KATALYST ADVISORS

Katalyst Kaleidoscope

March 2025: Tax and Regulatory Insights

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A. Income Tax Highlights

1. ITAT Delhi[1]: Ruling on License Fee, Demerger, Taxability of Asset Transfers, TDS on Bandwidth Payments, and Deduction for Exempt Income.

In the present case, the Income Tax Appellate Tribunal (ITAT) addressed multiple tax disputes involving Bharti Airtel Ltd., primarily concerning the treatment of license fee payments, carry forward of tax loss on demergers, valuation of asset transfers, and certain cross border tax issues. The case revolved around whether certain expenses should be classified as revenue or capital in nature, the eligibility of tax benefits under Sections 72A and 2(19AA).

The Tribunal examined the facts in detail and ruled in favor of Bharti Airtel on all key matters. The issues and their corresponding conclusions are summarized below:

S no	Issues	Decision
1.	**License Fee Payments & Related Interest/Penalty –** Bharti Airtel incurred interest and penalties due to the delayed payment of additional license fees and spectrum usage charges (SUC) following the Supreme Court's ruling on Adjusted Gross Revenue (AGR); the company claimed these as business expenses, but the PCIT, under Section 263, reclassified them as capital expenditure, arguing that they should be amortized over time as part of acquiring the telecom license**.**	The Tribunal ruled in favor of Bharti Airtel, holding that interest and penalties were compensatory in nature and arose from a business decision to contest the quantum of license fees; since these costs did not result in an enduring benefit or contribute to asset creation, they were rightly classified as revenue expenditure.
2.	**Demerger of TTSL's Consumer Wireless Business** – Bharti Airtel acquired Tata Teleservices Ltd.'s (TTSL) consumer mobile business via a court-approved demerger and sought tax benefits under Section 72A for carrying forward accumulated losses and unabsorbed depreciation. The PCIT denied the benefit, arguing that preference shares issued instead of equity shares violated Section 2(19AA) conditions.	The Tribunal held that preference shares fulfill the requirement of tax neutral under Section 2(19AA), as the law does not mandate issuing only equity shares; the tax benefits under Section 72A were restored, allowing Bharti Airtel to carry forward losses and depreciation for the remaining period.
3.	**Taxation under Section 56(2)(x) on Demerger Valuation** – The tax department argued that the excess of net assets acquired over the consideration paid in the demerger should be treated as taxable income	The Tribunal ruled that Section 56(2)(x) does not apply to demergers, as they are legitimate business restructuring transactions approved by the NCLT; the demerger was not a gift or an undervalued transaction but a court-

[1] Bharti Airtel Ltd V. Principal CIT, 171 taxmann.com 754 (Delhi - Trib.), dated February 21, 2025.

	under Section 56(2)(x), which applies when assets are transferred at below fair market value (FMV). The authorities claimed Bharti Airtel received assets at a discount and sought to tax the difference.	approved scheme with a valid valuation process. Since the valuation was done by professional valuers and accepted by the NCLT, the Tribunal rejected the tax department's attempt to classify it as taxable income.

2. ITAT Rajkot[2]: No tax on share allotment as Amalgamation does not constitute a 'Transfer'.

In the present case, the ITAT Rajkot, ruled on whether Section 56(2)(vii)(c) of the Income-tax Act, 1961, could be applied to a public limited company in an amalgamation transaction. The dispute centered around the taxability of shares allotted under a court-approved amalgamation scheme, the validity of the swap ratio, and the applicability of protective additions.

The case revolved around whether the swap ratio in the amalgamation unfairly benefited related parties, whether the share allotment amounted to a taxable transfer, and whether Section 56(2)(vii)(c) applied to public limited companies. The Assessing Officer (AO) treated the excess value transferred as taxable income and made an addition on a protective basis. However, the Commissioner (Appeals) deleted the addition, holding that the provisions of Section 56(2)(vii)(c) apply only to individuals and Hindu Undivided Families (HUFs), not to public limited companies. Furthermore, since the shares were allotted under a High Court-approved amalgamation scheme, the share exchange ratio was deemed conclusive, leaving no room for questioning its fairness.

