

THE BARRISTER

by S.B. Jain and Associates

The latest legal updates, news and views

In This Issue

Corporate Affairs

- Applicability of the Shops and Establishments Act
- Why Reform is Needed

Taxation

- Income from House Property: Old vs New Tax Regime
- New Tax Regime

Legal

- IPR in the Digital Age: Navigating New Frontiers
- Compliance Amidst Change

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The Rise of AI in Legal Practice: Opportunity or Obsolescence?

In recent years, Artificial Intelligence (AI) has begun to reshape the legal profession—prompting both excitement and anxiety. From automated contract review to AI-powered research tools, the industry is witnessing a major shift in how legal services are delivered.

Read more on Page 5

CORPORATE AFFAIRS



Applicability of the Shops and Establishments Act

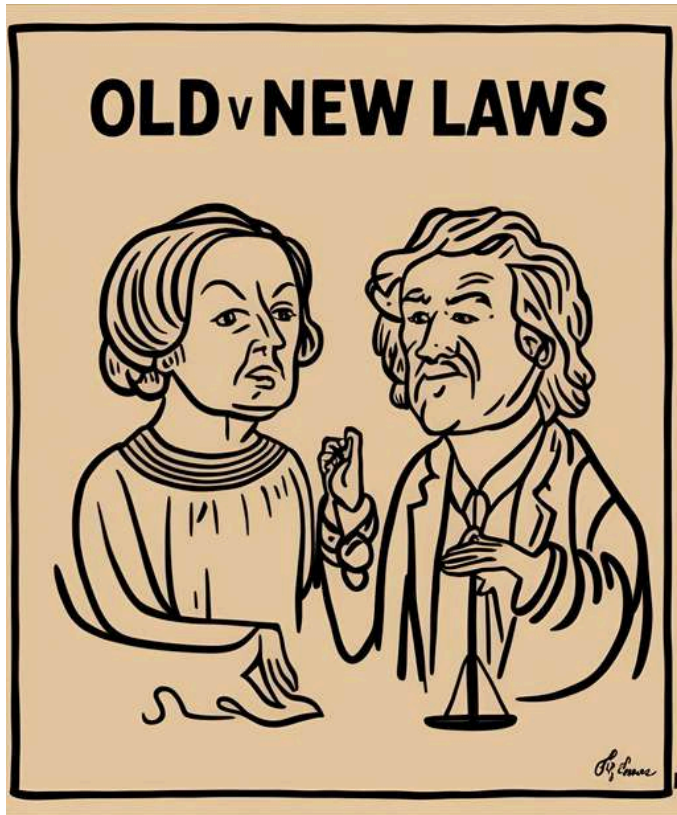
The Shops and Establishments Act, 1958 was designed to regulate employment conditions in fixed commercial establishments. It assumes a physical office with regular employee presence and customer-facing activity. However, companies operating from co-working spaces usually do not have exclusive control over the premises and often use it occasionally or only for administrative purposes. If a business has no regular employee attendance or systematic commercial activity at such a location, mandatory registration under the Act may not be triggered.

Why Reform is Needed ?

With businesses increasingly going remote or hybrid, the current legal framework doesn't adequately account for flexible work setups. Applying outdated laws to modern, digital-first models can create confusion and unnecessary compliance burdens. There is a pressing need for legislative clarity that reflects how work is actually done today—especially for companies with decentralized teams and shared workspaces. Until reforms are introduced, companies should evaluate their use of space and employee structure to determine if registration is truly required.



TAXATION



Income from House Property: Old vs New Tax Regime

Under the old tax regime, income from house property is taxed after allowing specific deductions such as standard deduction (30% of net annual value), municipal taxes paid, and interest on home loan (up to ₹2 lakh for self-occupied property). This structure benefits taxpayers who have significant housing loan interest or own let-out property, as these deductions can greatly reduce taxable income.

