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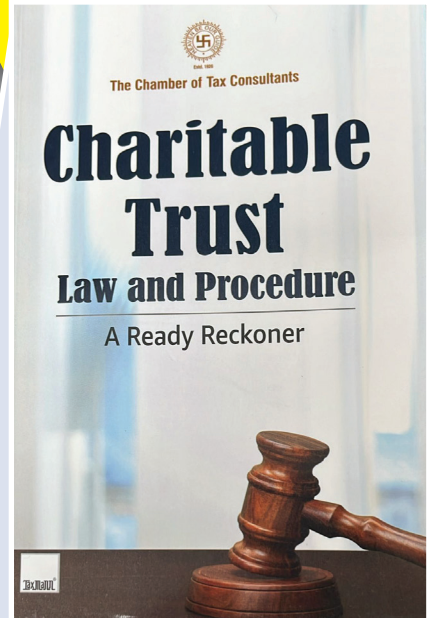
Pre-Budget Memorandum - 2025

Suggested Amendments in respect of Direct Taxes for Finance Bill, 2025

Dated: 9th November, 2024



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9th November, 2024

To,
Smt. Nirmala Sitharaman,
Hon'ble Finance Minister of India
North Block,
New Delhi-110 001

To,
Shri Ravi Agarwal,
Chairman,
Central Board of Direct Taxes,
Government of India,
Ministry of Finance,
Department of Revenue,
New Delhi-110 001

Respected Madam / Sir,

Subject: **Pre-Budget Memorandum - 2025–Suggestions on Direct Tax**

We are pleased to submit our suggestions on Direct Taxes for the Budget of 2025. We have concentrated on only few suggestions which, we are sure, will meet with your approval. Each of the suggestions has been necessitated on account of the serious hardship or inconsistency in the law.

Thanking you,

Yours Sincerely,

For **THE CHAMBER OF TAX CONSULTANTS**

Sd/-	Sd/-
VIJAY U. BHATT **PRESIDENT**	**KETAN L. VAJANI** **CHAIRMAN** **LAW & REPRESENTATION COMMITTEE**

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1. SALARIES

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
1.1	Section 10(13A) r.w.r 2A provides an exemption of allowance from the employer received towards rent payment (commonly known as HRA). Rule 2A provides for the computation of the eligible HRA which is primarily dependent on the salary of the employee and the quantum of rent paid by the employee.	Presently, from income tax perspective it would be better to stay in rented premises rather than buy a house. Both the options (buy or rent) should be at par from tax perspective and in any case renting should not be incentivized. Also one of the key reasons for a salaried employee to continue in the old regime is that the exemption u/s. 10(13A) is not available under the new regime. This is counter-productive to the purpose of promoting the new regime to more and more tax payers.	To extend the benefit of HRA (exemption u/s 10(13A) even to EMI payment on home loan taken for acquisition of the first house by an employee. It may be clarified that double deduction of the same EMI payment would not be permitted i.e. same EMI cannot be claimed as an expense under the head house property or u/s 80C. This suggestion would also promote residential housing projects and also incentivize buying of property instead of paying rent. We also suggest that the exemption u/s. 10(13A) should also be allowed under the new tax regime u/s. 115BAC on similar lines with deduction u/s. 80JJAA. This will result in promoting the new scheme of taxation.

2. HOUSE PROPERTY

Sr. No.	Existing provision under the Income-tax Act, 1961 (“the Act”)	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
2.1	Amendment was made to S. 23(5), to tax the notional annual value of inventory where in the developer is unable to sell within a period of 2 years from receipt of Occupation certificate.	The concept of deemed annual value is made applicable on house property which is held as stock in trade. This provision being a deeming fiction has led to undue burden on the builders and developers. The builders and developers are being liable to pay tax on deemed annual value of flats held in stock beyond two years after the completion of construction. The builders / developers have tried to load this cost into the price either directly or indirectly for recovering from the proposed flat buyers. The deemed provision is a counter-productive measure to provide affordable housing in metro cities. Considering the current slump in real estate market, this has resulted in undue hardship to developers who despite of sufficient efforts to sell its inventory is required to discharge the tax on notional basis on unsold inventory.	Provision of house property income should not be made applicable to house property held as stock in trade. Alternatively, if the above suggestion is not acceptable then the period of 2 years be extended to at least 5 years considering the real estate industry and current situation of real estate markets.

3. BUSINESS INCOME & EXPENDITURE

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
3.1	Certain expenses being of revenue nature or of deferred revenue nature are considered as capital in nature and are disallowed. They are not allowed even by way of amortization /depreciation. Example : Amortization of long term Lease premium on Land & Building, Factory shifting or relocation expenses	Presently, expenditure of the nature described in first column suffers permanent disallowance. Most of these are incurred during the process of expanding business and are in the nature of statutory expenses rather than discretionary and hence ought to be allowed at least to be amortized over a 5-year period. Though there are several decisions allowing depreciation on some of such expenses, but in the absence of a clear legislative framework, it leads to litigation.	Expenditure which is incurred in the course of business may be allowed either as revenue or, if treated as capital, then, such expenditure is to be allowed in deferred manner or by way of depreciation. Hence, specific provision may be inserted.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
3.2	Depreciation Allowance – Sec. 32 Restoration of Depreciation Allowance in respect of cost of small items of assets.	In the past, with a view to avoid litigation on the point of nature of expenditure (i.e. capital or revenue) in respect of purchase of small items of assets, provisions had been introduced to treat cost of such assets as depreciation allowance. Earlier, the limit oncost of such assets was Rs. 750/-. This was then increased by the Finance Act, 1983 to Rs. 5,000/- again for the same reasons. These provisions have been omitted w.e.f. Asst. Year 1996-97. The omission of the above provisions resulted in undue hardship and complexities. This was a useful provision to maintain simplicity and to avoid possible litigation on such small items of assets, based on principles of materiality.	The above provisions should be reintroduced, with a limit of cost of such asset being below Rs. 25,000/- Justifications: Such a provision will provide simplicity and avoid possible litigations.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
3.3	Section 44AD relating to presumptive taxation which also covers income of Speculation and derivatives business. (F&O).	Speculation and F&O income, by their very nature, cannot have a net profit ratio of 6% of the total turnover or gross receipts. In fact, the turnover in such business is taken as profit and loss figures added up together. Applying a profit rate of 6% on such figure is absurd. It would ease the process if F&O income was excluded from the requirements of Section 44AD.	Income or losses from speculation or futures & options business, as specified under section 43(5), should be excluded from the purview of section 44AD.
3.4	Section 44ADA provides for income of a professional to be deemed to be 50% of the gross receipts of the assessee.	The net income of any professional cannot be as high as 50% considering the present day overheads which are necessary to earn the income. Rent cost, Staff cost and various such other costs are increasing year after year and normally a professional will be able to earn net income of about 25 to 30% of the gross receipts. Prescribing a higher percentage for the purpose of presumptive tax scheme is a discouraging factor for any assessee to avail the benefit of the presumptive tax scheme.	It is suggested to reduce the profitpercentage to 25% for sec 44ADA.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
3.5	Both section 44AD and Section 44ADA provide that all the deductions allowable under section 30 to 38 shall be deemed to have been already given full effect to and no further deduction under those sections shall be allowed including the salary and interest paid to Partners in case of Firms.	Disallowance of salary and interest paid to partners would be unfair for partnership firms, where a large sum is eligible to be drawn as salary by working partners in accordance with the partners' remuneration limits as suggested u/s 40(b).	It is suggested that interest and salary to the partners should be allowed as deduction to all partnership firms including partnership firms of professionals out of the presumptive net profit of the firm as it was allowed under the provisions upto assessment year 2016-17 under section 44AD of the Act.
3.6	Section 43B provides for allowing certain deductions only on actual payment made during the financial year. Clause (h) has been inserted in the section by the Finance Act, 2023 with effect from 1st April, 2024. Clause (h) provides that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2000 shall be allowed only on actual payment. The proviso to the section however relaxes the time period in relation to various payments as specified in the section to provide that no disallowance will be made in a case where the payment is made on or	The effect of section 43B(h) read with section 15 of the MSMED Act is that the buyer is required to make the payment to the supplier registered under MSMED Act, 2000 within maximum 45 days of the transaction. If the payment is not so made within the period of the 45 days, the buyer will suffer disallowance. The payment made within the same financial year, however, does not suffer the disallowance since the deduction gets allowed on account of the payment. The object of section 15 of the MSMED Act is laudable i.e to protect the interests of the Micro, Small and Medium Enterprises. However, insertion of clause (h) in section 43B has resulted in some challenges and is counter-productive to an extent. Due to this clause, many buyers have stopped doing business with the Micro and Small Enterprises due to the fact that the delay in payment is likely to result in disallowance in their case which will	It is suggested that the clause (h) of section 43B shall be omitted. If at all, the above suggestion is not found acceptable, it is suggested that the proviso to section 43B may be made applicable on similar lines with the provisions of section 40(a)(ia) (i.e. not making any disallowance for the payments made till the due date of Return of Income and further disallowance for the default amount being restricted to 30%) As a last alternative, if the buyer and seller both are registered entities under MSME, the provision of section 43B(h) should not made applicable.

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	before the due date of filing the Return of Income as specified u/s. 139(1) of the Act. , However the extended time period as specified in the proviso is not applicable in relation to the payments covered by clause (h) of the section. Section 15 of the MSMED Act makes it obligatory for the buyer of any goods or services to make the payment to the supplier registered under the said Act, on or before the date agreed between the buyer and the supplier. The proviso to the section 15 however provides that the time limit agreed between the buyer and the supplier cannot be more than 45 days from the date of supply.	ultimately result in higher tax liability. Many of the Micro and Small enterprises are also feeling it worth to cancel their registration under the MSMED Act with the purpose of not losing the business. The Micro and Small Enterprises are happy to get delayed payment as compared to loss of business which might be fatal for their survival. Further in so far as the protection of the interests of Micro and Small Enterprises is concerned, the same is partially taken care of by the fact that in a case where the payment to such enterprises are delayed beyond the time specified, section 16 of the MSMED Act makes it mandatory for the buyer to pay compound interest with monthly rest to the supplier at the rate which is three times the Bank rate as notified by the RBI. The payment of such interest is not an allowable expense in accordance with the provisions of section 23 of the MSMED Act. These provisions act as sufficient deterrent against the buyer who delays the payment to the Micro and Small Enterprises. Accordingly, it is felt that insertion of section 43B(h) results in more difficulties rather than solving the difficulties of the Micro and Small Enterprises.	This is on the basis of the simple logic that the protection to one Micro / Small Enterprise should not be detrimental to the other Micro / Small Enterprise.

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3.7	The Finance (No. 2) Act, 2024 has inserted Explanation – 3 to section 28 of the Act. The said Explanation provides that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”. The Memorandum explaining the provisions stated that offering the income by the assessee under the head of business income results in reduction of tax liability by showing the income under the wrong head.	Presently there are many cases where the assessee including corporate entities are engaged in the business of letting out residential houses for the purpose of earning rental income. This activity is the primary business activity of the assessee and is in fact one of the main objects as per the Memorandum of Association of the corporate entities. Such activities are carried out as an organised activities which not only requires letting out the premises on a bare shell basis but also includes provision of various allied incidental services like regular maintenance, housekeeping, security services, services of servants, gardeners, cooks and such other staff. In a case where the activity is an organised activity, it is certainly in the nature of business. The primary purpose is to provide services of accommodation and the letting out of the property is just a small part of the entire set of activities. The judicial forums have also accepted the principle that in case of organised activity, the same is in the nature of business and should be assessed as such. The services provided by the assessee by letting out the properties with the incidental services also promotes the tourism in the country. Many of the tourists may prefer to have better privacy than available in a hotel and they prefer such bungalows or such other accommodation available with the incidental services for their stay while they are touring. Also at times it is	In view of the difficulties explained, we suggest that the Explanation – 3 to section 28 is not necessary and the same is in fact counter- productive to various objects of the government. We, therefore, suggest to delete the said Explanation.

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		economical for the tourists and therefore they prefer such accommodation as compared to hotels. It may also be appreciated that such activities also generate employment especially for the unskilled labour like security staff, cooks, gardeners etc. By virtue of the Explanation – 3, the assessee will be deprived of the deduction of the actual expenses incurred for the purpose of carrying out the activities which is in the nature of business activities. The standard deduction of 30% as available under the head of Income from House Property may not be sufficient to take care of the actual expenses incurred by the assessee. As such, it will eventually result in taxing an income which is not earned at all and will contravene the concept of tax to be levied on real income only. As regards the concern expressed in the Memorandum that the tax-payers are taking wrong tax advantage, we humbly submit that the question of taxing under the correct head of income is factual question and in case if the activity of any particular assessee is not in the nature of business activity, the law is good enough to tax the same under the Income from House Property even without the said Explanation. However, to make it mandatorily to be taxed under the head of Income from House Property is not in accordance with the sound principles of taxation.	