After examining the facts, the ITAT upheld the CIT(A)'s decision, affirming that:

- Section 56(2)(vii)(c) does not apply to public limited companies.
- The High Court-approved amalgamation scheme conclusively determined the share exchange ratio.
- No tax liability arises when shares are allotted in an amalgamation, as the transaction does not constitute a 'transfer' under Section 47(vii).

Katalyst comment:

The law is clear on the tax neutrality of amalgamation; tribunals and courts have consistently held that share allotments in an amalgamation do not constitute a taxable transfer. Yet, it is unfortunate that the Revenue's repeated attempts to challenge such situations continues to create unnecessary litigation and uncertainty for businesses engaged in genuine restructuring.

[2] DCIT v. Rajoo Engineers Ltd., 170 taxmann.com 587 (Rajkot - Trib.), dated December 31, 2024.

3. ITAT Ahmedabad[3]: Section 50C not applicable to Transfer of Development Rights.

In the present case, the ITAT Ahmedabad ruled on the applicability of Section 50C which deems the stamp duty value of land or buildings as the sale consideration for computing capital gains, to the transfer of development rights. The assessee, a partner in a firm, jointly purchased land with another co-owner, but the entire investment in the land was made by the partnership firm. The land was registered in the names of the assessee and the co-owner to avail stamp duty benefits, even though the firm had financed the entire purchase. Additionally, the land was recorded in the firm's books, and the partnership firm paid for converting it from agricultural to non-agricultural land and bore all development costs. Later, the assessee and the co-owner assigned development rights of the land to the firm through a notarized agreement. The Assessing Officer (AO), treating the transaction as a transfer of land, applied Section 50C and computed short-term capital gains based on the stamp duty value of the property.

The ITAT held that Section 50C applies only to land or buildings and does not cover the transfer of development rights. In any case, the land legally and financially belonged to the partnership firm, and the assessee had only notionally assigned development rights, no actual transfer of a capital asset took place. Consequently, the application of Section 50C was unwarranted, and the addition was rightly deleted. The ruling reinforces the principle that development rights are distinct from ownership transfer and do not attract Section 50C provisions.

4. ITAT Mumbai[4]: ESOP Discount allowable as Revenue Expenditure

In the present case, the assessee, engaged in investment banking and financial services, issued Employee Stock Options (ESOPs) to employees as part of its compensation structure; the ESOPs vested over a period, allowing employees to exercise their options at a predetermined price. The assessee claimed the discount on ESOPs (the difference between the market price and the exercise price) as a revenue expense under Section 37(1), considering it a cost incurred for employee retention and incentivization. The Assessing Officer (AO) disallowed the claim, arguing that ESOP expenses were notional in nature and did not involve actual cash outflow the AO also contended that issuing shares at a discount created an obligation rather than an expenditure, making it capital in nature and not deductible as a business expense.

The ITAT held that ESOP discounts constitute employee compensation and are allowable as a revenue expenditure under Section 37(1). It relied on past rulings, including in the assessee’s own case for earlier years, and observed that the primary objective of ESOPs is to retain and incentivize employees, not to create a capital asset. Accordingly, the matter was remitted back to the AO for verification of the quantum of expenditure, but the allowability of the claim was upheld.

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[3] DCIT v. Minal Urmil Shah, 170 taxmann.com 121 (Ahmedabad - Trib.), dated January 2, 2025.
[4] Avendus Capital Pvt. Ltd. [TS-219-ITAT-2025(Mum)], dated March 6, 2025.

B. Corporate Law and SEBI Highlights

1. Chandigarh NCLT[5]: Capital Reduction sanctioned as Shareholders Approved and Creditors raised no objections

The Chandigarh Bench of NCLT approved the capital reduction petition filed by YKM Holdings Private Limited ('the Company') under Section 66 of the Companies Act, 2013. Under an amalgamation scheme, shares were allotted to YKM Trust to be held for the Company's benefit, with proceeds from their sale to be remitted to the Company; however, due to poor market conditions, recovery became doubtful, leading to a provision for 'Doubtful Loans and Advances'. Considering the COVID-19 impact and impracticality of recovery, the shares held by YKM Holdings Trust did not represent any asset available to the company; accordingly, the company decided to reduce its issued, subscribed, and paid-up share capital by canceling and extinguishing these shares, with no payment being made to the Trust or any other shareholder.

