TAX GURJARI

25-26 - VOL III - OCT 25

2025 - 2026

ALL GUJARAT FEDERATION OF TAX CONSULTANTS

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GLIMPSES OF THIRD MOFFUSIL PROGRAM ON 26TH JULY 2025 AT BHAVNAGAR
EMINENT SPEAKERS : CA MEHUL THAKKER AND CA PUNIT PRAJAPATI
AND RELEASE OF TAX GURJARI VOL 2





GLIMPSES OF FOURTH MOFFUSIL PROGRAM ON 02ND AUGUST 2025 AT PANCHMAHAL - GODHRA
EMINENT SPEAKERS : CA PUNIT PRAJAPATI AND CA HARIT DHARIWAL




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CHAIRMAN'S MESSAGE

CA (Dr.)
VISHVES A. SHAH

Dear Readers,

It gives me immense pleasure to publish the second edition of Tax Gurjari. This issue is a true reflection of the collective effort of our vibrant tax professional community. It features well-researched and thought-provoking articles on GST, Income Tax, emerging Technology applications, and a range of other subjects that matter deeply to our profession. Our mission has always been to make *Tax Gurjari* your trusted companion for practical knowledge and professional inspiration.

We are operating in a tax and compliance environment that evolves at a brisk pace. Frequent legislative changes, intricate judicial decisions, and rapid technological adoption have reshaped the way we work. Alongside these professional demands, we also face critical ground-level challenges like technical glitches on various government portals, an ever-expanding calendar of due dates under multiple laws, and heightened expectations from clients for prompt and flawless delivery. These pressures highlight the urgent need to streamline our processes and adopt an efficient, well-structured style of working.

As Aristotle reminds us, ***"We are what we repeatedly do. Excellence, then, is not an act, but a habit."*** Excellence in our profession cannot be achieved through last-minute effort alone. It requires consistent planning, disciplined scheduling, judicious delegation, and time consciously set aside for learning and upskilling. Technology offers us powerful tools, e.g. workflow automation, updated compliance software, and secure collaboration platforms, but their true value is unlocked only through disciplined use, staff training and process integration.

I am particularly proud of the contributors to this edition, who have generously shared their expertise, research, and personal insights. Their articles are not only informative but also practical, offering solutions we can apply directly in our day-to-day practice. My heartfelt congratulations to each author for adding such depth and richness to *Tax Gurjari.*

The *Tax Gurjari* editorial team also deserves special acknowledgment. Their dedication in curating, reviewing, and presenting these diverse topics is commendable. Every page in this edition is a testament to their commitment to quality, timeliness, and reader engagement.

As we approach the festival of Diwali, let us remind ourselves to pause amidst the deadlines. Diwali is about renewal, hope, and light. It is time to clear the clutter from our homes, our workspaces, and our minds. Recharge yourself, spend quality time with family and friends, and return rejuvenated to your professional commitments. A balanced, refreshed professional will always deliver work with greater insight and care.

I encourage all readers to share their views, suggestions, and even new ideas that can make *Tax Gurjari* an even more valuable resource. Your feedback and contributions will shape future editions and ensure we keep pace with the evolving needs of our profession.

Let us face the challenges ahead not with stress, but with planning, skills, collaboration, and optimism.

Warm wishes for a joyful, healthy, and prosperous Diwali to all!

CA (Dr.) Vishves A. Shah
Chairman, Tax Gurjari Committee
All Gujarat Federation of Tax Consultants

PRESIDENT'S MESSAGE

ADV.
ASHUTOSH THAKKAR

Dear Readers,

The month of September has historically been one of the busiest and most significant months for the tax and accounting fraternity, and this year was no exception. In fact, September 2025 will be remembered as a turning point, marked by major developments on multiple fronts. The announcements introducing key reforms in the Goods and Services Tax (GST) framework have once again reshaped the contours of indirect taxation in India. These reforms, aimed at simplifying compliance and strengthening revenue transparency, also pose new interpretational challenges, requiring practitioners across the country to decode, deliberate, and align businesses with the latest policy directions.

Parallelly, September also brought relief to taxpayers and professionals with the extension of the timelines for tax audit and related compliance filings. This extension provided breathing space at a time when the profession was grappling with heavy workloads, combined with the added pressure of portal-related difficulties. The persistent technical issues on both the Income Tax portal and the GST Network tested our patience and efficiency, but they also highlighted the importance of resilience and adaptability, qualities that define us as professionals. Despite these operational hurdles, our community once again rose to the occasion, ensuring that compliance obligations were met with diligence and responsibility. The Association also played its role and made representation and filed writ petition in the Honorable High Court. The proceedings of the writ petition are pending and we are hopeful of positive outcome.

At this juncture, I feel immense gratitude for the writers and contributors who have enriched this issue of our journal. Your articles embody the spirit of knowledge-sharing and provide readers with invaluable insights, practical guidance, and thought leadership. Each contribution reflects not only academic depth but also professional experience and foresight, serving as a reliable compass for members navigating the complexities of day-to-day practice. It is this collective spirit of contribution that makes our journal a preferred source of reference and continuous learning.

Let us continue to embrace reforms, adapt to the evolving challenges, and strengthen our role as guiding voices for businesses and taxpayers across India. Together, through dialogue, writing, and knowledge exchange, we can continue to build a stronger, more resilient professional community.

Adv Ashutosh Thakkar
President
All Gujarat Federation of Tax Consultants

SECRETARY'S MESSAGE

CA PARTH DOSHI

Respected Members of August Institution AGFTC

Tax Professionals fraternity is recognised as one of the most respected fraternity in the society. People look at us with respect and shower their trust on us. Trust comes from the guiding light we provide to them and we obtain this guiding light from the knowledge we gather through knowledge inputs shared by our federation in various ways.

AGFTC's this year object is knowledge enhancement, inclusive outreach and membership growth. As a tax professional it is our utmost duty to stay updated in this fast changing knowledge world and federation will provide all the opportunities to our members to attend Mofussil programs, Webinars, Tax conclave or any other knowledge enhancement initiatives.

TAX GURJARI is one of the novel concepts of providing knowledge to the tax professionals initiated earlier in the federation. This year we will incorporate various articles on recent updates in Tax Laws, Allied Laws& Artificial Intelligence (AI) which is directly or indirectly affect to Members & Tax professionals. We also request our members to contribute us your insightful, thought provoking and practical articles. To contribute your article you can email us at info@agftc.com. This initiative will definitely bring a chance to know young tax professionals and their wisdom.

In the 3rd addition of *Tax Gurjari* novel subjects like Strategic Corporate Restructuring in India, Condonation of Delay A Comprehensive Judicial Analysis, Arbitrary GST Registration Cancellation and Constitutional Rights, Appeals and Writ Petitions under GST, Judiciary Clears Roadblock in Filing ITC-02 for Inter-State Transfers, Practical Legal FAQs on Housing & Commercial Co-operative Societies in Gujarat, Prompt Engineering Your First Step to Use AI as Your Assistant in Tax Practice, SIF - A Special Tool for Investment Needs, DigiPIN A Revolution In Address & Location In India

I am highly obliged and thankful to all the experts who have contributed their articles in the second edition of *Tax Gurjari* for the year 2025-2026.

I am very much confident that articles shared in *Tax Gurjari* will surely help you to get an edge in knowledge addition and perform your professional practice in a best way.

Happy Reading!!!

CA Parth Doshi
Hon. Secretary
All Gujarat Federation of Tax Consultants

STRATEGIC CORPORATE RESTRUCTURING IN INDIA: A PATHWAY TO TAX EFFICIENCY AND LEGACY PROTECTION

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I. Introduction: The Evolving Landscape of Corporate Restructuring

Corporate restructuring represents a fundamental reorganization of a company's legal, ownership, or operational frameworks. This strategic imperative is often undertaken to enhance efficiency, resolve financial distress, or capitalize on new opportunities, serving as a vital instrument for businesses navigating dynamic market conditions. The overarching goals typically include bolstering financial stability, optimizing operational workflows, stimulating growth, and refining tax positions.

Strategic Imperatives and Regulatory Interplay in India

The Indian corporate landscape for restructuring is primarily governed by a dual legislative framework: the Companies Act, 2013, and the Income Tax Act, 1961. The Companies Act, 2013, serves as the primary legal cornerstone, stipulating comprehensive provisions for various forms of corporate reorganizations, including mergers, demergers, and capital reduction. It meticulously outlines the procedures, approvals, and compliance requirements necessary for legally executing these complex transactions. Complementing this, the Income Tax Act, 1961, dictates the direct and indirect tax implications arising from corporate restructuring activities, specifying conditions for tax-neutrality and addressing other critical tax treatments.

Effective corporate restructuring in India necessitates navigating a multi-layered regulatory environment involving several key authorities. The National Company Law Tribunal (NCLT) acts as the quasi-judicial authority central to approving restructuring schemes under the Companies Act, 2013. Its role is pivotal in reviewing proposed schemes, convening meetings of shareholders and creditors, and ultimately sanctioning arrangements to ensure adherence to legal provisions and the safeguarding of all stakeholder interests, particularly those of creditors and minority shareholders. For publicly listed companies, the Securities and Exchange Board of India (SEBI)'s approval is indispensable, ensuring transparency, fairness, and compliance with securities laws, with a specific focus on protecting minority shareholders. The Reserve Bank of India (RBI) plays a crucial role in transactions involving cross-border elements, while the Competition Commission of India (CCI) reviews proposals that could impact market competition. Finally, while the Income Tax Department is not an approving authority for the restructuring scheme itself, it holds the authority to scrutinize the tax implications of the scheme and can challenge claims of tax-neutrality if statutory conditions are not rigorously met.

The "Substance Over Form" Principle in Tax Assessments

A critical understanding for practitioners is that NCLT approval does not automatically confer tax neutrality; the Assessing Officer is duty-bound to examine the scheme for tax compliance. This reflects a "substance over form" approach by tax authorities, implying that companies cannot solely rely on corporate law approvals for tax benefits. The underlying economic and legal substance of the transaction must strictly adhere to tax law definitions and conditions, representing a significant risk factor for tax planning.

This inherent disconnect between corporate legal sanction and tax reality poses a profound challenge for businesses. While NCLT approval signifies legal compliance under the Companies Act, it does not guarantee a favourable tax

outcome. A transaction, perfectly valid under corporate law, could still lead to significant and unintended tax liabilities if the specific, often nuanced, conditions of the Income Tax Act are not met. This necessitates an integrated legal, financial, and tax advisory approach from the very beginning of the planning process, rather than treating tax considerations as an afterthought following legal approvals. The emphasis on "tax-efficient strategies" and "pitfalls to avoid" in professional discussions underscores that these are not secondary considerations but integral components of the planning process. A single misstep in one regulatory domain, such as non-compliance with a SEBI disclosure, could potentially jeopardize the entire restructuring, even if NCLT approval has been obtained. Therefore, strategic planning must proactively anticipate and integrate all regulatory requirements, rather than treating them as isolated hurdles.

II. Corporate Restructuring Mechanisms and Their Tax Nuances

A. Capital Reduction: Optimizing Structure, Managing Taxable Events

Capital reduction is a corporate finance process that involves decreasing a company's shareholding equity, typically achieved through methods such as the cancellation of shares or share repurchases. Companies undertake capital reduction for a variety of strategic reasons, including optimizing the company's capital structure, particularly by reducing accumulated losses to present a healthier financial statement, and returning excess funds to shareholders when a company possesses surplus cash. It can also provide liquidity to shareholders, especially minority or dissenting shareholders in unlisted companies, who may otherwise lack an easy exit route.

Governed by Section 66 of the Companies Act, 2013, any proposal for capital reduction must first be authorized by a special resolution passed by the company's shareholders, subsequently requiring confirmation from the NCLT. The Act permits extinguishing or reducing liability on unpaid share capital, cancelling paid-up capital unrepresented by assets, or paying off excess paid-up capital. The NCLT approval process is rigorous, involving notifications to stakeholders (including creditors and the Central Government), and confirmation is granted only if creditor claims are discharged, determined, adequately secured, or consented to. A critical restriction is that a company cannot reduce its share capital if it has pending repayments on deposits or interest thereon.

The tax implications of capital reduction are multifaceted. The Supreme Court has consistently held that a capital reduction leading to the cancellation or extinguishment of rights in shares constitutes a 'transfer' under Section 2(47) of the Income Tax Act, 1961, making any payout received by the shareholder exigible to capital gains tax under Sections 45 and 48. Furthermore, a portion of the proceeds, specifically to the extent of accumulated profits distributed, is treated as a 'deemed dividend' under Section 2(22) and taxed accordingly. Section 56(2)(x), which taxes the receipt of property for inadequate consideration, generally does not apply to the issuer company itself when cancelling its own shares.

A significant nuance in capital reduction pertains to NCLT scrutiny, particularly regarding transactions perceived as "disguised buybacks." The Philips India Limited case presented a notable challenge, where the NCLT rejected a selective capital reduction aimed at buying out minority shareholders, viewing it as a "disguised buy-back" falling outside the scope of Section 66. This ruling stands in contrast to established judicial precedents, such as Elpro International Ltd. and Sandvik Asia Ltd., which generally sanctioned selective capital reductions for minority exits, provided procedural requirements were met. This suggests a potential shift towards stricter scrutiny of the purpose behind capital reduction, especially when it resembles a share buy-back. This judicial evolution highlights the ongoing tension between corporate flexibility and regulatory intent, compelling companies to meticulously justify the purpose and substance of a capital reduction, not merely its procedural compliance.

