E- PISTLE

(Monthly Newsletter)

August 2025

Agenda

— INCOME TAX UPDATES

— GST UPDATES

— OTHER UPDATES


TAX
%
$
TAX
$

New 54EC Option: IREDA Bonds Notified by CBDT

Looking to save tax on Long-Term Capital Gains from sale of land or building?

Latest Update (09.07.2025) – CBDT has officially notified IREDA Bonds as eligible under Section 54EC!

What's the Benefit?

100% Exemption on LTCG if invested in 54EC Bonds

Invest within 6 months of sale

Max: ₹50 Lakhs (in FY of transfer + next FY combined)

Who can invest?

• All taxpayers (Individuals, HUFs, Firms, Companies, LLPs)

• Property sold must be a Long-Term Capital Asset (>24 months)

Newly Approved Bond – IREDA

• Effective: 9 July 2025

• Lock-in: 5 Years

• Interest: 5.25% p.a. (taxable)

• Use of funds: Renewable Energy Projects

Other 54EC Options (Notified Bonds):

• NHAI • REC • PFC • IRFC • Now – IREDA too!

Section 80C – Deduction for Investments/Payments

Available To:
Individual & HUF taxpayers
(Not available to Companies, LLPs, Firms, etc.)

Maximum Deduction Limit
₹1,50,000 in a Financial Year

Eligible Investments & Expenses under Section 80C

Investment/Payment	Eligible for Deduction?
Life Insurance Premium (for self, spouse, children)	✓
Principal Repayment on Home	✓
Tuition Fees for Children (max 2 children)	✓
EPF (Employees Contribution)	✓
PPF (Public Provident Fund)	✓
NSC (National Savings Certificate)	✓
5-Year Fixed Deposit (with banks)	✓
ELSS (Equity Linked Saving Schemes – Tax Saving Mutual Funds)	✓
Sakanya Samriddhi Yojana	✓
Senior Citizens Saving Scheme (SCSS)	(Combined with 80C limit)

Important Points:

- Aggregate deduction under 80C.C,800CC, and 80CCD(1) is capped at ₹1.5 lakh.
- Additional ₹50,000 deduction is available under Section 80CCD(1B) * for R°S iver & above ₹15 lakh).
- Payment must be made out of taxpayer's own income to qualify,
- No deduction for investment in the name of siblings or parents (unless they're dependent children/spouse)

INCOME TAX PRESS RELEASE:*

➡️The Income Tax Department has launched a large-scale crackdown on fraudulent claims of deductions and exemptions in Income Tax Returns (ITRs). Organized rackets, false filings, and misuse of beneficial provisions are under scrutiny.

➡️This large-scale verification follows detailed analysis of misuse of beneficial provisions like deductions u/s 10(13A), 80GGC, 80E, 80D, 80EE, 80EEB, 80G, 80GGA and 80DDB, often in collusion with professional intermediaries. Advanced AI tools and third-party data are being used to identify suspicious patterns.

Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
******

New Delhi, 14th July, 2025

Press Release

Income Tax Department Cracks Down on Bogus Claims of Deductions & Exemptions

The Income Tax Department initiated a large-scale verification operation across multiple locations in the country on 14th July 2025, targeting individuals and entities facilitating fraudulent claims of deductions and exemptions in Income Tax Returns (ITRs). This action follows a detailed analysis of the misuse of tax benefits under the Income-tax Act, 1961, often in collusion with professional intermediaries.

Investigations have uncovered organized rackets operated by certain ITR preparers and intermediaries, who have been filing returns claiming fictitious deductions and exemptions. These fraudulent filings involve the abuse of beneficial provisions, with some even submitting false TDS returns to claim excessive refunds.

To identify suspicious patterns, the Department has leveraged financial data received from third-party sources, ground-level intelligence, and advanced artificial intelligence tools. These findings are further substantiated by recent search and seizure operations conducted in Maharashtra, Tamil Nadu, Delhi, Gujarat, Punjab, and Madhya Pradesh, where evidence of fraudulent claims was found to have been used by various groups and entities.

Analysis reveals rampant misuse of deductions under sections 10(13A), 80GGC, 80E, 80D, 80EE, 80EEB, 80G, 80GGA, and 80DDB. Exemptions have been claimed without valid justification. Employees of MNCs, PSUs, government bodies, academic institutions, and entrepreneurs are among those implicated. Taxpayers are often lured into these fraudulent schemes with promises of inflated refunds in return for a commission. Despite a fully e-enabled tax administration system, ineffective communication remains a significant hurdle in assisting taxpayers. It has been observed that such ITR preparers often create temporary email IDs solely for filing bulk returns, which are later abandoned, resulting in official notices going unread.

In line with its guiding principle of 'Trust Taxpayers First', the Department has emphasized voluntary compliance. Over the past year, the Department has carried out extensive outreach efforts, including SMS and email advisories, nudging suspected taxpayers to revise their returns and pay the correct tax. Physical outreach programs, both on and off campus, have also been conducted. As a result, approximately 40,000 taxpayers have updated their returns in the last four months, voluntarily withdrawing false claims amounting to ₹1,045 crore. However, many remain non-compliant, possibly under the influence of the masterminds behind these evasion rackets.

The Department is now poised to take stern action against continued fraudulent claims, including penalties and prosecution wherever applicable. The ongoing verification exercise across 150 premises is expected to yield crucial evidence, including digital records, that will aid in dismantling the networks behind these schemes and ensure accountability under the law.

Further investigations are currently underway.

Taxpayers are again advised to file correct particulars of their income and communication coordinates and not be influenced by advice from unauthorized agents or intermediaries promising undue refunds.

(V. Rajitha)
Commissioner of Income Tax
(Media & Technical Policy) &
Official Spokesperson, CBDT

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Closer tax scrutiny on charitable trusts, research bodies

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

Income-tax returns of charitable trusts and research institutions that have wrongfully claimed exemptions, as well as entities and individuals that have had repeated additions to their liability, will be automatically selected for scrutiny this year.

The latest guidelines of the Central Board of Direct Taxes (CBDT) mandate senior field officers to issue notices on such income-tax returns (ITRs) until 30 June.

The guidelines are part of the direct taxes authority's efforts to improve compliance. The annual exercise is even more important this year as the government seeks to curb evasion and shore up tax revenue after forgoing ₹1 trillion in the annual budget to provide relief to the middle class.

According to data available from the CBDT, more than 314,000 associations of persons or trusts filed tax returns in 2023-24.

Queries emailed to the CBDT seeking comments remained unanswered until the time of publishing.

Charitable and religious trusts, as well as research institutions, claiming tax exemption under the Income Tax Act's Section 11 must register again. The changes in law introduced from 1 April 2021 seek to improve compliance and avoid roving enquiries into their affairs.

The guidelines are part of the direct taxes authority's efforts to improve compliance. MINT

The CBDT's guidelines said that cases where such registration has not been granted or has been revoked by the end of March 2024 and the institution has claimed tax exemption in 2024-25, shall be scrutinized by the department's faceless assessment centre. Cases where withdrawal of registration is set aside in appellate proceedings will be excluded.

In addition to registration, charitable and religious trusts

TURN TO PAGE 6

TDS Journal Entries (With Examples)