New tax regime

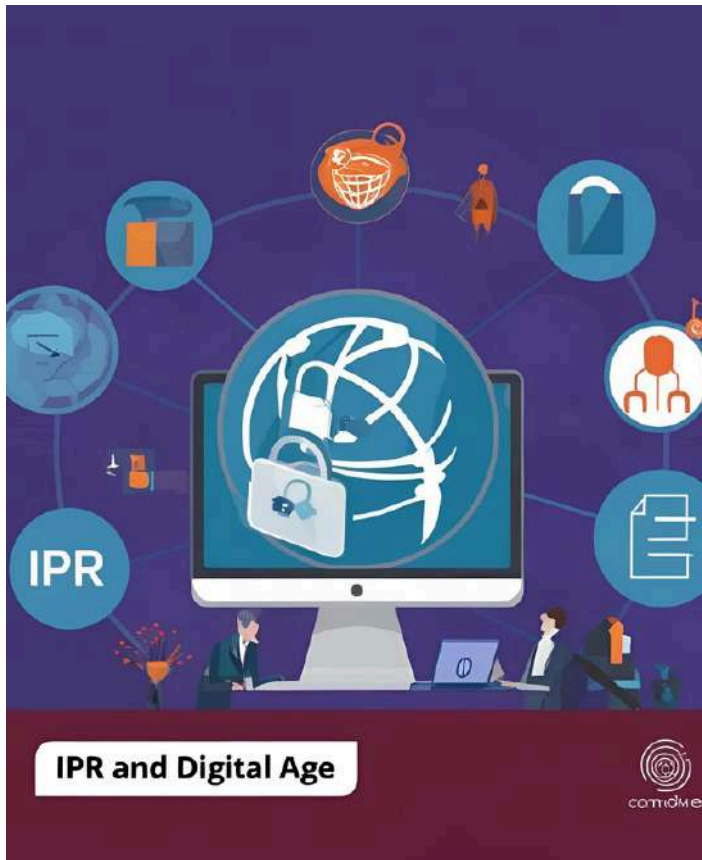
In contrast, the new tax regime forgoes most exemptions and deductions, including those under Section 24(b) for interest on home loans. While it offers lower slab rates, taxpayers cannot claim the usual benefits linked to house property income. This regime may suit individuals with no home loan or limited deductions. Choosing the right regime depends on one's property ownership, loan structure, and overall income composition.



LEGAL

IPR in Digital Age

The world of Intellectual Property Rights is rapidly transforming with the rise of AI-generated content, NFTs, and digital creativity. As courts and regulators grapple with the question of who owns AI-created works, creators and companies alike are entering murky legal territory. The explosion of NFTs has brought trademark issues to the forefront, with major brands initiating legal action against unauthorized digital collectibles. In India, the spotlight is also on Geographical Indications (GIs), which are gaining traction as a tool for protecting regional heritage.



Compliance Amidst Change

Corporate governance and regulatory frameworks are seeing a wave of reforms. With SEBI tightening IPO regulations and the enactment of the Digital Personal Data Protection Act, 2023, Indian businesses are being pushed toward greater transparency and accountability. At the same time, the Competition Commission of India is intensifying its scrutiny of mergers and acquisitions, while environmental, social, and governance (ESG) compliance is becoming central to corporate strategy.



IS AI A THREAT TO LAWYERS?



AI IS NOT REPLACING LAWYERS—IT'S AUGMENTING THEM. TOOLS LIKE NATURAL LANGUAGE PROCESSING AND MACHINE LEARNING ENHANCE EFFICIENCY IN DUE DILIGENCE, LITIGATION ANALYTICS, AND LEGAL RESEARCH. WHAT EARLIER TOOK DAYS CAN NOW BE DONE IN HOURS, ALLOWING FIRMS TO FOCUS ON STRATEGY AND CLIENT SERVICE.