Case Study Example: Bharti Telecom Limited (BTL)

Bharti Telecom Limited (BTL) undertook a capital reduction to offer an exit opportunity to its public minority shareholders whose shares had become untradeable post-delisting between 1999 and 2000, leading to a loss of

marketability. The strategic rationale also included reducing administrative and compliance costs associated with servicing a dispersed small shareholding.

The capital reduction faced legal challenges, including allegations of unfairness, coercion, and non-compliance with Sections 66 and 102 of the Companies Act, 2013, particularly regarding valuation discrepancies and lack of transparency. Appellants argued that the offered price (Rs. 163.25, totalling Rs. 196.80 including dividend distribution tax (DDT)) was too low compared to a recent preferential allotment to SingTel (Rs. 310) and that a 25% Discount for Lack of Marketability (DLOM) was inappropriate.

The NCLAT, however, upheld the capital reduction, emphasizing that Section 66 permits reduction "in any manner whatsoever" and that such decisions are matters of domestic concern, where the majority decision prevails. The Tribunal found no gross unfairness in the valuation, noting that valuation is a technical matter for experts and courts should not interfere unless there is fraud or illegality. The NCLAT also confirmed that the dividend distribution tax (DDT) of Rs. 33.55 per share was factored into the payout, making the total consideration Rs. 196.80.

The BTL case vividly illustrates the tension between the "will of the majority" in corporate actions and the protection of minority shareholders. While the NCLAT affirmed the broad powers under Section 66 and the commercial wisdom of the majority (99.90% approval), it also emphasized the court's role in ensuring fairness and the absence of oppression. The fact that the NCLAT specifically addressed the DLOM and the valuer's independence, even while upholding the scheme, demonstrates that judicial scrutiny, though limited, is crucial for preventing abuse. The court's acceptance of the valuer's rationale, even when challenged, reinforces the deference to expert opinion in complex financial matters. This case sets a precedent that selective capital reduction for minority exits is permissible in India, provided it is procedurally compliant, commercially rational, and the valuation is deemed fair by independent experts, even if a minority disputes it. It underscores that while minority shareholders do not have a "veto right," they do have legal avenues to challenge unfairness, which courts will review, albeit with a high bar for intervention.

B. Mergers (Amalgamations): Synergies, Tax Neutrality, and Loss Utilization

A merger, often referred to as an amalgamation in the Indian context, involves the combination of two or more companies into a single entity. This can occur either by one or more companies merging with an existing company, or by two or more companies combining to form an entirely new company. The strategic rationale behind mergers is often multi-faceted, including achieving greater operational efficiency, resolving financial distress, gaining a competitive advantage in the market, reducing overall costs, or leveraging specific tax benefits.

Mergers in India are primarily governed by Sections 230 to 240 of the Companies Act, 2013, which delineate procedures for various types, including normal mergers (Sections 230-232), fast-track mergers (Section 233), and cross-border mergers (Section 234). Normal mergers require significant judicial oversight, commencing with an application to the NCLT, followed by NCLT-directed meetings of creditors and/or members (requiring 75% approval by value), and culminating in NCLT sanction. The NCLT's scrutiny ensures compliance with the Companies Act and other applicable laws, particularly safeguarding creditors and minority shareholders.

The Income Tax Act, 1961, provides for the tax-neutrality of 'amalgamations' under Section 2(1B) if a set of prescribed conditions are satisfied. Key among these conditions is that all property and liabilities of the amalgamating company must become the property and liabilities of the amalgamated company, and shareholders holding not less than three-fourths in value of the shares in the amalgamating company must become shareholders of the amalgamated company. A crucial tax benefit is the carry forward and set off of accumulated losses and unabsorbed depreciation allowance of the amalgamating company by the amalgamated company under Section 72A, subject to specific conditions. This provision is a significant driver for mergers involving loss-making entities. Generally, the exchange of shares by shareholders in a tax-neutral amalgamation is considered a tax-neutral event for

the shareholders; however, if stringent conditions for tax neutrality are not met, the transaction can trigger capital gains tax.

A critical nuance in achieving tax neutrality under Section 2(1B)(iii) is the interpretation of the phrase "immediately before the amalgamation." A recent ruling by the Chennai Bench of the Income Tax Appellate Tribunal (ITAT) held that for the purpose of determining tax neutrality, the shareholding of the amalgamating company as on the 'Appointed Date' (the date from which the amalgamation is deemed effective, often retrospective as per the scheme) should be considered, rather than the 'Record Date' or 'Effective Date' (the date of NCLT sanction or ROC filing). This interpretation introduces a significant retrospective element to tax neutrality. Companies might structure a merger to be compliant at the time of NCLT sanction or record date, only to find it non-compliant for tax purposes if the shareholding changes between the retrospective appointed date and the effective date. This means tax planning cannot just focus on the present or future but must also meticulously verify historical shareholding patterns relative to the chosen appointed date, adding a layer of complexity and potential risk.

Case Study Examples:

The merger of **HDFC Bank and HDFC Ltd. (2023)** was a landmark event aimed at strengthening HDFC Bank's customer base and coverage, while HDFC Ltd. sought access to lower-cost bank funds (CASA deposits) and regulatory compliance. This resulted in the creation of India's largest private-sector bank and significant cross-selling opportunities.

Similarly, the **PVR and INOX Leisure (2022)** merger aimed to leverage synergies, improve competitiveness post-pandemic, and optimize costs, leading to India's largest multiplex operator.

The case of **Panasonic India Private Limited and Panasonic Life Solutions India Private Limited** involved the merger of a loss-making company with a profit-making one, likely to utilize Section 72A tax benefits. The Income Tax Department objected, but the NCLT allowed the scheme, emphasizing commercial wisdom while noting that tax authorities retain the right to scrutinize transactions for tax avoidance. This case clearly demonstrates that while NCLT respects the "commercial wisdom" of shareholders in approving mergers, the Income Tax Department retains its independent right to scrutinize the transaction for tax avoidance.

The **Deepshikha Trading Company Pvt. Ltd.** case further clarified that tax benefits, such as TDS and Advance Tax credits, associated with the transferor company must flow to the amalgamated entity. The ITAT ruled that since the amalgamating company ceased to exist and its income was included in the amalgamated company's return, the credits must be allowed to the amalgamated entity, reinforcing the principle of continuity post-merger for tax purposes. This reinforces the idea that the legal reality of amalgamation (cessation of one entity, absorption by another) has direct tax consequences that must be respected by tax authorities, even amidst scrutiny. Companies must not only have a sound commercial rationale for mergers but also ensure that the structure and execution strictly comply with tax law conditions to withstand independent tax scrutiny and fully realize intended tax synergies.

C. Demergers: Unlocking Value, Isolating Risk, and Conditional Tax Benefits

A demerger is a corporate restructuring process where a single company is divided into two or more distinct and separate entities. This strategic manoeuvre is typically undertaken to enable each newly formed entity to concentrate exclusively on its core operations, thereby enhancing operational efficiency and ultimately increasing shareholder value. Motivations include separating non-core or underperforming divisions, unlocking hidden value within a conglomerate, and mitigating risks by isolating risky operations.

Demergers in India are typically implemented through a Scheme of Arrangement, governed by Sections 230-232 of the Companies Act, 2013. The procedural requirements largely mirror those for mergers, necessitating a comprehensive approval process involving the NCLT, along with potential regulatory approvals from the CCI and SEBI.

The tax implications of a demerger are primarily governed by the Income Tax Act, 1961, with a specific focus on ensuring tax neutrality if certain stringent conditions are met under Section 2(19AA). These conditions include the transfer of the entire undertaking or a part thereof as a going concern (where "undertaking" is broadly defined but explicitly excludes individual assets not constituting a complete business activity), NCLT sanction, transfer of all property and liabilities specifically related to the undertaking, exclusive share consideration (no cash), substantial continuity of beneficial ownership, and continued operations post-demerger. If these conditions are rigorously met, the demerged company does not incur capital gains tax on the transfer of assets. Shareholders face no immediate tax liabilities on the allotment of new shares; tax implications only arise when these newly acquired shares are subsequently sold, with the cost of acquisition determined proportionally. A significant benefit is that the resulting company can carry forward and set off any accumulated losses and unabsorbed depreciation pertaining to the transferred undertaking.

The "substance over form" principle is strongly applied in demergers, meaning NCLT sanction does not guarantee tax neutrality if Section 2(19AA) conditions are not met. The demerged entity must genuinely constitute a "going concern" with a proper transfer of both assets and liabilities. The precision required for defining an "undertaking" and ensuring comprehensive asset/liability transfer is paramount for tax consequences.

Case Study Examples:

The contrasting outcomes in **Grasim Industries Ltd. (2022)** and **Reckitt Benckiser Healthcare India (P.) Ltd.** are highly instructive. Grasim demerged its financial services business, and while the Assessing Officer initially argued it wasn't a valid "undertaking" for tax neutrality, the ITAT ruled it was tax-compliant. The Tribunal clarified that the transferred assets, liabilities, employees, and premises constituted a functional "undertaking" capable of operating as a going concern. In contrast, Reckitt Benckiser demerged its treasury unit, but only assets were transferred, while significant liabilities remained with the transferor company. The ITAT ruled that this did not constitute a valid demerger for tax purposes and treated it as a taxable transfer and a deemed dividend, emphasizing the strict interpretation of Section 2(19AA).These cases highlight that the definition of "undertaking" under Section 2(19AA) is not merely a legal formality but a critical tax determinant. A partial or selective transfer, even if commercially logical, can lead to significant capital gains taxation. Companies contemplating demergers must conduct rigorous due diligence to ensure that the business unit being demerged is truly a self-contained "undertaking" with all associated assets and liabilities.

The **Aditya Birla Fashion & Retail Limited (ABFRL) (2024)** demerger, separating its Madura Fashion & Lifestyle business into a new listed entity, aimed to optimize capital structures, unlock shareholder value, and create focused players. While tax neutrality is a key benefit, the primary strategic driver was operational and market-driven, aiming for ambitious growth targets for both entities. This illustrates that while tax neutrality is a crucial benefit, the primary strategic drivers for demergers are often operational and market-driven. Tax efficiency, in this context, serves as a critical enabler of these strategic goals, allowing the business to achieve its commercial objectives without incurring prohibitive tax costs.

D. Slump Sales: Efficient Business Transfers and GST Considerations

A "slump sale" is a widely utilized method of business restructuring in India, involving the transfer of an entire business undertaking as a going concern for a single, lump sum consideration, without assigning individual values to the specific assets and liabilities being transferred. An "undertaking" is broadly defined as a unit or business activity, excluding individual assets or liabilities that do not constitute a complete business activity.

The transfer of an undertaking via slump sale is governed by Section 180 of the Companies Act, 2013, which requires prior approval of shareholders through a special resolution for the sale of the whole or substantially the whole of an undertaking. Unlike mergers and demergers, slump sales generally do not require NCLT approval, making them a less complex and more time-efficient method for business acquisitions.

For tax purposes, profits or gains arising from a slump sale are chargeable to income-tax as capital gains under Section 50B of the Income Tax Act, 1961. The capital gains are computed as the difference between the lump sum consideration and the "net worth" of the undertaking, which is deemed the cost of acquisition. Legal fees, consultancy charges, and other transaction costs incurred during the transfer are allowable as deductions under Section 48 while computing capital gains. Generally, Goods and Services Tax (GST) is not levied on the lump sum consideration received for a slump sale, as it is typically considered a transfer of a "business" as a going concern, rather than a "sale of goods" or individual services.

A critical nuance for tax optimization in slump sales lies in distinguishing between a "slump sale" and a "slump exchange." Section 50B applies specifically to "slump sale," which requires *money consideration*. If the consideration is in kind (e.g., shares or debentures), the transaction is an "exchange" or "barter," not a "sale." In such "slump exchange" scenarios, Section 50B may not be attracted, potentially leading to a nil capital gains tax liability for the transferor. This distinction highlights how the form of consideration can drastically alter the tax outcome. If the consideration is cash, capital gains under Section 50B are almost certain. However, if it shares, it might be argued as an exchange, potentially avoiding Section 50B and leading to nil capital gains. This makes the form of consideration a significant tax planning lever, though it carries risks if not correctly navigated. Businesses must carefully consider the form of consideration in a business transfer to optimize tax outcomes, understanding that a "slump exchange" could be a powerful, albeit risky, tax-saving strategy.

III. Family Settlements: A Unique Tool for Wealth and Legacy Protection

A family settlement is a unique and widely recognized agreement among members of the same family in India. Its primary objective is to ensure the general and reasonable benefit of the family by resolving existing or potential disputes, compromising doubtful or disputed rights, preserving family property, maintaining peace and security, avoiding litigation, or saving the family's honour. This agreement can be implied from a long course of dealing, but it is more commonly formalized in a deed. The term "family" in this context is interpreted broadly by the Supreme Court, extending beyond those with a legal right of succession to include a group of persons related in some way, having a possible claim or a semblance of a claim, even if based on affection. Such settlements, when made bona fide and without fraud, are generally approved by the courts and are governed by a special equity principle, aiming to protect the family from prolonged litigation or perpetual strife.