#	Transaction	Journal Entry	Notes
1	**TDS on Salary (Sec 192)** Salary ₹1,00,000, TDS ₹10,000, TDS based on slab rate	Salary Expense A/c Dr. ₹1,00,000 To TDS Payable (Salary) A/c ₹10,000 To Bank A/c ₹90,000	Deducted by employer, deposit by 7th of next month
2	**TDS on Rent (Sec 194-I)** Rent ₹50,000, TDS ₹5,000, depend on rate	Rent Expense A/c Dr. ₹50,000 To TDS Payable (Rent) A/c ₹5,000 To Landlord/Cash A/c ₹45,000	Rate: 10% (building), 2% (machinery)
3	**TDS on Professional Fees (Sec 194J)** Fees ₹20,000, TDS ₹2,000	Professional Fees A/c Dr. ₹20,000 To TDS Payable (194J) A/c ₹2,000 To Consultant A/c ₹18,000	Rate: 10% (default), 2% for technical
4	**TDS on Contractor (Sec 194C)** Amount ₹1,00,000, TDS ₹1,000	Contractor Charges A/c Dr. ₹1,00,000 To TDS Payable (194C) A/c ₹1,000 To Contractor A/c ₹99,000	1% for individual/HUF, 2% for others
5	**TDS on Interest (Sec 194A)** Interest ₹10,000, TDS ₹1,000	Interest Expense A/c Dr. ₹10,000 To TDS Payable (194A) A/c ₹1,000 To Payee A/c ₹9,000	Threshold: ₹40,000 (₹50,000 seniors)
6	**TDS on Commission (Sec 194H)** Commission ₹50,000, TDS ₹2,500	Commission Expense A/c Dr. ₹50,000 To TDS Payable (194H) A/c ₹2,500 To Agent A/c ₹47,500	Rate: 5% for residents
7	**TDS on Freelancers (Sec 194J/194Q)** Amount ₹30,000, TDS ₹3,000	Freelance Services A/c Dr. ₹30,000 To TDS Payable (194J) A/c ₹3,000 To Freelancer A/c ₹27,000	PAN mandatory, else 20% TDS
8	**TDS on Property Purchase (Sec 194-IA)** Property ₹50,00,000, TDS ₹50,000	Property A/c Dr. ₹50,00,000 To TDS Payable (194-IA) A/c ₹50,000 To Seller A/c ₹49,50,000	Applicable if value ≥ ₹50 lakhs
9	**TDS on Dividends (Sec 194)** Dividend ₹1,00,000, TDS ₹10,000	Dividend Paid A/c Dr. ₹1,00,000 To TDS Payable (Dividend) A/c ₹10,000 To Shareholder A/c ₹90,000	TDS if dividend > ₹5,000
10	**TDS on Foreign Payments (Sec 195)** Amount ₹2,00,000, TDS ₹40,000	Foreign Services A/c Dr. ₹2,00,000 To TDS Payable (Sec 195) A/c ₹40,000 To Vendor A/c ₹1,60,000	DTAA rates may apply

BREAKING- INCOME TAX CIRCULAR

Relaxation of time limit for the processing of electronically filled (upto 31.03.2024) income tax Returns which were erroneously invalidated by CPC.

New Intimations will now be sent to all such assesses concerned by 31.03.2026.

Circular No. 10/2025

F. No.225/30/2025/ITA-II
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
*****

North Block, the 28th July, 2025

Order u/s 119 of the Income-tax Act, 1961

Subject: Relaxation of time limit for processing of returns of income filed electronically which were incorrectly invalidated by CPC - reg.

It has been brought to the notice of Central Board of Direct Taxes ('*the Board*') that CPC-Bengaluru (CPC) has received grievances regarding erroneous invalidation, due to various technical reasons, while processing the returns filed electronically for different assessment years. The time period for processing these returns has lapsed, latest being 31.12.2024 for AY 2023-24. Therefore, these returns need to be validated and processed as per law.

2. The matter has been considered by the Board and it has been decided to relax the time-frame prescribed in second proviso to sub-section (1) of section 143 of the Income-tax Act, 1961 (the Act) in exercise of its powers under section 119 of the Act. The Board hereby directs that **returns of income filed electronically upto 31.03.2024 which have been erroneously invalidated by CPC** shall now be processed. The intimation under sub-section (1) of section 143 of the Act in respect of processing of such returns shall be sent to the assessees concerned by 31.03.2026.

3. All subsequent effects under the Act, including issue of refund along with interest as applicable, shall also follow in these cases. In those cases where PAN-Aadhaar linkage is not found, refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made as laid down in Circular No.03/2023 dated 28.03.2023 vide F.No.370142/14/2022-TPL.

4. This may be brought to the notice of all for necessary compliance.

(Dr. Castro Jayaprakash.T)
Under Secretary to the Government of India

Copy for information to:

i. Chairman (CBDT) and all Members of CBDT
ii. All Pr.CCsIT/DsGIT
iii. DGIT(Systems), Delhi & DGIT (Systems), Bengaluru with request for further necessary action in the matter
iv. Pr.DGIT, Directorate of Admin & Taxpayers Services
v. ADG(Systems)-4 with request for uploading on department's official website
vi. CIT (Media & TP), CBDT
vii. JCIT, Database Cell - for uploading on IRS Officers website
viii. Guard file

(Dr. Castro Jayaprakash.T)
Under Secretary to the Government of India

Property gains tax: benefit or burden?

Mr. A sold a property that he purchased before **July 23, 2024.** When calculating LTCG, he has two options:
20% tax with indexation, or
12.5% tax without indexation

Property sale price: **₹2.05 cr**
Indexed cost: **₹2.33 cr**
Non-indexed cost: **₹1.8 cr**

With indexation: **Loss ₹28 lakh**
Without indexation: **Gains ₹25 lakh**
Tax **12.5%: ₹3.1 lakh**

Salary	**₹30 lakh**
Standard deduction	**₹75,000**
Salaried income after dedction	**₹29.25 lakh**
Tax on salary	**₹5.67 lakh**
Surcharge **10%**	**₹56,750**
Total	**₹6.24 lakh**
4% cess	**₹24,970**
Total tax payable	**₹6.49 lakh**

Since the gross income exceeds **₹50 lakh** (Non-indexed gains: **₹25 lakh** + salaried income: **₹29.25 lakh**), **10%** surcharge applies

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Surcharge range
₹50 lakh to ₹1 crore: **10%**
₹1 crore to ₹2 crore: **15%**
₹2 crore and above: **25%**

Rates as per new tax regime
Surcharge is capped at 15% for income from dividends, listed equity gains, real estate gains, FPI income, and AOPs.

NRIs are not eligible for indexation benefit on the sale of property on or after 23 July 2024.

The technical error:*

- Tax utility adds non-indexed gains to total income for surcharge
- Applies even if you choose **20%** tax with indexation

*Some CAs say it's a technical error, while others believe it's an incomplete relief.

What experts say:

- The mismatch is due to the relief being applied only to the tax amount and not to the surcharge
- Ideally, surcharge should align with the gains used for tax
- As a result, taxpayers may face a higher surcharge, even if no LTCG tax is payable, due to gross income exceeding **₹50 lakh**

GRAPHIC: PARAS JAIN/MINT

Sec 54 exemption between relatives

Kavita Manoj Damani vs AO, ITAT Mumbai case

Wife and husband bought joint property in Powai in 2002. Husband gifted his **50%** share to wife in 2017

Wife sold the Powai property in 2020 earning LTCG of **₹4.21 crore**

To get exemption under Sec 54, she bought a flat from husband for **₹3.85 crore** and paid **₹11 lakh** stamp duty. Exemption was claimed on **₹3.96 crore**

AO **denied exemption** considering the sale merely a way to transfer the capital gains to her spouse, not a real purchase. CIT Appeals upheld AO's stance

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ITAT Mumbai ruled in the wife's favour. It considered the sale genuine because she:

- **Paid via bank**
- **Registered deed**
- **Reinvested gains within 2 years**
- **Deducted TDS**

Court held relationship between the purchaser and seller is not relevant for **Section 54 exemption** if transaction is authentic

Source: ITAT order, taxbuddy

When 54 exemption between relatives benefits

- Relative selling the property has to pay capital gains tax and buyer has to pay stamp duty, which counts towards 54 exemption
- Transactions where the difference in purchase and sale price is minimal can benefit
- Relatives can transact on circle rate, if market value is higher, to lower the seller's capital gains tax
- Such transactions offer convenience as the property and its control stays within the family

GRAPHIC: PARAS JAIN/MINT

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Capital gains: check expense eligibility

Caution from experts

- Ensure proper documentation and bills for all claimed expenses.
- The Income Tax Department uses AI tools to detect fraudulent claims.
- Submitting forged or backdated bills may lead to scrutiny or penalties

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Important note for NRIs

- From 23 July 2024, NRIs are not eligible for indexation benefit on the sale of property.
- They can still claim valid capital improvements

In a nutshell

Expense category	Allowed
Brokerage/commission	✓
Structural renovation	✓
Painting*	✓
Routine repairs and maintenance	✗
Property tax/society charges	✗
Tenant eviction compensation	✓
Legal & paperwork charges (at sale)	✓
Home loan interest**	✓
Mortgage repayment	✗

*Permitted only if it is part of a larger renovation project
**If not claimed as deduction

Source: CA. Ajay R. Vaswani

What about furniture?

- **FURNITURE** used for personal purposes is classified as a "personal effect" and excluded from capital assets
- **NO** capital gains tax on sale of such personal-use furniture
- **MAINTAIN** original invoices as proof of ownership

Interest deduction limits

Old tax regime:

Self-occupied: **₹2 lakh** cap per year^

Let-out: No cap on interest, but only **₹2 lakh** per year can be set off against other income.