4. CAPITAL GAINS

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
4.1	2nd proviso to section 54F (1) provides: "Provided further that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purpose of this sub-section. (Inserted by Finance Act, 2023, with effect from 01-04-2024)	The intention of the legislation, during the budget, was to impose the limit on maximum deduction that can be claimed by the assessee of INR 10 Crore (Refer para 3 on page 29 of Memorandum). However, the language of the second proviso deviates from the intent of the legislation. Below example will explain as to how the proviso deviate from the intent of the legislation: An Individual, sold his long-term shares for INR 25 Crore (net consideration), the cost of the said shares is INR 5 Crore. The individual will have a Long-Term Capital Gain of INR 20 Crore. The individual purchases a Residential house (new asset) for INR 25 Crore by investing the net consideration and complies with section 54F. Amount of Exemption = Cost of New Asset x Capital gain Net Consideration Thus, the Amount of Exemption = 10 x 20/25 = 8 Crore (this is because of the amendment made as per FA 2023 restricting the cost of new asset to 10 Crore)	A cap on the amount of Exemption & not a cap on the cost of New Asset of INR 10 Crore be made with effect from 01-04-2024. We believe that this amendment aligns with the principles of fairness, equity, and pragmatism that underpin our tax system.

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		If the amendment was done as per legislature intent, the deduction u/s 54F should have been: 25 x 20/25 = 20 Crore (Restricted to Max. Limit Rs. 10 Crore) Thus, the spirit of second proviso shall never be achieved if cost of new asset is taken as restricted to INR 10 Crore.	
4.2	Sec. 54 and Sec. / 54F These sections provide for time limit of 3 years for investment of capital gain in new house, by way of construction. Further in case of purchase, even a property purchased within one year before the sale of the asset is allowed for the purpose of deduction. The same is not allowed for construction of a new house.	Considering the current scenario, in most of the cases, it takes more than 3 years to construct a house property because of high storey buildings are being constructed as also due to various regulatory issues, which requires more time to complete the construction. Ideally a person would either purchase or construct a new house before selling the old one. Therefore, such a benefit should be given on construction of a new house also.	The time limit for construction of new house property should be increased from 3 years to 5 years. Further, a house the construction of which is completed within one year before the sale of the original asset should also be given the benefit of exemption u/s. 54 / 54F as the case may be.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
4.3	By the Finance (No. 2) Act, 2024, Section 47(iii) of the Income Tax Act has been amended. The amendment has the effect of restricting the gift transaction being not regarded as not a transfer only in case where the donor is Individual and HUF. Thereby, as per explanatory memorandum, any transfer of capital asset by corporate without consideration would trigger capital gains tax.	This can amendment can be acceptable as a general proposition. However, an unintended concern is any corporate taxpayer donating a capital asset to a charitable entity will be liable to capital gains tax considering the fair value of the property as the full value of consideration accruing to the donor entity. It would be detrimental to the interest of charitable institutions that a corporate donor of land or building or any capital asset would be liable to capital gains tax and would be out of pocket for making a donation to charity.	To avoid this unintended off-shoot of the amendment, it would be helpful to clarify, that donation of capital assets to registered charitable entities u/s 12A, 12AA, 12AB by corporate entities (including firms) is not hit by the amendment to S. 47(iii) and continues to be exempt from capital gains tax (similar to exemption provided from applicability of Section 56(2)(x)).
4.4	By the Finance (No. 2) Act, 2024, Section 50AA of the Income Tax Act is amended to inter alia bring unlisted bonds and debentures within the scope of section 50AA	As S. 50AA would now apply to unlisted bonds and unlisted debentures, S. 50AA would also apply to compulsory convertible debenture (CCD). These instruments are generally quasi equity in nature and most of the time do not have interest coupon and are not entitled to redemption at a premium or otherwise. The objective of S. 50AA is to bring all debt instruments at par and not to permit benefit of long-term capital gains tax rate. As against this a quasi-equity instrument which is very often used in initial funding rounds for start-ups or even established entity when the valuation (conversion ratio) is based on a future event is not in the nature of debt instrument and in such case, it seems to be unintentional to cover CCD within the ambit of Section 50AA.	CCD should be excluded from the scope of S. 50AA and OCD not carrying any redemption premium should also be excluded from the scope of S. 50AA.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
4.5	Finance (No. 2) Act, 2024 has reduced the period of holding for all capital asset to two years from three years in S. 2(42A). However, the period of holding in respect of an undertaking in case of slump sale, to qualify as long term capital asset continues to be three years due the fact that no corresponding amendment is made in section 50B of the Act.	As part of overall simplification of tax law – it would be advisable to not to have separate class of three years – that to comprising of a single asset – i.e. business undertaking.	S. 50B should be amended to reduce the period of holding of undertaking to two years to qualify it as a long-term capital asset.

5. BUY BACK OF SHARES

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
5.1	Under the new tax regime on buyback of shares, as made applicable w.e.f. 1-10-2024, the gross proceeds in the hands of shareholder will be treated as dividend income, even in case of absence of accumulated profits. The cost to shares to the shareholder is allowed as capital loss – long term or short term would depend on the period of holding. Capital loss can only be set off against capital gain and not against, dividend income though arising from the same transaction. Dividend income is taxed at full rate in the hands of resident shareholder going upto 39% Whereas for non-resident shareholders, dividend income is taxed at a concessional rate as per DTAA – in the range of 5% to 15%	The consideration received for buy-back of shares is treated as dividend even if the company has not earned any income and does not have any accumulated profit which is being transferred to the shareholders pursuant to buyback. To tax the recoupment of capital as dividend income and give a notional capital loss which may or may not get set-off in the future years causes serious hardship and payment of tax even when no income is earned. Income tax is a tax on income of the shareholder, not allowing the set off of cost of acquisition and to levy a tax on the gross amount is obnoxious. Even the set off against long term capital gain creates a dichotomy that dividend is taxable at the full rate and the cost is allowed against capital gain (if any) which is taxable at concessional rate of 12.5%. The earlier buyback tax regime (u/s 115QA) allowed the issue price of the shares as deduction and taxed all the shareholders at the same rate of 20%. Now the resident tax payer is much worse off, then a non-resident tax payer and will end up paying significantly higher tax in the new buyback regime and the non-resident will pay a significant lower tax.	The taxation of buyback as dividend income should be restricted to accumulated profit. The taxation as dividend should be only to receipt over and above the cost of acquisition i.e. the real income of the shareholder. A deduction shall be allowed for the cost of shares u/s. 57 instead of allowing the cost as a capital loss. The tax rate on buyback for resident has to be rationalized – presently the effective tax rate for doing business through a private companies is more than 50%.

6. BUSINESS RESTRUCTURING

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
6.1	**Non-Compliant conversion of Company into LLP** The Act provides exemption to a specified company (i.e. a private company or unlisted public company) in an event of transfer of any capital asset or intangible asset by a company to an LLP upon conversion of such company into LLP. Consequently, exemption is also available to the shareholders of the company from capital gains who receives interest in LLP against the shares in converting company. The said exemption is condition ridden. Amongst other conditions, the exemption is available only to conversion of a company having turnover less than INR 60 lac and asset base of INR 5 crore of last 3 financial years.	For large companies, virtually the benefit of exemption under the Act upon conversion into LLP is not available. There is no clarity on computation of any capital gains in the hands of converting company and/or in the hands of its shareholders. It is often contended that Tax Authority may levy taxation in the hands of company and as well as on the shareholders. Though there are equally good arguments to be made that neither of them should be taxed in case of conversion. Even from economic perspective there is no particular gain, except the gain of saving of tax on dividend, if and when any funds are withdrawn by the partners from the LLP. Rather than arguments being made on both the sides for taxation and non-taxation of the transaction. A specific single tax regime would reduce the risk of such conversion and also improve the tax collection.	To provide clarity to the stakeholders, it is recommended that legislature may introduce a separate provision in the capital gains chapter for single taxation of non-compliant conversion of company into LLP either in the hands of converting company or in the hands of its shareholders. Our recommendation would be to levy a tax on the shareholder as capital gains considering the fair value of shares as full value of consideration.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
6.2	**Increase thresholds for Conversion of Company into LLP** As stated above, Clause (xiiib) to section 47 exempts conversion of unlisted companies into LLP from the levy of capital gains. The said exemption is condition ridden. Amongst other conditions, the exemption is available only to conversion of a company having turnover less than INR 60 lac and asset base of INR 5 crore of last 3 financial years.	The above limits of 60 Lakhs for Turnover and asset base of 5 Crores is provided by the Finance Act, 2010 w.e.f. 1-4-2011. The limits prescribed as of now are negligible considering the present day situation of the Indian Economy. Further, it may also be appreciated that the limit of Rs. 60 Lakhs was introduced when the limit for applicability of Tax Audit was also Rs. 60 Lakhs. The limit for applicability of Tax Audit has been substantially increased and effectively the same is at Rs. 10 Crores at present.	The said limits should be removed or else increased substantially. Turnover limit may be increased to Rs. 10 crores and the total assets limit may be increased to Rs. 50 crores.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
6.3	Section 72A of the Act provides that in certain categories of entities like industrial undertakings, banking companies and public sector companies, in case of amalgamation, the accumulated losses of the amalgamating company shall be deemed to be the loss of the amalgamated company in the previous year in which amalgamation takes effect. The definition of "Industrial Undertaking" is provided in clause (aa) to sub-section (7) to Section 72A of the Act to mean certain businesses only.	The provision of section 72A was introduced by the Finance Act 1977 and was subsequently amendment from time to time with the intent to adapt to the changes in the business environment. For example, with a view to accelerating economic development, the definition of industrial undertaking was updated by Finance Act 2002 to include telecom sector in the beneficial provision of section 72A. The provision was last amended by the Finance Act 2008. It should be appreciated that the business dynamics have significantly changed over the past couple of decades and new business models have emerged. For example, NBFCs are also into the banking business but the amalgamation of a NBFC is not eligible for the benefit of section 72A. Further, the new age business models, especially start-ups, sometimes drown terribly in terms of business, and those being private companies, cannot even explore the benefit of amalgamating into another company to save their business. Resultantly, in case of amalgamation of such companies, the benefit of carry forward and set off of losses of these companies is not available to the amalgamated entities. With the increasing development of various sectors of business and amalgamation of entities, being an important mechanism to save a loss-making business, the benefit of the provision should be extended to other sectors and dynamics of business as well.	Definition of "industrial undertaking" under section 72A should be widened to include within its ambit new age businesses, NBFCs, the service sector and trading companies as well.

