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Tax Digest

- Recent case laws

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CBDT Authorizes Upload of Foreign Data Received Under AEOI to AIS

[Order F. No. 225/73/2025-ITA-II dated July 8, 2026]

The Central Board of Direct Taxes (CBDT) has authorized the Director General of Income-tax (Systems), Delhi to upload financial information received from foreign jurisdictions under the Automatic Exchange of Information (AEOI) framework into the taxpayer's Annual Information Statement (AIS) and Form 26AS. This order is issued under section 119 of the 1961 Act read with section 536 of the Income-tax Act, 2025. For the calendar years 2022, 2023, and 2024, the data currently in possession must be uploaded within ninety days from the date of this order. For the calendar year 2025, information must be uploaded within ninety days from the end of the month in which it is received by the DGIT (Systems). Assessees with global assets should closely monitor their updated AIS metrics prior to filing to prevent mismatches and subsequent reassessment notices.

Direct Tax Newsletter

1. Stamp Duty Value on Date of Agreement/Allotment to Be Adopted Under Section 56(2)(x)

In the instant case[1], the assessee purchased a residential flat. The Assessing Officer observed that the stamp duty valuation of the property as on the date of registration exceeded the purchase consideration and accordingly made an addition under section 56(2)(x)(b)(B). The Commissioner (Appeals) upheld the addition.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble ITAT contending that the property had been allotted in an earlier year and part of the consideration had been paid through banking channels prior to registration. Accordingly, the stamp duty value prevailing on the date of allotment was required to be adopted for the purposes of section 56(2)(x)(b)(B).

The Hon'ble ITAT observed that the documentary evidences on record established that the property had been allotted to the assessee prior to registration and consideration had been paid through banking channels pursuant thereto. It was further observed that the proviso to section 56(2)(x)(b)(B) specifically provides that where part or whole of the consideration has been paid through banking channels on or before the date of agreement/allotment, the stamp duty value as on such date is required to be adopted. The Hon'ble ITAT further observed that the lower authorities had adopted the stamp duty value prevailing on the date of registration without examining the valuation applicable on the date of allotment.

Accordingly, the Hon'ble ITAT held that where part or whole of the consideration has been paid through banking channels on or before the date of agreement/allotment, the stamp duty value as on such date is required to be adopted for the purposes of section 56(2)(x)(b)(B). Consequently, the impugned order was set aside and the matter was restored to the file of the Assessing Officer for fresh examination in accordance with law after considering the valuation applicable on the date of allotment.

2. Under-Reporting of Income Is a Prerequisite for Levy of Penalty Under Section 270A

In the instant case2, the assessee filed its return of income declaring nil income. Pursuant to scrutiny assessment, the Assessing Officer determined the total income at Rs. 26.68 crore. Subsequently, the assessee filed an application under section 154 and the Assessing Officer, after allowing set-off of current year losses and brought forward losses, passed a rectification order determining the assessed income at nil. Despite the aforesaid rectification order, the Assessing Officer initiated penalty proceedings under section 270A and levied penalty for under-reporting of income.

Aggrieved by the same, the assessee filed a writ petition before the Hon'ble Madras High Court contending that once the assessed income stood reduced to nil pursuant to the rectification order, the basic condition for levy of penalty under section 270A ceased to exist.

The Hon'ble High Court observed that the rectification order passed under section 154 had specifically recorded the assessed income at nil after allowing set-off of current year and brought forward losses. It was further observed that although the impugned penalty order had taken

[1] Purvi Nihal Shah v. Income-tax Officer [2026] 187 taxmann.com 986 (Mumbai - Trib.)

[2] Agniti Industrial Parks (P.) Ltd. v. Deputy Commissioner of Income-tax [2026] 187 taxmann.com 900 (High Court of Madras)

note of the rectification order, it nevertheless proceeded on the basis that there was under-reporting of income. The Hon'ble High Court further observed that under-reporting of income is a sine qua non for initiation of penalty proceedings under section 270A.

Accordingly, the Hon'ble High Court held that where the assessed income stands reduced to nil pursuant to a rectification order, it cannot be said that there is any under-reporting of income so as to attract penalty under section 270A. Consequently, the impugned penalty order was set aside.

3. Ex Gratia Compensation Received Under BSNL VRS-2019 Eligible for Exemption Under Section 10(10B)

In the instant case[3], the assessee, an employee of Bharat Sanchar Nigam Limited (BSNL), opted for retirement under the BSNL Voluntary Retirement Scheme, 2019 and received ex gratia compensation thereunder. The assessee claimed that the said amount was exempt from tax. However, the exemption was not granted while processing the return of income and the Commissioner (Appeals) dismissed the assessee's appeal.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble ITAT contending that the ex gratia compensation received under BSNL VRS-2019 was in the nature of retrenchment compensation and therefore not chargeable to tax.

The Hon'ble ITAT observed that the issue was squarely covered by various decisions of the Coordinate Benches rendered on identical facts. It was further observed that the compensation received under the BSNL Voluntary Retirement Scheme, 2019 was in the nature of retrenchment compensation received under a forced retirement scheme introduced pursuant to the revival plan approved by the Union Cabinet for BSNL/MTNL. The Hon'ble ITAT further observed that such compensation falls within the ambit of section 10(10B) and is to be treated as a capital receipt exempt from tax.

Accordingly, the Hon'ble ITAT held that the ex gratia compensation received by the assessee under BSNL VRS-2019 was exempt under section 10(10B) and was not chargeable to tax. Consequently, the Assessing Officer was directed to grant the exemption and compute the consequential relief in accordance with law.

4. Compensation Received for Loss of Crops and Trees Due to Installation of Power Transmission Lines Constitutes Agricultural Income

In the instant case4, the assessee, an agriculturist engaged in cultivation of coconut, banana and paddy crops, claimed exemption in respect of compensation received from the Revenue Department for damages caused to his agricultural land, crops and trees due to installation of high-tension power transmission lines by the Power Grid Corporation of India Ltd. The Assessing Officer disallowed the claim on the ground that the assessee had failed to substantiate that the compensation constituted agricultural income. The Commissioner (Appeals) upheld the action of the Assessing Officer.

Aggrieved by the same, the assessee preferred an appeal before the Hon'ble ITAT contending that the compensation was received on account of destruction of crops and trees and impairment of

[3] Pradeep Hegde v. Income-tax Officer [2026] 187 taxmann.com 954 (Bangalore - Trib.)

[4] Chenniyangiri Palanisamy v. Deputy Commissioner of Income-tax [2026] 187 taxmann.com 1001 (Chennai - Trib.)

agricultural operations caused by installation of power transmission lines across the agricultural land. Accordingly, the compensation had a direct nexus with agricultural activities and was eligible for exemption as agricultural income.

The Hon'ble ITAT observed that the assessee had furnished documentary evidences establishing his ownership and possession of agricultural land as well as the details of crops and trees damaged due to the installation of power transmission lines. It was further observed that the compensation was paid for removal of coconut trees, destruction of banana plants, damage to paddy cultivation and impairment of the utility of agricultural land. The Hon'ble ITAT further observed that the trees and crops constituted income-generating agricultural assets and, had they not been destroyed, the assessee would have continued to earn agricultural income therefrom. Therefore, compensation received in lieu of such loss retained the same character as the agricultural income that would have been derived from the crops and trees.

Accordingly, the Hon'ble ITAT held that the compensation received by the assessee had a direct nexus with agricultural operations and constituted agricultural income eligible for exemption under section 10(1). Consequently, the addition made by the Assessing Officer was deleted.