Excess loss carried forward for 8 years (against house property only)

^if construction completed within 5 years, else **₹30,000**

New tax regime:

- Deduction for home loan interest is allowed only on let-out properties.
- Interest can be capitalized to reduce capital gains, if not claimed as a deduction earlier.

PARAS JAIN/MINT

Income Tax Department
Government of India

Rebate of income-tax in case of certain individuals.

87A. An assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of twelve thousand and five hundred rupees, whichever is less:

[2][**Provided** that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, and the total income—

(*a*) does not exceed [3][*seven*] hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent of such income-tax or an amount of [4][*twenty-five*] thousand rupees, whichever is less;

(*b*) exceeds [3][*seven*] hundred thousand rupees and the income-tax payable on such total income exceeds the amount by which the total income is in excess of [3][*seven*] hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds seven hundred thousand rupees.]

Following second proviso shall be inserted after the proviso to section 87A by the Finance Act, 2025, w.e.f. 1-4-2026:

Provided further *that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.*

How taxpayers are struggling with AIS

What is an AIS?

- A detailed report of your financial transactions
- Sources data from banks, registrars, depositories, and sub-registrars

Capital gains mismatch

- An AIS may show a different stock sale price than what the taxpayer actually received.
- This happens when depositories report the stock's closing price instead of the actual trade price.

Example:
You sell a stock at **₹100**, but the AIS reflects **₹101** as reported by the depository. This **₹1** mismatch can trigger scrutiny.

Real estate mismatch

- Annual income statements often report the full property value under each joint owner's PAN, even if only one person funded the purchase.
- This leads to duplicate income reporting and potential tax notices.

Example:
A **₹1 crore** flat is jointly registered by a husband and wife, but only the husband paid for it. The AIS shows ₹1 crore under both PANs, doubling the reported value to **₹2 crore.**

FD interest errors

- When you choose to receive interest on maturity, the AIS may report the full interest in the final year.
- Although tax was already paid annually on the accrued interest, the AIS reflects it again on maturity, leading to duplication and inflated income.

Example:
A **₹5 lakh** FD at **7%** earns **~₹35,000** annually. Over 5 years, **₹1.75 lakh** interest is taxed year by year. But the AIS reports the full **₹1.75 lakh** again in the fifth year.

What can taxpayers do?

Submit the feedback

Step-by-step guide to report the mismatch

1. Visit **incometax.gov.in**
2. Login
3. Pending Actions
4. Compliance Portal
5. Click "Proceed"
6. Select AIS tile
7. Choose Financial Year
8. **View AIS**
9. Pick transaction
10. Click 'Optional' under 'Provide Feedback'
11. Submit your response and save the Reference ID

Points to remember

- Always reconcile your income with Form 26AS, AIS, and TIS.
- Flag discrepancies via the AIS portal
- Maintain documentation
- Don't delay filing: You can still file even if the AIS has errors
- Be prepared to explain differences if questioned

Expert suggestions to the IT Department

EXPAND feedback options for gifted or jointly owned properties

REPORTING entities should improve data accuracy

ISSUE circulars acknowledging system flaws

Who Should File ITR-2?

For AY 2025–26 (FY 2024–245)

1 Who Can File ITR-2?

Individuals & HUFs without business/profession income; but who have:

- Capital Gains
- >1 House Property
- Dividenç / Interest / Lottery Income
- Agriculture income > ₹ 5,000
- Director in unlisted company
- Shareholder in unlisted co.
- Foreign Assets or Foreign Income
- Crypto / NFT transactions

2 Who CANNOT File ITR-2

- Income from business/ profession
- Partner in a firm

3 Other Key Points

- Must file if you have capital gains (even with salaried income)
- RNORs & NRIs eligible
- Enhanced disclosure requirements

Tip: If your income is ONLY from salary + 1 house + interest (≤ ₹50L) → Use ITR-1.
Anything beyond that → Likely ITR-2!

Capital gains: check expense eligibility

Caution from experts

- Ensure proper documentation and bills for all claimed expenses.
- The Income Tax Department uses AI tools to detect fraudulent claims.
- Submitting forged or backdated bills may lead to scrutiny or penalties

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In a nutshell

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**If not claimed as deduction

Source: CA. Ajay R. Vaswani

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F&O & INTRADAY TRADING: TAX RULES YOU MUST KNOW

TAX TREATMENT

F&O is taxed as non-speculative business income; intraday is speculative. Both are taxed at slab rates and reported as business income.

HOW TO REPORT IN INCOME TAX RETURN?

Use ITR-3 to report both F&O and intraday trading income under "Profits and Gains from Business or Profession."

Step 1: Calculate Your Turnover

- *For F&O: Add absolute values of all profits and losses.*
- *For Intraday: Same method – total of all absolute profit/loss from intraday trades.*

Step 2: Claim Eligible Expenses as Deductions

Brokerage, internet, advisory, software, office rent, and related costs can be claimed as deductions if linked directly to your trading activity — F&O or intraday.

Step 3: Set Off and Carry Forward Losses

- *F&O losses: Can be set off against any income (except salary) and carried forward for 8 years.*
- *Speculative losses : Can only be set off against speculative gains and carried forward for 4 years.*

Some examples for applicability of Section 43B(h) in different cases

Sl. No.	Day of acceptance or deemed acceptance	Agreed upon payment date in writing	Due date of payment as per Section 15 of MSMED Act	Actual Date of Payment	Status in terms of Section 43B(h)
1	20th March 2025	19th April 2025	19th April 2025	19th April 2025	Allowed in A.Y. 2025-26
2	20th March 2025	19th April 2025	19th April 2025	10th May 2025	Disallowed in A.Y.2025-26; Allowed in A.Y. 2026-27
3	20th March 2025	19th April 2025	19th April 2025	10th June 2026	Disallowed in A.Y. 2025-26; Allowed in A.Y. 2027-28
4	20th March 2025	20th June 2025	04th May 2025	02nd May 2025	Allowed in A.Y. 2025-26
5	20th March 2024	20th June 2025	04th May 2025	08th May 2025	Disallowed in A.Y.2025-26; Allowed in A.Y. 2026-27

Year	FY 2024-25	FY 2024-25
Particulars	New Tax Regime	Old Tax Regime
Rebate	700000	500000
Rebate on STCG 111A	Not Available	Available
Rebate on LTCG 112A	Not Available	Not Available
Standard Deduction	75000	50000
House Rent Allowance (HRA)	Not Available	Available
Leave Travel Allowance (LTA)	Not Available	Available
30% Additional Employee Cost (Section 80 JJAA)	Available	Available
Food Allowance	Not Available	Available
Professional Tax	Not Available	Available
Reibursement of Office Expense	Available	Available
Home Loan Interest (Rent)	Available	Available
Home Loan Interest (Self Occupied)	Not Available	Available
LIC/ PF/ PPF (Section 80C)	Not Available	Available
NPS Employee Contibution	Not Available	Available
NPS Employer Contibution	Available (14% for all)	Available (12% Non-Govt and 14% Govt)
Mediclaim (Section 80D)	Not Available	Available
Disabled Individual (Section 80U)	Not Available	Available
Education Loan (Section 80E)	Not Available	Available
EV Loan (Section 80EEB)	Not Available	Available
Political/Trust Donation (Section 80G/ 80GGC)	Not Available	Available
Savings Bank Interest (Section 80TTA/ 80TTB)	Not Available	Available
Family Pension Deduction	15000	15000
VRS Exemption (Section 10(10C))	Available	Available
Gratuity Exemption (Section 10(10))	Available	Available
Leave Encashment (Section 10(10AA))	Available	Available
Transport for specially-abled	Available	Available

Advance tax - How to avoid interest under Section 234C

If tax liability >₹10,000

Date	Amount	Failure	Solution
15th June	**15%**	If you fail to pay at least **12%**	Report additional income to employer
15th Sept	**45%**	If you fail to pay at least **36%**	Do it by March
15th Dec	**75%**	If you fail to pay **75%**	Employer deducts TDS
15th March	**100%**	If you fail to pay **100%**	No interest applies

Example

You earned **₹4 lakh** of bank FD interest in the year

Bank deducted **₹40,000** TDS

You have to pay **₹80,000** more (in **30%** bracket)

You failed to pay it by advance tax dates

You report the **₹4 lakh** income and TDS of **₹40,000** to employer

Employer cuts **₹80,000** more TDS in March

You save interest of **₹4,040** under Section 234C

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GST
UPDATE

Handling of Inadvertently Rejected records on IMS

Jun 19th, 2025

Question 1: How can a recipient avail ITC of wrongly rejected Invoices/ Debit notes/ECO-Documents in IMS as corresponding GSTR-3B of same tax period was also filed by recipient?

