



ज्ञानं एक्यं च न्यायार्थम्
Estd. 1982



DIRECT TAXES PROFESSIONALS' ASSOCIATION

E-JOURNAL

MARCH 2026

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... From the Desk of Editors

Respected Professional Colleagues,

As we step into March 2026, we arrive at the closing chapter of the Financial Year 2025–26—a time that naturally invites reflection, consolidation and renewed commitment. This concluding month is not merely about finalizing accounts and meeting statutory deadlines; it is also an opportunity to evaluate the resilience of our tax ecosystem, the effectiveness of compliance measures, and the evolving responsibilities of tax professionals in a dynamic regulatory landscape.

The year gone by has demonstrated the continued strength of India's taxation framework. One of the most notable developments has been the steady expansion in direct tax collections. As per the latest provisional figures up to March 17, 2026, net direct tax collections have reached ₹22.80 lakh crores, marking a commendable 7.19% year-on-year growth. Gross collections stood at ₹27.15 lakh crore, reflecting a 4.86% increase compared to the previous year. With refunds amounting to ₹4.35 lakh crore—slightly lower than last year—the net inflows have remained robust. These figures are a testament to sustained corporate performance and consistent compliance by non-corporate taxpayers, reinforcing confidence in the country's fiscal health.

Parallely, the Goods and Services Tax (GST) regime continues to show encouraging momentum. The cumulative gross GST collections for FY 2025–26 up to February 2026 have touched ₹20.27 lakh crore, representing an 8.30% growth over the previous year. The February 2026 collections alone stood at ₹1.83 lakh crore, reflecting an 8.1% year-on-year increase. These trends underline the growing maturity of the GST system and the increasing alignment of businesses with compliance requirements.

However, alongside these positive indicators, the regulatory environment continues to evolve with a sharper focus on transparency and accountability. A recent nationwide verification exercise undertaken by the Income Tax Department targeting restaurants suspected of suppressing turnover highlights the administration's proactive approach toward curbing tax evasion. Such initiatives serve as a reminder that data analytics and digital surveillance are becoming increasingly sophisticated, and businesses must maintain accurate reporting standards. For professionals, this reinforces the importance of due diligence, ethical advisory, and ensuring that clients remain compliant in both letter and spirit.

From the Association's perspective, the past month has been both engaging and enriching. We successfully organized a three-day residential seminar at Mandarmani from 6th to 8th February 2026, which witnessed enthusiastic participation from a large number of members. The seminar provided a comprehensive platform to deliberate on both Income Tax and GST issues, combining academic discussions with practical insights. The experience was further enriched by a visit to the Jagannath Dham Temple at Digha, offering members a blend of professional learning and spiritual rejuvenation. Such initiatives not only strengthen our technical knowledge but also foster camaraderie and collective growth within the fraternity.

Earlier, on 1st February 2026, we hosted our Budget Seminar at the DTPA Conference Hall. The session was well-attended and provided valuable analysis of the Union Budget, equipping members with a clearer understanding of policy directions and their practical implications. The interactive discussions during the seminar reflected the depth of expertise within our association and our shared commitment to staying ahead in an ever-evolving tax environment.

As we now prepare to transition into the new financial year, the road ahead brings both opportunities and responsibilities. The introduction and implementation of the new Income Tax Act, 2025 will require all of us to adapt swiftly, upgrade our knowledge base, and guide our clients effectively through the changes. This will not only demand technical competence but also a proactive approach in interpreting and applying the new provisions.

Let us therefore move forward with renewed determination and a collective sense of purpose. The coming year will call for heightened professionalism, continuous learning, and unwavering adherence to ethical standards. As members of this esteemed association, we must strive to uphold the integrity of the profession while contributing meaningfully to the nation's economic progress.

In the words of Benjamin Franklin:

“An investment in knowledge pays the best interest.”

In closing, I extend my sincere appreciation to all members for their active participation and support throughout the year. Let us carry this spirit forward as we embrace the challenges and opportunities of the Financial Year 2026–27 with confidence and commitment.