7. TDS & TCS Provisions

Sr. No.	Existing provision under the Income-tax Act, 1961 (“the Act”)	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
7.1	Fresh scheme of tax collection instead of TDS	Reducing compliance burden and reducing rectification applications.	1)Large size Companies including PSU, may be allowed to pay the taxes quarterly/monthly in lieu of TDS from their customers, on granting of no tax to be deducted u/s 197. These Companies may be given an option. The taxes to be deposited quarterly/monthly will be based on TDS claimed in the return of Income in last two A.Y’s. this will reduce avoidable and unnecessary hardship caused to the deductor and the deductee for taking credit 2) TDS payments should be permitted as per passbook scheme of Excise Law. The credit available in the passbook may be permitted to be adjusted against payment under any section and also for Interest and penalties as and when required.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
7.2	Sub-section (1H) has been inserted in Section 206C by Finance Act, 2020 for collection of TCS by the seller on sale of any goods. Though collection of TCS on sale of certain goods were already covered under different sub-sections of Section 206C, however, all the remaining goods, which we're not so covered under other provisions of section 206C, have now been brought under the ambit of TCS by inserting sub- section (1H) in Section 206C.The new TCS levy is resulting in a significant compliance burden. We believe that TCS @ 0.1% is not likely to result in significant increase in revenue base (offset by lower payment of advance tax) but results only in increasing compliance burden by reporting of sale of goods above Rs. 50 lakhs and thereby increase in cost of such Compliance.	The compliance burden under TDS and TCS has been substantially increased and any default results into interest / penal consequence etc. Further section 194Q has been introduced for deduction of tax at source on purchases made by the buyer. This creates confusion, complexity and unnecessary burden on the deductor as well as deductee.	This sub-section needs to be deleted for the reasons stated as under: 1) Considering the threshold of Rs. 50 lakhs sales per buyer, the relevant sales data is already reflected in the GST return filed by the seller, in fact the exemption threshold is lower i.e. Rs 40 lakhs in aggregate in case of Goods and Service Tax Act. Thus, the data relating to the sale of goods is already available with the Government through the GST administration and the construct of GST Number is such that sales data can be easily collated for each PAN. Accordingly, the objective of sub-section (1H) of section 206C, which is to "widen and deepen the tax net" is already achieved by the Government. 2) Further section 194Q has been introduced where the buyer who is responsible for paying any sum to the resident for purchase of goods of the value or aggregate of such value exceeding Rs. 50 lakhs is required to deduct TDS. As a result of which the purpose of the government is achieved for capturing relevant data of purchase and sales of buyer and seller.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
7.3	Disallowance u/s.40(a)(ia) in respect of non-deduction of TDS u/s. 194Q	Disallowance u/s.40(a)(ia) in respect of non-deduction of TDS u/s. 194Q is disproportionate. In case of failure on the part of assessee for deduction of merely 0.1% u/s.194Q, will lead to disallowance of 30% of purchase amount on which tax is not deducted.	Percentage of Disallowance u/s. 40(a)(ia) in respect of default under section 194Q should be reduced to 1% as against 30% in case of other sections to avoid undue hardship to taxpayers. There is no revenue loss in the above proposal considering the fact that section 40(a)(ia) provides for allowance of the amount disallowed in the year of payment of TDS.

7.4	Section 194T is inserted by the Finance (No.2) Act, 2024 w. e. f. 1st April, 2025 which states as below: (1) Any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm, shall, at the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier shall, deduct income-tax thereon at the rate of ten per cent. (2) No deduction shall be made under sub-section (1) where such sum or the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year."	The memorandum explaining provisions does not lay down any rationale for introduction of Section 194T. There could be three reasons, 1) To have a trail, 2) To increase the tax base and 3) To have regular tax flow. As we understand, the details of payments to partners covered by these provisions are captured in the ITR of Firms. Hence, the entire trail is available. And since, all the details are available with department including PAN of the partners, the question of increasing the tax base does not arise. Further, the partners are liable to pay advance tax as per the relevant provision. Remuneration of a partner depends on the profitability of the firm, which is practically determined once the books of the firm are finalised for the financial year. Hence, the remuneration (which is subject to section 40(b) cannot be finalized before the due date for depositing of TDS for the last quarter of the financial year which is 30th April.	The section 194T shall be omitted from the statute

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
		It is a usual practice to compute partners' remuneration of the firm at the end of each financial year, as maximum allowable remuneration depends on the book profits of the firm for that financial year. However, for instance, let us say, if a partnership firm starts giving fixed remuneration per month, deducts 10% on the same as per section 194T and at the end of financial year remuneration paid to such partner is more than the remuneration that can be given as per book-profits for that financial year, as the same is restricted as per provisions of Section 40(b). In such a case, there will be a mismatch between amount on which tax is deducted and corresponding income offered by the partner. This will lead to unnecessary compliances /litigation in the hands of partner.	
		If not omitted. Whether the partnership firm needs to deduct TDS under section 194T or section 195, in case of payment of salary, remuneration, commission, bonus and interest to non-resident partner?	A clarification in the section is required to address this issue since, section overlaps with section 195 of the Act.

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
7.5	Section 206C(1G) (a) – TCS on remittance out of India: Section mandates an authorised dealer, who receives an amount, for remittance out of India from a buyer of foreign exchange, being a person remitting such amount out of India under the Liberalised Remittance Scheme of the Reserve Bank of India, to TCS @ 5% if such amount exceeds Rs. 7.50 lakhs in a financial year. Sec.194N: Tax at Source to be deducted by Bank or Co-operative Society and post office @ 2% on the withdrawal of cash exceeding Rs.1 crore.		1)As per the basic tenet of Income Tax Law, income tax shall be levied on the Income of a person. TDS and TCS provisions are mechanism to collect income Tax in advance from a person and it does not travel beyond section 4 of the Income Tax Act. It means if there is no income there is no Income tax and therefore there is no question of TDS and TCS. Thus the provisions of section 206C(1G) (a) is against the basic principle of Income Tax Act , TDS and TCS as well. The TDS and TCS provision are applicable only when there is any income element is involved. The person remitting money outside India from his taxable income (his own money) should not be subject to TCS as there is no element of income involved. By any stretch of imagination such remittances made by person under LRS can be brought within the purview of TCS. 2)Secondly the person sending the remittance outside India under LRS needs to file necessary forms (A2) with the authorised dealers where he makes necessary disclosures and provide his PAN number etc. and such information can be submitted to the Income Tax Department through the AIR reporting. Therefore, the provisions of section 285BA and Rule 114E shall be amended to

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
			capture said information in AIR. One should not resort to the TDS provisions on transactions which are otherwise not taxable for the sake of capturing the data. There are other means are available for capturing the data/information Section 194N: Similarly, if a person withdraws cash from his own account out of his taxable income, there is no question of income element involved. When there is no income, there is no question of payment of income tax or deduction of Tax at Source as stated above. Hence provisions of Sec.194N requires to be deleted. The intention of the legislature is to capture such transaction. However, the said information can be submitted by the concerned person under AIR reporting to the Income Tax department.

8. CASH CREDITS AND RELATED PROVISIONS

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
8.1	Section 68 of the Act provides that if an assessee does not offer an explanation with respect to any sum credited in its books or the explanation offered is not satisfactory in the opinion of the Assessing Officer, then such sum shall be chargeable to tax. First proviso to Section 68 requires the assessee to prove the source of source in respect of loan / borrowings or any such amount.	It is almost impossible for a borrower to insist on an explanation of source of funds of the lender. On account of availability of information with the Department through their information tools, they already have an alternate remedy to seek information from the Lender and hence any action required should lie against the lender and not against the assessee.	The first proviso to Section 68 should be deleted with retrospective effect from 1 April 2023.
8.2	The third Proviso to Section 68 provides that the first and second proviso to Section 68 shall not apply in respect of the creditor being venture capital fund or venture capital company as defined u/s 10(23FB) of the Act.	The third proviso to Section 68 exempts amounts received from Venture Capital Funds / Companies either as loans or borrowings or as share capital etc since they are "well-regulated entities". Banks / NBFCs / ARCs, etc. should also be covered under this proviso as they are also regulated by their respective regulators.Secondly, it is impossible for the Borrower to comply with the first and second proviso to Section 68 in a case where the funds are borrowed from Banks / NBFCs/ ARCs.	The third Proviso to Section 68 be amended to provide for non-applicability of the first and second proviso in cases where the creditor is banks / NBFCs / ARCs

8.3	Section 115BBE of the Act levies tax on the income taxable u/s 68/ 69/ 69A/ 69B/ 69C / 69D at the rate of 60% plus surcharge and cess.	The rate of tax u/s 115BBE of the Act, before substitution by the Taxation Laws (Second Amendment) Act, 2016, was 30%. Further, the Taxation Laws (Second Amendment) Act, 2016 specifically amended the rate of tax to 60%. Such an amendment was brought in the backdrop of demonetization. The purpose of the said amendment was to specifically tax the amount of cash deposited in the bank account post demonetization at a higher rate of tax. As a result, the rate of tax should now be brought down to 30% as it was prior the said substitution. Also, the rate of tax at the rate of 60% is leading to great difficulties. This is because, u/s 68 and other sections, an addition is made based on preponderance of probabilities. The Department has to discharge primary/ initial onus and thereafter the onus shifts on to the assessee. After the insertion of first and second proviso u/s 68 of the Act, an assessee is required to prove even source of source. If the same is not discharged, then the credits are subject matter of tax u/s 68 of the Act, without anything further. It is a known fact that the creditors, many a times, refuse to divulge their source. This, therefore, amounts to an impossibility of performance on the part of an assessee. This may lead to an addition u/s 68 of the Act. However, merely because an assessee has not been able to prove source of source for reasons beyond its control, the same should not lead to any higher rate of tax of 60%.	Clause (i) of section 115BBE should be amended to change the rate of tax to 30%. Alternatively, at least where the additions are made on account of first and second proviso to S. 68, the tax rate should be restricted to 30%.

9. PENALTIES AND PROSECUTION

Sr. No.	Existing provision under the Income-tax Act, 1961 (“the Act”)	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
9.1	S. 269T provides that repayment of loan or deposit should only be through account payee cheque or prescribed electronic modes	The objective of the section is to curb cash transactions. The section is not meant to impact or regulate other modes of settlement of loans – like conversion of debt into equity where transfer of funds is not involved. However, the same has been a subject matter of litigation. Therefore, to bring an end to the ongoing litigation it would be advisable to amend the section (or a common explanation for the entire Chapter XXB) and clarify the same.	It should be clarified that the section (or entire Chapter XXB) applies only in case of repayment through the transfer of funds and does not apply to modes of repayment where the movement of funds is not involved like conversion of debt into equity

9.2	Section 270A of the Act provides for levy of penalty in cases of (a) under-reporting of income and (b) misreporting of income by an assessee. Section 270AA of the Act grants an immunity from levy of penalty u/s. 270A subject to certain conditions as specified. The primary condition is that the tax and interest payable as per the order of assessment or reassessment is paid within the period specified in the notice of demand and no appeal is preferred against the assessment or reassessment order. Further as per sub-section (6) of section 270AA, no appeal or revision petition is permissible in a case where immunity is allowed to the assessee. Sub-section (3) of section 270AA provides for grant of immunity from penalty and prosecution. However, such immunity can be claimed only where the case of the assessee pertains to under-reporting of income. Immunity is not permissible in cases where the assessment order considers the concerned addition / disallowance as misreporting of income as per sub-section (9) of section 270A.	It is seen on many occasions that the assessment order passed considers a particular addition / disallowance to be on account of misreporting of income though as a matter of fact the same is not getting covered by any of the clauses of sub- section (9) of section 270A. This results in tremendous hardship to the concerned assessee on various counts as explained hereunder : Once the concerned addition / disallowance has been classified as misreporting of income, the rate of penalty which the assessee has to pay is 200% of tax amount as against 50% which is to be paid for the cases of underreporting of income. The bigger difficulty is that the assessee is not permitted to take the benefit of the immunity as provided in section 270AA. Difficulties arise merely due to wrong classification of the concerned addition / disallowance by the assessing officer. For getting the classification altered from misreporting of income to underreporting of income also the assessee has to prefer an appeal before the appellate authorities. However, once the appeal is filed, the assessee loses the chance to get the immunity u/s. 270AA. Effectively therefore, the assessee is left with no choice but to indulge in litigation not only for the assessment but also for the penalty which is levied subsequently. This is against the basic intent of provisions of section 270AA and also the broad objective of the government to reduce the litigation to a considerable extent.	We recommend that the provisions of section 270AA shall be suitably amended to provide as under : (A) In a case where the assessee has to prefer an appeal only challenging the incorrect classification of the addition / disallowance from misreporting of income to the correct classification being underreporting of income as confirmed by any of the appellate forums, the immunity shall also be available to the assessee in such a situation once the order of the appellate authority is passed. (B) In such a case, the time limit to file an application for immunity from penalty shall be provided with reference to the date of receipt of the order of the appellate authority instead of the date of the assessment order as at present. Alternatively, we also recommend that at least the filing of Revision petition before the CIT u/s. 264 should not result in denial of the immunity. The CIT being a senior person would understand the correct classification of the addition / disallowance. This

			will provide an opportunity for the assessee to avoid the litigation. The assessee can take recourse to revision proceedings u/s. 264 of the Act and avoid the appeal route. At the same time the assessee will be able to get the addition /disallowance correctly classified by a senior officer of the department namely the CIT. In such a situation, the time limit for filing immunity application shall be reckoned from the revision order passed u/s. 264 of the Act instead of the assessment order. Since no further litigation is provided against the order of the CIT u/s. 264, the revenue should also not have any grievance if the matter is looked into by a senior officer.