The Tribunal observed that:

- The special resolution was unanimously approved by shareholders.
- No objections were raised by creditors, regulators, or third parties.
- The company had sufficient financial resources to meet its obligations.
- The accounting treatment as section 133 of Companies Act, 2013.
- Further, under Section 232(3)(b) of the Companies Act, 2013, a company cannot hold shares in the name of a trust. Since YKM Trust held the shares for the company's benefit, their cancellation was legally required.

Accordingly, the NCLT confirmed the capital reduction.

2. Mumbai NCLT[6]- Capital Reduction Approved as it did not fall within the Scope of Buyback Under Section 68 of Companies Act, 2013.

The Mumbai Bench of NCLT ('NCLT') approved a capital reduction petition filed by Ferrero India Private Limited ("the Company") under Section 66 of the Companies Act, 2013; the Company had significant accumulated losses, which had eroded its financial position and restricted dividend distribution; to restructure its capital, the Company proposed to cancel a portion of its equity share capital, utilizing part of it to wipe off accumulated losses, while the remaining amount was returned to shareholders as excess capital. This move was aimed at ensuring a clear financial position and improving capital efficiency.

The Regional Director (RD) objected, arguing that the reduction was effectively a buyback of shares, making it subject to Section 68, which prohibits a buyback within one year of a previous

[5] YKM Holdings (P.) Ltd, 171 taxmann.com 753 (NCLT-Chd.), dated February 19, 2025
[6] Ferrero India (P.) Ltd, 169 taxmann.com 608 (NCLT - Mum.), dated March 3, 2025

buyback. Since the Company had undertaken a buyback in the past year and was now proposing a reduction involving payments to shareholders, the RD contended that the transaction should be classified as a buyback and deemed non-compliant with Section 68. However, the NCLT rejected this objection, ruling that the capital reduction did not qualify as a buyback, as the payout to shareholders was not funded from free reserves or the securities premium account, which are mandatory sources for a buyback under Section 68(1). The NCLT further noted that the special resolution was unanimously approved, no objections were raised by creditors, and the Company remained financially sound. Accordingly, the Tribunal confirmed the capital reduction, holding that it complied with Section 66 of the Companies Act, 2013, and directed the Company to publish the order and complete all necessary regulatory filings. The NCLT also clarified that a company is free to opt for capital reduction under Section 66, even if the conditions prescribed under Section 68 are not met.

3. BSE and NSE[7] expands API-Based Single Filing System to Include Integrated Filing (Governance)

The NSE and BSE has extended the Single Filing System through Application Programming Interface ('API') based integration to include Integrated Filing (Governance), effective March 1, 2025. This initiative aims to streamline compliance by enabling listed entities to submit specific disclosures, which will be automatically shared across stock exchanges, eliminating the need for multiple filings. Once a disclosure is filed on one exchange, entities must ensure that an acknowledgment is received from both exchanges.

The Single Filing System is now available for Investor Grievance Reports, Corporate Governance Reports, Reconciliation of Share Capital Audit Reports, Meetings of Shareholders & Voting, and Integrated Filing (Governance). The system will be introduced at a later stage for Investor Grievance Reports for REITs and INVITs, as well as Corporate Governance Reports and Integrated Filing (Governance) for Exclusively Debt Companies, REITs, and INVITs.

4. SEBI Advisory on Industry Standards Forum[8] and circular on Disclosure of Material Event / Information[9] and KPIs Disclosures - Offer Document[10].

The Industry Standards Forum (ISF) is a regulatory initiative by SEBI to facilitate the uniform implementation of regulatory directions for Market Infrastructure Institutions (MIIs), intermediaries, listed companies, and other regulated entities. The ISF serves as a platform for industry practitioners to formulate Industry Standards that align with SEBI's regulatory framework, ensuring consistency and ease of compliance. These standards provide specific

[7] BSE notice no. - 20250228-37 and NSE Circular Ref. No.: NSE/CML/2025/07 dated February 28, 2025
[8] Advisory/Guidance on Industry Standards Recognition Manual dated February 12, 2025
[9] SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/25, dated February 25, 2025
[10] SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/28, dated February 28, 2025

checklists, Standard Operating Procedures (SOPs), and structured reporting formats, assisting entities in complying with regulations effective.

