

Direct Tax Newsletter July 2025

NPCI introduces real time PAN-Bank Account linking on income tax website; taxpayers may get faster income tax refunds

The National Payments Corporation of India (NPCI) has launched a new facility regarding PAN and Bank Account validation on the income tax e-filing website. The new facility will help taxpayers in quick validation on their PAN-Bank account linking on the income tax e-filing website. "The main goal of this is simplifying real-time verification of PAN details, bank account status, and account holder identities straight from banks' Core Banking Systems (CBS)," the NPCI circular stated. The new facility was announced in a circular dated June 17, 2025.

CASE LAW UPDATE



Advance for Land Written Off Allowed as Business Deduction | ITAT

Case Name: : Mahakoshal Refractories (P.) Ltd. vs. Income-tax Officer

Case number: ITA No. 930/MUM/2025

Date of Judgement/Order: 16.06.2025

Facts: The assessee, a private limited company, was engaged in the manufacture of refractories. During the relevant assessment year, it made an advance payment for purchasing land adjacent to its existing factory premises for expansion purposes. However, the deal never went through due to family problems on the landowner's end. The landowner did not return the advance payment, citing financial difficulties, and requested the assessee to forego the advance payment.

Accordingly, the assessee wrote off the amount in its books of account and claimed it as a bad debt/business loss under Section 37(1).

The Assessing Officer (AO) disallowed the claim, holding that it did not constitute a debtor-creditor relationship about business and that the advance was clearly for the acquisition of a capital asset. On appeal, the CIT(A) upheld the order of the AO. Aggrieved by the order, the assessee preferred an appeal to the Mumbai Tribunal.



Held: The Tribunal held that the assessee made an advance payment to acquire land adjacent to its existing factory premises for expansion. This fact was not controverted by the authorities below or the revenue by bringing any cogent material on record. The sum of the advance payment expended by the assessee to gain direct and immediate benefit to its business on the grounds of commercial expediency is expended wholly and exclusively for its business.

Even if the deduction of advance written off by the assessee during the year is not allowable as a bad debt, the same would not jeopardise the claim of the assessee for deduction of it as a business loss. The assessee demonstrated that the money advanced was for business expediency and is an allowable deduction under Section 37(1).