9.3	Section 276B provides for prosecution in case of delayed payment of TDS. CBDT Circular provides a threshold of Rs. 25 lacs for initiation of prosecution.	Any default in compliance with TDS provisions would trigger interest, penalty and prosecution in appropriate cases. Accordingly a deductor would already be suffering with interest and penalty for any default of TDS payments. Therefore, the initiation of prosecution should have some more safeguards and not only have a monetary limit of Rs. 25 lacs which may be miniscule for a large taxpayer. The objective of the prosecution provisions is to punish a person using Government money and delaying deposit of TDS. The objective is not to hares genuine taxpayers where a default may creep in due to human error or negligence of employee or interpretation of law.	Section 276B of the Act shall be amended so as to provide that the Prosecution will not be initiated in cases where less than 10% of the TDS payable during the year is delayed and where the delayed payment is already made prior to issue of notice from tax authority u/s 201 of the Act.

10. GAAR PROVISIONS

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
10.1	The provisions of Chapter XA of the Act provide for General Anti Avoidance Rules having a wide applicability. Section 96 of the Act provides that an arrangement shall be considered as an impermissible avoidance agreement if the main purpose of the arrangement was to obtain tax benefit. The provisions of GAAR are drafted in wide manner and confers wide discretionary powers on the Indian Revenue Authorities.	India is developing the GIFT City IFSC set-up mainly to bring financial transactions from offshore businesses like Banking, Capital Markets, Insurance, Asset Management and other ancillary services. The Income Tax Act provides various tax incentives to units set up in GIFT City IFSC to attract foreign investors to shift their offshore businesses to GIFT City in India. Hence, it is very much possible that investors may move to GIFT City and form IFSC Units with the main and sole purpose and intention to obtain tax exemptions and benefits. The exposure of GAAR provisions invoked against foreign investors brings uncertainty to them and is discouraging the policy decision of the government to promote GIFT City IFSC and foreign investments. To bring certainty and an element of assurance, it is suggested that a specific clause be inserted in the relevant section of Chapter XA to exclude GIFT City IFSC units from the provisions of GAAR.	A proviso be inserted in Section 95 of the Act on the following lines : [Provided that the provisions of this chapter shall not apply to any entity or units set-up in the International Financial Service Centre.]

11. UPDATED RETURN, REVISED RETURNS & RECTIFICATION OF RETURNS

Sr. No.	Existing provision under the Income-tax Act, 1961 (“the Act”)	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
11.1	Sub-section (8A) of section 139, as inserted by the Finance Act, 2022 provides for updated Return. It permits an assessee to file an updated Return within 24 months from the end of the relevant assessment year. The updated Return can be filed with an additional tax liability of 25% if the updated Return is filed within 12 months from the end of the assessment year and 50% if the updated Return is filed beyond 12 months from the end of the assessment year.	The first proviso to sub-section (8A) of section 139 prohibits the filing of updated Return in cases where the Return is a Return of Loss or has the effect of decreasing the total tax liability determined on the basis of Return filed earlier or results in refund or increases the refund due on the basis of the return furnished earlier. The following difficulties are envisaged : The effect of the first proviso is that the updated Return works only to the advantage of the revenue and an assessee can no way take benefit by filing an updated Return. The time limits for filing the belated returns and Revised Returns have reduced considerably in recent past. Further following the ratio of the judgment of the Hon’ble Supreme Court in the case of Goetze (India) Ltd. v. CIT (2006) 284 ITR 323 (SC), any claim missed out by an assessee has to be made only by way of filing a Return. At times, it is seen that a genuine claim by the assessee is missed out and the same is noticed beyond the period where the Return can be revised by the assessee. Due to this difficulty, an assessee is deprived of the right to make genuine claim.	(A) We recommend that the time available for filing revised return be extended to the end of the assessment year, so that any claim can be made in the revised return. As such filing of revised return within 2-3 months of filing original return has no material meaning. (B) We recommend that the updated Return shall also be permitted to be filed where the assessee has genuinely missed out to make a claim for an eligible deduction in the Return of Income. We also appreciate that there has to be some back-up provision for discouraging assessees to have a complacent approach and keep on updating the Return as and when they wish to. To overcome such a situation, there can be a provision of a lumpsum filing fees for filing such updated Return where the updated Return has the effect of reducing the income of the assessee. This will give a level playing field vis-à-vis two assessees – one who wants to show a higher income and another who wants to make a genuine claim for a legally supported reduction in income. The filing fees will take care of administrative costs which the revenue has to incur for processing of such Returns. An assessee has to pay a fee of Rs. 500 for filing an

		One more difficulty which is arising is that the updated Return cannot be filed in a case where it is a Return of Loss. Please consider a situation that the loss as per original Return was Rs. 10 Crores and the assessee wants to file an updated Return of loss declaring a reduced loss say Rs. 8 Crores. In such a situation also, due to the language of the first proviso, since the updated Return will continue to be a Return of Loss, the assessee is not permitted to file an updated Return.	application of revision u/s 264 of the Act. Similar fees can be proposed. Further, any Return filed by an assessee can always be subjected to an assessment where the claim of the assessee will be evaluated and will be allowed if it is legally sustainable. As such, there is no question of any assessee taking undue advantage of such updated Return and at the same time allowing an assessee to raise a genuine claim with a nominal cost. This will be leading to a good governance of tax laws and will be highly appreciated by the tax payers of the country As regards the cases of reduction of loss in the updated Return, we feel that there should not be any objection against the same since it ultimately serves the purpose for which the provisions of updated Return have been introduced. We are merely seeking a corrective action for an unintended and inadvertent lapse in drafting the provision of the first proviso to sub-section (8A) of section 139
11.2	Section 154 – Rectification of Mistakes Sub-section (8) of section 154 provides that where an application is made by an assessee or a deductor, the authority shall pass an order within a period of six months from the end of the month in which the application is	a) Inspite of the specific provisions of subsection (8), it is observed that the authorities take unusually long time in deciding the rectification application either way. Many a times in fact the rectification orders are never passed for years and in the meantime the department keeps on the recovery proceedings and also adjusts the	1. It is humbly suggested that the sub- section (8) shall be modified so as to provide that if the authority concerned do not decide the rectification application of the assessee or the deductor within the prescribed period of six months, then the application should be deemed to have been allowed and the tax

	made by either(a) making the amendment or(b) refusing to allow the claim.	subsequent refunds against the demand for which the rectification applications are pending disposal. As a result the provisions of Sec.154(8), providing the time limit of six months for carrying out rectification has become redundant.b) It is also seen that the rectification applications to the CPC Bangalore is rejected without giving any opportunity to assessee to explain his case before rejecting the application. Rectification in most cases are rejected without considering the submissions made.This results in tremendous hardship to genuine taxpayer.	liability will be deemed to have been reduced in accordance with the rectification application of the assessee. And all rectification applications shall be made online and pending status of such application can be tracked online and it should show the period of delay.2. It is submitted that though the law provides for an opportunity of being heard the same is not being provided in the online system. We suggest that the law be amended to say that no order against the assessee is valid unless an opportunity of being heard is provided. It is also recommended that the file be transferred to the JAO if the application is being rejected so as to give an opportunity of being heard before disposal of the application.3. The order passed by CPC under 143(1) or the order passed by the NFAC be transferred to the JAO within a short period, so that the rectification can be filed with the JAO and the same can be rectified if there are errors in the order passed.

12. ASSESSMENT & REASSESSMENT

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
12.1	By the last Finance (No. 2) Act, 2024, sections 148 and 148A of Act are amended with effect from 1-9-2024. As per sub- section (4) of section 148A, the provisions of section 148A shall not apply to income chargeable to tax escaping assessment for assessment year in the case of an assessee where the assessing officer has received information under the scheme to be notified under section 135A.	Section 148A of the Act lays down the procedure before issuance of the notice u/s. 148. The mechanism as applicable provides an opportunity to the assessee to explain his case and clarify the doubts prevalent prior to the notice u/s. 148 getting issued. The primary object of section 148A is to have a validity check prior to issue of notice u/s. 148. In a case where the information received by the department is either factually incorrect or a situation where though the information is correct, the same has not lead to any income escaping assessment in the case of the assessee, the reassessment proceedings can be avoided. Section 148A provides an opportunity to the assessee to explain his case and avoid the reassessment proceedings if the same is not actually required. The provisions of section 148A of the Act had been introduced with effect 1-4-2021 with a view to give statutory recognition to the guidelines laid down by the Hon'ble Supreme Court in the case of ITO v. GKN Driveshafts (India) Ltd. 259 ITR 19 (SC). Under the scheme of reassessment prior to amendment by the Finance Act, 2021, the assessing officer was required to provide the copy of the reasons recorded to the assessee and the assessee was allowed to raise objections against the same so as to avoid the reassessment if it is not required. This procedure has been now enacted by virtue of section 148A with effect from 1-4-2021. The section acts as a natural check against abusive use	In view of the difficulties explained, we suggest that the sub-section (4) of the section 148A as applicable from 1-9-2024 may please be omitted since it results in depriving the assessee of a valuable opportunity to avoid unnecessary ordeal of reassessment where there is no income escaping assessment as a matter of fact.

		of powers given to the assessing officer to make reassessment in a case where the same is not justified for various reasons. It is certainly possible that even in case of collection of information in a Faceless manner as provided under section 135A of the Act, there may be some factual errors and also there may be a situation where the income has not actually escaped assessment either on facts or on proper appreciation of legal provisions. Considering this, it is absolutely inappropriate to presume that once the information is collected u/s. 135A, there is certainty of income having escaped assessment. Such a presumption is more likely to be result in an unwanted reassessment without any gainful result for either revenue or the assessee. Under the situation, it will be appropriate to let the validity check go through and only after going through the validity check issue the notice for reassessment in a case where it is necessary. This will prevent the waste of time for the revenue and will also permit the assessee to avoid the reassessment where actually it is not necessary.	
12.2	By the Finance (No. 2) Act, 2024, section 151 of the Act is amended to provide for sanction for issue of notice u/s. 148 and 148A, with effect from 1-9-2024. As per the pre-amended section 151 of the Act, the sanction was required to be obtained from Pr. CIT, Pr. DIT, or CIT or DIT in cases	The purpose of section 151 is to provide a confirmation by a superior authority who will independently confirm the need to take up a case for reassessment. The sanction by higher authorities act as a preventive measure against abusive use of powers available with the assessing officer. Sanction by senior most authority is a required filter in the process. The Senior most authority of the department will be mindful of the legal intricacies and his approval is a necessary	It is suggested that the pre-amended provisions of section 151 were working well and there was no need to make any amendment in the said section. Therefore, we recommend to withdraw the amendment to section 151 of the Act and restore the pre-amended section. We also recommend that at least in the

	where the notices are issued within the period of 3 years from the end of the relevant assessment year. Further in cases where the notices for reassessment are issued beyond the period of 3 years from the end of the assessment year, the sanction was required to be obtained from Pr. CCIT, Pr. DGIT or CCIT or DGIT. As against the above authorities specified as the sanctioning authorities, the substituted section 151 specify Additional Commissioner or Additional Director or Jt. Commissioner or Jt. Director as the authorities for sanctioning the issue of notices for reassessment.	safeguard for the reassessment proceedings. Delegating the powers of sanction to the officers of the rank of Addl. CIT or Jt. CIT is not in good spirit considering the fact that these authorities are ultimately the supervising authorities for conduct of the assessment proceedings. It is also observed as a matter of practice that these authorities have revenue target of collection as one of their official duties. Under such circumstances, it is anticipated that the sanction given by the Addl. CIT or Jt. CIT will be more on account of revenue targets rather than being driven by the merits of the case. The tax payers at large will also look at the sanction as an empty formality where the highest officer of the department is not consulted. This will result in loss of confidence of the tax payers in the tax administration. It is also seen that the proposed section does not provide for higher level of sanction where the reassessment is initiated beyond the period of three years from the end of the assessment year. This is in contrast with the present provisions which have the mechanism of obtaining the approval from higher authorities for the reassessment beyond three years.	case where the reassessment has been initiated beyond the period of three years, the sanction must be obtained from Pr. CCIT or Pr. DGIT as applicable prior to the amendment by the Finance (No. 2) Act, 2024.