The SEBI vide its circular dated February 25, 2025 has introduced industry standards, developed in consultation with industry bodies (ASSOCHAM, CII, and FICCI), to ensure uniformity in disclosures of material events by listed entities. These standards establish numerical thresholds for disclosure, provide guidelines for assessing the impact of financial events, and mandate compliance with disclosure timelines; the objective is to enhance transparency and ensure that material information is reported accurately and consistently.

The circular details various disclosure requirements, including those related to financial thresholds, significant market reactions, legal proceedings, and board decisions. It underscores the necessity for companies to disclose events that impact their operations, financial position, or reputation in a structured manner. Additionally, companies must adhere to predefined standards for reporting show-cause notices, frauds, regulatory actions, and litigation updates. The stock exchanges are responsible for ensuring compliance with these requirements.

The SEBI circular dated February 28, 2025, introduces standardized guidelines for KPI disclosures in IPO offer documents, ensuring uniformity and comparability in financial and operational reporting. The guidelines categorize KPIs into GAAP financial measures, non-GAAP financial metrics, and operational indicators, with strict approval, certification, and disclosure requirements. Audit Committees and Merchant Bankers must ensure compliance, while MD/CEO/CFO and certified professionals (CA/CMA) are responsible for KPI validation. Post-listing, companies must continue KPI disclosures in a predefined format for at least one year or until IPO proceeds are fully utilized.

5. NSE[11] FAQs on Applicability of Industry Standards for RPT Approvals

The National Stock Exchange (NSE) issued FAQs on the applicability of industry standards for minimum information on Related Party Transactions (RPTs) for a transitional period, with the standards applying to RPTs entered into on or after April 1, 2025. These standards, effective April 1, 2025, (*later extend to July 1, 2025 see below*) ensure that Audit Committees and Shareholders receive structured and transparent disclosures before approving RPTs; the guidelines apply to listed entities and the FAQs seek to clarify when these standards must be followed for new RPTs and modifications of existing ones.

[11] NSE Circular Ref. No: NSE/CML/2025/12 dated March 15, 2025

Key Clarifications on Applicability are tabulated below:

S no	*Scenario*	*Do Industry Standards Apply?*	*Explanation*
1	RPT approved before April 1, 2025*, but executed later	**Not Applicable**	If an RPT was approved before April 1, 2025*, companies do not need to re-approve it under the new disclosure rules, even if the transaction happens later.
2	RPT approved on or after April 1, 2025*	**Applicable**	Any RPT approval or ratification after April 1, 2025*, must follow the new Industry Standards.
3	Audit Committee / Shareholder approval granted before April 1, 2025*, but transaction to be executed after April 1, 2025*	**Not Applicable**	If an RPT was approved before the cutoff date, companies can proceed without additional disclosures under the new rules.
4	Material modifications made to an RPT on or after April 1, 2025*	**Applicable**	If significant changes are made to an RPT (e.g., changes in value, terms, or parties involved) after April 1, 2025*, fresh approval with Industry Standard disclosures is required.
5	Omnibus approval for FY 2025-26 granted before April 1, 2025*	**Not Applicable**	If an Audit Committee granted blanket approval for multiple RPTs before April 1, 2025*, these transactions do not require fresh approval under the new framework.
6	Material RPT approved by Audit Committee before April 1, 2025*, but Shareholder notice sent after April 1, 2025*	**Not Applicable**	If an RPT was approved before April 1, 2025*, and only the shareholder voting process started later, the new disclosure rules do not apply.
7	Both Audit Committee and Shareholder approvals obtained on or after April 1, 2025*	**Applicable**	If both approvals occur after April 1, 2025*, the company must follow the new disclosure requirements.

**SEBI[12] had earlier mandated compliance with Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction (RPT)" from April 1, 2025, as per its circular dated February 14, 2025; however, based on stakeholder feedback, SEBI has extended the implementation timeline to July 1, 2025.*

[12] SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/37 dated March 21, 2025

Accordingly from July 1, 2025, listed entities must comply with Industry Standards for RPT disclosures, ensuring uniformity and transparency in approvals by the Audit Committee and Shareholders. Approvals granted before this date will remain valid, eliminating the need for re-approval under the new framework. However, if a material modification is made to an existing RPT on or after July 1, 2025, fresh approval with disclosures as per the Industry Standards will be required.

