

**N. D. KAPUR & CO.
CHARTERED ACCOUNTANTS**

Monthly Updates

MAY 2025

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(I) INDIRECT TAXATION

NEW GRIEVANCE REDRESSAL MECHANISM FOR GST REGISTRATION APPLICATIONS

The Central Board of Indirect Taxes and Customs (“CBIC”) has issued instructions dated 02.05.2025 introducing a structured grievance redressal mechanism for applicants facing issues during the Goods and Services Tax (“GST”) registration process, particularly those under Central jurisdiction. This follows Instruction No. 03/2025 dated 17.04.2025 and aims to enhance transparency and responsiveness. In order to provide a quick and effective grievance redressal mechanism to applicants, the following instructions are being issued:

1. Principal Chief Commissioner/Chief Commissioner of GST Zones should widely publicize an email address on which the applicants can raise issues.
2. Applicants can email grievances (including ARN and jurisdiction details) to the Zonal Principal Chief Commissioner/Chief Commissioner.
3. If grievance pertains to State jurisdiction, the Principal Chief Commissioner/Chief Commissioner will forward to the respective authority with a copy to the GST Council Secretariat.
4. Officers must ensure timely resolution of grievances and intimate the applicants about the same communication to applicants.
5. The Officer has to submit a monthly status report on grievance redressal to be submitted to the Directorate General of Goods and Services Tax for Board review.

This initiative promotes faster resolution and better accountability in handling GST registration concerns.

REFUND UNDER INVERTED DUTY STRUCTURE RESTRICTIONS BY NOTIFICATION NO. 9/2022-CT ARE APPLICABLE ONLY FOR ITC ARISING AFTER 18.7.2022

The Supreme Court of India vide its judgement dated 09.05.2025 in the matter of *Assistant Commissioner of Central Taxes & Ors. o versus M/S. Gemini Edibles and Fats India Limited & Anr (SLP (C) Nos. 12495-12498/2025)* has upheld the decision of the Andhra Pradesh High Court wherein the High Court had struck down CBIC Circular No. 181/13/2022-GST. The Circular clarified that the restriction imposed by Notification No. 9/2022-Central Tax, effective from 18 July 2022 would be applicable in respect of all refund applications filed on or after 18.07.2022.

The said notification had imposed prohibition for refund of unutilized Input Tax Credit (“ITC”) in case of inverted duty structure for certain edible oils. The Revenue department had denied the refund when the application for refund was filed after 18.07.2022, though ITC was for the period prior to 18.07.2022. The High Court had however held that the restrictions placed by the notification would apply only to the extent of input tax credit arising after 18.07.2022.

The Supreme Court has now dismissed the Special Leave Petition (“SLP”) filed by the Department against the High Court decision, while declining to interfere with the impugned order.

ELECTRONIC CREDIT LEDGER CANNOT BE BLOCKED FOR AN AMOUNT EXCEEDING THE CREDIT AVAILABLE

The Supreme Court of India vide its judgement dated 09.05.2025 in the matter of *Commissioner of Central Tax and GST Delhi North & Others versus Raghav Agarwal (SLP (CIVIL) DIARY NO(S). 21913/2025 SLP (CIVIL) DIARY NO(S). 17849/2025)* has dismissed the SLP filed by the Revenue department against a Delhi High Court decision wherein the High Court had answered in negative the question as to whether Rule 86A of the Central Goods and Services tax (“CGST”) Rules, 2017 permits the Department to block a taxpayer's Electronic Credit Ledger (“ECL”) by an amount exceeding the credit available at the time of issuance of the said order. Relying upon plain interpretation of the statute, the High Court had held that the expression 'available in the electronic credit ledger' should not be read as the ITC that was available in the ECL sometime earlier, prior to the same being used. It was also noted that the said Rule is not a machinery provision for recovery of tax or dues.

Dismissing the Department's SLP, after condoning the delay, the Apex Court, however, observed that other remedies of the petitioners for recovery in accordance with law are kept open.

SUPREME COURT DISMISSED REVIEW PETITION OF DEPARTMENT FOR SAFARI RETREAT PVT LTD

The Supreme Court of India vide its judgement dated 20.05.2025 in the matter of *Chief Commissioner of Central Goods and Service Tax & Ors. Versus M/s Safari Retreats Private Ltd. & Ors. [Review Petition (C)NO. OF 2025 [Diary No.1188 of 2025]]* dismissed a review petition filed by the appellant against the judgment held on 03.10.2024.