13. BLOCK ASSESSMENT

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
13.1	By the Finance (No. 2) Act, 2024 the Chapter XIV-B has been inserted in the Act. The Chapter XIV-B seeks to reintroduce the provisions in relation to Block Assessment in cases of search & seizure after 1-9-2024.	The change in the mechanism of the search related assessment is unwarranted considering the fact that the entire scheme has been changed just before three years vide Finance Act, 2021. The result of the present scheme are yet to be seen and before the same is stabilised the entire scheme is changed. Frequent changes in the scheme of tax are not advisable and they should be better avoided.	We suggest that the process may be rethought of and the scheme of Block Assessment may be withdrawn.
13.2	Clarification to amendments made for Block Assessment	Without prejudice to our suggestion to have a rethink on the proposals related to Block Assessment, we find that there are several areas where there is confusion prevalent on account of the language of the provisions and also other factors. We have listed some of the areas where we feel that better clarity is required for effective implementation of the scheme of Block Assessment : 1) If during the pendency of block assessment proceeding of first search, a second search is conducted, then would the material found in the course of second search proceeding, be used to make addition in respect of assessment of first block proceeding? This is because, total income would include any other income as well. If yes, then what is the need for second block assessment? 2) A person is required to disclose total income including	We request that appropriate clarifications in relation to all the difficulties expressed may please be provided either by carrying out the necessary modifications in the provisions or by way of a Circular from the CBDT explaining the correct position of law.

		undisclosed income in return filed in response to notice u/s 158BC(1) of the Act. Thus, a person, it appears, has to disclose even his income which he has returned u/s 139(1). This forms part of income u/s 158BB(1)(i). If there is a prior assessment or reassessment, then such amount is also forming part of income assessed u/s 158BB(1)(ii). Thus, the same income is included twice. Section 158BB(1) states that the total income is the aggregate of clauses (i) to (v). Thus, returned income is added twice, which cannot be the intention. This needs clarification. 3) It appears that since, returned income is to be included in the return filed in response to notice u/s 158BC(1) of the Act, therefore, even such returned income is to be taxed at a higher rate of 60%. Again, there appears to be no rationale to this. 4) The purpose of block assessment is to add all income and not only undisclosed income. Undisclosed income is defined to not only include income in respect of incriminating material found, but any other addition as well. It appears that normal additions made for earlier years would also be taxed at a higher rate of 60% as compared to the normal rates of tax. Thus, any routine disallowance, say u/s 14A or 37(1) which has nothing to do with the search proceeding, would be taxed at 60%. Please clarify? 5) Where income found as a result of search is already included in return filed u/s 158BC(1) whether the same would also be considered as undisclosed income u/s 158BB(1)(e) of the Act? If yes, then there would be double addition. Please clarify.	

		6) As per 158BB(1)(iv), income of the year of search which is already disclosed in the books of account or other documents are to be included in the computation of total income u/s 158BB(1) of the Act. However, such income is specifically sought to be excluded u/s 158BA(6) of the Act. This appears to be inconsistent. It appears that the intention is to only tax income of the year of search for the period upto the date of execution of last of authorisation of search only which is related to incriminating material found. However, entire undisclosed income is getting taxed and it includes not only the income relatable to incriminating material but all other income which comes to the knowledge of the Assessing Officer. This doesn't appear to be the correct interpretation but it is so on plain reading of the provisions. Please clarify. 7) The tax rate of 60% is applicable only on the income u/s 158BB(1)(a) i.e., income disclosed in the return filed in response to notice u/s 158BC(1) and in respect of the additions of undisclosed income added by the AO u/s 158BB(1)(e) of the Act. There is no rate of tax prescribed in respect of the other incomes which is income u/s 158BB(1)(b), 158BB(1)(c) and 158BB(1)(d). Either the same are not to be taxed at all and are to be included in the computation of total income only or they are to be taxed at normal rates. Please clarify. 8) What will be the effect of the losses of the years which are forming part of the block period. If the same are going to be	

		assessed as loss of block period and not of any particular assessment year, then how will the provisions of carry forward and set off apply? 9) Under the earlier provisions, section 158BD used the words "undisclosed income belongs to". However, the proposed provision has used the words "undisclosed income belongs to or pertains to or relates to". It is not sure as to what one means by the term undisclosed income relates to or pertains to another person. Please clarify. 10) Further, in the latter part of section 158BD, what has to be handed over includes, apart from assets and books, expenditure. How can expenditure be handed over? 11) An assessee is only required to pay tax at the rate of 60% and that too without any surcharge. This appears to be more like an amnesty scheme where an assessee is asked to pay 60% and go scot-free. Where similarly placed undisclosed income which is charged to tax u/s 115BBE for non-search cases are to be taxed at a much higher rate, with surcharge and cess and with penalty as well. This appears to be discriminatory. Hence the tax rate u/s. 115BBE is required to be reduced suitably.	

14. CHARITABLE TRUSTS

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
14.1	Section 2(15) defines " Charitable purpose". The said definition includes the following items 1. Relief for poor 2. Education 3. Yoga 4. Medical relief 5. Preservation of Environment and Monuments or places or objects of artistic and historical interest 6. Advancement of any other object of general public utility.	The Hon'ble Supreme Court in *New Noble Society 143 Taxmann.com 276* had interpreted the term "education" while interpreting the term "solely for educational purpose" in section 10(23C). The Supreme Court in this judgment has interpreted the term "education" in a very narrow manner to include only formal education. The said interpretation is likely to cause a lot of hardship for all educational institutions and the allied activities run by an educational institution which go to reduce the cost of education. The said interpretation is not as per the intent of the legislature which had till date looked at education from the point of holistic education of a person. This narrow interpretation would cause difficulties in operation of allied activities which are not formal education like a dance and art class for the students. Sometimes the courses are not formally approved by an institution and are developed for the specific need of students this will not be treated as "education" and would go under "General Public Utility"	We recommend that definition of education be made broad base so as to include other educational activities as well, providing knowledge in various different areas such as, education on health, spiritual education, education with respect to art, culture , taxation laws etc and need not be restricted to only formal education. Further educational institution providing incidental or ancillary activities need not be considered as object of general public utility (activities) so as to avoid hardship to the trusts and NGO's operating and supporting the government efforts.
14.2	Section 12AB – Registration / renewal of registration	The Finance Act 2020 inserted a new section 12AB providing for procedure for fresh registration for charitable trust after every 5 years. The trusts are charitable in nature and does not have necessary wherewithal or infrastructure and object are always charitable in nature from the date it comes into existence. So, registration after every 5 years creates unnecessary burden on the charitable trust. Further the	We request that the provisions of obtaining fresh registration every 5 years may please be dropped atleast for small trust having corpus below 1 crores as it results in increasing the compliance burden on such small trusts where they not have the wherewithal to cope of up

		charitable trusts are also subject to income tax scrutiny year on year basis. So, this creates unnecessary burden on the charitable trust.	with same, further these trust are established more than 40 years back and are still continuing for the betterment of humanity. Further, power is available with the Commissioner of Income Tax Exemptions to cancel registration in appropriate cases. We plead that at least the small trusts having total corpus below Rs 1 crore in last three years be exempted from renewing their 12AB registration every five years. These small trusts cater to the extremely poor class of the society and the administrative cost will lead to the money for the charity being used for administrative cost. Appropriate amendment may be brought about.
14.3	Section 12A (1)(ac):The said section sets the time limit for a new charitable trust to file application for registration at least one month prior to the commencement of previous year relevant to the assessment year from which registration is sought	As per sub -clause (vi) of section 12A(ac) requires the trusts/ institutions wanting to register for the first time under section 12A of the Income Tax Act, needs to make an application at least one month prior to the commencement of the previous year relevant to assessment year for which the registration is sought. Though it is welcome step, but it is difficult to comprehend why the condition of making application one-month prior to commencement of previous year relevant to assessment year, is required. Such condition has been diluted due to Covid for AY 2022-23, by bringing amendment in the sub rule (7) to rule 17A.	The condition of making application one-month prior to commencement of the previous year shall be dropped as it affects the claim of trust which are formed in the last month of the financial year. It is suggested that the condition that the application be made by the year end of the financial year viz. 31st March.

		However, it is not so for subsequent assessment years, in that case if the Trust in between the year makes an application, its applications shall be valid only for the subsequent previous year. On the contrary rather than facilitating the trusts/institutions by issuing provisional certificate, it will create more delays and hence the purpose will be lost.	
14.4	Section 12A provides for time limit for obtaining registration and re-registration for charitable entity. In case the application is made after the stipulated time frame, the power is with the Principal Commissioner or Commissioner considering the reasonable cause to condone the delay. [Inserted by the Finance (No. 2) Act, 2024,]	The test of reasonable cause is very subjective and if the application is delayed without any reasonable cause the consequences are very serious – Taxation of entire corpus as accreted income u/s 115TD Denial of charitable entity exemption for lifetime	In case of delayed application, the exemption granted may be prospective i.e. from the time of application. Any income prior to that period would be taxable at MMR and only to extent of any diversion of trust property during that period will be taxed at MMR or as accreted income u/s 115TD. In other words, the consequence of a delayed application should not result in taxation of entire corpus and denial of exemption of lifetime. The lapse of delayed application is reasonable punished by taxing the income/donation earned during the period of delay.
14.5	Explanation 3 to clause (23C) of section 10 and Explanation given below the section 11(7) which is effective from 01/04/2022:“Explanation. —For the	The explanation envisages claiming of expenses on cash basis.This results into lot of difficulties and undue hardship to trusts following accrual basis of accounting. Larger Trusts are maintaining accounts on accrual basis of accounting for e.g. Hospitals, for their internal control and for reporting	We humbly submit that it is not appropriate to insist on cash basis for the purpose of expenses incurred by the trusts considering various difficulties as explained. We alternatively plead that the

	purposes of this section, any sum payable by any trust or institution shall be considered as application of income in the previous year in which such sum is actually paid by it (irrespective of the previous year in which the liability to pay such sum was incurred by the trust or institution according to the method of accounting regularly employed by it)"	purpose. Also, trust registered under section 8 of Companies Act, 2013 or section 25 of Companies Act, 1956, needs to maintain account on accrual basis as per the Companies Act. Further Accounting Standard mandates them to follow accrual basis of accounting. As per Technical Guide on Accounting for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of India, "Accrual is the scientific basis of accounting and has conceptual superiority over the cash basis of accounting. It is, therefore recommended that all NPOs, including non-company NPOs, should maintain their books of account on accrual basis." Further, trusts need to make provision for expenses which are actually payable, there can be non-recovery of income, non-payment to suppliers in a particular year, etc. and making all such adjustments for arriving at the amount of application on cash basis, is a difficult task. The trust needs to maintain two separate accounts which further drain on the resources of the trust where they are pursuing charitable objects.	amounts paid before the due date of filling return may be allowed as deduction on similar lines with the proviso to section 43B of the Act.
14.6	Section 13(1)(c) and 13(2) prohibits transaction with person specified under section 13(3) of the Income tax Act 1961 which includes the trustees and the relatives, It also specifies "any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds fifty thousand rupees;"	The limit of Rs. 50,000/- as specified in 13(3)(b) is meagre and needs to be enhanced . Further it requires the details to be provided right from the inception / formation of trust. The amount of Rs. 50,000/- is minuscule and in today's scenario generally people donate more than Rs. 50000/-. In this situation every donor who has donated benevolently also becomes a specified person or interested person who infact has no interest in the activities of the Trust and hence this limit needs to be enhanced keeping in mind the volume and activities of the trust . Further this conditions shall be made applicable only for the people who fits in the criteria	We suggest that the specified person who has donated shall include in last 8 years based on the following criteria 1. 20 percent of the Corpus of the trust OR 2. Rs. 25,00,000/-

	Further Form 10B / 10BB also requires the details of the specified persons who has provided donation to the trust right from the inception of the trust It is suggested that 1. Limit be increased considering lower of the following a) 20% of corpus amount or b) Rs.25,00,000/- 2. This criteria to be applied for donations made in past 8 previous years	suggested for the past 8 previous years and from inception of the trust.	Whichever is lower Further in Form 10B / 10BB The list of such specified person who has donated in last 8 years be required to be provided.
14.7	Section 11(1)(d) of the Income Tax Act Amount received towards the Corpus of the trust needs to be invested in modes specified u/s 11(5) of the Act otherwise the same shall be considered as income of the Trust . Section 11(5) prescribe the modes of investment which inter alia includes investment in Immovable Asset. We suggest that investment made in movable asset be also included in section 11(5) of the Income Tax Act	Many time donor gives corpus donation with specific direction that amount donated be used for acquiring certain movable asset. For Eg Hospital receives donation for Dialysis machine, MRI machine, Ambulance etc which are fixed asset in nature and needs to be acquired as per the direction of the donor which binding on the Trust. Hence this being a corpus donation can not be treated as Income of the Trust. Hence requires amendment in prescribe mode of investments as specified in section 11(5) of the Act .	It is suggested that prescribe mode of investment specified in section 11(5) of the Income Tax Act, should also include investments in movable asset which are in the nature of fixed assets.

