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Tax Trends

Top Tax News This Week

Appeals in DGGI-led multi-state cases must be filed where CAA is posted

The CBIC, through a June 24, 2025 circular, has clarified that all appeals, reviews, and revisions of orders issued by Common Adjudicating Authorities (CAAs) under DGGI-led GST investigations must be filed in the jurisdiction where the CAA is posted. This decision fills the gap left by the December 2024 circular which had designated CAAs but did not specify appellate authority location by mandating that legal follow-up actions lie with the Commissioner (Appeals) under whose jurisdiction the CAA functions, and that departmental representation will be handled by the same Commissionerate. The reviewing or revisional authority may also consult with the relevant DGGI office before making a decision. Field officers have been instructed to issue trade notices to disseminate the circular, and any implementation issues are to be reported to the Board.





GST Council set to discuss reducing items in 12% slab

The upcoming GST Council meeting, likely in July 2025, will focus on reducing items in the 12% tax slab as part of a broader rate rationalisation effort. While completely abolishing the slab is unlikely, many items may be shifted to the 5% or 18% slabs. Experts caution that moving to 5% may harm manufacturers by disqualifying them from input tax credit. The Council will also address the tax treatment of service intermediaries, especially in the IT sector, who currently face 18% GST even on exported services, leading to double taxation. A proposal is being considered to treat such services as zero-rated, which could reduce costs and boost foreign exchange earnings.

New ITR rules: Penalty up to 200% on claiming false deductions

Under the new Income Tax Return (ITR) rules, taxpayers must exercise greater caution as false deductions or incorrect income reporting can attract severe penalties. The Income Tax Department has warned that such offenses may result in a penalty of up to 200% of the tax evaded, 24% annual interest, and even prosecution under Section 276C. Importantly, taxpayers are personally liable for any mistakes, even if made by a chartered accountant or tax consultant. To avoid legal and financial trouble, individuals must ensure all income and deduction details in their ITR are accurate and truthful.





No TDS on 17 types of payments received by IFSC units: Income Tax Department

The Income Tax Department has exempted 17 types of payments made to seven categories of businesses operating in International Financial Services Centres (IFSCs) from Tax Deducted at Source (TDS), effective July 1, as per a Finance Ministry notification. This exemption applies for ten consecutive assessment years, provided the payee submits Form No. 1 declaring their eligible years. The relaxation covers payments such as professional, technical, consulting, interest, rental, and commission fees to entities like broker-dealers, finance companies, fund managers, recognised stock exchanges, depositories, and BATF service providers. The exemption aims to support IFSCs, which are treated as exporters, aligning with the principle that taxes should not be exported. Both payers and payees must follow compliance conditions, including proper documentation, for availing this benefit.

Supreme Court rejects Revenue's plea against Delhi HC's reversal of ECrL "negative blocking" order under Rule 86A

The Supreme Court of India, in June 2025, dismissed the Directorate General of GST Intelligence's Special Leave Petition, thereby upholding the Delhi High Court's early-2024 decision that "negative blocking" of the Electronic Credit Ledger under Rule 86A of the CGST Rules is impermissible. The Delhi HC clarified that Rule 86A serves only as a provisional measure to temporarily withhold suspected ineligible Input Tax Credit (ITC), and does not authorize permanent suspension or recovery. It expressly prohibited creating a negative balance in a taxpayer's ECrL i.e., blocking more credit than available without due process. The apex court found no basis under Article 136 to intervene, affirming that ITC freeze beyond available balance or without adequate notice violates statutory provisions and constitutional rights. This landmark ruling cements the legal stance that negative blocking of ITC is ultra vires Rule 86A, reinforcing procedural safeguards for taxpayers.



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