THE OPPORTUNITY:

- **FASTER TURNAROUND:** CLIENTS DEMAND SPEED. AI HELPS MEET EXPECTATIONS WITHOUT COMPROMISING ACCURACY.
- **COST OPTIMIZATION:** LAW FIRMS CAN CUT OVERHEADS WHILE OFFERING COMPETITIVE PRICING.
- **SMARTER INSIGHTS:** PREDICTIVE TOOLS CAN FORECAST LITIGATION OUTCOMES, ENABLING BETTER CLIENT ADVISORIES.

THE CHALLENGE:

- **ETHICAL BOUNDARIES:** AI IS ONLY AS GOOD AS ITS TRAINING DATA. BIAS AND MISINFORMATION CAN LEAD TO FLAWED LEGAL INTERPRETATIONS.
- **CONFIDENTIALITY RISKS:** USING AI MEANS ENGAGING WITH DATA-SHARING AND CYBERSECURITY CONCERNS.
- **HUMAN JUDGMENT STILL REIGNS:** NO ALGORITHM CAN REPLACE LEGAL INTUITION, COURTROOM STRATEGY, OR NEGOTIATION ACUMEN.

THE VERDICT:

FIRMS THAT EMBRACE AI AS A TOOL—NOT A REPLACEMENT—WILL LEAD THE FUTURE OF LAW. IT'S ABOUT EVOLVING, NOT ERASING THE TRADITIONAL PRACTICE.

FROM THE ARCHIVES

M/s Nitco Tiles Ltd.
versus
Commissioner, Trade & Taxes, New Delhi

Present for the respondent: Mr. S.B. Jain

Date of order: 02.04.2012

M/S NITCO TILES LTD., THE APPELLANT IN THIS CASE, IS A REGISTERED DEALER OF THE KCS UNIT AND IS ENGAGED IN THE BUSINESS OF MANUFACTURING AND SELLING TILES. DURING THE ASSESSMENT YEAR 2005-06, THE APPELLANT CONDUCTED INTER-STATE SALES AND STOCK TRANSFERS, WHICH WERE REQUIRED TO BE SUPPORTED BY SUBMISSION OF STATUTORY FORMS SUCH AS 'C' AND 'F' FORMS AS PER THE APPLICABLE PROVISIONS OF THE CENTRAL SALES TAX ACT, 1956.

BRIEF FACTS OF THE CASE:

WHILE SCRUTINIZING THE RETURNS FOR THE RELEVANT ASSESSMENT YEAR, THE VALUE ADDED TAX OFFICER (VATO), WARD-42, KDU, NOTICED THAT THOUGH THE APPELLANT HAD MADE STOCK TRANSFERS AND SALES ACROSS VARIOUS QUARTERS, THE CORRESPONDING STATUTORY FORMS HAD EITHER NOT BEEN SUBMITTED OR HAD BEEN SUBMITTED ONLY PARTIALLY. SPECIFICALLY, IN THE 1ST AND 2ND QUARTERS, THE APPELLANT HAD MADE SALES AND STOCK TRANSFERS AMOUNTING TO OVER RS. 3.33 CRORES AGAINST 'F' FORMS, BUT FAILED TO SUBMIT THE ACTUAL FORMS. LIKewise, PENDING 'C' FORMS SUBMITTED FOR RS. 1.58 CRORES LED THE VATO TO TAX THE TRANSACTION VALUE OF RS. 17.05 CRORES AT THE DEFAULT RATE OF 12.5%. SIMILARLY, FOR THE 3RD AND 4TH QUARTERS, 'C' AND 'F' FORMS WERE FOUND TO BE EITHER MISSING OR INCOMPLETE, LEADING TO FURTHER TAXATION AT 12.5%. THE TOTAL AMOUNT TAXED DUE TO NON-SUBMISSION OF FORMS, INCLUDING THE FINAL QUARTER, AMOUNTED TO OVER RS. 5.27 LAKHS. THE VATO, INVOKING SECTION 32 OF THE DELHI VALUE ADDED TAX ACT, 2004 READ WITH SECTION 9(2) OF THE CST ACT, 1956, PROCEEDED WITH A DEFAULT ASSESSMENT, REJECTING THE DEALER'S REQUEST FOR AN EXTENSION OF TIME TO SUBMIT THE STATUTORY FORMS.