15. TRANSFER PRICING AND INTERNATIONAL TAXATION

Sr. No.	Existing provision under the Income-tax Act, 1961 ("the Act")	Difficulties Obstacles / Hurdles either Interpretative, Administrative or otherwise	Suggestion or new clause Suggested
A. TRANSFER PRICING			
15.1	**Exemption from Filing of Form No. 3CEB:** As per the amendment *vide* the Finance Act, 2020 in section 115A(5)(a), a non-resident taxpayer is not required to file a return of income in India if it is assessable to tax in India for dividend, interest, royalty or fee for technical services, and the taxes have been appropriately withheld on such taxable income as per the provisions of section 115A of the Income-tax Act, 1961 ("the Act"). The resident payer will file Form 3CEB.	Section 92E has not been amended consequent to the above exemption under section 115A(5) of the Act, thus raising a question about the taxpayer's obligation for filing Accountant's Report in Form no 3CEB. Non-reporting of international transaction in Form no 3CEB attracts multiple penalties under sections 271AA, 271BA, 271G and 270A of the Act. Consequently, a situation arises where a non-resident need not file a return of income in India but would still need to file Form no 3CEB to avoid any penalty for non-reporting of the international transaction.	Considering the above inconsistency in the provisions and the fact that resident taxpayer will file Form 3CEB, it is recommended that section 92E be amended to provide exemption to non- resident taxpayer from filing Form no 3CEB, where they are exempted under section 115A(5) from filing a return of income in India.
15.2	**Revision of Accountants Report in Form No. 3CEB:** Section 92E of the Act provides that every person who has entered into an international transaction or specified domestic transaction during a previous year is required to file an Accountant's Report in Form no 3CEB on or before the due date specified under	There may be situations of an inadvertent omission or misreporting in filing Form no 3CEB for which the taxpayer may require to revise the Form no 3CEB in bona-fide cases. Misreporting/inaccurate reporting in Form no 3CEB are subject to penal consequences. Hence, the taxpayers do revise Form no 3CEB in such cases. However, since there is no	It is recommended that statutory provisions allowing filing of revised Form no 3CEB be introduced under the Act to avoid any genuine hardship to the taxpayers.

	section 92F. However, there is no provision in the Act for revising Form no 3CEB as in the case of return of income [under section 139(5) of the Act] even though the income-tax e-filing website allows filing of revised Form no 3CEB.	statutory provision in this regard and often the tax authorities question the legality and timeline for filing revised Form no 3CEB.	
15.3	**Interquartile Range to determine Arm's Length Price ("ALP") be allowed:** The third proviso to section 92C(2) of the Act read with Rule 10CA of the Income-tax Rules, 1962 provides for the range concept from 35th percentile to 65th percentile for 6 or more comparables and arithmetic mean for less than six comparables. However, most of the tax administrations around the world follow interquartile range for determining the ALP.	International groups confront challenges to substantiate the arm's length standards across different jurisdictions for the same / similar international transactions.	It is recommended that the interquartile range (25th percentile – 75th percentile) be allowed to justify the arm's length standards to be consistent with various other tax administrations.
15.4	**Plus/ Minus 3 percent range to be allowed in case of a Single Comparable Company also:** As per the proviso to section 92C(2) of the Act, where more than one price is determined by the most appropriate method, the ALP shall be taken to be the arithmetical mean of such prices. Further, the second proviso to section 92C(2) states that if the variation between the ALP so determined and price	The Assessing Officer ("AO") and TPO have been interpreting that the second proviso to section 92C(2) of the Act is dependent on the first proviso, to conclude that the advantage of the plus / minus range prescribed under the second proviso to section 92C(2) of the Act is only available in a case where the first proviso is applicable, i.e., more than one price is determined by the most appropriate method. Consequently, the range benefit is	It is recommended that a clarification be issued by way of an explanation allowing the applicability of plus / minus 3 percent range even in case of a single comparable company.

	at which the international transaction or specified domestic transaction has actually been undertaken does not exceed such percentage not exceeding 3 percent of the latter, as may be notified by the Central Government in the Official Gazette, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the ALP.	disallowed to the taxpayers in a case where there is only one price determined by the most appropriate method, thereby expecting the taxpayer to transact at an identical price as that of the comparable without any flexibility which is extremely unreasonable. Courts have also been passing contrary decisions in this matter.	
15.5	**Associated Enterprise ("AE") under section 92A(2) & Limited Liability Partnership ("LLP") firms:** The constitution of AE is defined under section 92A of the Act. The Section 92A(2) provides thirteen conditions by virtue of which two or more enterprise would be deemed to be AEs. These conditions primarily relate to the participation in capital, management and / or control of one enterprise into other. However, a majority of these conditions do not apply to a LLPs. Section 92A(2)(a)/(b) cover direct, indirect, or common holding of enterprises involving 'shares carrying not less than 26 percent of the voting power'. However, LLPs are constituted by partnership interest and consequently do not issue shares carrying any voting power. Further, as per section 92A(2)(l),	Due to current provisions of section 92A(2), there is a risk of litigation regarding the coverage of persons as AE in the case of LLPs.	It is recommended that the provisions of section 92A be amended to cover newly constituted form of organisations like LLPs.

	the two enterprises can be said to be AE where one enterprise is a firm, Association of Persons ("AOP") or Body of Individuals ("BOI") and the other enterprise holds not less than 10 percent interest in such firm, AOPs or body of individuals. Therefore, the section only provides AE relationship for direct holding and does not cover indirect participation in capital, management, or control of a person, which is not in alignment with the basic test of section 92A(1). Also, a provision similar to section 92A(2)(b) constituting an AE with a fellow subsidiary is not covered by any of the clauses involving an LLP.		
15.6	Absence of minimum threshold for TP applicability and increasing the threshold of TP documentation obligation	Transfer pricing provisions do not stipulate any threshold above which they become applicable and thereby the underlying compliances are burdensome and expensive especially for small and new companies and businessmen. Also, the maintenance of TP documentation obligation at Rs. 1 crore is too low.	It is suggested that a minimum threshold be introduced in transfer pricing provisions and the provisions of Chapter X of the Act should apply only when it is exceeded. This threshold can be in the range of Rs. 10 to 15 crores in any financial year. It is also suggested that the minimum threshold for maintenance of TP documentation be increased to Rs. 5 crores.
15.7	Correlative adjustment to be allowed for other Associated Enterprises (AE)	Under second proviso to Section 92C(4) of the Act, if any adjustment is made to the income of AE for payment to another AE on which tax has been deducted / deductible, no corresponding recomputing of recipient's	It is submitted that the restriction by the second proviso to Section 92C(4) of the Act is unfair and be deleted as it results in taxing the same income twice for the payer and the recipient. It is therefore requested that if an AE's expenditure is

		AE's income is permitted.	disallowed due to TP adjustment, then the other AE's (recipient's) taxable income be allowed to correspondingly be reduced.
15.8	Secondary Adjustments: Section 92CE of the Act in case of Non-Residents	Section 92CE (2) of the Act stipulates repatriation into India of the excess money as stipulated or levy of interest as deemed advance in the manner prescribed. Further sub- section (2A) provides an alternative to pay additional tax at the rate of 18 percent on such excess money if not repatriated to India. There is no relaxation for these provisions for non-resident who only have India source taxable income and no other formal / legal presence in India. Further, Indian Foreign Exchange Law does not have any mechanism for such repatriation to India followed by remittance back overseas.	It is suggested that when transfer pricing adjustments are made in cases of non-residents, especially those having no legal presence in India, they should be exempted from the obligation to repatriate the excess money under Section 92CE(2) as well as from the rigors of paying additional tax under Section 92CE(2A) of the Act.
15.9	No exemption / relaxation of Limitation of interest deduction under Section 94B of the Act in bona fide cases	The provisions of Section 94B of the Act are applicable in all scenarios (except banks /insurance companies as stipulated) and do not consider situations such as large gestation period in case of capital-intensive projects or infrastructure projects, initial years of set-up / operations, etc. Thus, they operate irrespective of underlying business conditions and even the carried forward period is subject to eight-year limitation	It is suggested that Section 94B of the Act be made applicable only after completion of gestation period in case of capital intensive and infrastructure project (i.e. five to ten years) and in other cases post initial years of set-up / commencement of business operations say 3 to 5 years. Further, the carried forward of excess interest needs to be allowed indefinitely on par with unabsorbed tax depreciation and it should not be subject to the limitation period of eight years.
15.10	Computation anomaly in disallowance of interest deduction under Section 94B of	The formula for computing excess interest considers total interest paid by the borrower	This rigor is requested to be relaxed and only the proportionate interest with respect to AE and non-AE

	the Act	including interest paid to non- AEs and even on borrowing not guaranteed or supported by non-resident AEs. This creates a situation of interest paid to or guaranteed or supported by non-resident AE being disallowed first.	borrowing in excess of 30 percent should be subject to interest limitation provisions.
15.11	Secondary adjustments obligation to make adjustment in the books of account of the AE	The Section 92CE(3)(v) of the Act in a case where taxpayer brings the funds into India then the taxpayer and its AE are required to make an entry in their books of accounts to reflect the actual allocation of profits.	It is suggested that the obligation with respect to the accounting entry in the books of the AE is unwarranted as the accounting norms in that jurisdiction may request such payments / entry to be reflected in different shape and forms as per local transfer pricing and accounting rules / standards prevalent and would be beyond the control of the taxpayer in India. Accordingly, it is requested that this requirement of accounting in AE's books be accordingly done away with.
B. APA			
15.12	**Removal of restriction under section 92(3) for unilateral APAs:** Section 92(3) of the Act is a restrictive tax provision. Under this provision, the taxable income of the taxpayer already reported in the return of income cannot be reduced or the losses cannot be increased on account of TP adjustment.	There are circumstances when the ALP agreed in an APA is lower than the price at which the international transaction has actually been undertaken in the past covered years and/or the rollback years which may result in lowering of the taxable income of the taxpayer. Due to restrictions imposed by section 92(3) of the Act, benefit of lower ALP and taxable income for past covered years or roll back years are not allowed to the taxpayer. This often results in substantial tax cost to the taxpayer for the past APA years/rollback years and denies the benefit of independent	APA is a dispute prevention mechanism. It should be kept independent of the regular income-tax provisions since it involves a negotiation between the taxpayer and the tax department, which can ensure that the outcome of APA is beneficial to both, the taxpayer, and the tax department. Accordingly, the provisions of section 92(3) of the Act **should contain an exception for the ALP determined under the APA mechanism.**

		thinking in determination of ALP by the tax department. The taxpayer ends up paying higher tax even when the agreed ALP is lower which is prejudicial to the taxpayers.	
15.13	**Keeping regular assessment in abeyance till APA conclusions:** As per Rule 10T of the Income-tax Rules, 1962, mere filing of an application for an APA shall not prevent the operation of Chapter X of the Act for determination of ALP under that Chapter till the APA is entered into.	For the taxpayer who has applied for an APA, two procedural tracks - APA process as well as regular TP assessment and litigation end up running in parallel, leading to time and resource wastage at the taxpayer's end. Once an APA is concluded, all pending appeals are required to be withdrawn. This leads to inefficiencies and resource wastage at the tax department's end as well without any revenue gain.	Assessment process can be suspended for a reasonable period (say for 2 years or so) or till the APA has either been concluded or withdrawn, whichever is earlier. This will relive the taxpayers of large compliance work and will make the APA process more attractive. This will also incentivize the taxpayers and the tax department to conclude the APA proceedings at a quicker pace. Mature tax jurisdictions like Japan, the US, the UK keep the assessment proceeding on hold, till the conclusion or withdrawal of the APA. Indian tax law could be aligned with such global best practices.
15.14	**Clarity on the implications of High Court proceedings where Mutual Agreement Procedure ("MAP") are closed based on Income-tax Appellate Tribunal ("ITAT") order:** *The* CBDT issued MAP guidance on MAP on 7th August 2020 (MAP Guidance). It has been categorically mentioned in the MAP Guidance on page 10, that if the ITAT order is issued on merits with respect to the same dispute that is subject matter of MAP, the Competent Authority	In cases where MAP is resolved after negotiations between the two competent authority, Rule 44G provides a detailed procedure for giving effect to MAP resolution by the AO once it is accepted by the taxpayer. As per Rule 44G(11) of the Income-tax Rules, 1962, after the submitting of the proof of payment by the taxpayer, the AO shall withdraw all the pending appeals pertaining to the dispute resolved under MAP. However, in cases where MAP is closed	Rule 44G should provide for withdrawal of all pending appeals after the resolution of MAP under domestic appeal if the taxpayer accepts the ITAT order. This would create parity in the MAP resolution in both circumstances i.e., when resolved by the negotiations between the Competent Authority and when resolved through domestic remedy. Ultimately, in both the situations, it is the position adopted by the Competent Authority. If accepted by the taxpayer, it cannot be appealed further by any of the parties to the dispute.