Answer: In such cases recipient can request to the corresponding supplier to report the same record (without any change) in same return period's GSTR-1A or respective amendment table of subsequent GSTR-1/IFF. Thus, recipient can avail the ITC basis on amended record by accepting such record on IMS and recomputing GSTR-2B on IMS. Here the recipient will get ITC of complete amended value as original record was rejected by the recipient.

However, recipient will be able to take ITC for the again furnished document by the supplier, as stated above, only in the GSTR-2B of the concerned tax-period.

Question 2: If any original record is rejected by the recipient and supplier furnishes the same record in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of subsequent period, till the specified time limit, then what impact it will have on supplier's liability?

Answer: In case supplier had furnished an original record in GSTR-1/IFF but the same record was rejected wrongly by the recipient in IMS. In such cases supplier on noticing the same in the supplier's view of IMS dashboard or on request of recipient, may furnish the same record again (without any change) in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF in any subsequent period, till the specified time limit, then the liability of supplier will not increase. As amendment table take delta value only. Thus, in present case of same values, differential liability increase will be zero.

Question 3: As a recipient taxpayer, how to reverse ITC of wrongly rejected Credit note in IMS as the corresponding GSTR-3B has already been filed?

Answer: In such cases recipient can request the concerned supplier to furnish the same Credit note (CN) without any change in the same return period's GSTR-1A or in amendment table of subsequent period's GSTR-1/IFF. Now recipient can reverse the availed ITC based on the amended CN by accepting the CN on IMS. Hence, the recipient's ITC will get reduced with complete amended value, as soon as the recipient recomputes GSTR-2B on IMS. The reduced value is same as that of the value of original CN as in this case the complete original CN was rejected by the recipient.

Question 4: If any original Credit note was rejected by the recipient and supplier furnishes the same credit note in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of any future tax-period, till the specified time limit, then what impact it will have on supplier's liability?

Answer: At first instant the supplier's liability will be added back in the open GSTR-3B return, because of original credit note rejection by the recipient. However, as the supplier furnishes the same credit note in GSTR-1A of same tax period or in amendment table of GSTR-1/IFF in any subsequent period, supplier's liability for this amendment will get reduced again corresponding to the value of amended CN (which in this case is same as original). Thus, net effect on liability of supplier will be only once.

Thanking You

GST on Crypto in India — July 2025 Update

1 GST Now Applies on Crypto Platform Fees

From 7 July 2025,
18% GST charged on:

- Trading fees
- Withdrawaldeposit fees
- Staking & wallet services
- Custody/transfer services

2 Crypto Gains Still Taxed at 30%

18%

Flat 30% tax on
profits from cryptransfer/sale

4% health & education cess

No deductions allowed
(except cost of acquisition)

3 TDS on Crypto Sales

1% TDS on total sale value

Thresholds;
₹ 50,000 (general)
₹ 10,000 (certain us

TDS applies
even on losses

4 Why GST Now?

Exchanges are considered
service providers under GST

GST registration is
mandatory for
crypto platforms

5 Example

Sell crypto for ₹ 30,0000

Profit = ₹ 31,200

TDS= ₹ 3,000

Exchange fee = 3,000

GST on fee = 540

6 Key Takeaways

- ✔ 18% GST on services
- ✔ 30% tax + cess on gains
- ✔ 1% TDS on sale alue
- ✔ Iro loss adjustment
  – record every detal

7 Compliance Tip

Report in ITR under Sch. VDA
Claim TDS credit
Keep detailed records

7 Compliance Tip

Report in ITR under
Schedule VDA
Claim TDS credit

**Crypto in India is no longer tax-free or grey.
You're paying GST + Income Tax + TDS. Stay conpliant,**

Zero Rated Supply under GST

1 What is Zero Rated Supply?

Supply on which GST rate is 0%, but ITC is allowed.

Used mainly for exports & SEZ supplies. This ensures tax-free output, but refunds on input taxes.

2 Key Features:

- ✓ GST charged = 0%
- ✓ ITC is available
- ✓ Eligible for refund
- ✓ Meant to promote exports

3 Examples:

- Export of goods/services
- Supply to SEZ (unit or developer)

4 Not the same as Exempt Supply!

Type	ITC	Refund	
Zero Rated	✓	✓	
Exempt	✓	✗	

Refund Options:

Export with IGST → Refund of IGST paid
Export under LUT → Refund of unutilized ITC

🧾 *Major Update on GST & Online Gaming 🎮*

The Supreme Court will deliver a crucial verdict on July 25, 2025, that could reshape India's online gaming industry.

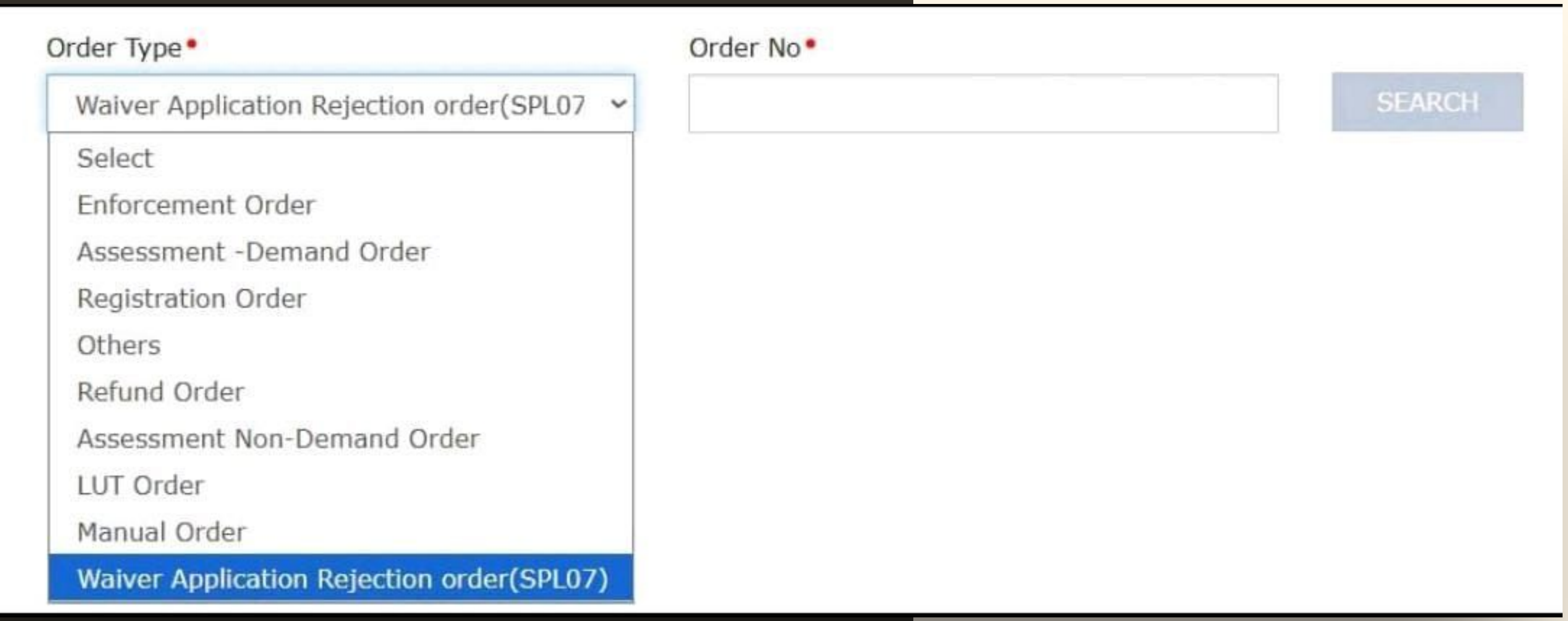
👉 What's the issue?

The Court will decide whether GST should be levied on the full amount deposited by players or only on the platform's service fee.

💰 The case involves a whopping *₹2.5 lakh crore* in potential tax liability!

📅 Final hearings are underway and the judgment will be reserved after July 25.

This ruling could have a massive impact on how online gaming is taxed going forward.



