court applied principles of statutory interpretation and Supreme Court precedents holding that an explanation or clarification must address prior ambiguity or vagueness to justify retrospective application. Since this amendment was based on GST Council recommendations, it was substantive and prospective, not clarificatory or retrospective. Thus, the petitioner could claim ITC benefits only from 5-7-2022 onward, not for prior periods.

Comments

Though the Court has held that ITC is not available w.r.t. the electricity used in the residential colony, the following aspects need to also be considered:

a. Business is a very wide term which goes to the extent of including even one off activities, Thus the said term cannot be interpreted in a restrictive manner. Decision of **Coca Cola India Pvt. Ltd.[1]** would be relevant to understand how wide the term business can be.

b. Existing decisions which have allowed credit related to township

- a-Tribunal in the case of Mangalam Cement Ltd. allowed credit for the expenses incurred for maintenance of the township regarding it as a business expense.
- b- The AP HC in the case of ITC Limited[2] held that the staff colony provided by the

respondent-Company, being directly and intrinsically linked to its manufacturing activity.

Though this is not a completely settled issue as there are certain decisions pending in other cases before the Courts and under GST also, we have some advance rulings that are not in favour.

c. In the present case there is no supply of any exempt service at the township (like maintenance) but the electricity is used for maintaining the township by BALCO. No supply does not mean credit is not eligible. Electricity that is used in the township is a necessity for the business of the Petitioner to exist. If not for the township, maybe the Petitioner would not be able to get workforce or there could be delays in production leading to shut down or losses. Thereby, township, more than a welfare activity is a necessity for the business of the Petitioner.

d. Other aspects that can be regarded are that any expense allowed in the books as business expense under the Income Tax law should be regarded so for GST also.

W.r.t. applicability of Rule 42 against the sale of DCS prior to 05.07.2022 one should consider that in case of ambiguity in law the intention behind the introduction of any provision should be looked into. On reference to page 224 of the volume-I of 'Agenda for 47th GST Council Meeting' there is an indication that the proposal to exclude value of supply of duty credit scrips was clarificatory in nature and not a prospective change.

Additionally, requiring reversal of credit w.r.t. coal purchase against the sale of DCS maybe flawed since no portion of this expense may have been used for selling those scrips. These aspects may have to be looked at, in case this case travels up to Supreme Court.

[1] 2009 (15) STR 657 (Bom).

[2] 2013 (32) S.T.R. 288 (A.P.)

Case 2: Refund of GST on levies that has been held to be unconstitutional – time limit u/s 54 would not be applicable.

Louis Dreyfus Company Private Limited v. Union of India & Ors.
[TS-720-HC(AP)-2025-GST]

Facts:

Louis Dreyfus Company Pvt. Ltd., engaged in the import of agricultural products on CIF basis, had paid GST on ocean freight in 2017. These notifications were struck down by the Gujarat High Court in Mohit Minerals Pvt. Ltd. v. UOI (2020), and the Supreme Court affirmed this view on 19.05.2022 in Union of India v. Mohit Minerals[1]. Following this, the petitioner applied on 30.03.2023 for refund of GST paid in 2017. The refund claims were rejected by the original authority considering that the refund was not filed within 2 years from the date of return of the month in which payment of the tax was made.

Issue:

Whether the refund applications filed in 2023 for GST wrongly paid in 2017 are barred by limitation under Section 54 of the CGST Act, given that the levy itself was declared unconstitutional in Mohit Minerals.

Decision:

The Andhra Pradesh High Court held that:

- A declaration of law by the Supreme Court operates retrospectively unless expressly made prospective. As Mohit Minerals was not declared prospective, it applies retrospectively.
- Payments made towards an invalid levy cannot be treated as “tax” under Article 265 of the Constitution, and hence Section 54’s limitation period does not apply. Reliance was placed on Comsol Energy Pvt. Ltd. (Gujarat HC) and Bhailal Bhai (SC).
- Refund applications could not be rejected as time-barred since the levy itself was unconstitutional.

Comments:

It is a settled principle under the earlier laws that refund of amounts paid that are later held to be unconstitutional, are not to be considered as tax since these amounts are not collected under authority of law. Once not a tax, section 54 is not applicable and the period of limitation prescribed under the Limitation Act would apply i.e. 3 years from the date of identifying the mistake of law under which the tax paid.