Unlike commercial transactions governed strictly by contract law, family settlements are afforded a "special equity." This means courts are more lenient towards formal defects and prioritize the overarching goal of family peace and harmony over strict legal claims or even initial ignorance of rights. This fundamental departure from typical legal scrutiny is critical to their effectiveness as a wealth protection tool, making them uniquely powerful for wealth and legacy protection, as they can achieve outcomes (like tax-neutral redistribution) that might be difficult or impossible through conventional corporate or property law mechanisms, provided the underlying intent is bona fide dispute resolution.

The tax implications of family settlements are primarily derived from judicial interpretations, making them a powerful tool for tax-efficient wealth redistribution. A fundamental principle established by various court judgments is that a bona fide family arrangement is generally not considered a "transfer" for the purpose of capital gains tax under Section 2(47) of the Income Tax Act, 1961. This is because such an arrangement is viewed as a recognition or re-alignment of pre-existing rights, rather than a creation or transfer of new rights. Consequently, no capital gains tax is attracted on the redistribution of wealth or assets among family members through a valid family arrangement. This principle has been upheld in various Supreme Court cases, including **Tek Bahadur Bhujil, Kale & Others , and Maturi Pullaiah.**

Paras D. Gundecha case explicitly states that the amount received is an "offshoot of capital asset of the joint family," not new income. This judicial affirmation makes family settlements an indispensable tool for inter-generational

wealth transfer and dispute resolution in family-owned businesses, offering a unique avenue for tax efficiency not available through conventional asset sales or gifts (beyond specified relatives).

Regarding Section 56(2)(x) (Income from Other Sources/Gifts), while gifts from specified relatives are exempt, courts have held that the expectation of establishing amity, preserving peace, settling disputes, and relinquishing other claims can constitute sufficient "consideration," thereby potentially exempting assets received under a family settlement from taxation under this section. A critical nuance, however, is that the tax-neutrality benefit of a family arrangement may not extend to corporate entities. If a family settlement necessitates the transfer of shares or assets owned by a company to another person or entity, such a transfer may be considered taxable for the company, as a company is a separate legal entity distinct from its family members. Furthermore, a full partition of a Hindu Undivided Family (HUF) is generally not considered a "transfer" for tax purposes, and the assets distributed to members are not subject to capital gains tax; however, partial partitions of an HUF are not recognized for tax purposes after March 30, 1978.

Strategically, family settlements offer a mechanism for amicable dispute resolution over asset distribution, inheritance, or rights among family members, avoiding lengthy and expensive court battles. Their primary goal is to preserve family property, maintain peace, and ensure goodwill, thereby preventing prolonged litigation that could damage family unity and wealth. They are integral to succession planning, ensuring that legacies remain alive and wealth is passed down across generations with minimum conflict. In family-owned enterprises, family settlements can be combined with corporate restructuring tools like demergers or amalgamations to formalize the division or consolidation of family-owned businesses, allowing different segments to operate more smoothly and independently.

IV. Case Studies: Corporate Restructuring in Practice

A. The Godrej Group Split: A Masterclass in Tax-Efficient Family Arrangement and Brand Preservation

The multi-billion-dollar amicable split of the Godrej Group in 2024 between the Adi Godrej/Nadir Godrej family and the Jamshyd Godrej/Smita Godrej Crishna family is a prime example of a large-scale family settlement. This restructuring was driven by the desire to allow newer generations to unlock more value from the conglomerate while preserving brand goodwill and credibility. The aim was for the families to independently run the management and operations of their allocated entities.

The reorganization created four family branches, which were then divided into two groups: the Adi Group and the Jamshyd Group. This structure was formalized by a Family Settlement Agreement (FSA) dated April 30, 2024. Additionally, a Brand and Non-Compete Agreement (BNC) was executed on the same date to govern the adoption, use, ownership, and registration of the 'Godrej' brand. Notably, none of the Godrej group companies were direct parties to these agreements.

Navigating the complexities of public M&A and antitrust considerations was crucial. The transfer of shares in listed entities (falling under the Adi Group Entities) triggered open offer obligations under SEBI Takeover Code. However, the group leveraged the 'Inter-se Promoter Exemption' (Regulation 10(1)(a)(ii)) for most listed entities (GIL, GCPL, GPL, GAVL) where both groups had been disclosed as promoters for three years. For Astec, where this exemption was not available, the Adi Group made a mandatory open offer for 26% shares from public shareholders. The restructuring also triggered antitrust review under the Competition Act, 2002, but the CCI deemed it an 'internal reorganization' unlikely to significantly change market dynamics, despite identifying horizontal and vertical overlaps in their business activities.

The settlement was meticulously structured to avoid significant tax implications, particularly capital gains tax, by

leveraging the judicial principle that a bona fide family arrangement is not considered a "transfer." Experts noted that this approach helped manage tax implications. However, it was emphasized that if corporate entities directly alienated assets as part of the arrangement, such transfers by the companies themselves could be taxable, as companies are separate legal entities. The success in tax efficiency, particularly for capital gains, hinged on the fact that "none of the Godrej group companies were party to these agreements". This is a direct application of the nuance that the "no transfer" principle for family settlements applies to individuals, not corporate entities. By structuring the primary wealth redistribution at the individual shareholder level, they likely minimized corporate-level capital gains. This sophisticated tax planning strategy distinguishes between the family as a collective of individuals and the companies as separate legal persons. For large family-owned conglomerates, effective tax planning in family settlements requires a clear delineation between individual family members' assets and corporate assets, and structuring the primary settlement at the individual level where the "no transfer" principle can be invoked.

The BNC (Brand and Non-Compete Agreement) is a critical component for legacy protection, ensuring brand preservation with equal ownership and exclusive/non-exclusive usage rights for different business segments, along with a six-year non-compete period. This structured approach prevents immediate direct competition and allows each group to establish its independent identity while leveraging the brand's legacy. However, it depends upon terms entered into an agreement , there is also an example of HoCCo 's promoters (erstwhile promoter of HavMor) after expiring validity term of BNC, restarted Ice cream business.

B. Vadilal Industries: Post-Feud Restructuring for Consolidation and Brand Integration

In March 2025, the promoter Gandhi Family of Vadilal Industries Limited (VIL) resolved their intra-family disputes through a comprehensive restructuring that included a family arrangement. This arrangement aimed to strengthen board independence and funding frameworks. Alongside this, VIL approved a composite amalgamation scheme to consolidate several promoter-held entities, including Vadilal International Private Limited (VIPL), Vadilal Finance Company Private Limited (VFCPL), and Veronica Constructions Private Limited (VCPL) into VIL.

A key strategic rationale was to house the "Vadilal" brand (intellectual property rights held by VIPL) directly within VIL, securing its continuous use and enhancing stakeholder value by eliminating licensing complexities and royalty payments. The amalgamation also aimed to streamline and align promoter shareholding, simplify the group structure, and improve management efficiency.

While specific tax outcomes are not detailed, the use of corporate amalgamation suggests a strategic approach to business and ownership restructuring following the family agreement. The consolidation of the brand into the listed entity and simplification of the group structure likely aimed for long-term tax efficiency and clear ownership. The restructuring emphasizes enhanced corporate governance (e.g., balanced board composition, structured future funding, affirmative voting rights) to ensure long-term stability and growth, thereby protecting the family's investment and legacy.

The Vadilal case demonstrates how family settlements, while distinct, often leverage conventional corporate restructuring tools (like amalgamation) to formalize the division or consolidation of family-owned businesses. The explicit goal of consolidating the "Vadilal" brand within the main operating entity (VIL) and streamlining promoter holdings is a direct strategic move to protect and enhance a core intangible asset of the family business, which has significant long-term value and tax implications (e.g., cessation of royalty payments). This shows a proactive approach to legacy protection beyond just asset division. Family businesses should view corporate restructuring mechanisms not just as tools for operational efficiency or tax savings, but as integral components for formalizing family arrangements, ensuring business continuity, and safeguarding critical intangible assets like brand value for future generations.

V. Comparative Analysis of Restructuring Tools for Tax and Legacy Planning

The choice among various corporate restructuring methods is a critical strategic decision, heavily influenced by a company's specific objectives, financial health, and risk appetite. The following comparative table provides a high-level overview of Capital Reduction, Mergers, Demergers, Slump Sales, and Family Settlements, highlighting their distinct features across key parameters. This consolidated view facilitates a rapid understanding of the fundamental differences and similarities, aiding in the selection of the most appropriate tool for a given scenario.

Feature	Capital Reduction	Merger (Amalgamation)	Demerger	Slump Sale	Family Settlement
Definition	Decreasing shareholding equity via cancellation/re purchase	Combining two or more companies into one	Dividing a company into two or more separate entities	Transfer of an entire business undertaking as a going concern for lump sum consideration	Agreement among family members to resolve disputes, preserve property, maintain peace
Primary Legal Framework (Companies Act, 2013)	Section 66	Sections 230-234	Sections 230-232	Section 180	Primarily judicial precedents; Registration Act, 1908 (for immovable property)
NCLT Approval Required?	Yes	Yes (Normal Merger) / No (Fast-track, if no objections)	Yes	Generally No	Generally No
Shareholder Approval	Special Resolution	75% in value / 90% for Fast-track	75% in value	Special Resolution (for whole/substantially whole undertaking)	Not explicitly defined by statute; mutual consent of all parties
Creditor Protection	NCLT ensures claims discharged/secured/consented	NCLT ensures claims addressed	NCLT ensures claims addressed	No direct NCLT oversight, but buyer may not inherit liabilities	Not a primary focus; depends on specific terms and existing liabilities
Primary Tax Section (Income Tax Act, 1961)	Sections 2(47), 45, 48, 56(2)(x), 2(22)	Sections 2(1B), 72A, 28(iv)	Sections 2(19AA), 47, 49(2C), 72A	Sections 2(42C), 50B, 48	Judicial precedents (no "transfer"), Section 56(2)(x) (gifts/inadequate consideration), HUF provisions

Feature	Capital Reduction	Merger (Amalgamation)	Demerger	Slump Sale	Family Settlement
Tax Neutrality Potential	Limited (taxable as capital gains/deemed dividend)	High, if Section 2(1B) conditions met	High, if Section 2(19AA) conditions met	Generally taxable as capital gains	High (no "transfer" for capital gains); conditional for corporate entities
Key Strategic Objectives	Optimize capital, return funds, reduce losses, minority exit	Growth, market share, economies of scale, financial stability, tax synergies	Focus, unlock value, risk mitigation, improved capital access	Business transfer, liability management, regulatory simplicity	Resolve disputes, preserve wealth, succession planning, maintain family harmony
Complexity	Moderate (NCLT approval)	High (NCLT, multiple regulatory bodies)	High (NCLT, multiple regulatory bodies)	Moderate (Shareholder approval for undertaking, no NCLT)	Moderate (drafting, registration, stamp duty, judicial interpretation)

VI. Recommendations for Tax-Efficient Restructuring and Legacy Planning

Emphasizing Comprehensive Due Diligence

Thorough legal, financial, and tax due diligence is indispensable before committing to any restructuring. This proactive step helps in identifying potential risks, liabilities, and opportunities, allowing for informed decision-making and risk mitigation. The repeated emphasis on "due diligence" and "meticulous compliance" throughout the analysis, especially in the context of the "substance over form" principle and conditional tax neutrality, highlights that successful restructuring is not about finding loopholes but about rigorous preparation. A reactive approach, where tax or legal issues are addressed only after NCLT approval or tax assessment, can lead to significant penalties and loss of intended benefits. Therefore, investment in comprehensive, multi-disciplinary due diligence at the earliest stages of restructuring planning is not merely a cost but a critical investment in risk mitigation and value maximization.

Importance of Meticulous Compliance with Dual Legal Frameworks

Strict adherence to all procedural and substantive requirements of both the Companies Act and the Income Tax Act, alongside compliance with other regulatory bodies like SEBI, RBI, and CCI, is critical. As demonstrated by cases like Grasim and Reckitt Benckiser, NCLT approval does not override specific Income Tax Act conditions. The "dual framework" concept implies an intricate interdependence between these legal regimes. A failure in one domain (e.g., not meeting the "undertaking" definition for demergers under the Income Tax Act) can negate benefits obtained under the other (e.g., NCLT sanction under the Companies Act). This means compliance must be viewed holistically, where legal and tax teams work in tandem. Businesses must adopt an integrated compliance strategy, ensuring that legal structures are always aligned with the specific, often granular, requirements of tax law to avoid unintended liabilities.

CONDONATION OF DELAY: A COMPREHENSIVE JUDICIAL ANALYSIS

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The doctrine of condonation of delay stands as a crucial safety valve within the legal procedural framework, ensuring that substantive justice is not inadvertently thwarted by the strictures of time limitations. It embodies the judiciary's inherent commitment to resolving disputes on their merits rather than dismissing them on purely technical grounds. Over decades, various judicial pronouncements have meticulously shaped the principles governing the exercise of this discretionary power, emphasising a progressive and liberal approach to serve the overarching goal of justice.