Wishing everyone a successful year-end and a promising new beginning.

Jai Hind! Jai DTPA!!

With Best Regards

Yours truly,

Sujit Sultania

Chairman

Journal Sub-Committee, DTPA

Mohan Lal Gupta

Co- Chairman

Journal Sub-Committee, DTPA

Rites Goel

Co- Chairman

Journal Sub-Committee, DTPA

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DISCLAIMER

Views expressed in the articles of this Journal are contributor's personal views. DTPA and its Journal Sub-Committee do not accept any responsibility in this regard. Although every effort has been made to avoid any error or omission in the Journal, the DTPA and its Journal Sub-Committee shall not be responsible for any kind of loss or damage caused to anyone on account of any error or omission which might have occurred.

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.... *From the desk of President*



“नियतं कुरु कर्म त्वं कर्म ज्यायो ह्यकर्मणः।”

Perform your duties with dedication, for action is superior to inaction.

As we step into the concluding phase of the financial year, the month of March carries with it a sense of responsibility, reflection, and renewed determination. It is a time when our professional commitments are at their peak, yet it is also an opportunity to reaffirm our dedication to excellence, discipline, and continuous growth.

I am pleased to share that even amidst the demanding schedule of compliance and year-end responsibilities, our Association has continued to demonstrate resilience, unity, and a proactive approach towards professional development.

A Month of Professional Commitment

March is synonymous with diligence and precision for all tax professionals. The heightened workload, compliance timelines, and advisory responsibilities test not only our technical knowledge but also our ability to manage time effectively and uphold the highest standards of professional integrity.

During this crucial period, I urge all members to:

- Maintain accuracy and due diligence in all assignments
- Stay updated with last-minute amendments and notifications
- Provide timely and practical guidance to clients
- Uphold ethical standards in every professional decision

Let us remember that the quality of our work during this period defines the trust our clients and stakeholders place in us.

Strengthening Knowledge & Preparedness

Even in this busy phase, the importance of continuous learning cannot be overstated. The dynamic nature of tax laws and regulatory frameworks requires us to remain vigilant and informed.

DTPA remains committed to supporting its members through knowledge-sharing initiatives, timely updates, and professional discussions. I encourage all members to actively engage, share insights, and support one another in navigating complex professional challenges.

The Spirit of Unity and Support

“सहकार्येण सिद्धिः”

Success is achieved through collaboration.

March is not just about individual performance—it is about collective strength. The willingness of members to assist, guide, and support each other during peak pressure reflects the true spirit of our Association.

Let us continue to foster an environment where knowledge flows freely, and mutual respect and cooperation remain our guiding principles.

Looking Ahead

As we prepare to close the financial year, it is also time to look ahead with clarity and vision. The experiences and learnings of this year will serve as the foundation for future growth and innovation.

Let us move forward with:

- Greater professional competence
- Stronger ethical commitment
- Enhanced collaboration
- A shared vision for excellence

“एकता बलम्।”

Unity is strength.

In the face of demanding responsibilities, it is our unity, discipline, and dedication that will guide us through successfully. I have full confidence that each member of DTPA will continue to uphold the values and standards that define our Association.

Let us conclude this financial year with pride in our efforts and optimism for the opportunities that lie ahead.

With best wishes for a successful and fulfilling month.

Jai Hind

Warm regards,

CA Manju Lata Shukla

President, DTPA

09th March, 2026

Glimpses of Live Budget Analysis - Union Budget 2026 held at DTPA Conference Hall on 01.02.2026



Glimpses of Seminar on UNION BUDGET 2026 held at Kalamandir on 05.02.2026 organised by The Eastern India Regional Council of ICAI in association with ASOCAS CA CPE Study Circle BBD Bag CA CPE Study Circle



Glimpses of 06th – 08th February 2026 3 days DTPA Residential Seminar 2026 held at Grand Beach Resort, Mandarmani and Special Visit Jagannathb Mandir, Digha





