

GAAR Panel characterises Hinduja Group de-merger as 'impermissible avoidance arrangement'

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In an order that is likely to lead to a big tax litigation, the GAAR Panel has characterised an Hinduja group entity de-merger as an "impermissible avoidance arrangement" and hence hit by GAAR provisions; GAAR Panel order suggests tax reduction to the tune of Rs. 282 cr on account of the arrangement to one of the Hinduja group entities; In a stock exchange intimation, Hinduja Global Solutions says " ... *the demerger ... was approved by the NCLT and not challenged by the Income Tax department. Financial impact, if any, will be known only after the process is completed before the AO... The Company has initiated appropriate legal steps.* "