Katalyst comment:

There are several categories of RPT; these include RPTs with wholly owned subsidiaries and JV partners. The enormous amount of regulatory oversight and information required is very cumbersome and needs to be diluted. Primarily, the focus should be on a promoter entity dealing with the listed company of the promoter, rather than the sweeping 'one-size-fits-all' cumbersome requirements.

6. SC[13] : NCLAT's Judicial Indiscipline in ignoring Binding Precedent; Tax Dues Outside Resolution Plan Stand extinguished

In the present case, the corporate debtor underwent the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC). The appellants, as Joint Resolution Applicants, had their Resolution Plan approved by NCLT, which outlined the settlement of liabilities. While the plan included certain tax liabilities, it did not cover income tax dues for specific past assessment years. Despite this, the Income Tax Department later issued tax demand notices for those years, prompting the appellants to challenge their validity before NCLT. However, NCLT dismissed their plea as frivolous, imposed costs, and NCLAT upheld this order, reasoning that the Supreme Court's judgement in **Ghanshyam Mishra**[14] (which held that such claims stand extinguished) was not cited before NCLT, and therefore, could not be relied upon at the appellate stage.

The Supreme Court strongly criticized this approach, reaffirming that once a Resolution Plan is approved, all claims not included in it—whether statutory or otherwise—stand extinguished, in line with the ruling in Ghanshyam Mishra. The Court found NCLAT's decision 'perverse' for disregarding a binding precedent, emphasizing that enforcing such tax demands would undermine the revival of the Corporate Debtor. The SC set aside the income tax demands and quashed the NCLT and NCLAT orders, ensuring that the Resolution Plan remains binding on all stakeholders, including Government authorities and allowing the successful resolution applicants to revive the company without past tax liabilities resurfacing.

[13] Vaibhav Goel & Anr. vs DCIT & Anr.**,** LSI-282-SC-2025-(NDEL) dated March 20, 2025
[14] Ghanashyam Mishra and Sons Pvt. Ltd. vs. Edelweiss Asset Reconstruction Company Ltd. & Ors. [LSI-216-SC-2021(NDEL)] dated April 13, 2021

C. Other Highlights

1. SC[15]- Non-Executive Directors not vicariously Liable for Cheque Dishonor

The appellants, non-executive directors of a company, were implicated in criminal proceedings after cheques issued for repayment of an Inter-Corporate Deposit (ICD) were dishonored. The complainant initiated action before the Court of Additional Chief Metropolitan Magistrate, New Delhi, alleging liability of all directors under the Negotiable Instruments Act; the Court took cognizance of the case, leading the appellants to seek quashing of proceedings before the High Court, arguing that they had no role in issuing the cheques or managing financial affairs. The High Court dismissed their petition, stating that the question of their liability should be determined during the trial rather than at the quashing stage

On further appeal, the Supreme Court held that non-executive directors cannot be held vicariously liable, unless specific allegations establish their direct involvement in financial transactions. Relying on precedents such as *S.M.S. Pharmaceuticals Ltd. v. Neeta Bhalla and National Small Industries Corpn. Ltd. v. Harmeet Singh Paintal*, the Court reiterated that mere directorship does not create automatic liability. Since the appellants were not signatories to the dishonored cheques and had no financial decision-making authority, the Court set aside the High Court's order and quashed the criminal proceedings, reaffirming that non-executive directors cannot be prosecuted in the absence of specific allegations linking them to the offence.

2. SC[16]- Dismisses Appeal on Unregistered Will Amidst Suspicious Circumstances.

The case revolved around the dispute over the validity of an unregistered Will allegedly executed by 'B' in favour of his second wife (appellant) and their sons. 'B' had two wives and, in 1989, executed a partition deed that allocated shares of his properties to his first wife and their children while keeping a portion for himself. After 'B' passed away in 1991, his sons from the first wife filed a partition suit based on this 1989 partition deed; however, the second wife claimed that 'B' had left behind an unregistered Will (dated 06.04.1990), which granted all his properties to her and her sons, thereby excluding the first wife's sons from any inheritance.