This principle can be applied in all cases where the tax collection is considered unconstitutional. One such issue is that where tax has been paid by clubs and associations for facilities provided to its members where the Kerala HC in the case of Indian Medical Association has held it to be unconstitutional, which is now pending before the Supreme Court. However, in all cases the principle of unjust enrichment has to be satisfied in order to be eligible for the refund i.e. the burden of the tax sought to be claimed as refund should not have been passed on to any other person.

[3] 61 GSTL 257



**Case 3 – Fact finding procedures/
investigations are not proceedings and can
be conducted parallelly by multiple
authorities**

***Armour Security India - 2025-TIOL-57-SC-
GST***

Facts:

- The petitioner, Armour Security India Ltd., engaged in providing security services and registered under GST in Delhi, was issued a show cause notice by State GST authorities under Section 73 CGST Act for alleged under-declaration of tax and excess ITC claim (2020–21).
- Meanwhile, the Central GST authorities conducted a search under Section 67(2) and issued summons under Section 70 in January 2025.
- The petitioner challenged the summons, arguing that once State authorities had initiated proceedings, Central authorities had no jurisdiction under Section 6(2)(b) of the CGST Act.
- The Delhi High Court dismissed the writ petition, holding that summons do not amount to “proceedings.” The matter reached the Supreme Court.

Issues:

1. Whether issuance of summons by Central GST amounts to “proceedings” barred under Section 6(2)(b) when State GST had already initiated action?
2. Whether parallel investigation by Central and State GST authorities on the same issue is permissible?

Decision

1. Probing an inquiry or gathering of evidence or information do not constitute “proceedings” within the meaning of Section 6(2)(b) of the CGST Act.
2. “Initiation of any proceedings” occurring in Section 6(2)(b) refers to the formal commencement of adjudicatory proceedings by way of issuance of a show cause notice, and does not encompass the issuance of summons, or the conduct of any search, or seizure.
3. “Subject matter” refers to any tax liability, deficiency, or obligation arising from any particular contravention.
4. Any two proceedings initiated seeking to assess or recover identical or a partial overlap of subject matter immediately attract bar of Section 6(2)(b).
5. If the proceedings concern distinct infractions, the same would not constitute a “same subject matter” even if the tax liability, deficiency, or obligation is same or similar.
6. The two-fold test for determining whether a subject matter is “same” entails are as follows:
 - Determining if an authority has already proceeded on an identical liability of tax or alleged offence by the assessee on the same facts, and
 - If the demand or relief sought is identical.



The Court though also laid down guidelines to avoid duplication of inquiries by Central and State GST authorities:

- **Compliance First:** Assessee must initially comply with summons or notices issued.
- **Disclosure by Assessee:** If aware of parallel proceedings, the assessee must inform the second authority in writing.
- **Inter-Authority Coordination:** Authorities must verify such claims with each other to prevent duplication and wastage of resources.
- **Clarity on Scope:** If proceedings relate to distinct subject matters, this must be clearly communicated to the taxpayer with reasons.
- **No Double Show Cause:** If a liability is already covered by an existing notice, any subsequent notice on the same issue must be quashed.
- **One Authority to Proceed:** If both are investigating the same matter, one authority must continue, and the other must share all records. The assessee has no say in which authority proceeds.
- **Tie-Breaker Rule:** If authorities cannot agree, the one that initiated the first inquiry will proceed, unless the court orders otherwise.
- **Judicial Remedy:** Non-compliance with these directions allows the assessee to approach the High Court under Article 226.
- **Assessee's Duty:** Taxpayers must fully cooperate by appearing and responding to notices.

The Court also urged better IT infrastructure and real-time data sharing between Central and State GST authorities to ensure coordination, avoid overlapping proceedings, and uphold the spirit of cooperative federalism under GST.

Comments:

The ruling does not restrict the issuance of **summons, searches, or seizures** by both Central and State tax authorities on the same issue, which may lead to **parallel actions** and increased compliance burden for taxpayers. Though this decision has brought some clarity on different interpretations adopted by High Courts, it may have larger ramifications on ongoing and future proceedings as the department officers may assume jurisdiction on same issues parallelly.