FOLLOWING THE DEFAULT ASSESSMENT, THE APPELLANT FILED OBJECTIONS BEFORE THE OBJECTION HEARING AUTHORITY (OHA), PRESIDED OVER BY THE SPECIAL COMMISSIONER – III. DURING THE HEARING, THE APPELLANT PRODUCED FOUR ‘C’ FORMS FOR RS. 18,32,710, AND THE OHA, VIDE ITS ORDER DATED 09.11.2010, REMANDED THE MATTER BACK TO THE ASSESSING AUTHORITY (AA) WITH DIRECTIONS TO CONSIDER THE SUBMITTED FORMS AS PER LAW. THE APPELLANT WAS DIRECTED TO APPEAR BEFORE THE AA ON 03.12.2010. SUBSEQUENTLY, THE APPELLANT APPROACHED THE APPELLATE TRIBUNAL AND FILED THE PRESENT APPEAL ON SEVERAL GROUNDS. THE APPELLANT SUBMITTED THAT THEY WERE IN THE PROCESS OF COLLECTING AND PRODUCING THE PENDING STATUTORY FORMS AND THAT THE TAX DEMAND COULD SIGNIFICANTLY REDUCE UPON DUE CONSIDERATION OF THE ADDITIONAL ‘C’ AND ‘F’ FORMS, INCLUDING ‘C’ FORMS WORTH RS. 3.28 CRORES AND ‘F’ FORMS WORTH RS. 48.96 LAKHS, WHICH WERE EITHER ALREADY COLLECTED OR STILL BEING COLLECTED. THE APPELLANT FURTHER CONTENDED THAT THE OHA ERRED IN NOT GIVING DUE WEIGHTAGE TO THE FORMS THAT WERE IN THE PROCESS OF BEING OBTAINED AND THAT THE ORDER PASSED WAS NOT ONLY CONTRARY TO LAW BUT ALSO AGAINST SETTLED PRINCIPLES OF EQUITY AND JUSTICE.

ISSUE OF THE CASE:

THE CENTRAL ISSUES THAT AROSE FOR CONSIDERATION BEFORE THE APPELLATE TRIBUNAL WERE:

1. WHETHER THE VATO WAS JUSTIFIED IN LEVYING TAX AT THE RATE OF 12.5% ON INTER-STATE SALES AND STOCK TRANSFERS ON THE GROUND OF NON-SUBMISSION OR DELAYED SUBMISSION OF STATUTORY 'C' AND 'F' FORMS AT THE TIME OF ASSESSMENT?
2. WHETHER THE OBJECTION HEARING AUTHORITY (OHA) ERRED IN REFUSING TO ACCEPT THE PENDING STATUTORY FORMS SUBMITTED BY THE APPELLANT DURING THE PENDENCY OF THE APPEAL, DESPITE BEING IN THE PROCESS OF COLLECTION, THEREBY FAILING TO CONSIDER RELEVANT DOCUMENTS THAT COULD REDUCE THE TAX LIABILITY?
3. WHETHER THE APPELLANT COULD BE GRANTED FURTHER OPPORTUNITY TO PRODUCE MISSING 'C' AND 'F' FORMS DURING APPELLATE PROCEEDINGS, AND WHETHER SUCH FORMS, IF PRODUCED LATER, SHOULD BE CONSIDERED FOR REASSESSMENT?
4. WHETHER THE REJECTION OF FORMS NOT SUBMITTED AT THE TIME OF ORIGINAL ASSESSMENT, BUT PRODUCED AT THE APPELLATE STAGE, IS CONTRARY TO THE PRINCIPLE LAID DOWN IN JUDICIAL PRECEDENTS SUCH AS THE HYDERABAD ASBESTOS CASE?