The Philosophical Underpinnings of Condonation:

At its heart, the power to condone delay, typically enshrined in provisions like Section 5 of the Limitation Act, is a recognition that human affairs are not always conducted with mathematical precision or unwavering diligence. Litigants, despite their best intentions, may encounter genuine impediments that prevent them from adhering strictly to prescribed timelines. The courts have consistently held that rules of limitation are not designed to be punitive or to destroy the legitimate rights of parties, but rather to prescribe a period within which legal remedies must be pursued, thereby promoting certainty and preventing stale claims.

The Supreme Court, in the seminal case of Collector, Land Acquisition, Anantnag and Ors. v. Katiji and Ors., MANU/SC/0460/1987, eloquently articulated this philosophy. The Court observed that the expression "sufficient cause" is "adequately elastic to enable the courts to apply the law in a meaningful manner which subserves the ends of justice—that being the life purpose of the existence of the institution of Courts." This pronouncement underscores that judicial discretion in condoning delay is not an act of leniency but a vital tool to ensure that procedural law facilitates, rather than obstructs, the delivery of justice. The court's dignity and respect, it was noted, emanate not from legalizing injustice on technical grounds but from its ability to remove injustice and render even-handed justice on merits.

Core Principles Guiding Condonation

Several key principles have emerged from judicial precedents, providing a robust framework for courts to navigate applications for condonation of delay:

(1) ***Liberal Interpretation of "Sufficient Cause"***

The most consistently reiterated principle is that the phrase "sufficient cause" must be interpreted liberally. This is not a mere suggestion but a fundamental directive to courts. The rationale is clear: a rigid interpretation would inevitably lead to the dismissal of many meritorious cases on technicalities, thereby defeating the very purpose of judicial review. In N. Balakrishnan v. M. Krishnamurthy, MANU/SC/0573/1998, the Supreme Court reiterated that "sufficient cause" under Section 5 of the Limitation Act should receive a liberal construction so as to advance substantial justice. This liberal approach recognizes the myriad reasons, often beyond a litigant's direct control, that might contribute to delay.

(2) ***Prioritizing Substantial Justice Over Technicalities***

When faced with a conflict between technical considerations arising from limitation periods and the broader imperative of achieving substantial justice, courts are unequivocally directed to lean in favour of the latter. The judiciary's primary function is to resolve disputes fairly and justly. Dismissing a case merely on the grounds of delay, particularly when a genuine and plausible explanation is offered, is seen as an affront to the pursuit of justice. The very essence of the legal system is to ensure that genuine grievances are addressed, and valid claims are adjudicated on their merits. The Collector, Land Acquisition judgment powerfully emphasizes this by stating that where substantial justice and technical considerations are in conflict, the former should be preferred.

(3) ***Absence of Presumption of Deliberate Delay or Mala Fides***

Courts generally operate on the premise that a litigant does not ordinarily stand to benefit from delaying legal proceedings. Delay almost always carries inherent risks for the party causing it, including the risk of losing the legal battle entirely, incurring additional costs, and facing evidentiary challenges. Therefore, there is no automatic presumption that a delay is deliberate, or attributable to culpable negligence, or motivated by mala fides. Instead, the burden lies on the applicant to provide a credible explanation, but the court's approach to evaluating that explanation should not be tinged with an initial suspicion of ill-intent. As held in N. Balakrishnan v. M. Krishnamurthy, a litigant ordinarily would not stand to benefit by lodging an appeal late.

(4) ***Consequences of Refusing Condonation***

A critical consideration for courts is the ultimate impact of refusing to condone a delay. Such a refusal often results in a meritorious matter being dismissed at the very threshold, thus permanently foreclosing a party's right to have their case heard and decided on its substantive merits. Conversely, condoning a delay merely allows for a fuller adjudication of the matter after hearing all parties, ensuring a just outcome. This distinction highlights the judiciary's preference for resolving disputes on merit rather than on procedural technicalities, as seen in the approach adopted by the Mumbai ITAT in Shri Halvad Yuvak Mandal v. Commissioner of Income-tax (Exemption), [2025] 174 taxmann.com 1007 (Mumbai - Trib.), where the tribunal found that the ends of justice would be met by granting another opportunity to the assessee.

(5) ***Pragmatic Application of the "Every Day's Delay" Doctrine***

While it is a commonly cited legal maxim that "every day's delay must be explained," courts have cautioned against a pedantic or overly literal application of this principle. It does not imply that an applicant must provide a day-to-day, hour-by-hour, or minute-by-minute account of the delay. Such a requirement would often be impractical and an undue burden on litigants. Instead, the explanation offered should be rational, commonsensical, and pragmatic, reflecting the real-world circumstances that led to the delay. The focus is on the "acceptability of the explanation," not merely the "length of delay," as articulated in N. Balakrishnan v. M. Krishnamurthy, where it was clarified that a delay of shortest range might be uncondonable for want of acceptable explanation, whereas a delay of a very long range can be condoned if the explanation is satisfactory.

(6) ***Consideration for the Opposing Party and Compensation***

While the emphasis is on advancing substantial justice for the applicant, courts are also mindful of the rights and potential prejudice to the opposing party. A delay in initiating proceedings can cause inconvenience and necessitate additional litigation expenses for the respondent. To balance these competing interests, courts have suggested that it would be a "salutary guideline" that when delay is condoned due to laches on the part of the applicant, the court might direct the applicant to compensate the opposite party for their incurred losses. This principle, also enunciated in N. Balakrishnan v. M. Krishnamurthy, aims to mitigate any undue hardship caused to the respondent while still allowing the case to proceed on its merits.

(7) ***The State as a Litigant: A Special Consideration***

A distinct line of judicial reasoning applies when the State or its instrumentalities are the applicants seeking condonation of delay. Recognizing the inherent nature of governmental functioning—characterized by impersonal machinery, bureaucratic processes, and the "note-making, file pushing, and passing-on-the-buck ethos"—courts have acknowledged that delays on the part of the State are "less difficult to understand though more difficult to approve." The Supreme Court in Collector, Land Acquisition, Anantnag and Ors. v. Katiji and Ors., MANU/SC/0460/1987, explicitly stated that the State, representing the collective cause of the community, does not deserve a "litigant-non-grate" status. Therefore, a slightly more liberal approach is often adopted when the State seeks condonation, provided the delay is not attributable to gross negligence or willful default. This aligns with the doctrine of equality before the law, ensuring that the State is not unduly disadvantaged simply by virtue of its organizational structure.

(8) ***Circumstances Beyond Control***

Another crucial aspect is the nature of the cause for delay. If the delay is not a result of any neglect or fault on the part of the applicant but rather due to circumstances genuinely beyond their control, courts are generally inclined to condone such delays. This principle was reiterated by the Mumbai ITAT in Naveen Kishor Mohnot v. Income-tax Officer, [2023] 152 taxmann.com 658 (Mumbai - Trib.), which held that where an assessee delayed in filing an appeal not due to any neglect but due to circumstances beyond their control, the application for condonation of delay was to be allowed. Such circumstances could include illness, natural calamities, or unforeseen administrative hurdles, provided they are adequately explained and substantiated.

Conclusion

The judicial approach to condonation of delay is a testament to the dynamic and equitable nature of the legal system. It is a finely tuned balance between the need for finality in litigation and the imperative of delivering substantive justice. While timeliness is certainly valued, courts have consistently demonstrated a willingness to overlook procedural lapses when a genuine, reasonable, and non-negligent cause for delay is established. This liberal and pragmatic stance ensures that the doors of justice remain open to all, allowing for the adjudication of rights and liabilities on their true merits, thereby upholding public confidence in the judicial process.

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Constitutional Safeguards Against Arbitrary GST Registration Cancellation: Article 19(1)(g) as the Cornerstone of Trade Protection

Abstract

The cancellation of GST registration represents one of the most severe administrative sanctions available to tax authorities, often resulting in the complete cessation of legitimate business operations. This article examines the constitutional dimensions of GST registration cancellation, with particular focus on Article 19(1)(g) of the Constitution of India, which guarantees the fundamental right to carry on trade and business. Through an analysis of recent judicial pronouncements, this piece demonstrates how courts have increasingly recognized GST registration cancellation as a quasi-penal measure requiring strict adherence to constitutional principles and natural justice.

Introduction: The Constitutional Foundation of Trade Rights

Article 19(1)(g) of the Constitution of India enshrines the fundamental right "to practise any profession, or to carry on any occupation, trade or business." This provision, part of the fundamental rights chapter, represents the constitutional recognition of economic freedom as essential to individual liberty and national prosperity. The Supreme Court, in landmark cases such as *Olga Tellis v. Bombay Municipal Corporation* and *Maneka Gandhi v. Union of India*, has consistently held that this right cannot be curtailed except through procedure established by law that is fair, just, and reasonable.

In the context of GST administration, registration cancellation emerges as perhaps the most draconian power exercised by tax authorities. Unlike monetary penalties or prosecutions, registration cancellation strikes at the very root of a taxpayer's ability to conduct business legally within the GST framework. The constitutional implications of such administrative action have increasingly attracted judicial scrutiny, resulting in a robust jurisprudence that seeks to balance revenue protection with fundamental rights.

The Doctrinal Framework: GST Registration as Constitutional Right

The Nature of GST Registration

GST registration, while appearing to be a mere administrative formality, has acquired the character of a constitutional entitlement for those engaged in taxable activities above the prescribed threshold. The Bombay High Court, in *State of Maharashtra v. Hindustan Petroleum Corporation Ltd.*, observed that registration under tax laws creates legal rights and legitimate expectations that cannot be arbitrarily extinguished.

The constitutional significance of GST registration stems from its mandatory nature for business operations. Section 22 of the CGST Act makes registration compulsory for suppliers whose aggregate turnover exceeds the threshold limit. Once obtained, this registration becomes the gateway for legal business operations, making its arbitrary cancellation tantamount to denial of the right to carry on business.

Proportionality Principle in Administrative Action

The doctrine of proportionality, derived from Article 14 read with Article 19(1)(g), requires that administrative action be commensurate with the gravity of the violation. The Supreme Court in *Om Kumar v. Union of India* established that administrative penalties must be proportionate to the misconduct, and excessive punishment violates constitutional principles.

Judicial Pronouncements: Building the Constitutional Shield

1. **A.M. Enterprises v. Commissioner of State Tax: The Proportionality Paradigm**

Citation: Himachal Pradesh High Court (2024) 22 CENTAX 573

Constitutional Framework Established:

The Himachal Pradesh High Court's decision in *A.M. Enterprises* represents a watershed moment in GST jurisprudence, establishing multiple constitutional principles simultaneously. The court held that cancellation of GST registration on the pretext of Rule 86B violation constituted disproportionate punishment that violated Articles 14, 19(1)(g), and 300A of the Constitution.

Key Legal Principles:

1. **Proportionality Analysis:** The court applied the doctrine of proportionality, holding that the severity of punishment must correspond to the gravity of the alleged violation.
2. **Article 14 Violation:** Arbitrary exercise of power without following established procedures violates the equality clause.
3. **Article 19(1)(g) Protection:** The fundamental right to carry on business cannot be extinguished through administrative fiat without due process.
4. **Article 300A Implications:** The constitutional right to property extends to business interests and commercial relationships.

Judicial Observations:

The court noted that Rule 86B, designed to prevent tax evasion through fake Input Tax Credit (ITC), was being applied mechanistically without considering individual circumstances. The judgment emphasized that administrative convenience cannot override constitutional rights, and each case must be evaluated on its merits.

2. **Maharashtra Scrap v. Joint Commissioner: The Burden of Proof Standard**

Citation: Bombay High Court (2024) 24 CENTAX 128

Legal Principle Established: Fraud allegations require specific evidence and detailed reasoning

The Bombay High Court's decision addressed the critical issue of burden of proof in registration cancellation proceedings based on fraud allegations. The court held that vague allegations of fraud without specific details violate both natural justice principles and Article 19(1)(g) rights.

Constitutional Analysis:

1. **Due Process Requirements:** The right to carry on business includes the right to be informed of specific charges and evidence.
2. **Natural Justice Compliance:** Administrative authorities must provide detailed grounds for cancellation orders.
3. **Presumption of Innocence:** Business persons cannot be presumed guilty of fraud without concrete evidence.

Practical Implications:

This judgment establishes that tax authorities cannot use generic fraud allegations as grounds for registration cancellation. Each allegation must be supported by specific evidence, and taxpayers must be given adequate opportunity to respond to detailed charges.

3. **Rooban Agencies v. Assistant Commissioner: The Capital Punishment Doctrine**

Citation: Madras High Court (2024) 18 CENTAX 211

Revolutionary Judicial Metaphor: Registration cancellation as "capital punishment" for small traders

The Madras High Court introduced a powerful metaphor by describing registration cancellation as "capital punishment" for small-scale traders. This characterization fundamentally altered the constitutional analysis by emphasizing the life-and-death nature of registration for small businesses.

Constitutional Dimensions:

1. **Livelihood Protection:** Article 19(1)(g) includes the right to earn livelihood through legitimate business.
2. **Procedural Safeguards:** Capital punishment analogy requires strict adherence to due process.
3. **Small Trader Protection:** Constitutional rights cannot vary based on business size.