Further, the Supreme Court though ruled that multiple authorities can continue the fact finding exercise, being well aware that such an action would lead to un-necessary use of multiple resources of the Government, clearly laid out the guidelines for authorities to co-ordinate and ensure that these kind of overlap in investigation and fact finding exercise does not happen. Also, it was urged that suitable IT infrastructure is put in place to ensure that there is more co-ordination and sharing of data/information between the State and Central authorities, which is the need of the hour to ensure that apart from optimal use of Government resources, taxpayers are also not harassed.



Case 4: Refunds Cannot Be Kept Pending on Anticipated Appeals

Omega QMS vs. Commissioner, CGST, Delhi
West & Anr. 2025 (8) TMI 1451

Facts:

- Omega QMS, engaged in technical consultancy in management systems and quality assurance, filed a refund claim of ₹83,46,169/- for FY 2019-20.
- Appellate Authority (20.06.2022) allowed the refund.
- The Department did not file an appeal against the Appellate Authority's order but issued an opinion under Section 54(11) CGST Act stating that processing the refund would adversely affect revenue, as they intended to review the order.
- Based on this, the Commissioner passed an order on 04.03.2025 withholding the refund until finality before GSTAT/High Court/Supreme Court.

Issues:

Whether the Department can withhold refund under Section 54(11) CGST Act merely on the basis of its opinion that the Appellate Authority's order is erroneous, even when no appeal or proceeding is pending against that order.

Decision:

The Delhi High Court held in favour of the petitioner and directed refund processing:

- Section 54(11) permits withholding only if:
 - (i) the refund order is the subject matter of an appeal or other proceedings pending, and
 - (ii) the Commissioner forms an opinion that granting refund may adversely affect revenue.
- In this case, no appeal or other proceeding was pending against the Appellate Authority's order; the Department had merely expressed its intention to appeal but had not filed one (since GSTAT was not functional).
- Therefore, the Commissioner's opinion under Section 54(11) could not, by itself, justify withholding refund.
- The Court relied on its earlier rulings in *G.S. Industries v. Commissioner, CGST* [2023 (4) TMI 404] and *Shalender Kumar v. Commissioner, CGST* [2025 (4) TMI 555], which held that refund cannot be denied or withheld solely because the Department believes the appellate order is erroneous.

Accordingly, the Court directed that the refund along with interest under Section 56.



Comments

Thus, in cases where refund has been allowed by the Appellate Authority, in spite of the fact that the department is looking at proceeding for an appeal to the GSTAT, whenever it is operational, the taxpayer has to be paid the entire amount of eligible refund since the appeal is not yet filed.

Additionally, merely because an appeal is filed, cannot be a reason to withhold the refund since section 54(11) has an additional requirement that the grant of such refund should adversely affect revenue on account of malfeasance or fraud committed. These are grave allegations and only in their presence can the refund be withheld. Provision is extracted below:

*Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending **and** the Commissioner is of the opinion that **grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed**, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.*

Hence, it is not that in every case where the appeal is pending the refund can be withheld by the department unless the above ingredients are present. Similar decision under Section 54(11) context was given in the case of M/s. Bushrah Export House Vs U.O.I, 2021 (2) TMI 924 wherein the Hon'ble Allahabad High Court held that "...it is not only that the opinion of the officer concerned needs to be recorded but that opinion regarding refund adversely affecting the revenue has to be based on some malfeasance or fraud."

This decision is equally applicable for the pre-deposit refunds as well where the department wishes to file appeal to GST Tribunal/First Appellate Authority. Also, this view has been consistently held in various decisions under the pre-GST regime (in the pre-deposit context).



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IN REMEMBRANCE OF



CA. SHRI SHANTILAL DAGA JI

(PAST CENTRAL COUNCIL MEMBER & PAST CHAIRMAN – HYD BRANCH)

It is with deep sorrow that we inform you of the sad demise of Late CA Shri Shantilal Daga Ji, Past Central Council Member of ICAI and Past Chairman of the Hyderabad Branch.

CA Daga Ji was a guiding light to many in our profession, known for his vision, integrity, and dedicated service to the Institute and the fraternity. During his tenure as Central Council Member and as Chairman of the Hyderabad Branch, he worked tirelessly for the growth of the profession and mentored countless members and students. His humility, leadership, and commitment to excellence will always be remembered.

On behalf of the Hyderabad Branch and the entire CA fraternity, we express our heartfelt condolences to the bereaved family. May his noble soul rest in eternal peace, and may his legacy continue to inspire generations of Chartered Accountants. Om Shanti 🙏

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