JUDGMENT/ORDER:

AFTER CAREFULLY CONSIDERING THE SUBMISSIONS OF BOTH PARTIES AND EXAMINING THE DOCUMENTS ON RECORD, THE APPELLATE TRIBUNAL ADMITTED THE APPEAL ON MERIT, FOLLOWING THE APPELLANT'S DEPOSIT OF RS. 1,50,000 AS A PRECONDITION. THE TRIBUNAL TOOK INTO ACCOUNT THE LEGAL POSITION LAID DOWN IN THE HYDERABAD ASBESTOS JUDGMENT (94 STC 410), WHEREIN IT WAS HELD THAT IF A DEALER IS PREVENTED BY SUFFICIENT AND REASONABLE CAUSE FROM SUBMITTING STATUTORY FORMS DURING ASSESSMENT, THE SAME COULD BE SUBMITTED EVEN DURING APPELLATE PROCEEDINGS AND MUST BE CONSIDERED. RELYING ON THIS PRECEDENT, THE TRIBUNAL OBSERVED THAT THE APPELLANT HAD BEEN ACTIVELY ATTEMPTING TO COLLECT THE REQUIRED 'C' AND 'F' FORMS AND HAD ALREADY SUBMITTED SUBSTANTIAL DOCUMENTARY EVIDENCE, WHICH IF VERIFIED, COULD LEAD TO A SIGNIFICANT REDUCTION IN TAX LIABILITY. WHILE THE APPELLANT WAS STILL UNABLE TO PRODUCE FORMS WORTH RS. 3,59,283 DESPITE BEST EFFORTS, THE TRIBUNAL RECOGNIZED THE POSSIBILITY THAT A LARGE PORTION OF THE TAX DEMAND COULD BE MITIGATED THROUGH VERIFICATION OF THE FORMS ALREADY IN POSSESSION.

HOWEVER, THE TRIBUNAL WAS ALSO CAUTIOUS TO BALANCE EQUITY WITH PROCEDURAL INTEGRITY. IT OBSERVED THAT THE APPELLANT HAD ALREADY BEEN GRANTED MULTIPLE OPPORTUNITIES, INCLUDING REMAND BY THE OHA, AND YET WAS UNABLE TO FULLY COMPLY WITH THE REQUIREMENT OF FORM SUBMISSION. THEREFORE, WHILE THE TRIBUNAL REFUSED TO GRANT ANY FURTHER OPPORTUNITY TO SUBMIT ADDITIONAL FORMS, IT ALLOWED THE BENEFIT OF THE STATUTORY FORMS THAT WERE AVAILABLE ON RECORD OR COULD BE VERIFIED AS OF THE DATE OF HEARING. ACCORDINGLY, THE ORDER DATED 09.11.2010 OF THE OHA WAS SET ASIDE, AND THE APPEAL WAS REMANDED BACK TO THE LD. VATO, WARD-42 (KDU) WITH THE DIRECTION TO GIVE BENEFIT OF THE STATUTORY FORMS SUBMITTED, AFTER DUE VERIFICATION AND IN ACCORDANCE WITH LAW. THE APPELLANT WAS INSTRUCTED TO APPEAR BEFORE THE VATO ON 25.05.2012, AND THE VATO WAS DIRECTED TO DISPOSE OF THE CASE WITHIN 3 MONTHS FROM THE DATE OF THE FIRST HEARING. THUS, THE TRIBUNAL CONCLUDED THE MATTER BY REINFORCING THE BALANCE BETWEEN TAX COMPLIANCE OBLIGATIONS AND THE RIGHT OF THE ASSESSEE TO BE HEARD FAIRLY, PARTICULARLY WHERE PROCEDURAL LAPSES WERE NOT ENTIRELY DELIBERATE.



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