	of India will follow the order of the ITAT and will not deviate from that position. In such cases, the Competent Authority will only request the Competent Authority of the other country to provide correlative relief based on the ITAT order. These MAP cases shall be closed as having been resolved through domestic remedy.	by domestic remedy as mentioned above, pursuant to the ITAT order; there is no clarity about the pending appeals before the High Court or Supreme Court. Practically, in many instances, the Indian Competent Authority is closing the cases where ITAT orders are received on merits while the appeal continues in the High Court or Supreme Court. In these situations, there is no clarity whether MAP fails in these situations, or the taxpayer can again request for MAP negotiations after these appellate proceedings.	
15.15	**Penalty protection under MAP:** The Hon'ble Karnataka High Court recently dismissed a writ petition filed by Toyota Kirloskar1 against the levy of concealment penalty on TP adjustment under MAP under the relevant tax treaty. In this case, the High Court held that unless a specific provision is made in the Double Taxation Avoidance Agreement ("DTAA") with respect to penalty, provisions of section 271(1)(c) would continue to apply to TP adjustment under MAP. The Hon'ble High Court held that the onus lies on the taxpayer to establish that the TP adjustment arrived under MAP is not due to concealment of income	Under MAP, the competent authorities of the two countries discuss, negotiate, and finally decide the TP adjustment to the international transaction to avoid double taxation under article 25 of the DTAA. The two competent authorities review the case and resolve the dispute as an alternative dispute resolution procedure. Considering that the decision on TP adjustment in MAP is arrived at by two sovereign countries based on negotiations, any levy of penalty in a routine manner should not be availed unless the taxpayer has not acted in good faith and with due diligence.	An explanation may be added in section 271(1)(c) to state that no penalty for concealment of income for TP adjustments under MAP be levied unless there are reasons to say that the taxpayer has not acted in good faith and with due diligence, and thereby concealed facts or furnished inaccurate particulars. Effective MAP program in a country is one of the minimum standards under BEPS. Unless exceptions are created for such implementation issues, it would render the MAP program less effective.

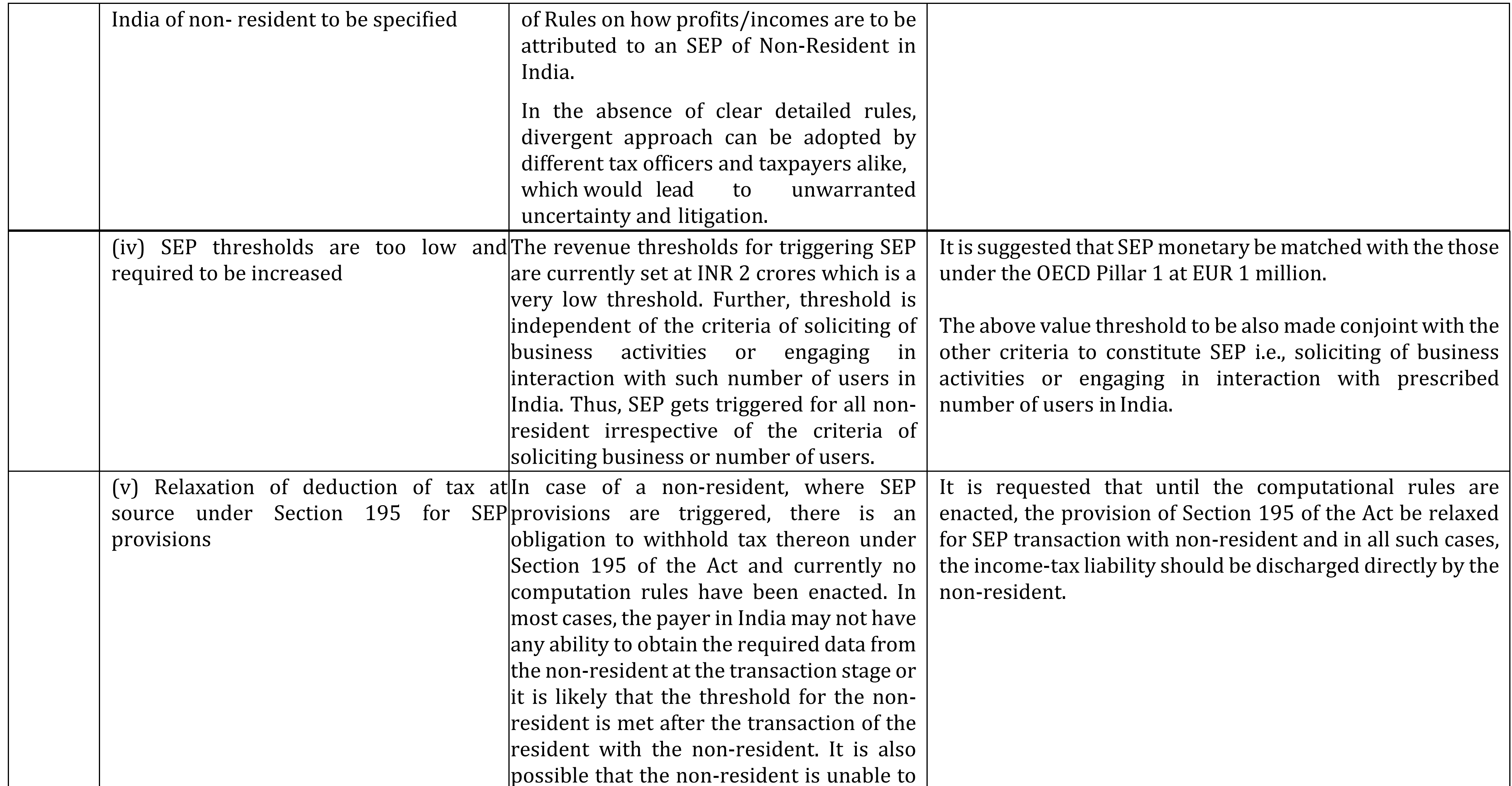
	or furnishing of inaccurate particulars.		
15.16	**Streamlining Safe Harbour to reduce APA filings:** The Indian Government tried to streamline the safe harbour rates in June 2017 to make it reasonable and closer to comparable benchmarks. However, they have been ineffective, and their provisions need to be streamlined.	The safe harbour provisions have been ineffective primarily due to their benefit being restricted to very small companies only. The rate under safe harbour is still higher than the comparable benchmark which make it commercially unviable for taxpayers to adopt. Apart from the taxpayers in IT and ITeS. there are very few other categories of taxpayers taking recourse to Safe harbour. In view of above, many taxpayers have to apply for APA which should be restricted to cases with complex transactions and business models that require in-depth business and economic analysis for agreeing on the transfer prices.	In view of the above, the Government may re-evaluate the safe harbour provisions on the following three aspects: - Reduce the class of transactions from the safe harbour and restrict it to only simpler transactions like IT, ITeS, business support etc. - Provide the safe harbour rates closer to comparable benchmarks with a little premium for certainty; and - Increase the threshold to cover almost 75 percent of the companies under this spectrum. This can serve dual purpose of providing tax certainty to taxpayers and easing the burden of the APA.
C Dispute resolution - International Tax & Transfer Pricing			
15.17	**Changes relating to the Dispute Resolution Panel provisions:** DRP has been empowered to reduce, enhance, or confirm the variation proposed by the TPO/AO. However, DRP does not have power to set aside any proposed variation or issue any direction for further enquiry. The orders of DRP are not appealable by the tax department.	The legislative intent for constitution of DRP was to provide speedy resolution to the taxpayers. However, since the orders of the DRP are not appealable by the tax department, it is often noticed that the DRP does not provide any relief to the taxpayer and generally confirms the order of the TPO/ AO. Thus, effectively, and practically, the DRP has become a fast-track channel for reaching Income tax	The DRP should be made an effective mechanism to settle disputes by critically reviewing the proposed variation by the TPO and AO and pass order based on the merits of the case so that large number of cases do not clog before the ITAT. The government should re- work the DRP scheme to make it more effective in line with its purpose and intent. In the new regime of faceless assessment with no personal interaction between the AO and taxpayers, the assessment orders are expected to be more critical and independent. In such a case, the DRP route may even be abolished with a

		Appellate Tribunal in a period of 9-10 months and deferring the payment of taxes. This has led to extended TP audit cycle and pendency of a high number of TP cases before the ITAT on routine matters.	new mechanism for speedy appeal process. The Government may also introduce an Alternate Dispute Resolution (ADR) body may be constituted which may comprise of members from Revenue and industry experts. This can be in the form of a mediation mechanism between the taxpayers and tax authorities, which once agreed cannot be litigated further by either party. The Vivad se Vishwas scheme is an example of a successful ADR scheme.
15.18	**Timeline for CIT(A) Order:** The Act does not provide any mandatory timeline for CIT(A) to pass the order. It only suggests a timeline of one year from the year in which appeal is filed.	Though there are timelines for AO and DRP to pass their order / directions, there are no similar timelines prescribed for the CIT(A). It is seen that in many cases, appeals are pending before the CIT(A) for over 4 to 5 years, thus delaying the litigation process, and making the entire CIT(A) route ineffective.	The above snag can be cleared by introducing a concept for time barring appeals which can be brought at CIT(A) stage as well. CIT(A) is an administrative appellate mechanism and imposing a timeline for disposal at CIT(A), will help in reducing the time gap withing which the taxpayer can get certainly in relation to dispute resolution. This concept is already prevailing under the DRP route and hence there should not be any difficulty for CIT(A) route as well. A time limit should be introduced, say, 12 months, extendable to further 3 months depending upon the complexity of the case.
15.19	**Advance Ruling Application:** The Finance Bill (No. 2) of 2024 has proposed amendments to section 245Q and 245R to allow applicants to file application for withdrawal of their applications which have been transferred to the BAR, only in cases where no order has been passed under section 245R(2) of the Act, either by the AAR or the BAR. The Memorandum in Para 3 provides the rationale as to why	The proposed amendment excludes applications which got admitted by AAR and stood transferred to the BAR as these were never heard on merits, due to prolonged non-functioning of AAR and other allied reasons. It is submitted that the reasons mentioned in Para 3 of the Memorandum permitting withdrawal are equally relevant for the Applicants whose advance ruling has been admitted by AAR but not heard. Thus, they also are required	The Proviso proposed to be inserted in section 245Q(4) of the Act is requested to be amended to allow application for withdrawal by Applicant even in cases where admission order under section 245R(2) of the Act has been passed by the erstwhile AAR but the application is pending before the BAR. It is submitted that the application and withdrawal timeline for the Applicant and the Board of Advance Ruling be suitably extended. The applicant be allowed to file for withdrawal anytime till 31 December 2024 and the Board

	this relaxation has been provided i.e., these applications were filed before AAR to get certainty on taxability of the transactions with an intent to get a ruling from a quasi- judicial forum in a time-bound manner. However, due to various reasons like change in constitution of BAR forum, non-binding nature of the ruling (as it is made appealable to High Court), substantial passage of time, and other commercial reasons, these applicants wish to withdraw their applications.	to be allowed to file for withdrawal before the BAR. Further, the application timeline for the Applicant and the Board of Advance Ruling are on or before 31 October 2024 and 31 December 2024 was and is very short respectively.	of Advance Ruling be allowed to approve the withdrawal till 31 March 2025.
D. INTERNATIONAL TAX			
15.20	**Liable to Tax** Greater clarity surrounding the definition of liable to tax	Section 2(29A) defines liable to tax – “liable to tax” in relation to a person and with reference to a country, means that there is an income-tax liability on such person under the law of that country for the time being in force and shall include a person who has subsequently been exempted from such liability under the law of that country; The current definition of ‘liable to tax’ talks about income-tax liability only on such person under the law of that country. It is submitted that in several countries such as US, UK and Germany, partnership	It is suggested that the criteria for liable to tax be expanded to include cases where there is an income- tax liability on all income of such person or on such income, the liability is on any other person (e.g., partners) under the income-tax law of the resident country. In other words, in the context of person, it should also include all forms and mechanism of taxing and the person directly or taxing its partner or anyone else (say its shareholders) pursuant to pass-through status or any other such reason. Further, the tax residency certificate issued by the Income Tax Authorities of that jurisdiction even if issued in any modified form or with different name or those issued for the taxable partners be notified as satisfying the ‘liable to tax’ definition for such entity /partnership.