The Trial Court ruled in favour of the first wife's sons, rejecting the Will on the ground that it was not genuine and was shrouded in suspicious circumstances. The High Court upheld this decision, leading to the present appeal before the Supreme Court. The main legal questions before the Court were whether the Will was validly executed and whether its genuineness was affected by suspicious circumstances.

The Supreme Court noted several suspicious circumstances surrounding the Will's execution. Firstly, the stamp papers on which the Will was typed were purchased in the second wife's name, yet she claimed to have played no role in its preparation. Secondly, the Will contained

[15] K. S. Mehta v. Morgan Securities and Credits (P.) Ltd, 172 taxmann.com 181 (SC), dated March 4, 2025
[16] Leela v. Muruganantham, 170 taxmann.com 494, dated January 2, 2025

contradictory statements about 'B's health, raising doubts about his state of mind at the time of execution. Thirdly, no independent evidence was presented to prove that 'B' was in a sound disposing state of mind and had understood the contents of the Will. Moreover, one of the attesting witnesses (DW2) was the appellant's own brother, further weakening the credibility of the document.

Considering these factors, the Supreme Court upheld the findings of the lower courts, holding that the Will could not be considered valid; however, the appellant and her sons were still entitled to 1/7th share each in the properties under succession laws.

D. Goods and Service Tax Highlights

1. West Bengal AAR[17]- No GST is payable on reimbursement of electricity charges in case of sub-letting of warehouse by developer.

The applicant has taken land on lease, developed it, and constructed a factory building and warehouse. Subsequently, it leased out a portion of the warehouse to a sub-lessee for setting up a manufacturing unit, with the sub-lessee paying monthly lease rentals to the applicant. Additionally, the applicant is entitled to reimbursement of electricity charges on an actual basis. Regarding the applicability of GST on such reimbursement, the AAR held that the applicant/developer has acted as a 'pure agent' of the lessee and, therefore, no GST is payable on the reimbursement of electricity charges. Further, the AAR has also relied upon the circular no. 206/18/2023-GST which provides that when electricity charges are collected on actual basis (as billed by state electricity boards or DISCOMs), the landlord acts as a "pure agent". No GST is payable on the reimbursement of expenses if all the conditions related to a 'pure agent' are satisfied.

2. Bombay High[18]- No GST is payable on assignment of MIDC leasehold rights.

The Bombay High Court has granted interim relief on the contentious issue of GST levy on the assignment of leasehold rights for plots allotted by the Maharashtra Industrial Development Corporation (MIDC). The relief was granted by staying the GST demand on such transactions, wherein the lessee-assignor transfers leasehold rights to a third-party assignee. The Bombay High Court relied on a decision by the Division Bench of the Gujarat High Court, which held that the assignment, sale, or transfer of leasehold rights for a plot allotted by the Gujarat Industrial Development Corporation (GIDC) to a lessee or its successor (assignor), in favor of a third-party assignee for consideration, constitutes the transfer of benefits arising from "immovable

[17]Mega Flex Plastics Ltd. [TS-138-AAR(WB)-2025-GST] dated March 12, 2025
[18]Writ petition no. 975 of 2025 [TTC MIDC Industries Association & Another vs. UOI] dated March 4, 2025

property." Consequently, the third party becomes the new lessee of GIDC in place of the original allottee-lessee, and such a transaction is not subject to GST

Katalyst comment:

A welcome decision by the Bombay High Court; the assignment of MIDC leasehold rights by a lessee (assignor) to a third-party assignee constitutes the transfer of benefits arising from "immovable property" and does not fall within the definition of "supply" as per Clause 5(b) of Schedule II.

3. Allahabad High Court [19]- Mandatory to carry e-way bill during transit of goods

The Allahabad High Court has upheld the detention of goods based on the following reasons:

(i) The goods were not accompanied by an e-way bill, and the e-way bill was generated three hours after the detention.

(ii) The description of goods mentioned on the invoice differed from the actual goods. The declared tax rate was 5%, whereas the tax authorities determined the applicable rate to be 18%.

(iii) The firm's registration had been canceled, and the goods were moved from a different location to conceal the original source of transportation and clearance.

[19]Gurunanak Arecanut Traders Vs. Commercial Tax & Anr. [TS-121-HC(ALL)-2025-GST] dated May 7, 2025