Socio-Economic Impact:

The court recognized that for small traders, GST registration cancellation often means complete business closure, affecting not just the trader but entire families and communities dependent on such enterprises.

4. **TVL SugunaCutpiece Center v. Commercial Tax Officer: Interpretive Principle**

Citation: Madras High Court (2022) 61 GSTL 515

Fundamental Principle: GST enactments must be interpreted to preserve, not destroy, trade rights

This judgment established a crucial principle of constitutional interpretation: GST laws cannot be construed in a manner that denies citizens their right to carry on trade and commerce. The court held that when statutory provisions are capable of multiple interpretations, the interpretation that preserves constitutional rights must be preferred.

Hermeneutical Approach:

1. **Constitutional Compatibility:** All statutory provisions must be read harmoniously with constitutional rights.
2. **Presumption Against Denial:** Courts must presume that Parliament did not intend to violate fundamental rights.
3. **Liberal Construction:** Trade rights deserve liberal, not restrictive, interpretation.

5. **S.S. Enterprises v. Assistant Commissioner: The Speaking Order Requirement**

Citation: Allahabad High Court (2024) 20 CENTAX 112

Procedural Innovation: Mandatory requirement for reasoned orders in registration cancellation

The Allahabad High Court emphasized that given the severe consequences of registration cancellation on Article 19(1)(g) rights, all cancellation orders must be "reasoned and speaking orders" that conform to principles of natural justice.

Constitutional Requirements:

1. **Reasoned Decision-Making:** Administrative authorities must provide detailed reasons for their decisions.
2. **Natural Justice Compliance:** Both audi alteram partem (hear the other side) and nemo judex in causasua (no one should be judge in their own cause) must be followed.
3. **Judicial Review Standards:** Courts can examine the adequacy of reasoning in administrative orders.

Synthesis: The Emerging Constitutional Doctrine

The Four-Pillar Framework

From the analyzed judgments, a four-pillar constitutional framework emerges for GST registration cancellation:

1. **Proportionality Principle:** The severity of cancellation must be proportionate to the alleged violation.
2. **Due Process Requirements:** Specific charges, adequate notice, and fair hearing are mandatory.
3. **Reasoned Decision-Making:** All cancellation orders must contain detailed reasoning.
4. **Constitutional Harmony:** GST provisions must be interpreted to preserve fundamental rights.

The Evolving Standard of Review

Courts have progressively adopted a stricter standard of review for registration cancellation cases, moving from administrative deference to constitutional scrutiny. This evolution reflects the judicial recognition that registration cancellation affects fundamental rights and cannot be treated as routine administrative action.

Comparative Constitutional Analysis

Article 19(1)(g) vis-à-vis Other Fundamental Rights

The right to carry on business under Article 19(1)(g) intersects with several other fundamental rights:

Article 14 (Equality): Arbitrary cancellation violates equal protection principles.

Article 21 (Life and Liberty): Livelihood through business is part of the right to life.

Article 300A (Property Rights): Business goodwill and commercial relationships constitute property.

International Perspectives

The constitutional protection of trade rights finds parallels in other democracies:

1. **United States:** Due Process Clause of the 14th Amendment protects business interests.
2. **European Union:** Article 16 of the Charter of Fundamental Rights protects freedom to conduct business.
3. **Canada:** Section 7 of the Charter protects liberty interests including economic liberty.

Practical Implications for Tax Practice

For Tax Practitioners

1. **Constitutional Arguments:** Always raise Article 19(1)(g) grounds in registration cancellation cases.
2. **Procedural Challenges:** Scrutinize compliance with natural justice principles.
3. **Proportionality Arguments:** Challenge disproportionate punishment through constitutional lens.
4. **Evidence Standards:** Demand specific evidence for fraud allegations.

For Tax Authorities

1. **Due Process Compliance:** Ensure strict adherence to procedural requirements.
2. **Reasoned Orders:** Provide detailed reasoning in all cancellation orders.
3. **Proportionality Assessment:** Evaluate whether cancellation is proportionate to the violation.
4. **Alternative Remedies:** Consider less drastic measures before cancellation.

Challenges and Future Directions

Systemic Issues

1. **Administrative Training:** Officers need training on constitutional implications of their actions.
2. **Procedural Standardization:** Uniform procedures across different tax jurisdictions.
3. **Technology Integration:** Digital systems must incorporate due process safeguards.

Judicial Development

1. **Supreme Court Guidelines:** Need for comprehensive guidelines on registration cancellation.
2. **Uniform Standards:** Harmonization of different High Court approaches.
3. **Preventive Measures:** Focus on preventing arbitrary cancellation rather than post-facto relief.

Recommendations for Reform

Legislative Reforms

1. **Statutory Due Process:** Codify detailed procedural requirements for cancellation.
2. **Alternative Penalties:** Introduce graduated penalties before resorting to cancellation.
3. **Appeal Mechanisms:** Strengthen appellate forums for registration matters.
4. **Time Limits:** Prescribe specific timelines for cancellation proceedings.

Administrative Reforms

1. **Multi-Tier Review:** Implement hierarchical review before cancellation.
2. **Show Cause Procedures:** Standardize show cause notice procedures.
3. **Officer Accountability:** Establish accountability mechanisms for arbitrary actions.
4. **Small Trader Protection:** Special procedures for small and medium enterprises.

Judicial Guidelines

The Supreme Court should consider issuing comprehensive guidelines similar to those in *D.K. Basu v. State of West Bengal* for arrest procedures, establishing:

1. Mandatory procedural safeguards for registration cancellation
2. Standards for evidence in fraud allegations
3. Timeline requirements for completion of proceedings
4. Compensation mechanisms for wrongful cancellation

Constitutional Vision: Balancing Revenue and Rights

The Larger Constitutional Purpose

The constitutional protection against arbitrary GST registration cancellation serves larger purposes:

1. **Economic Democracy:** Ensuring equal opportunity for business participation.
2. **Rule of Law:** Preventing administrative arbitrariness in economic regulation.
3. **Federalism:** Protecting state subjects (trade and commerce) from excessive central control.
4. **Social Justice:** Protecting small traders and vulnerable business communities.

Future Constitutional Development

The jurisprudence on GST registration cancellation is likely to evolve toward:

1. **Stricter Scrutiny:** Higher standard of review for cancellation orders.
2. **Preventive Constitutionalism:** Focus on preventing violations rather than remedying them.
3. **Technology Integration:** Constitutional principles adapted to digital governance.
4. **Harmonization:** Uniform constitutional standards across different tax regimes.

Conclusion: The Constitutional Imperative

The emergence of Article 19(1)(g) as a shield against arbitrary GST registration cancellation represents a significant development in Indian constitutional law. The judiciary has recognized that in an economy increasingly dependent on formal business structures, GST registration cancellation can effectively terminate a person's constitutional right to carry on business.

The five landmark judgments analyzed in this article collectively establish that:

1. Registration cancellation requires strict constitutional compliance
2. Proportionality between violation and punishment is mandatory
3. Due process cannot be sacrificed for administrative convenience
4. Small traders deserve special constitutional protection
5. Courts will scrutinize cancellation orders with heightened review

As the GST regime matures, the constitutional framework established by these decisions will serve as the foundation for a more rights-respecting tax administration. The challenge for tax authorities lies in adapting their procedures to meet constitutional requirements while maintaining the integrity of the tax system.

The ultimate constitutional vision is clear: a tax system that serves both revenue generation and constitutional governance, where the power to regulate commerce strengthens rather than undermines the fundamental right to carry on business. Article 19(1)(g) thus stands not as an obstacle to tax administration but as its constitutional conscience, ensuring that the pursuit of revenue never tramples upon the fundamental rights that form the bedrock of India's democratic and economic order.

The protection afforded by Article 19(1)(g) against GST registration cancellation is not merely a legal shield but a constitutional imperative that reflects the values of economic democracy, procedural fairness, and individual liberty that define the Indian Republic. In safeguarding this right, courts do not merely protect individual taxpayers but preserve the constitutional balance that enables both effective governance and economic freedom to flourish in harmony.

APPEALS AND WRIT PETITIONS UNDER GST: A COMPLETE GUIDE FOR BUSINESSES

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A. Brief Introduction

- The Goods and Services Tax (GST) has simplified indirect taxation in India, but disputes under GST are common. Businesses often face issues such as wrong input tax credit (ITC) denial, penalties, or cancellation of GST registration. To handle such disputes, GST law provides a structured appellate mechanism. In certain exceptional situations, taxpayers can also approach the High Court or Supreme Court via writ petitions. This article explains everything you need to know about appeals and writ petitions under GST, in a simple, step-by-step manner.
- Suppose a GST registered person receives a GST order demanding 50 lakh in tax due to ITC mismatch and the registered person believes it is completely wrong. What are the options at his disposal?

1. Appeal against the order using the statutory appeal mechanism under GST.
2. Move a writ petition in the High Court, but only if there is a fundamental legal flaw.

- In short, appeals are the primary remedy, while writ petitions are like the emergency exit.

B. Appeals and Writ petitions

- In any tax law, there could be disputes in relation to various aspects such as:

1. Constitutional issues;
2. Jurisdictional issues;
3. Law not clear / Interpretational issues;
4. Tax disputes – rate / classification / valuation / ITC etc;
5. Contravention of statutory provisions
6. Imposition of penalties

What is an Appeal?

- Any appeal under any Law is an application to a higher court for a reversal or modification the decision of a lower court. Appeals arise when there are any legal disputes.
- Disputes – owing to obligations under law:

1. Tax related aspect
2. Procedural aspect

- Provisions of Section 107 of the CGST Act, 2017 prescribes for challenging any order by way of an Appeal in Form GST APL-01 within 3 months from the date of order.
- The GST appellate framework is a multi-level Appeal system which is bifurcated broadly into 4 levels.

(i) First Appeal – Appeal to Appellate Authority (Section 107);
(ii) Second Appeal – Appeal to Appellate Tribunal (Section 109);
(iii) Appeal to High Court (Section 117);
(iv) Appeal to Supreme Court (Section 118)

First Appeal

- The person aggrieved by any order shall proceed to challenge the order in first appeal by making payment of 10% of the disputed demand as pre-deposit and filing the appeal within a period of 3 months from the date of order.

Second Appeal

- In case any person is aggrieved by the order of the first Appellate authority, he may challenge the said order before the Appellate Tribunal in second appeal upon payment of additional 10% of disputed demand as pre-deposit and filing an appeal within a period of 3 months from the date of the impugned order.

- It is pertinent to note that as of now, the GST Appellate Tribunal is not yet operational and with a motive to reduce burdens on the Hon'ble High Courts, the Department has issued GST Circular No. 224/18/2024 – GST dated 11th July 2024 which prescribes payment of additional 10% amount of disputed demand as pre-deposit once the first appeal has been rejected in order to obtain stay from departmental recovery proceedings.

Appeal to High Court and Supreme Court

- In case such person is still aggrieved by the order of the Appellate Tribunal, he may prefer an appeal before the Hon'ble High Court and subsequently before the Hon'ble Supreme Court wherein such appeal shall involve a substantial question of law.

What is a Writ?

- Apart from appeals, businesses sometimes go directly to the High Court (Article 226) or Supreme Court (Article 32) by filing writ petitions. A writ is a formal order issued by a Court. Any order, warrant, direction, and so on, issued by the Supreme Court or High Court is called a Writ.
- Writ petition can be filed in the Supreme Court (Article 32 of the Constitution) and High Court (Article 226 of the Constitution) of India when fundamental rights are violated. High court (Article 226) can also be invoked for violation of any Constitutional right.

What are the various types of Writs

- Writs can be of following types:

1. Habeas Corpus – To produce the body. Issued in case of illegal detention of a person.
2. Mandamus – "we command" or "we order". Issued by Court to a public authority or lower court to perform a public or statutory duty.
3. Certiorari – Quash an order passed by an inferior court.
4. Prohibition – Prohibit lower courts from doing an act against natural justice or outside their authority.
5. Quo Warranto – To stop a person or restrain him from holding office that he has no authority to hold.

General Principles on Writ

- Following points are important to note in relation to writs:

a) Writs may be maintainable or non-maintainable.
b) Writs may be admitted, disposed of with direction or dismissed
c) Court cannot entertain a writ petition merely because petitioner is aggrieved with any order of authorities unless the order is shown to be either non-speaking/unreasoned or without jurisdiction or without jurisdiction or vitiated by non-observance of principles of natural justice or by fraud or actuated by malafides.

When are Writ petitions allowed?

- Courts generally say: *"If an appeal exists, use it."* But writs are entertained in cases like:

a) Violation of **natural justice** (no hearing given).
b) Orders passed **without jurisdiction** (beyond legal power).
c) **Blatantly illegal** or **arbitrary** orders.
d) Challenges to the **validity of laws/notifications.**
e) Appeal remedy is not **effective or practical.**

Example: If your GST registration is cancelled without giving you a chance to reply, you can directly file a writ in the High Court.