		firms and other form of corporate are pass through entities. In such cases, the income is liable to tax in the resident country but not on such entity but its shareholders / partners. In such cases, the pass-through entities should be eligible for tax-treaty benefits as all that is happening is all the income of such partnership firm is taxed in country of residence but the charge and liability is on the partners.	
15.21	Control and Management for persons other than companies under Section 6	Under Section 6(2) of the Act, for persons other than companies and individuals (i.e., for partnership firm, etc.), even if part of their Control and Management is in India then it is considered as an Indian tax resident. This provision is quite harsh and is not in accordance with global principles surrounding tax residency.	It is requested that the residence test for partnership firm / other entities be placed on similar lines as in case of companies. i.e., tax residence in India only if Place of Effective Management is in India. This change will also be in line with the provisions of existing Indian DTAAs.
15.22	Meaning of the term 'visit' for individuals	With respect to individuals, there is a controversy on the meaning of "visit" to India under explanation 1(b) to section 6(1).As the term "visit" is not explained, it may and is likely to leads to unwarranted litigation.	It is suggested that the term "visit" be deleted to eliminate any controversy and making the applicable criteria only of physical presence in India. (It is difficult to lay down guidelines in rules for rare situations. I believe we should delete this.)
15.23	Threshold for small value indirect transfers	Explanation 7(a) to Section 9(1)(i) of the Act provides a threshold of 5 per cent for	An independent small value transactions of say around 5 lakhs in a financial year be exempt from the ambit of indirect transfer provisions to ease the compliance and

		the applicability of indirect transfer provisions. However, there is no specific exemption for small value transfer / nominal value transaction unconnected with the shareholding percentage.	administrative burden.
15.24	Significant Economic Presence (SEP) provision under Section 9(1)(i) of the Act		
	(i)SEP provisions to be withdrawn like Equalisation levy	The SEP provisions are too ambiguous and will lead to huge litigation. Also, it results in huge compliance burden. In many cases, the non-resident is eligible for the treaty benefit and thus, is no taxable in India even if they have SEP under the Act.	The Finance (No.2) Act, 2024 has withdrawn the equalisation levy as its scope was ambiguous and it led to compliance burden. On the same grounds, the SEP provisions which are also ambiguous with onerous compliance burden are required to be withdrawn.
	(ii) Alternatively, SEP provisions to be restricted to digital / online transactions only	OECD BEPS Action Plan 1 intended the introduction of SEP only where non-resident undertook business in another country by interaction through digital or automated means. The scope of SEP as introduced under the Act embraces digital as well as non-digital interactions of a non-resident with India due to the deletion of expression "through digital means" under 'systematic and continuous soliciting of business activities and interaction with users' in Explanation 2A(b) to section 9(1)(i) of the IT Act.	It is recommended to restrict SEP applicability only to digital transactions carried out by non-resident in India as prescribed under BEPS Action Plan 1 instead of making it applicable to non-digital businesses and widening the scope to any transactions carried out with any person in India.
	(iii) if SEP provisions were to continue, Rules for attribution of profits to SEP in	The SEP provisions are applicable for FY 2021- 22 and are still pending enactment	It is requested that the rules for attribution of profits to SEP of NR in India be notified at the earliest.



	India of non- resident to be specified	of Rules on how profits/incomes are to be attributed to an SEP of Non-Resident in India. In the absence of clear detailed rules, divergent approach can be adopted by different tax officers and taxpayers alike, which would lead to unwarranted uncertainty and litigation.	
	(iv) SEP thresholds are too low and required to be increased	The revenue thresholds for triggering SEP are currently set at INR 2 crores which is a very low threshold. Further, threshold is independent of the criteria of soliciting of business activities or engaging in interaction with such number of users in India. Thus, SEP gets triggered for all non-resident irrespective of the criteria of soliciting business or number of users.	It is suggested that SEP monetary be matched with the those under the OECD Pillar 1 at EUR 1 million. The above value threshold to be also made conjoint with the other criteria to constitute SEP i.e., soliciting of business activities or engaging in interaction with prescribed number of users in India.
	(v) Relaxation of deduction of tax at source under Section 195 for SEP provisions	In case of a non-resident, where SEP provisions are triggered, there is an obligation to withhold tax thereon under Section 195 of the Act and currently no computation rules have been enacted. In most cases, the payer in India may not have any ability to obtain the required data from the non-resident at the transaction stage or it is likely that the threshold for the non-resident is met after the transaction of the resident with the non-resident. It is also possible that the non-resident is unable to	It is requested that until the computational rules are enacted, the provision of Section 195 of the Act be relaxed for SEP transaction with non-resident and in all such cases, the income-tax liability should be discharged directly by the non-resident.

		compute such income when the accounting / tax year has not ended, and profits/ income are not determined. Further, many of the customers of the non- residents may be consumers (B2C) and not businesses (B2B) and would not be in position to obtain details / information for withholding tax purposes.	
15.25	Absence of carve out with respect to exemption from capital gains tax in the context of foreign merger/demerger – direct transfer as well as indirect transfer.	Sections 47(via), 47(viab), 47(vic) and 47(vicc) inter alia requires that the shareholders of the amalgamating company / de- merged company should continue as the shareholder of the amalgamated company / resulting company (as the case maybe) for constituting transactions not regarded as transfer to qualify for exemption from taxation as capital gains. There are however no carve out for cases where amalgamated / resulting company is the shareholder of amalgamating / demerged company as in domestic cases as under: Section 2(1B) of the Act dealing with domestic amalgamation carves out an exception for shareholding continuation condition which does not apply to the shares of the amalgamating company that are held by the amalgamated/resulting company or its subsidiary. This is because when the subsidiary is merged into the	The logical carve out for Parent- Subsidiary be incorporated in the existing exemptions relating to merger/de- merger of foreign companies – direct transfer as well as indirect transfer cases. This will bring clarity to all such cases rather than relying on general principles / judicial precedents for such conclusion. It is therefore requested that the Sections 47(via), 47(viab), 47(vic) and 47(vicc) of the Act be amended to provide that the requirement of continuity of shareholders will not apply to the shares of the amalgamating company / demerged company that are held by the amalgamated company (or its subsidiary) in the case of amalgamation and resulting company in the case of demerger.

		Holding company, the Holding company cannot allot shares to itself under the merger. Similarly, Section 2(19AA) of the Act provides for an exception from this condition where the resulting company itself is the shareholder of the demerged company.	
15.26	Reduction in the gross rate of taxation of royalty / fees for technical services (FTS) from 20 per cent to 10 per cent under section 115A of the Act	1. The tax rate of 20 per cent on gross basis on payments in the nature of royalties and FTS assumes a very high level of profitability and is unrealistic in today's economic world and business environment. 2. While the rate under most of the tax treaties is 10 per cent. This results in refund claim by the Non-Resident if there are difficulties in obtaining TRC at the time of transactions for various administrative reasons.	1. The tax rate under the Act for the payments in the nature of royalties and FTS should be reduced to 10 per cent to promote ease of doing business and also simplify administrative compliance.
15.27	Rate of taxation for interest income on rupee loans availed from Non-Residents	Section 115A(1)(a) of the Act provides for tax rate of 20% on gross basis on interest income arising to non-residents only if such interest is received from Indian concerns / Government for debt incurred or monies borrowed in foreign currency. It thus does not apply if the debt incurred is in INR which for withholding tax purposes which seems to attract taxation on 40% on gross basis as per respective	There does not exist any reason to exclude interest on rupee loans from the tax rate of 20% on gross basis and accordingly, for withholding tax purposes, the interest paid on loans from non-residents in INR borrowings be subject to the same treatment as borrowing in foreign exchange. Under FEMA rules also, a non-resident can give loan to an Indian company in INR. Further, Indian Government and RBI are also promoting INR for international transactions. Reduction in tax rate on rupee loans can be a step in promoting this objective.
		Finance Act.	

15.28	Relaxation from filing of income-tax return for non-residents in India	1. Sub-section 5 of Section 115A of the Act was amended by the Finance Act 2020 w.e.f. 1 April 2020 to provide relief to non-residents from filing income-tax return in India if their income in India consists of items covered therein (interest, royalty, fees for technical services, etc.) and tax has been deducted in accordance with the provisions of Part B of Chapter XVII of the Act. No such relief seems to be directly available if tax is withheld in accordance with the provision of the tax treaty. Many of the Indian tax treaties provide for the withholding tax rate in respect of income earned by way of royalty or FTS (i.e., not effectively connected to a permanent establishment) at 10%. The difference between Treaty rate in such cases and those stipulated under provisions of the Act is the surcharge and additional surcharge in the form of education cess (considered subsumed / included in the tax treaty rate). This by itself should not or should not be construed to disentitle the non-residents from the benefit of non-filing return of income under Section 115A(5) of the Act or make adoption of such position as ambiguous and litigative.	1. It is suggested that the relief from filing of income-tax return to non-resident under Section 115A(5) of the Act be extended to cases where taxes have been deducted at the tax treaty rate if they are same as the basic rate stipulated in Section 115A/Part B of Chapter XVII of the Act (basic rate is the rate excluding the surcharge / education cess).The tax department can in any case consider the Indian resident payer as assessee in default and recover the tax from the Indian resident payer. 2. Section 115A of the Act be amended to provide relief from filing of income-tax return to cases of non-residents having income taxable under both clause (a) and (b) of sub-Section 1 of section 115A of the Act and not only to cases having income either under clause (a) or (b) of section 115A(1) of the Act.

		2. Further, there seems to be an anomaly in clause of sub-section 5 of section 115A as it grants relief from filing return of income only to cases falling in clause (a) or clause (b) of sub-Section of Section 115A. In other words, if a non-resident has income under both sub-clause (a) and (b) of section 115A(1) of the Act then this relief from filing of income-tax return is not available. This seems to be clearly unintentional.	
15.29	(i) Presumptive tax regime for non-resident engaged in the business of operation of cruise ships	The Finance (No. 2) Act, 2024 introduced a presumptive tax regime for non-resident engaged in the business of operation of cruise ships under which 20 per cent of amount paid/ payable/ received/ deemed to be received for the carriage of passengers is deemed to be the profits and gains of such business. A presumptive rate of 20 per cent is too high. Ordinarily, the rate under presumptive regime varies from 5 per cent to 10 percent. For instance, the rate under section 44B for shipping business is 7.5 per cent, under section 44BBA for operation of aircraft is 5 per cent.	The presumptive rate of 20 per cent should be reduced and should be in line with the rates under other presumptive tax regimes for the similar businesses.
	(ii) Lease rental for Cruise Ship - Exemption under section 10(15B)	Section 10(15B) exempts the income of a foreign company from the lease rental of cruise ship from the company opting for	The condition that the payor and the payee should be the subsidiaries of the same holding company is very restrictive, without reasons and results in several cases falling outside

		taxation under section 44BBC provided the payor and payee are the subsidiaries of the same holding company. Further, this exemption is available only till AY 2030-31. Because of the restriction of having the same holding company, the benefit of the exemption will be restricted to limited situations. The proposed section exempts "lease rentals". However, this term has not been explained. It may lead to more interpretational issues and hence, litigation. It is also not clear as to whether 'Holding Company' for Section 10(15B) is required to be an Indian Company or Foreign Company. Further, the expression 'operate such cruise ships in India' would mean 'management and operation of foreign ship operation company' or operation of ship solely in the Indian territorial waters' is not clear.	its ambit. Thus, the exemption is requested to be made available in all situations irrespective of the relationship between the payor and payee. Further this exemption is available only till AY 2030-31 and is requested to be enacted without any sunset date. The term 'lease rentals' should be defined suitably to reduce interpretational issues. The term 'operate such cruise ships in India' be defined to mean operation of cruise ships in the Indian territorial waters. The Holding company be permitted to be an Indian company or a foreign company. This would attract foreign investors to participate in the Indian cruise shipping market.

The Chamber of Tax Consultants

Estd. 1926

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The Chamber of Tax Consultants (The Chamber) shall be a powerhouse of knowledge in the field of fiscal laws in the global economy.

The Chamber shall contribute to the development of law and the profession through research, analysis and dissemination of knowledge.

The Chamber shall be a voice which is heard and recognised by all Government and Regulatory agencies through effective representations.

The Chamber shall be pre-eminent in laying down and upholding, among the professionals, the tradition of excellence in service, principled conduct and social responsibility.

Unveiled by **Shri S. E. Dastur,** Senior Advocate on 30th January, 2008.

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