Glimpses of Study Circle meeting on Recent Changes in GST held on 24.02.2026 at DTPA Conference Hall



Compliance Calendar for March, 2026

Statute	Due Dates	Form/ Event	Compliance Period	Details
Income Tax Act, 1961	07th March 2026	Securities Transaction Tax / Commodities Transaction Tax	February 2026	Securities Transaction Tax - Due date for deposit of tax collected for the month of February, 2026
	07th March 2026	Securities Transaction Tax / Commodities Transaction Tax	February 2026	Commodities Transaction Tax - Due date for deposit of tax collected for the month of February, 2026
	07th March 2026	Form 27C	February 2026	Declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of February, 2026
	07th March 2026	Equalization Levy Deposit Due Dates	February 2026	Collection and recovery of equalization levy on specified services in the month of February, 2026
	07th March 2026	TDS/TCS Deposit Due Dates	February 2026	Due date for deposit of Tax deducted/collected for the month of February, 2026. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan
	15th March 2026	Form 24G	February 2026	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of February, 2026
	15th March 2026	Advance Tax	AY 2026-27	Fourth instalment of advance tax for the assessment year 2026-27.
	15th March 2026	Form 16B	January 2026	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of January, 2026
	15th March 2026	Form 16C	January 2026	Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of January, 2026
	15th March 2026	Form 16D	January 2026	Due date for issue of TDS Certificate for tax deducted under section 194M in the month of January, 2026
	15th March 2026	Form 16E	January 2026	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of January, 2026
	15th March 2026	Form 3BB	February 2026	Monthly statement to be furnished by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of February, 2026
	15th March 2026	Form 3BC	February 2026	Monthly statement to be furnished by a recognized association in respect of transactions in which client codes have been modified after registering in the system for the month of February, 2026
	30th March 2026	Form 26QB	February 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of February, 2026
	30th March 2026	Form 26QC	February 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of February, 2026
	30th March 2026	Form 26QD	February 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of February, 2026

	30th March 2026	Form 26QE	February 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194S in the month of February, 2026
	31st March 2026	Form 3CEAD		Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of sub-section (2) or sub-section (4) of section 286 of the Income-tax Act, 1961 (assuming reporting accounting year is April 1, 2024 to March 31, 2025)
	31st March 2026	Form 67		Uploading of statement [Form 67], of foreign income offered to tax and tax deducted or paid on such income in previous year 2024-25, to claim foreign tax credit [if return of income has been furnished within the time specified under section 139(1) or section 139(4).
Statute	Due Dates	Form/ Event	Compliance Period	Details
Goods and Services Tax Act, 2017	10th March 2026	GSTR-7	February 2026	Monthly Return by Tax Deductors for February, 2026
	10th March 2026	GSTR-8	February 2026	Monthly Return by E-Commerce Operators for February, 2026
	11th March 2026	GSTR-1 (MONTHLY)	February 2026	<ol style="list-style-type: none"> Summary of Outward Supplies where turnover exceeds INR 5 Crore during preceding year or have not chosen QRMP scheme Registered person, with aggregate turnover of less than INR 5 Crore during preceding year, opted for monthly filing of return under QRMP.
	13th March 2026	GSTR-5 (MONTHLY)	February 2026	Summary of Outward taxable supplies and tax payable by a non-resident taxable person
	13th March 2026	GSTR-6 (MONTHLY)	February 2026	Details of ITC received and distributed by an ISD
	20th March 2026	GSTR-5A (MONTHLY)	February 2026	Summary of outward taxable Supplies and tax payable by a Person supplying OIDAR services
	20th March 2026	GSTR-3B	February 2026	Due Date for filling GSTR – 3B return for the month of February, 2026 for the taxpayer with Aggregate turnover exceeding INR 5 crores during previous year
Statute	Due Dates	Form/ Event	Compliance Period	Details
Professional Tax on Salaries	21st March 2026		February 2026	Professional Tax (PT) on Salaries for February, 2026
ESI & PF	15th March 2026		February 2026	Provident Fund (PF) & ESI Returns and Payment for February, 2026

