

JULY 2025

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. Cost Inflation Index for Financial Year 2025-26 under Section 48 of the Income Tax Act.

CBDT

Notification No. 70 /2025 dated 01.07.2025

Vide this notification, CBDT has updated the **Cost Inflation Index (CII)** for the financial year 2025-26 in the Notification S.O. 1790(E), dated 5th June 2017.

Background:

CII is used for the purpose of computing **indexed cost of acquisition/improvement** for capital gains calculation as per section 48 of the Income Tax Act. CBDT had earlier notified a complete table of CII values from the base year 2001-02 onwards through Notification No. S.O. 1790(E) dated 5th June 2017. However, that table only covered financial years up to a certain year, and a fresh notification is required each year to include the CII for the upcoming financial year.

Amendment:

This latest notification adds **CII = 376 for the financial year 2025-26**, which will be applicable from **1st April 2026** for Assessment Year 2026-27.

[Notification No- 70](#)

2. Clarification on Waiver of Interest on Delay in TDS/TCS Remittance.

CBDT

Circular No. 8 /2025 dated 01.07.2025

Vide this circular, CBDT has issued clarification regarding previous Circular No. 5/2025 dated March 28th, 2025. This prior circular dealt with **the waiver of interest** levied under section 201(1A)(ii) or section 206C(7) of the Income Tax Act in specific cases.

Background:

CBDT has issued **Circular No. 5/2025 dated 28.03.2025** that allows waiver of interest levied under:

- **Section 201(1A)(ii)** – for delay in remitting TDS to the Government.
- **Section 206C(7)** – for delay in remitting TCS to the Government.

Field officers raised doubts on **two points**:

1. Whether waiver applications can only be filed for interest charged **on or after 28.03.2025** (date of the circular).
2. Whether the authority (CCIT/DGIT/Pr.CCIT) is effective from 28.03.2025, and how the time limit for filing waiver applications is to be calculated.

CBDT Clarification:

- The designated authority (Chief Commissioner of Income-tax / Director General of Income-tax / Principal Chief Commissioner of Income-tax) can pass waiver orders **after the date of issue of the Circular** (i.e., after 28.03.2025).
- Waiver applications can be filed for **both past and future interest cases**, as long as the application is filed within **1 year from the end of the relevant financial year**

- There is **no restriction** that waiver applications can only be for interest charged after 28.03.2025.

[Circular No- 8](#)

3. Exemption from Tax Deduction at Source (TDS) to International Crops Research Institute for the Semi-Arid Tropics (ICRISAT).

CBDT

Notification No. S.O. 3288(E) /2025 date 18.07.2025

Vide this notification, CBDT has specified that the provisions of Chapter XVII (TDS) of the Income Tax Act **shall not apply to payments received by ICRISAT.**

This exemption is subject to the conditions mentioned in the **United Nations (Privileges and Immunities) Act, 1947**, along with the Ministry of External Affairs Notification dated **28th October, 1972.**

The notification shall be effective from the date of publication in the Official Gazette.

[Notification No. S.O. 3288\(E\)](#)

4. Relaxation from short Tax deduction/ Tax collection demands due to inoperative PAN

CBDT

Circular No. 9 /2025 dated 21.07.2025

Vide this circular, CBDT has provided relief to **Tax deductors and Tax collectors** from demands raised for short deduction/collection of tax under **Sections 206AA and 206CC** of the Income Tax Act when PANs were inoperative due to non-linkage with Aadhaar.

Background:

- As per **Circular No. 3 of 2023**, if PAN of the deductee/collectee was **inoperative** (not linked with Aadhaar), deductors/collectors had to deduct/collect **TDS/TCS at higher rates** u/s 206AA/206CC.
- Many deductors deducted tax at the normal rate, and later received **departmental demands for short deduction/collection**, because the PAN of the deductee/collectee was inoperative at the time of payment/credit.
- Earlier, **Circular No. 6 of 2024** had given partial relief for transactions up to **31.03.2024**, but issues continued for later periods.

Relief by CBDT:

To address these grievances, the circular clarifies that deductors/collectors will **not be liable to deduct/collect tax at higher rates** under sections 206AA or 206CC in the following specific cases:

- Case 1:** Where the amount is paid or credited **from April 1st, 2024, to July 31st, 2025**, and the PAN is made **operative** (linked with Aadhaar) on or before **September 30th, 2025.**
- Case 2:** Where the amount is paid or credited **on or after August 1st, 2025**, and the PAN is made **operative** (linked with Aadhaar) **within two months from the end of the month** in which the amount was paid or credited.

[Circular No- 9](#)

5. Relaxation of the time limit for processing electronically filed income tax returns (ITRs) that were incorrectly invalidated by the CPC (CPC-Bengaluru)

CBDT

Circular No. 10/2025 dated 28.07.2025

Vide this circular, CBDT has addressed **grievances about erroneous invalidation of e-filed ITRs** for various assessment years due to technical reasons, **where the time period for processing had lapsed**, with the latest being December 31st, 2024, for Assessment Year 2023-24.

Key directives and clarifications

- **Processing of Invalidated Returns:** Returns of income filed electronically up to March 31st, 2024, that were erroneously invalidated by CPC, **shall now be processed**.
- **Intimation Deadline:** The intimation regarding the processing of these returns (under section 143(1) of the Act) will be sent to the concerned taxpayers by **March 31st, 2026**.
- **Subsequent Effects:** All subsequent effects as per the Act, including the issuance of refunds with applicable interest, will follow in these cases.
- **PAN-Aadhaar Linkage Condition for Refunds:** However, in cases where the PAN is not linked with Aadhaar, any tax refund due will **not be issued**.

[Circular No- 10](#)

<u>Goods and Service Tax</u>
No notifications or circulars issued in Goods and Service Tax in July 2025.

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.
Instead, it is only a listing of some of the circulars/notifications that we considered important.



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