GST Waiver Scheme (Section 128A) - Important Update!

Until now, taxpayers who received SPL-07 rejection orders under the GST Amnesty Scheme were unable to file an appeal online, as the portal didn't allow selection of SPL-07 in Form APL-01 - forcing them to file appeals offline.

Good news!

GSTN has now enabled the option to file appeals against SPL-07 orders directly on the portal.

This means:

APL-01 can now be filed online

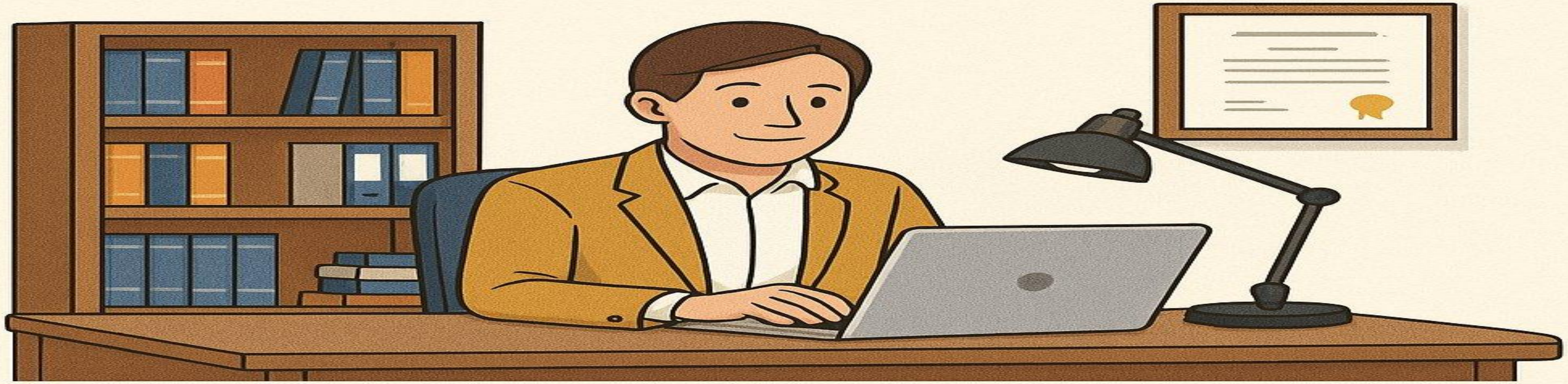
SPL-07 orders are available in the dropdown

A major technical issue has finally been resolved.

Difference between Exempt, Nil Rated, Non-Taxable & Non-GST supply

	Exempt	Nil Rated	Non-Taxable	Non-GST
Better name	-	-	-	Activities or transactions u/s 7(2)
In Short	Tax Rate: 0% + 2/2017 CTR + 12/2017 CTR + ALHC + 5 Petro Products	Tax Rate: 0%	ALHC + 5 Petro Products	Sch. III
Whether defined in law?	Yes, 2(47) of the CGST Act, 2017	No	Yes, 2(78) of the CGST Act, 2017	No
Invented by?	Statute	Form	Statute	Form
Definition	(i) There has to be a Supply; (ii) Supply attracts NIL Rate of tax, i.e. NIL Rated Supply; (iii) Supply is wholly exempt from tax u/s 11 of the CGST Act or u/s 6 of the IGST Act; (iv) It includes Non-Taxable Supply.	-	(i) There has to be a Supply; (ii) Supply is not leviable to tax under the CGST/IGST Act;	-
Meaning	Nil Rated Supplies + Exempted Goods under Notification No. 02/2017-Central Tax (Rate) + Exempted Services under Notification No. 12/2017-Central Tax (Rate) + Non-Taxable Supplies	The supply of such goods/ services that are leviable to GST at NIL rate, i.e. 0% as per the tariff schedule.	Supply of alcoholic liquor for human consumption [Article 366(12A)] + Supply of 5 petroleum products of crude oil, high speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel (ATF) [Section 9(2) of the CGST Act].	The activities or transactions specified in Schedule III or notified u/s 7(2)(b) of the Act.
Comments	The levy is at a rate higher than 0% according to the tariff schedule, but the tax payable is NIL due to the exemption notification issued.	The levy itself is at a NIL rate, so the tax payable thereon is also NIL.	They are supplies u/s 7(1) of the CGST Act, but there is no exposure to levy.	They are not even supplies in the first place.

Bought a Laptop for Office Work? Can You Claim ITC



✅ YES – ITC allowed on laptops, desktops & IT equipment if:

✓ Used in the course or furtherance of business
✓ Invoice is in the name of the registered entity
✓ Supplier is GST-registered
✓ Reflected in GSTR-2B & matched

🚫 ITC will NOT be allowed if:

— Used primarily for personal purposes
— No proper invoice with GSTIN
— Vendor hasn't filed GSTR-1 + No reflection in GSTR-2B

💡 **Tip: Keep an asset register to support your ITC claim during audits.**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?
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Financial News

livemint

Schedule FA, FSI compliance with foreign income

What to report in Schedule FA

- Income from any foreign entity
- X (formerly Twitter) payout
- Stocks, ETFs, debt investment held or sold
- ESOPs, RSUs held or sold
- Any foreign assets you hold

EXAMPLE

Mr X freelanced with **company ABC** in the US and recieved **$5,000** payment. He must report this in Schedule FA and FSI apart from reporting it as business income

Assuming **25%** tax withheld in the US: **₹1.07 lakh**
He must fill Schedule TR also

Schedule FA (Part G)

Details of any other income derived from any source outside India- (i) which is not included in items A to F above or, (ii) income under the head business or profession

Country name & code 2(a)	Name of the Person 3(a)	Nature of income 5	Whether taxable in your hands? 6	If (6) is yes, Income offered in this return: Amount 7	Schedule where offered 8	Item number of schedule 9
2-United States of America	ABC	Business income	Yes	430750	BP	A

Schedule FSI

Details of Income from outside India and tax relief (available only in case of resident)

Country code	Taxpayer Identification number	Head of Income (a)	Income from outside India (included in PART B-TI) (b)	Tax paid outside India (c)	Tax payable on such income under normal provisions in India (d)	Tax relief available in India (e=lower of c & d) (e)
2-United States of America	XYZ0824A	Business or Profession	430750	107687	129225	107687*

If TIN not given by foreign entity, fill passport number

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Schedule TR

Summary of tax relief claimed for taxes paid outside India

Details of Tax relief claimed

Country code (a)	Taxpayer Identification number (b)	Total taxes paid outside India (total of (c) of Schedule FSI in respect of each country) (c)	Total tax relief available (total of (e) of Schedule FSI in respect of each country) (d)	Section under which relief claimed (specify 90, 90A or 91) (e)
2-United States of America	XYZ0824A	107687	107687*	90

Used SBI TT buying rate for USD/INR of 86.15, as of 25 July 2025, for conversion

*This is not a refund. If your net tax liability from all incomes is less than this, the remaining amount is a dead loss.

GST compliance

If annual turnover **>₹20 lakh**, must register for GST

But, don't charge GST to the foreign client as export of services qualifies as a zero-rated supply

Apply Letter of Undertaking (LUT) in advance

How to apply for LUT

LOGIN to the GST portal

GO to Services → User Services → Furnish Letter of Undertaking (LUT)

FILL Form GST RFD-11. It is pre-filled with your basic details, just enter details of two witnesses (name, address, occupation).

SIGN digitally and submit. You'll get downloadable acknowledgment of your LUT.

IT is valid for one financial year.

Accounting Formulas

S N	Formula Name	Formula
1	Gross Profit	Sales - Cost of Goods Sold
2	Gross Profit Margin	(Gross Profit / Sales) × 100
3	Operating Profit	Gross Profit - Operating Expenses
4	Net Profit	Operating Profit - Taxes and Interest
5	Return on Investment (ROI)	(Gain / Cost) × 100
6	Return on Equity (ROE)	(Net Profit / Shareholder Equity) × 100
7	Assets Turnover	Sales / Total Assets
8	Inventory Turnover	Cost of Goods Sold / Average Inventory
9	Days Sales Outstanding (DSO)	(Accounts Receivable / Sales) × Number of Days
10	Days Inventory Outstanding (DIO)	(Inventory / Cost of Goods Sold) × Number of Days
11	Current Ratio	Current Assets / Current Liabilities
12	Quick Ratio	(Current Assets - Inventory) / Current Liabilities
13	Earnings Per Share (EPS)	Net Profit / Number of Shares
14	Price-Earnings Ratio (P/E Ratio)	Stock Price / EPS
15	Break-Even Point (BEP)	Fixed Costs / (Selling Price - Variable Costs)
16	Cost of Goods Sold (COGS)	Direct Material + Direct Labor + Overheads

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Direct Taxes Committee
The Institute of Chartered Accountants of India

30th July, 2025

Public Announcement

Limit on number of tax audits (effective from 1.4.2026)

In order to ensure the quality of tax audit, the Council of the Institute has, at its 442nd meeting held on 26th and 27th May, 2025 and its 443rd meeting held on 30th June, 2025 and 1st July, 2025, decided the limit on the number of tax audits, to be effected by issuance of new guidelines, as follows -

(i) the existing limit of 60 tax audit assignments per member to be retained, but the same shall be in respect of tax audit assignments **in a particular financial year**.

