

Tax Hotline

June 21, 2002

RECEIVABLES OF NON-BANKING FINANCIAL COMPANIES NOT TO BE ASSESSED AS INCOMES

Following a writ petition moved by the Association of Leasing and Financial Services Companies ("ALFS") on behalf of the non-banking financial companies ("NBFC") in India, the Chennai High Court ("HC") has restrained the Central Board of Direct Taxes of India from assessing receivables of NBFC's as incomes where such amounts have not been recognised as income in their books of accounts.

ALFS after unsuccessfully pleading with the Reserve Bank of India authorities for more than two years to provide some relief to the NBFC sector, decided to move the Chennai High Court. The banks and financial institutions ("FIs") and housing finance companies in India have been allowed a deduction in profit and loss account for provisioning made against non-performing assets ("NPAs"). Banks and FIs are allowed a deduction 7.5% of their NPA provisions.

The Chennai HC order has come as a shot in the arm of the Indian NBFC sector which has been reeling under difficult market conditions, which have played equal havoc with the banking sector as well.

Source: *The Economic Times*, June 20, 2002

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Fintech

May 05, 2025

Medical Device Industry in India

April 28, 2025

Clinical Trials and Biomedical Research in India

April 22, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025