Safari Retreats Pvt Ltd. (first respondent) constructed a shopping mall with the intend for letting out commercial units to tenants. The goods and services used in the construction of the mall are taxable under the CGST Act. It is the case of the first respondent that it has accumulated input credit of Goods and Services Tax (“GST”) amounting to more than INR 34 crores by the purchase/supply of goods and services consumed and used in the construction of the shopping mall. At the same time, the first respondent's letting out of units in the shopping mall attracts CGST based on the rent received by the first respondent since it amounts to the supply of service under the CGST Act. The first respondent was desirous of availing the ITC accumulated against the rental income received by it upon letting out the mall premises.

Key legal Issues were (i) whether the Interpretation of Section 17(5)(d) especially the terms "plant or machinery", (ii) whether the exclusion of ITC applied to commercial property built for rental purposes (iii) Constitutional validity of Sections 17(5)(c), 17(5)(d), and 16(4) under Articles 14, 19(1)(g), and 300A of

the Constitution and (iv) whether a shopping mall used for renting should be treated as a “plant” and thus fall outside the ITC bar.

The Hon’ble Supreme Court reaffirmed that ITC is a statutory benefit, not a constitutional or fundamental right. Section 17(5)(d) blocks ITC for goods/services used in the construction of immovable property on own account, even if used for business, and this provision is valid. There is no constitutional violation in denying ITC in such cases. ITC can be claimed only if allowed explicitly by statute, and exceptions under Section 17(5) are valid and enforceable.

The Hon’ble Supreme Court upheld the constitutional validity of Section 17(5)(c) disallowing ITC on works contracts for construction (except for plant and machinery), Section 17(5)(d), disallowing ITC for construction of immovable property on own account and Section 16(4), time limit for claiming ITC.

These provisions do not violate Articles 14, 19(1)(g), or 300A of the Constitution and the legislature can reasonably classify immovable property and deny ITC to prevent misuse and break in the tax chain.

Supreme Court rejected the constitutional challenge and remanded the matter to the High Court to determine if the shopping mall qualifies as “plant” under Section 17(5)(d).

(II) DIRECT TAXATION

CBDT EXTENDS THE DUE DATE OF FILING OF ITRS WHICH WERE DUE FOR FILING BY 31ST JULY 2025

The Central Board of Direct Taxes (“**CBDT**”) has extended the due date for filing Income Tax Returns (“**ITRs**”) for Assessment Year 2025–26, originally due by 31.07.2025 to 15.09.2025 to facilitate a smooth and convenient filing experience for taxpayers.

ONE TIME PROPERTY TAX AMNESTY SCHEME 2025-26 CALLED SUMPATTIKAR NIPTAAN YOJANA (SUNIYO) "ONE PLUS FIVE" FOR ALL TYPES OF PROPERTIES FALLING UNDER THE JURISDICTION OF MCD.

The Municipal Corporation of Delhi (“**MCD**”) issued an order dated 20.05.2025 announcing a new One-Time Property Tax Amnesty Scheme named Sumpattikar Niptaan Yojana (“**SUNIYO**”) 2025–26, effective from 01.06.2025 to 30.09.2025. The initiative aims to resolve long-pending property tax disputes, update records, and boost municipal revenue. Key Highlights of the SUNIYO Scheme are as follows:

- 1. The “One Plus Five” Relief Formula:** Taxpayers who pay property tax for FY 2025-26 and the previous 5 years (2020–2025) will receive a waiver on all older dues, including interest and penalties.
- 2. Eligibility:** Applies to all types of properties under MCD’s jurisdiction and properties with multiple IDs must be merged via the provided online portal.
- 3. How to Apply:** File online via MCD’s PTR Portal. Upload previous payment proofs, if any, and receive auto-generated receipt on payment.
- 4. Special Provisions:**
 - (a) Taxpayers with pending litigation have to file a written undertaking withdrawing the cases to avail benefits.
 - (b) In the case of Government & Railway Properties (“**GRP**”), PSU/Autonomous bodies etc. who wish to avail the benefits of the Scheme, payment shall be accepted through online mode like RTGS/NEFT as well as through demand draft.
 - (c) Taxpayers may rectify their wrong SAPTR without penalty within 2 months.

5. **Enforcement Post-Scheme:** After 30.09.2025, coercive action like attachment of Immovable properties/bank attachment, rent attachment, prosecution etc. may be taken for recovery and Officers must ensure compliance, or face accountability.
6. **Past Impact:** The 2022-23 *SAMRIDDI* scheme saw INR 380 crore collected and a 16.58% rise in taxpayers.

This scheme offers a golden opportunity for property owners to regularize their tax dues and avoid penalties. All stakeholders are encouraged to take advantage of this limited window.

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