(ii) the said limit of **60 would be the aggregate limit in respect of all tax audits accepted and signed by a member**, both in his individual capacity and as a partner of a firm(s). **In other words, an individual member cannot sign more than 60 tax audit reports in a financial year.**

(iii) the limit on number of tax audit assignments per partner in a CA Firm **cannot** be distributed/or shared between the partners.

(iv) the limit of 60 would, however, **not** apply to tax audit assignments arising out of the requirements under clause (c), clause (d) and clause (e) of section 44AB, in relation to persons covered **under section 44AE, 44ADA and 44AD**, respectively.

(v) in the case of revision of tax audit report, the **revised tax audit report shall not be taken into account** for the purpose of reckoning the said limit of 60.

These changes shall be effective for the tax audits under section 44AB of the Income-tax Act, 1961 from 01st April, 2026 and shall continue to be in force until further orders.

Detailed Guidelines are hosted on ICAI website and are accessible at:

https://resource.cdn.icai.org/87307dtc-aps1799-gazette-notification.pdf

Trump to hit India with 25% tariffs - plus 'penalty' for trade with Russia

Donald Trump met Indian PM Narendra Modi in the Oval Office in February

Nikita Yadav
BBC News, Delhi

Donald J. Trump
@realDonaldTrump

We are very busy in the White House today working on Trade Deals. I have spoken to the Leaders of many Countries, all of whom want to make the United States "extremely happy." I will be meeting with the South Korean Trade Delegation this afternoon. South Korea is right now at a 25% Tariff, but they have an offer to buy down those Tariffs. I will be interested in hearing what that offer is.

We have just concluded a Deal with the Country of Pakistan, whereby Pakistan and the United States will work together on developing their massive Oil Reserves. We are in the process of choosing the Oil Company that will lead this Partnership. Who knows, maybe they'll be selling Oil to India some day!

Likewise, other Countries are making offers for a Tariff reduction. All of this will help reduce our Trade Deficit in a very major way. A full report will be released at the appropriate time. Thank you for your attention to this matter. MAKE AMERICA GREAT AGAIN!

The right way to value furniture and fixtures

In a property sale, household items that qualify as 'personal effects', like furniture, electrical appliances, etc., can be classified separately as furniture and fixtures on which capital gains tax and stamp duty are not charged

Indexed purchase cost of property
₹80 lakh

Current value
₹1.05 crore

Assuming **5%** stamp duty

Documents needed

- Separate agreement for furniture and fixtures
- Invoices of original purchase by property seller
- If invoices are missing, bank transfer proof
- Invoices of sale to new buyer

Preserving these documents is a must for the seller.

Scenario 1

Entire value declared as sale amount

Sale amount
₹1.05 crore

Capital gains
₹25 lakh

Tax (@20%)
₹5 lakh

Buyer pays **₹5.25 lakh** stamp duty

Scenario 2

₹5 lakh classified as furniture and fixtures

Sale amount
₹1.05 crore

Furniture and fixtures
₹5 lakh

Capital gains
₹20 lakh

Tax (@20%)
₹4 lakh

Buyer pays **₹5 lakh** stamp duty

Consequences

Inflating value of furniture and fixtures without supporting documents can land the seller in trouble with the tax department.

Seller has to pay...

CAPITAL gains tax on the remaining amount

1% monthly interest on due tax

Penalty of either
- 200% of due tax for misreporting

or
- 50% of due tax for underreporting

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HOW TO BUY FOREIGN CURRENCY IN INDIA
(LEGALLY & SMARTLY)
FOREX
Where to Buy?
Banks (SBI, HDFC, ICCI)
Authorized forex dealers (Thomas Cook, Unimoni)
Online platforms (BookMyForex, ExTrav-Money, FxKart)
How Much Can You By
$3,000 cash
Rest via Forex Card or wiransfer
$250.000/year
Documents Needed
PAN Card
Visa/Air Ticket
Form A2
RBI Rules
Foreign exchange is regulated under FEMA
Keep for LRS limits
Penalties for violations
Typs of Currency
Cash
Forex Travel Card
Wire Transfer
Tips to Save Money
Avoid airport counters
Compare rates online
Check hidden charges
Use Forex Card for large spends

RBI seeks 'borrower ID' to reduce credit score errors

Will Avoid Duplication, Misreporting: Dy Guv

Times News Network

Mumbai: RBI has mooted a unique, secure borrower identifier to avoid duplication and misreporting of data with credit bureaus, and to improve loan access for borrowers.

"Credit information companies rely on credit institutions to provide accurate and validated IDs. Without this, duplication and misreporting remain risks. We must move towards a unique borrower identifier, which is secure, verifiable, and consistent across the system," RBI deputy governor M Rajeshwar Rao said in his keynote address at the 25th anniversary of TransUnion Cibil. He stressed the importance of better data practices for empowering borrowers.

The suggestion comes as RBI pushes for a unified lending interface — a digital platform that lets lenders access verified borrower data. Much like UPI lets users send money to any bank, ULI allows multiple lenders to offer credit to a single borrower.

Rao said that RBI is testing use of programmable digital rupees (CBDC) to give loans with restricted acceptance of the digital currency. This would start with a pilot for tenant farmers under the kisan credit card scheme. If successful, this could help extend collateral-free loans to small businesses, street vendors, and artisans, while creating digital records that make future lending easier.

'Better Data'

➤ The suggestion comes as RBI pushes for a **unified lending interface** — a digital platform that lets lenders access verified borrower data

➤ **Much like UPI** lets users send money to any bank, ULI allows multiple lenders to offer credit to a single borrower

The deputy governor said that RBI has taken several policy measures taken to reduce information asymmetry, enhance data quality and improve customer satisfaction. These included free access to full credit reports, appointment of internal ombudsmen, and redressal frameworks linked to delayed corrections. With the introduction of the Data Quality Index and mandatory disclosures on wilful defaulters, he said, CICs are now more transparent and accountable.

Rao also drew attention to the rapid expansion of digital infrastructure in credit delivery. "The convergence of Jan Dhan accounts, Aadhaar and mobile phones, popularly known as the JAM trinity, UPI and ULI, represents a significant advancement in India's digital lending infrastructure," he said.

Rao noted the potential of alternative data, AI and machine learning in expanding access to underserved borrowers. "It seems that time is not far when alternative data will no longer be alternate, but it will be the mainstream," he remarked. Similarly, the proposed Grameen Credit Score aims to help SHG members and rural borrowers enter the formal financial system.

Despite this progress, he struck a note of caution: "We must remain cognizant of the need for addressing issues around data accuracy, data security, and model risk." Responsible innovation, he said, must uphold the core values of integrity, transparency and public service.

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Thinking of getting a bank locker? Key insights

How it works

- Submit the duly filled locker application form.
- Required documents: PAN, Aadhaar, photographs and nominee details.
- Locker access is recorded and limited to the holder or authorised users.
- Banks must maintain a transparent waitlist and provide an acknowledgement.

Agreement

- RBI requires a signed locker agreement on stamped paper.
- Always keep a signed copy for your records.*

Charges and security deposit

- Annual rent: **₹1,500-10,000**, or more, based on size and location.
- Banks may ask applicants to open a fixed deposit equal to three years' rent plus break-open charges.

Lost key or password?

You bear the break-open costs and must be present during the process.