- There have important Court rulings as well of the Hon'ble Supreme Court whereby it is stated as under:

a) Commercial Steel Ltd. (2021, SC): Writs should not replace statutory appeals unless exceptional grounds exist.

b) Radha Krishan Industries v. State of Himachal Pradesh (2021, SC): High Courts should interfere only in cases of violation of natural justice, lack of jurisdiction, or constitutional issues.

C. Conclusion

The GST Law was introduced with the moto of "One Nation, One Tax" with the primary objective of providing ease of business to the country at large. In the last 8 years of GST, there have been significant steps taken by the Government in this regard major one being as recent as the latest 56th GST Council Meeting whereby the GST Council has proposed GST rate rationalisation from a 4-Tiered tax rate structure to a 2-Tiered tax rate structure. However, only time will tell whether such rate rationalisation will turn out to be a boon or a bane for the economy.

JUDICIARY CLEARS ROADBLOCK IN FILING ITC-02 FOR INTER-STATE TRANSFERS

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Introduction:

Tax Payer who is Registered under GST, has right to transfer Un utilised ITC lying in Electronic Credit Ledger in certain circumstances. When there is a change in the constitution of a registered person for situations like sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities in this situation the specific Registered person has been allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger due to sold, merged, demerged, amalgamated, leased or transferred business.

Legal Background :

This provision is enumerated in Section 18(3) of CGST Act, 2017. Prescribed rule is Rule 41 in CGST Rules,2017 which provided ITC-02 has to be filed in the event of sale, merger, demerger, amalgamation, lease or transfer or change in the ownership of business for any reason. Form ITC-02 has to filed electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee.

Error found while filing ITC-02 on GST Portal:

But it has been found that on GST Portal such Form ITC-02 has not been filed due to technical error coming over screen while filling the same on GST Portal. A petitioner named Umicore Autocat India Pvt. Ltd has knocked the doors of Bombay High Court and ruling declared in July 2025 on this issue. Let's Discuss here the Judgement pronounced by Bombay High Court.

Umicore Autocat India Pvt. Ltd. Versus Union of India (2025) 32 Centax 416 (Bom.)
Writ Petition No. 463 of 2024, declared on 10-7-2025
Two Judge bench Decision of Bombay High Court
Justice Bharati Dangre and Justice Nivedita P. Mehta

Issue:

Whether Transfer of unutilized ITC lying in electronic credit ledger of transferor company to amalgamated company is allowed irrespective of fact that companies are located in different States?

Facts:

- Transferor is situated in Goa and the Transferee Company *i.e.* the Petitioner Company being registered under the GST in Satara (Maharashtra).
- Petitioner was an entity which had come into existence after amalgamation of a Goa base Transferee Company with a Maharashtra based company.
- The petitioner faced rejection while filing Form GST ITC-02 on the GST Portal due to system error: “Transferee and Transferor should be of the same State/UT”.

Respondent's Arguments:

- Section 25(4) treats each State registration as a distinct person — so inter-State credit transfer is not allowed.
- GST portal is built to allow ITC transfer only within the same State; change would require systemic overhaul.
- The GST system/portal is designed in alignment with the Circular No. 133/03/2020-GST, which mandate that the form GST ITC-02, can only be filed where both entities are registered in the same State, therefore, making it mandatory that both the Transferor and Transferee are registered in the same State to file form GST ITC-02.
- Circular 133/03/2020-GST restricts ITC-02 filings to same-State transferor and transferee.
- Permitting cross-State SGST transfer would lead to loss of revenue to the originating State (Goa).
- Placed reliance on MMD Heavy Machinery (Madras HC) decision that disallowed similar credit movement.

Petitioner's Arguments:

- Petitioner contended that neither section 18(3) of CGST Act nor rule 41 of CGST Rules impose any such restriction.
- Section 18(3) and Rule 41 impose no restriction on inter-State ITC transfer on merger/amalgamation.
- Rejection of ITC-02 by the GST portal is based on portal logic, not law.
- Scheme of amalgamation was approved by NCLT and includes transfer of all liabilities and assets, including ITC.
- Petitioner voluntarily gave up the ITC to avoid loss to the state of Goa.

Decision Declared:

- No restriction is imposed on transfer of ITC from one State to another.
- ITC transfer is allowed whenever there is change in constitution of registered person on account of sale, merger, demerger, amalgamation, lease or transfer of business with a specific provision of transfer of liability.
- Petitioner is entitled to enjoy unutilized ITC in electronic ledger of Transferor Company irrespective of boundaries of two companies.
- Transferor company has ceased to function and operate and all its liabilities along with ITC must go to transferee company.
- However, permitting SGST to be utilized in State of Maharashtra would result in financial loss to State of Goa.
- Therefore, IGST and CGST amount lying in electronic credit ledger of transferor company was allowed to be transferred to petitioner company
- Section 18(3) of the CGST Act permits ITC transfer on merger/amalgamation without specifying any State-wise limitation.
- Rule 41 of the CGST Rules outlines procedure via ITC-02 but again, does not restrict transfer to same-State registrations.
- The Court observed that GSTN portal restrictions cannot override statutory provisions and termed them ultra vires.
- CGST and IGST are either fully or partly collected by the Central Government, no financial loss would occur due to their transfer from Goa to Maharashtra.
- The Court allowed transfer of CGST and IGST to the amalgamated entity in Maharashtra.

Direction issued:

The transfer of the IGST and CGST Credit, in the electronic credit ledger, deserve to be transferred to the Petitioner. In the peculiar circumstances, The Court permit the IGST and CGST amount lying in the electronic credit ledger of the Transferor Company to be transferred to the Petitioner Company by physical mode for the time being, subject to the adjustments to be made in future. The court also request the GST Council as well as the GST Network to provide for mechanism to deal with such contingencies, when the ITC is sought to be transferred from one State to another or from one State to any Union Territory by updating its network to deal with such a situation.

Cases Cited and Discussed:

Crawford v. Spooner — (1846) 6 Moore PC 1 — *Referred* [Para 38]

Gladstone v. Bower — (1960) 3 All ER 353 (CA) — *Referred* [Para 39]

MMD Heavy Machinery (India) (P.) Ltd. v. Asstt. Commissioner, Chennai — 2021 (53) G.S.T.L. 3 (Mad.) — *Referred* [Para 11]

Ratio:

The Bombay High Court has held that unutilized Input Tax Credit (ITC) can be transferred from a company registered in one State to another company registered in a different State following a court-sanctioned amalgamation without any restriction under GST law.

Conclusion:

This decision is a major relief for businesses undergoing inter-state mergers. It restores the intent of GST, seamless credit flow across the supply chain and confirms that technical limitations of the portal should not defeat substantive rights under the law. Even in other situation which are enumerated in Section 18(3) i.e. sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, Unutilised Credit lying Electronic Credit ledger can be transferred from one state to other state of IGST and CGST as there is no revenue loss to Any State.

Epilogue:

This landmark ruling doesn't just resolve a technical roadblock — it sets a precedent that law must prevail over system design. By allowing the transfer of CGST and IGST credits across State lines in genuine restructuring cases, the Bombay High Court has safeguarded taxpayer rights and restored the GST's promise of a unified tax framework. It's now up to the GST Council and GSTN to align technology with the law, ensuring that no taxpayer is forced to fight for a benefit the law already grants.

PRACTICAL LEGAL FAQS ON HOUSING & COMMERCIAL CO-OPERATIVE SOCIETIES IN GUJARAT

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I. Introduction

Co-operative Housing and Commercial Premises Societies are the backbone of Gujarat's real estate ecosystem, especially in urban and semi-urban areas. These societies are governed by the Gujarat Co-operative Societies Act, 1961, which regulates everything from registration to dissolution, management to dispute resolution.

This comprehensive FAQ-style article is designed for real estate stakeholders — including developers, flat/shop buyers, society committee members, legal and financial professionals. It simplifies the law into real-world issues and practical interpretations.

II. Frequently Asked Questions

SECTION A: Society Formation & Promoter's Role

Q1. When is it mandatory to form a housing or commercial co-operative society?

A1. As per the provisions of the GOFA Act, when the majority of the number of the units are booked the promoter shall apply for formation of the society. As per the Gujarat Co-operative Societies Act, the registrar requires minimum 8 unique members for formation of the society. Once at least 8 units are booked and their agreement for sale are registered, the promoters can proceed for formation of the society.

Q2. Who can initiate registration of a co-operative society?

A2. Either the **promoter/builder**, or the **flat/shop owners** (minimum 8) can apply to the Registrar with:

- Bye-laws
- Member list with KYC
- Application in prescribed format
- Registered Agreement for sale/ sale deed
- Bank statement of proposed society showing account of proposed society in district co-operative Bank.

Q3. What is the difference between a provisional and registered society?

A3. Provisional society is formed pre-registration, often controlled by the builder. A registered society, once approved by the Registrar, has independent legal identity, powers to raise maintenance, manage property, and enforce rights.

Q4. Can a builder remain on the committee after handover?

A4. Only if he is a unit holder, and not otherwise disqualified (Sec. 74A/B). Builders must not use proxies or relatives to control post-handover affairs.

Q5. Can the builder delay formation of society or title transfer?

A5. Any unreasonable delay is a violation of law. Buyers can approach the Registrar (Sec. 86) or file RERA complaints to compel formation and conveyance.

SECTION B: Membership (Flat/Shop Owners)

Q6. Who is eligible to become a member of a housing or commercial co-op society?

A6. Any adult Individual buyer of a flat/shop is eligible. Firms, companies, and trusts can also become members if they own a unit (Sec. 22).

Q7. Are tenants or family members of owners considered members?

A7. No. Only the **registered owner** is a legal member. Tenants or relatives cannot vote or contest unless membership is transferred.

Q8. What are the rights of a member?

A8. Members can:

- Vote and attend meetings (Sec. 28)
- Nominate heirs (Sec. 31)
- Inspect records (Sec. 33)
- File complaints against the committee

Q9. When can membership be terminated?

A9. On death, expulsion (Sec. 36), sale of unit, or resignation. Expulsion requires:

- 3/4th vote in general body
- Registrar's approval

Q10. Can one person hold membership in two societies?

A10. Not if they serve the same purpose (e.g., two residential flats for self-use in different societies). Bye-laws usually restrict this.

SECTION C: Committee & Governance

Q11. Who governs the day-to-day affairs of the society?

A11. The elected **Managing Committee** (Sec. 73) handles administration, subject to the general body's control.

Q12. What is the tenure of a committee?

A12. Generally **5 years**, unless bylaws state otherwise. Designated office bearers (Chairman, Secretary) cannot hold the same post for more than **6 consecutive years** (Sec. 74A).

Q13. Who is disqualified from contesting elections?

A13. Persons who:

- Are defaulters
- Have conflict of interest
- Hold similar posts in other societies
- Are convicted or expelled (Sec. 74B)

Q14. Can the Registrar remove the committee?

A14. Yes, under Sec. 81, for:

- Financial irregularities
- Not holding elections or meetings
- Failure to function

Q15. What if no elections are held after committee term ends?

A15. Registrar can appoint a **Custodian** (Sec. 74D) to manage affairs and conduct elections.

SECTION D: Meetings, Notices & Record Keeping

Q16. What is the timeline and agenda for Annual General Meetings (AGM)?

A16. As per Sec. 77:

- Must be held once a year
- Agenda includes accounts, audit, elections, budgets

Q17. What notice period is required for meetings?

A17. Minimum **14 days** notice for AGM; 5–7 days for committee meetings (bye-laws may vary).

Q18. What is the quorum for a general meeting?

A18. Usually **2/3rd of total members**, or as per bye-laws. If not met, meeting is adjourned.

Q19. Can minutes and resolutions be challenged?

A19. Yes, by filing a complaint before the Registrar under Sec. 86, citing manipulation or procedural lapses.

Q20. Who maintains records like minutes, account books, and registers?

A20. The **Secretary** is the custodian of all statutory records and must ensure access to members on request (Sec. 33).

SECTION E: Audit, Accounts & Compliance

Q21. Is audit of co-operative housing/commercial societies compulsory?

A21. Yes, annual statutory audit by a certified auditor is mandatory under Sec. 84.

Q22. Who appoints the auditor?

A22. The society may propose names, but appointment is done by the **Registrar** in many cases.

Q23. What are common audit defects?

A23.
- Unrecorded cash transactions
- Maintenance overcharges
- No proof of expense approval
- Non-compliance with fund accounting

Q24. What happens if audit is not conducted?

A24. Registrar may:Appoint auditor

- Suspend committee (Sec. 89)
- Initiate inquiry (Sec. 86)

Q25. Are societies required to file returns or reports?

A25. Yes. Returns include:

- Annual audit report
- AGM minutes
- List of committee members
- Budget estimates

SECTION F: Maintenance, Transfers & NOCs

Q26. How is maintenance calculated?

A26. As per bye-laws:

- Based on unit area
- Equal sharing for common costs

Q27. Can society deny NOC for sale/transfer?

A27. No, unless dues are pending or buyer is ineligible. **Unreasonable refusal** is illegal.

Q28. What if a member defaults on maintenance charges?

A28. Society can:

- Charge interest
- Restrict common services
- File recovery under Sec. 96

Q29. Is share certificate compulsory for transfer?

A29. Yes. Share certificate and updated register are required for valid transfer.

Q30. Can society charge transfer fees/premium?