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RBI locker rules (18 Aug 2021)

- **BANKS** aren't liable for contents unless loss is due to theft, fire, burglary or negligence.
- **MAXIMUM** liability is capped at 100 times the annual rent (e.g., ₹5,000 rent = ₹5 lakh cap).
- **CUSTOMERS** must insure valuables kept inside.
- **LOCKERS** are fire-resistant and monitored by CCTV; footage must be retained for 180 days.
- **IF** unused or unclaimed for **seven** years, banks may break open the locker and transfer contents to nominees or legal heirs, or dispose them of.
- **NOMINEES** or legal heirs can claim the locker within 15 days with relevant documents.

*While RBI mandates a formal locker agreement on stamped paper, it's unclear who bears the cost or how it is implemented.

Despite RBI guidelines, banks continue to push insurance and FDs for locker allotments.

"They told me I'd get a locker if I deposited ₹5-10 lakh."
—**Bhavik Shah,** software professional, Pune

"Locker scarcity is being used as a sales tactic; had to buy an insurance policy."
—**Kapil Marwah,** business analyst, Noida

"I was offered a locker only on buying a ₹2 lakh insurance policy."
—**Abhijit Nair,** cost engineer, Nashik

Employment-Linked Incentive (ELI) Scheme: A Push for Job Creation

The ELI scheme aims to create formal employment and enhance skill development, especially in the manufacturing sector.

Approved by Union Cabinet with a ₹19,446 crore outlay.

Launch Date: August 1, 2025 | Duration: 2 years (extendable for manufacturing sector).

Targets 3.5 crore new formal jobs over 2 years.

For every new employee registered with EPFO earning <₹30,000/month, employers will receive support:

- ➤ ₹1,500/month via EPFO after 6 months
- ➤ ₹1,500 more after 12 months (total ₹3,000 per employee/month)

Incentive extended to 3rd and 4th years for manufacturing.

TARGET FOR THIS FISCAL: ₹1.96 LAKH CR

Recovery of Income-Tax Dues Doubles to ₹20,000 cr in Q1

Sum includes ₹17,244 cr corp tax, ₹2,714 cr personal I-T, ₹180 cr TDS

Anuradha Shukla

New Delhi: The Central Board of Direct Taxes (CBDT) recovered ₹20,000 crore in outstanding dues in the first quarter of this financial year, almost double of what it had recovered in the year-ago period.

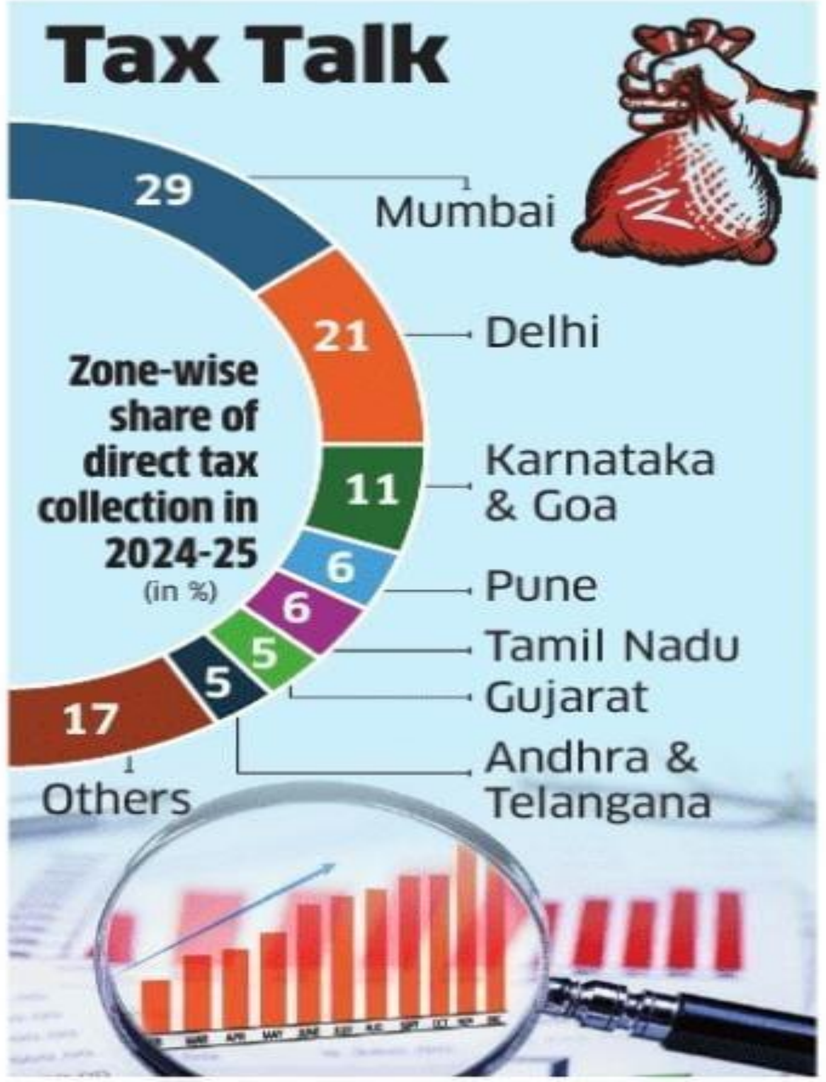
The sum included ₹17,244 crore as corporate tax, ₹2,714 crore as personal income-tax and ₹180 crore as short payment or non-payment of tax deducted at source, said officials.

The recovery was against the demand notices sent by the income-tax department till March 31.

The recovery drive is set to intensify in the coming months, as the department is targeting to recover ₹1.96 lakh crore this fiscal, according to officials.

"In the last few years, recovery has been good and this year our target is to touch at least Rs 2 lakh crore, and we will comfortably achieve it," a senior official told **ET** on condition of anonymity.

The department is identifying areas where it feels taxpayers are not declaring correct income or are wilfully evading tax.



The CBDT has asked its field formations to expedite the recovery process with clear zone-wise recovery targets, with focus on those cases where litigation is in the favour of revenue in the first appeal.

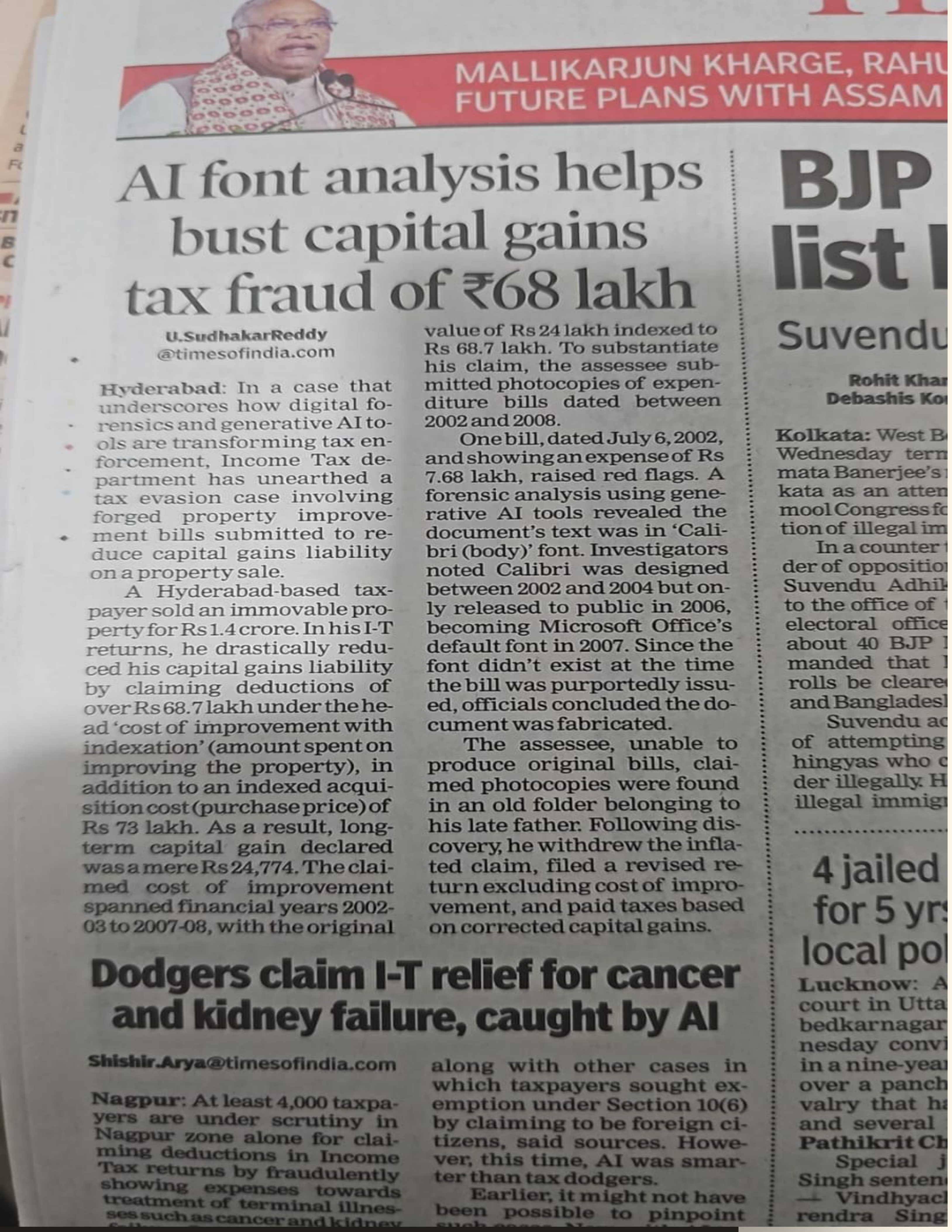
The board has asked assessing officers to ensure all possible efforts are made to collect outstanding demands that have been confirmed by Commissioner of Income-tax (Appeals) in the first appellate stage