A30. No. As of now Service societies cannot charge transfer fees in any name or under any heads. However, the amendment is proposes and once it is notified societies will be able to charge 0.5 of the sale value subject to maximum of Rs. 1 Lakh as the transfer fees.

SECTION G: Disputes & Legal Remedies

Q31. Where can members file complaints against the committee?

A31. With the **Registrar of Co-operative Societies** under Sec. 86 or under **Section 96** for legal disputes.

Q32. Can societies file disputes against members or builders?

A32. Yes. Common disputes include:

- Recovery of dues
- Conveyance delays
- Title issues

Q33. What is the limitation period to file a dispute?

A33. Generally **3 to 6 years**, depending on nature. Registrar can condone delay (Sec. 97).

Q34. What remedies are available for mismanagement or fraud?

A34. Registrar may:

- Suspend officer (Sec. 89)
- Order inquiry (Sec. 86)
- Impose personal liability (Sec. 93)

Q35. Can matters be taken to civil court?

A35. No. Civil courts have no jurisdiction under Sec. 158. Disputes must be resolved through Registrar/Tribunal.

SECTION H: Liquidation & Registrar's Powers

Q36. Can a housing or commercial society be dissolved?

A36. Yes. Under Sec. 107, if society is defunct, mismanaged, or voluntarily requests dissolution, Registrar may appoint a **Liquidator**.

Q37. What happens during liquidation?

A37. Liquidator takes charge of:

- Assets & liabilities
- Recovering dues
- Paying creditors
- Distributing surplus

Q38. Can members stop a liquidation order?

A38. Members can **appeal to Co-operative Tribunal** under Sec. 109.

SECTION I: Offences & Penalties

Q39. What actions attract penalties?

A39.
- Misuse of funds
- Record tampering
- Failure to handover documents
- Misuse of "co-operative" name (Sec. 146–148)

Q40. What are the penalties for such offences?

A40. Fine up to Rs. 5,000 or 6 months imprisonment or both.

Q41. Who can file a case for such offences?

A41. Only the **Registrar** or a person with Registrar's approval (Sec. 149).

SECTION J: Practical Real Estate Challenges

Q42. Builder refuses to handover land or amenities to the society. What to do?

A42. Members can:
- File complaint with Registrar (Sec. 86)
- Approach RERA for project violations

Q43. What if one land parcel has two societies due to builder's project phases?

A43. Registrar can merge them or define boundaries. Legal review of project layout is necessary.

Q44. Is it legal to use residential flats for commercial use?

A44. No, unless:
- Bye-laws allow it
- Local zoning permits it

Otherwise, members or society can object.

Q45. Who owns clubhouse, parking and other common amenities?

A45. Once society is formed, these must be **conveyed to the society** unless project terms reserve them otherwise.

Q46. Can a developer create multiple societies for same project?

A46. Not without legal or municipal justification. Doing so to avoid conveyance or control governance is a **violation**.

III. Closing Note

In housing and commercial premises societies, legal compliance isn't just a statutory requirement — it's essential for peaceful and effective community living. This FAQ guide helps decode the law for real estate professionals and society members.

Whether it's registration, elections, audits or disputes, timely consultation with a legal, accounting, or company secretary expert is crucial.

Understanding and enforcing the Gujarat Co-operative Societies Act isn't just about protecting rights — it's about **building better communities**.

PROMPT ENGINEERING: YOUR FIRST STEP TO USE AI AS YOUR ASSISTANT IN TAX PRACTICE

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Introduction

The rise of artificial intelligence (AI) tools i.e. conversational agents and large language models (LLMs) has transformed how we process information and streamline operations. Now usage of AI tools has reached beyond writing e-mails and letters. In tax practice, AI can serve as an invaluable assistant, a low paid and highly qualified assistant which can take care of multiple basic works. However, to use it in the best possible way, professionals must master a new skill called **prompt engineering**.

Prompt engineering is the art and science of crafting instructions or set of instructions so that AI model can respond with quality and relevant outputs. In the context of tax practice, prompt engineering is not simply about getting any answer from AI, it is about obtaining the best possible right answer as required by us. It is to be noted that here the idea is not to get professional advice from AI tool. As professionals, we must apply our professional judgement, and AI tools can help us in extraction of data, do complex works, provide a proper draft to respond notice and it can also help in research work.

This article is an attempt to understand about prompt engineering, focusing on the use of persona, selection of models and tools, crafting of detailed prompts, specifying output requirements, and building a prompt library for future usage.

ChatGPT is one of the most common AI tools used in India. As professionals we can also explore Perplexity, Claude, Google Gemini or Grok AI amongst other available AI tools.

1. What is Prompt Engineering?

Prompt engineering is the process of designing, formatting, and refining inputs given to any AI systems so that their outputs closely match the user's expectations and requirements. Think of prompts as set of instructions: the more precise and contextual these instructions, the more accurate, useful, and tailored the output.

At its core, prompt engineering is:

- Identifying your objective.
- Selecting or specifying the appropriate persona for generating the response.
- Structuring queries to leverage the strengths of the chosen AI model.
- Providing context, examples, and constraints as part of the prompt.
- Directing the AI on output format, level of detail, and tone.
- Continuous improvement in prompts.

Prompt engineering is a critical first step for effectively employing AI as your assistant for the least error prone outcome.

2. Why Good Prompts Matter

A good prompt makes the difference between generic unstructured answers and well-prepared context-aware assistance. Carefully engineered prompts are essential for the following qualities in the output.

- **Accuracy**: Clearly stated prompts produce precise and reliable answers with minimal noise.
- **Efficiency**: Well-crafted prompts lead to quick, relevant responses, saving time in generation of response and checking the accuracy of the same. It also saved in providing multiple prompts to change the outcome to the desired level.
- **Customization**: Defining persona and context enables AI to tailor outputs to your specific requirement. With AI model having a vast pool of data available, specific information e.g., Indian GST law will ensure that the focus remains on core area.
- **Reproducibility**: Maintaining a prompt library ensures you and your team can consistently get quality outputs for recurring tasks. It also involves repeated involvement for the common matter saving precious time.
- **Risk Mitigation**: Clear prompts help ensure outputs meet desired regulatory or professional standards, reducing the risk of misinformation or non-compliance.

3. Key Elements of a Good Prompt

We can break down the key building blocks of effective prompt engineering in following five parts:

(a.) Defining Persona

A persona guides the AI model to respond as if it were a specific kind of expert. For example, instructing AI to act "as an experienced consultant or advocate specializing in GST litigation" allows for more targeted advice.

Example:

Assume role of a senior GST consultant operating in Gujarat state of India who regularly responds to departmental notices and assists clients with notices issued by SGST department in the form DRC-01A. Please prepare an answer to the following queries. Please ensure to consider the provisions applicable for the year 2021-22. Also, please consider any judgement of high courts or supreme court in this matter related to section 73 or 74 which is in favour of the assessee.

Specifying the persona helps the AI to filter information and provide with relevant knowledge and tone.

(b.) Selecting the Right Model and Tools

Not all AI models are created equal. Choose models which are trained in legal, compliance, or tax domains if available. Use tools designed for searching updated case law, generating formal documents, or extracting data from government portals. Depending upon the AI tool being used, the database might not be updated, in such case prefer to select web search too.

For workflow efficiency:

- Use models with access to **current databases** or **government notifications**.
- Use AI tools capable of training with resources already available with you. You may upload the same to get information from resources and can also ask in prompt for not to rely upon any other resources too.
- Choose a **multi modal** that can process documents, spreadsheets, and PDFs which can be useful for analyzing notices or drafting legal responses and can also work on the draft response to match your style.

(c.) Providing Sufficient Details/Context

The AI's performance improves with more detailed prompts like background of the case, specific sections invoked, deadlines, taxpayer profile, or compliance history.

Example:

I have received a DRC-01A notice from State GSTfor mismatched ITC claim in FY 2021-22relating to GSTR-2B vs GSTR-3B. Please draft a reply addressing the validity, current case laws, and deadline for response applicable for that year. The taxpayer is a mid-sized manufacturer with regular GST filings.

This allows AI to generate responses tailored to situational needs.

(d.) Clearly Stating Desired Outputs

A famous saying for information technology "Garbage In, Garbage Out" doesn't change with acquired artificial intelligence. AI tool is just a processor, so for getting desired output, we need to clearly instruct AI on the output format stating whether an opinion, notice reply, bullet points, a comparative table, or draft document with citations is required.

Example:

Read the attached notice in PDF and analyse all the details well. Draft a formal reply letter to a DRC-01A GST notice. Include sections: Introduction, Factual Background, Legal Arguments (with citations), Conclusion, and Prayer. Provide the response in the similar format as per the draft response file attached.

Defining output helps AI sequence information as per standard professional practice.

(e.) Iteration and Improvisation

Prompt engineering is iterative. With login, the AI tool remembers your history and your preferences. Each AI response improves prompt design. Compare various prompt versions, tweak for specificity, provide further inputs in follow-up chats and maintain feedback on what works best. With feedback the AI tool will get to know about your preferences.

4. How to Improvise Prompts

Improvising prompts is an ongoing process. Here are strategies to continually enhance your prompt quality:

(a.) Analyze Outputs

- Check for validity, completeness, and professional tone.
- If the answer is generic, add more specific instructions or context.

(b.) Use Examples and Templates

- Provide sample responses or templates to guide output structure.
- Include model replies, specific arguments, or citation styles.

(c.) Refine Personas

- Update the persona with more details (e.g., years of experience, practice area focus).
- Specify jurisdiction, language, or regulatory nuances.

(d.) Feedback Loop

- Document areas of improvement (missing citations, lack of formal tone).
- Iterate prompt design until the output consistently meets professional standards.

(e.) Layered Prompts

- Start with broad instructions, narrow down with follow-up queries.
- Use chained prompting for complex advisory scenarios.

It is very important to understand that a prompt can be more than a page long too depending upon the desired outcome. Depending upon the specific response you require, the more descriptive and detailed prompt would be required.

Keep track of what works best and what improvements you make with each updated prompt and update your prompt library.

5. Creating a Prompt Library

A prompt library is a repository of already tested standard prompts for recurring work and scenarios in your office. When maintained properly and carefully with updated versions each time, a library saves time, ensures consistency, and facilitates onboarding for team members.

Steps to Develop a Prompt Library:

- **Document repetitive tasks:** Identify common areas in the practice and determine tasks like notice replies, case law summaries, advisory letters, compliance checklists.
- **Structure prompts:** For each task, define persona, context, instructions, desired output.
- **Test and refine:** Run prompts through AI assistants, iterating for clarity and response quality.
- **Version control:** Maintain prompt versions preferably with feedback history. Also, ensure that right AI tool and model is used for each prompt.
- **Access and share:** Store the prompt library in a centralized database.

6. Advanced Prompt Engineering: Automating Notice Analysis and Advisory

AI can assist beyond simple drafting. Through layered prompts or integration with data analysis tools, AI can create wonders. AI tools with multiple models and in some case using multiple tools can help to -

- Extraction and analysis of notice details from PDFs or spreadsheets.
- Synthesis of legal research and case law citations for personalized responses.
- Automated matching of GSTR-2A/2B data to client records.
- Generation of summary tables comparing years, vendors, or compliance parameters.

7. Best Practices and Recommendations

Here's a checklist for tax professionals adopting prompt engineering:

- Always specify persona and context.
- State the year, client type, nature of business, and nature of transaction.
- Reference relevant legal provisions like Section numbers, recent circulars or judgments.
- Indicate desired output format e.g. letter, summary, table, checklist, etc.
- Iterate based on feedback and improve prompts with each response.
- Organize prompts in a searchable library for consistency and sharing.
- Create and train own AI model.
- Protect data privacy of clients. Avoid sensitive information in AI channels lacking secure protocols. Prefer to remove the personal identifiers from documents. Scrap PDFs and remove sensitive information from documents and spreadsheets.

Conclusion

Prompt engineering is **your first step in adopting AI as an assistant in tax practice**. By defining the right persona, using suitable models and tools, providing appropriate details, and clearly stating output requirements, you ensure that AI delivers reliable, authoritative, and actionable assistance.

As the things around tax laws evolve, so must your prompt library. By continually refining prompts, integrating up-to-date legal research, and sharing best practices within your firm, you can dramatically enhance efficiency, accuracy, and professionalism in compliance and advisory services.

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SIF: A SPECIAL TOOL FOR INVESTMENT NEEDS

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A **Specialized Investment Fund (SIF)** is a SEBI-regulated product launched under the Mutual Fund (MF) framework to sit between traditional mutual funds and PMS/AIFs. SIFs let AMCs run advanced strategies (like **long–short**) while keeping MF-style governance, disclosures, and fund-level tax exemption. The detailed framework took effect **April 1, 2025**.

Why SIFs were created

SEBI explicitly positioned SIFs to "bridge the gap" between mutual funds (retail-friendly but strategy-constrained) and PMS/AIFs (flexible but higher ticket sizes). In short: **more flexibility than MFs, lower minimum than PMS, and cleaner taxation than most AIF Cat III funds.**

What strategies can a SIF run?