Out of the appeals disposed during 2024-25, the demands fully confirmed in favour of revenue amounted to ₹1.96 lakh crore, according to the official cited earlier.

In 2024-25, the CBDT recovered about ₹92,400 crore in outstanding dues, including ₹67,711 crore as corporate tax and ₹23,536 crore as personal income-tax and ₹1,100 crore against non-payment of tax deducted at source.

Increasing tax arrears had been a matter of concern for the department.

Outstanding tax demands of the income-tax department increased more than fourfold to ₹42 lakh crore on October 1, 2024, from ₹10 lakh crore in 2019-20, according to a report of the parliamentary standing committee on finance. Of this amount, the department is targeting ₹27 lakh crore for recovery.


MALLIKARJUN KHARGE, RAHU
FUTURE PLANS WITH ASSAM

AI font analysis helps bust capital gains tax fraud of ₹68 lakh

U.SudhakarReddy
@timesofindia.com

Hyderabad: In a case that underscores how digital forensics and generative AI tools are transforming tax enforcement, Income Tax department has unearthed a tax evasion case involving forged property improvement bills submitted to reduce capital gains liability on a property sale.

A Hyderabad-based taxpayer sold an immovable property for Rs 1.4 crore. In his I-T returns, he drastically reduced his capital gains liability by claiming deductions of over Rs 68.7 lakh under the head 'cost of improvement with indexation' (amount spent on improving the property), in addition to an indexed acquisition cost (purchase price) of Rs 73 lakh. As a result, long-term capital gain declared was a mere Rs 24,774. The claimed cost of improvement spanned financial years 2002-03 to 2007-08, with the original value of Rs 24 lakh indexed to Rs 68.7 lakh. To substantiate his claim, the assessee submitted photocopies of expenditure bills dated between 2002 and 2008.

One bill, dated July 6, 2002, and showing an expense of Rs 7.68 lakh, raised red flags. A forensic analysis using generative AI tools revealed the document's text was in 'Calibri (body)' font. Investigators noted Calibri was designed between 2002 and 2004 but only released to public in 2006, becoming Microsoft Office's default font in 2007. Since the font didn't exist at the time the bill was purportedly issued, officials concluded the document was fabricated.

The assessee, unable to produce original bills, claimed photocopies were found in an old folder belonging to his late father. Following discovery, he withdrew the inflated claim, filed a revised return excluding cost of improvement, and paid taxes based on corrected capital gains.

Dodgers claim I-T relief for cancer and kidney failure, caught by AI

Shishir.Arya@timesofindia.com

Nagpur: At least 4,000 taxpayers are under scrutiny in Nagpur zone alone for claiming deductions in Income Tax returns by fraudulently showing expenses towards treatment of terminal illnesses such as cancer and kidney

along with other cases in which taxpayers sought exemption under Section 10(6) by claiming to be foreign citizens, said sources. However, this time, AI was smarter than tax dodgers.

Earlier, it might not have been possible to pinpoint

AI Detects ₹68 Lakh Capital Gains Tax Fraud Using... a Font?!

In a bizarre yet brilliant case from Hyderabad, a taxpayer tried to dodge ₹68.7 lakh in capital gains tax by submitting fake property improvement bills dated between 2002–2008. 🧾

One bill claimed an expense on 6 July 2002, but here's the twist...

🔍 The document used the Calibri font.

👀 But wait... Calibri wasn't even publicly released until 2006, and it became the default Microsoft Office font only in 2007!

AI forensic tools caught the lie 😂.

🔆 AI Revolution in Manufacturing: Smarter, Faster, Stronger

📍 How AI is transforming India's industrial landscape:
✅ Robots now adapt, signal failures in advance, and make real-time decisions—reshaping modern factories.
✅ AI is embedded across all layers—from predictive maintenance to supply chain optimisation and design workflows.
✅ A 30% reduction in downtime is observed using sensor data (McKinsey).
✅ India's sector is backed by initiatives like Make in India, PLI schemes, and INDUS-X for indigenous innovation.
✅ GenAI, IoT, and digital twins are helping reduce errors, speed up production, and personalise manufacturing.
✅ AI enables real-time stock tracking, quality control, and energy optimisation on the factory floor.

📍 Challenges remain:
✅ Concerns over data governance, transparency, and integration costs continue to slow adoption.
✅ 44% of leaders remain cautious about scaling generative AI (Reuters-Ipsos survey).

Government Initiatives for Elderly Care:

✒️ Atal Vayo Abhyudaya Yojana (AVYAY): Provides elderly homes, continuous care centers, and Mobile Medicare Units for senior citizens.

✒️ National Programme for Health Care of Elderly (NPHCE): Ensures dedicated healthcare from primary to tertiary levels for the elderly.

✒️ SACRED Portal: Facilitates re-employment opportunities for senior citizens, helping them maintain dignity in work.

✒️ Rashtriya Vayoshri Yojana (RVY): Distributes assistive devices to BPL elderly, enhancing their mobility and independence.

✒️ Social Pension Schemes (NSAP): Provides direct pension support through IGNOAPS to economically vulnerable seniors aged 60-79.

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FM Nirmala Sitharaman urged the Income Tax Department to speed up resolving tax disputes and withdraw low-value appeals within three months, as per the revised limits.

She highlighted the need for quick refunds, better taxpayer service, and efficient use of technology. While praising the new tax bill draft, she said that good policies must be followed by timely execution to build public trust and improve the overall taxpayer experience.

FM Tells I-T Dept to Fast-Track Disputes, Drop Small Appeals

Our Bureau

New Delhi: Finance Minister Nirmala Sitharaman on Thursday urged the Income Tax Department to speed up the disposal of disputed tax demands and litigation backlog, and to withdraw departmental appeals falling below the newly revised monetary thresholds within three months.

While she lauded the CBDT's efforts in redrafting the new Income Tax Bill, she stressed that good policies alone are not enough — timely execution and grievance redressal must follow. This includes faster processing of refunds and prompt resolution of taxpayer complaints.

"Good policies alone are not enough – what matters is timely execution," Sitharaman said, addressing officers on the 166th Income Tax Day.

The budget this year revised the monetary thresholds for filing departmental appeals upwards.

For cases before the Income Tax Appellate Tribunal (ITAT), the threshold was increased from ₹50 lakh to ₹60 lakh; for High Courts, from ₹1 crore to ₹2 crore; and for the Supreme Court, from ₹2 crore to ₹5 crore.

As on April 1, around 5.77 lakh appeals were pending. The department aims to dispose of over 2.25 lakh cases in FY26, involving ₹10 lakh crore in disputed tax demands.

Sitharaman emphasized leveraging technology to enhance taxpayer experience, improve service delivery, and reduce technical glitches.

She cautioned that poorly executed reforms could damage taxpayer trust and hurt public perception:

"While the achievements of the last decade are laudable, public perception will be shaped more by the challenges people continue to face than by past progress," she said.

Nirmala Sitharaman

She also directed the board to undertake region-wise performance reviews to boost departmental efficiency.

Praising the CBDT's work on the new tax bill, she noted that over 60,000 man-hours were spent condensing a five-lakh-word law to nearly half, without compromising legal clarity.

"Reducing a five-lakh-word legislation to nearly half while retaining legal soundness is no small achievement," she said, calling the effort "spectacular."