SEBI permits multiple strategies; three headline **equity** ones are:

- **Equity Long–Short** (min 80% in equity/equity-related, **unhedged short exposure capped at 25% of NAV**).
- **Ex-Top-100 Long–Short** (focus away from large caps; **short exposure up to 25%** in non-large-cap names).
- **Sector-Rotation Long–Short** (up to four sectors; **shorts up to 25%** at the sector level). For **debt**, a **Debt Long–Short** interval strategy is permitted via exchange-traded debt derivatives.

Liquidity:

Equity strategies may be **open-ended or interval** with **daily (or even more frequent) redemption** as decided by the AMC. Debt long–short is **interval** by design. SEBI has also clarified that certain "interval maturity" provisions applicable to MFs **do not apply** to SIF interval strategies.

Who can launch and distribute SIFs?

- **Eligibility:** SEBI sets experience/AUM or senior team criteria for AMCs to establish a SIF brand. SIF must have **distinct branding, logo, and a separate website/page** from the AMC's regular MF business.
- **Distribution:** Existing MF distributors can sell SIFs **provided they clear NISM Series-XIII (Common Derivatives) certification**.

Ticket size & investor access

- **Minimum investment: 10,00,000 per PAN** across all strategies of a given SIF (accredited investors are exempt from this minimum). There's also a system for **monitoring compliance** with this threshold.
- By design, SIFs target investors who are comfortable with **derivatives-based** strategies and interval liquidity (for debt/hybrid).

Derivatives & risk controls

- **Unhedged shorting (equity)**: capped at **25% of NAV**.
- **Disclosures:** SIF strategies must publish detailed **derivative scenario analyses** and use a **Risk-Band meter** (five levels), with monthly disclosure timelines similar to MFs.

Taxation: where SIFs shine vs AIF Cat III

Structurally, SIFs are launched under the **MF trust** umbrella, so the **fund itself is exempt at the fund level** under **Section 10(23D)**—just like mutual funds. That's a key edge versus many **AIF Category III** funds, where **business income is typically taxed at the fund level** (often at the maximum marginal rate), before investors see distributions.

At the **investor level**, taxation follows the **underlying asset class** and the **post–July 23, 2024** rates:

- **Equity-oriented units:LTCG 12.5%**, **STCG 20%** (subject to STT and thresholds per law/AMFI guidance).
- **Debt-oriented/hybrid** units: follow the MF rules for those categories (post-2024 changes). Always check the ISID/KIM for classification.

How SIFs compare with MFs, PMS, and AIF Cat III (quick take)

- **Minimums:** MF (tiny), **SIF** Rs. **10L**, **PMS** Rs. **50L**, **AIF Cat III** Rs. **1Cr** (with a lower threshold for employees/directors).
- **Shorting/derivatives:** MFs largely hedge; **SIF equity can short up to 25%**; AIF Cat III can run **full long-short** and employ leverage (within regulatory limits).
- **Tax:** MF &**SIF fund-level exempt** under 10(23D); **AIF Cat III**—capital gains often pass-through but **business income taxed at fund level**; PMS—gains are **taxed in investor's hands** directly.

Risks & what to watch

1. **Liquidity fit:** Equity SIFs can be daily dealing, but **Debt/Hybrid may be interval**, so plan your cash-flow needs accordingly.
2. **Manager skill:** Long–short and derivatives require robust **risk systems and execution**—study the CIO/fund manager's track record and the firm's risk controls. (SEBI mandates senior-team experience under the eligibility routes.)
3. **Disclosure discipline:** Read the **ISID/KIM**, especially the **derivative scenario analysis**, **Risk-Band**, and **liquidity tools** sections.

Due-diligence checklist (use this before investing)

- Is the SIF **brand** clearly distinct from the MF? **Website** separate?
- **Strategy bucket** (Equity L/S, Ex-Top-100 L/S, Sector L/S, Debt L/S) and whether it matches your risk budget.
- **Redemption frequency** (daily vs interval) and any **notice periods**.
- **Derivatives cap** and shorting framework (25% unhedged cap in equity).
- **Distributor** qualification (NISM Series-XIII) if you're buying via an MFD.
- **Tax angle:** confirm your scheme's equity/debt classification; post-2024 rates apply (e.g., equity LTCG **12.5%**).

PROS AND CONS

SIF vs MF vs AIF vs PMS

Feature	SIF	Mutual Fund	PMS	AIF Cat III
Structure	Under MF trust	MF trust	Client account – based	LLP / trust / company
Min Investment	Rs 10 Lakh	Rs 100	Rs 50 Lakh	Rs 1 Crore
Tax at Fund Level	Nil	Nil	NA	Yes (30% + surcharge)
Tax at Investor Level	12.5% LTCG / slab	10% LTCG (equity)	Capital Gains	NA (taxed at fund level)
Liquidity	Interval (eg. bi-weekly exit)	Open – ended (daily)	Depends on asset	Typically quarterly / yearly
Strategy Flexibiltiy	High (long-short, special sits)	Moderate	High	Very high

DIGIPIN: A REVOLUTION IN ADDRESS & LOCATION IN INDIA

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Introduction

India is moving towards a digital future, making everyday services more accessible and accurate. One of the latest and most transformative initiatives in this journey is the introduction of DigiPIN, the Digital Public Infrastructure (DPI) for a standardized, geo-coded addressing system.

Developed by the Department of Posts in collaboration with IIT Hyderabad and National Remote Sensing Centre (NRSC) of ISRO, DigiPIN marks a significant leap in how India defines, uses, and manages addresses.

How DigiPIN Works

Unlike the traditional postal addresses that often rely on locality, street name, and house number, DigiPIN uses geospatial technology. The entire country is divided into grids measuring approximately 4 metre x 4 metre, and every grid is assigned a unique 10-character alphanumeric code generated from its exact latitude and longitude coordinates. This means every spot in India including remote villages, forests, and even water bodies can be accurately identified. DigiPIN is designed to complement existing postal addresses and not to replace them.

Each DigiPIN is fixed to geography, not changing with new buildings or changes in street names.

It offers unmatched precision, helping emergency services, logistics, and navigation reach exactly where they're needed. Also, the open-source system ensures privacy since it encodes only location, not personal or property data.

Also, a DPI model named "Digital Hub for Reference & Unique Virtual Address" (DHRUVA) is being designed to allow users to create, access, share, manage and use their address information.

How to Generate DigiPIN

Generating your DigiPIN is simple and easily accessible. You need a device capable of capturing your location's latitude and longitude (like a smartphone with GPS). The web application for the same can be accessed at - https://dac.indiapost.gov.in/mydigipin/home.

Based on your location, the web application converts your latitude and longitude coordinates into the 10-character DigiPIN. You can just save it, share it and create a QR of the same, which can also be accessed through maps application like Google Maps.

The best part is there is no need to login or signup, and DigiPIN can be generated and used even offline. Even for those who do not have smartphones or any GPS enabled device, DigiPIN generated once by someone can also work smoothly.

How is it different from traditional PIN codes?

Feature	DIGIPIN	Traditional PIN Code
Scope	4m x 4m exact location	Area/Zone-level (broader area)
Format	10-character alphanumeric	6-digit numeric
Accuracy	High (location-specific)	Moderate (zone-based)
Use	GPS-based deliveries, e-commerce, emergency services	Postal mail sorting

Coverage	National (India-wide)	National
Use Case	Smart logistics, last-mile delivery	Basic postal deliveries

Important Information

Privacy: DigiPIN does not store or show any personal data; it simply encodes a location. It is also compliant with the provisions of Digital Personal Data Protection Act, 2023.

Permanent & Unique: Changes in infrastructure don't affect the code.

Nationwide Coverage: Works for urban, rural, remote, and maritime areas within Indian boundaries.

Offline Usability: Once generated, DigiPIN can be shared and used without internet. Also, unlike map location, which is mostly shared as link only through WhatsApp like application or SMS, DigiPIN is just a number which can be shared using any technology including morse code in case of emergency even without network availability.

Integration Ready: It can be included in navigation systems of ambulances and fire brigade, government records, and mobile apps for better address management.

Future Practical Use Cases

Apart from being useful in postal services by India Post, the use of DigiPIN will also help in multiple areas.

GST Registration: DigiPIN can revolutionize GST registration processes by providing a precise location reference for all the addresses for a business, especially in areas where conventional addresses are confusing or unavailable.

Such facility will be preferred where today on GST portal, correct location on maps integrated in GST portal are tough to navigate and exact pin pointing is not possible. It will ensure better verification of business locations, faster and more accurate spot verification and compliance and easier mapping for tax and regulatory authorities.

Government Services: DigiPIN's standardized location system could soon be foundational for all government services, empowering seamless delivery of public benefits, emergency assistance, postal deliveries, and service registrations.

Future programs may use DigiPIN to streamline beneficiary on boarding, enhance reachability in rural and disaster-prone locations, passport services, and create any universal digital platform across India where location is one of the important aspects.

Support to smart city development: DigiPIN can be integrated into smart city infrastructure and geo-mapping projects for better planning and resource management.

Foundation for e-commerce: Currently the serviceability of an area is determined by PIN codes, which at times may be incorrect and confusing as the territory for a PIN is not clearly defined. DigiPIN can enable quicker and error-free deliveries, increasing the efficiency of delivery systems without need of pre-manual surveying.

Digital KYC, Credit Verification & Microfinance: DigiPIN can play big role in KYC by financial institutions and verification by various credit rating agencies. Also, it will boost the microfinance institutions in quick verification and authentication of address of the borrowers. Even in cases where one needs to change address across all systems like PAN, Aadhar, Passport and so many documents and each authority having a different structure for address, successful implementation of this technology can enable change of address after a single verification across all systems through integrations like digilocker.

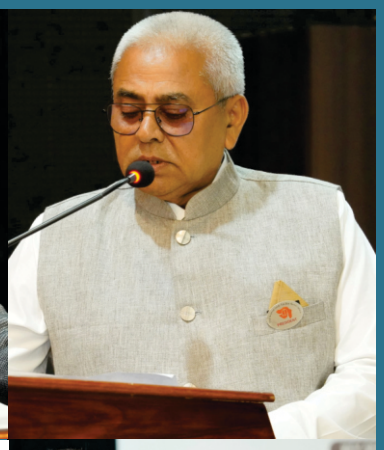
Conclusion

DigiPIN represents a true revolution in how India addresses the challenge of identifying precise locations. By bridging the gap between physical space and digital services, it promises smoother service delivery, efficient governance, and inclusive growth. As India continues its digital transformation, DigiPIN stands out as a crucial, privacy-respecting step to connect every citizen and every corner of the country with ease.

However, the best of the technology needs specific use cases and adaption of technology will play a key and crucial role in success and wide use of DigiPIN.

GLIMPSES OF INCOME TAX CONCLAVE ON 8TH AUGUST 2025 AT SURAT




गुजरात में कर संग्रह में ऐतिहासिक वृद्धि- प्रधान आयकर आयुक्त

चैंबर द्वारा आयोजित आयकर सम्मेलन में सतीश शर्मा ने करदाताओं और पेशेवरों को संबोधित किया

लोकतेज संवाददाता, सूरत। गुजरात राज्य के प्रधान मुख्य आयकर आयुक्त सतीश शर्मा ने सूरत में आयोजित एक आयकर सम्मेलन में उद्यमियों, चार्टर्ड अकाउंटेंट्स (सीए), और कर सलाहकारों को संबोधित किया। इस सम्मेलन का आयोजन दक्षिण गुजरात चैंबर ऑफ कॉमर्स एंड इंडस्ट्री, ऑल गुजरात फेडरेशन ऑफ टैक्स कंसल्टेंट्स, और गुजरात स्टेट टैक्स बार एसोसिएशन द्वारा संयुक्त रूप से बढ़कर रू 2.25 लाख करोड़ हो गया है। उन्होंने इस सफलता का श्रेय पेशेवरों, करदाताओं और उद्योग जगत को दिया। उन्होंने आँकड़े पेश करते हुए बताया कि 35 साल पहले जहाँ 40 लाख लोग रिटर्न दाखिल करते थे, वहीं कि भारत का कर ढांचा अभी भी एक पहेली की तरह लगता है। उन्होंने कहा कि ज्यादातर विवाद व्याख्या से जुड़े होते हैं। मद्रासी ने यह भी कहा कि अगर कोई अनजाने में गलती करता है, तो उसे दंडित करने के बजाय समर्थन कृत्रिम बुद्धिमत्ता और टेक्नोलॉजी का उपयोग कर कार्यों को आसान बनाया जा सकता है। सम्मेलन में ऑल गुजरात फेडरेशन ऑफ टैक्स कंसल्टेंट्स के अध्यक्ष आशुतोष ठक्कर, गुजरात स्टेट टैक्स बार एसोसिएशन के अध्यक्ष

GLIMPSES OF OTHER PROGRAMS AND WEBINARS



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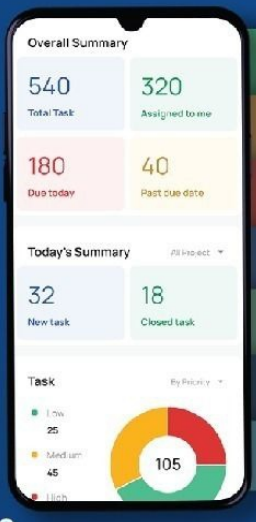

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