Compliance Calendar for April, 2026

Statute	Due Dates	Form/ Event	Compliance Period	Details
Income Tax Act, 1961	07th April 2026	Securities Transaction Tax / Commodities Transaction Tax	March 2026	Securities Transaction Tax - Due date for deposit of tax collected for the month of March, 2026
	07th April 2026	Securities Transaction Tax / Commodities Transaction Tax	March 2026	Commodities Transaction Tax - Due date for deposit of tax collected for the month of March, 2026
	07th April 2026	Form 27C	March 2026	Declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of March, 2026
	07th April 2026	Equalization Levy Deposit Due Dates	March 2026	Collection and recovery of equalization levy on specified services in the month of March, 2026
	07th April 2026	TDS/TCS Deposit Due Dates	March 2026	Due date for deposit of Tax deducted/collected for the month of March, 2026. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan
	15th April 2026	Form 16B	February 2026	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of February, 2026
	15th April 2026	Form 16C	February 2026	Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of February, 2026
	15th April 2026	Form 16D	February 2026	Due date for issue of TDS Certificate for tax deducted under section 194M in the month of January, 2026
	15th April 2026	Form 16E	February 2026	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of February, 2026
	15th April 2026	Form 3BB	March 2026	Monthly statement to be furnished by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of March, 2026
	15th April 2026	Form 3BC	March 2026	Monthly statement to be furnished by a recognized association in respect of transactions in which client codes have been modified after registering in the system for the month of March, 2026
	15th April 2026	Form 15CC	January 2026- March 2026	Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for the quarter ending March 2026.
	30th April 2026	Form 26QB	March 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of March, 2026
	30th April 2026	Form 26QC	March 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of March, 2026
	30th April 2026	Form 26QD	March 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of March, 2026

	30th April 2026	Form 26QE	March 2026	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194S in the month of March, 2026
	30th April 2026	Form 24G	March 2026	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of March, 2026
	30th April 2026	Form 61	October 2025- March 2026	Due date for e-filing of a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2025, to March 31, 2026.
Statute	Due Dates	Form/ Event	Compliance Period	Details
Goods and Services Tax Act, 2017	10th April 2026	GSTR-7	March 2026	Monthly Return by Tax Deductors for March, 2026
	10th April 2026	GSTR-8	March 2026	Monthly Return by E-Commerce Operators for March, 2026
	11th April 2026	GSTR-1 (MONTHLY)	March 2026	1. Summary of Outward Supplies where turnover exceeds INR 5 Crore during preceding year or have not chosen QRMP scheme 2. Registered person, with aggregate turnover of less than INR 5 Crore during preceding year, opted for monthly filing of return under QRMP.
	13th April 2026	GSTR-1	January 2026- March 2026	Furnishing of details of Outward Supplies for the period January 2026 to March 2026
	13th April 2026	GSTR-5 (MONTHLY)	March 2026	Summary of Outward taxable supplies and tax payable by a non-resident taxable person
	13th April 2026	GSTR-6 (MONTHLY)	March 2026	Details of ITC received and distributed by an ISD
	18th April 2026	GST CMP- 08	January 2026- March 2026	Furnishing of Statement of Quarterly Payment of Tax for the period January 2026 to March 2026
	20th April 2026	GSTR-5A (MONTHLY)	March 2026	Summary of outward taxable Supplies and tax payable by a Person supplying OIDAR services
	20th April 2026	GSTR-3B	March 2026	Due Date for filling GSTR – 3B return for the month of March, 2026 for the taxpayer with Aggregate turnover exceeding INR 5 crores during previous year
	22nd April 2026	GSTR-3B (Specified States)	January 2026- March 2026	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period January 2026 to March 2026
	24th April 2026	GSTR-3B (Specified States)	January 2026- March 2026	Furnishing of Consolidated Summary Return of Inward and Outward Supplies for the period January 2026 to March 2026
Statute	Due Dates	Form/ Event	Compliance Period	Details
Professional Tax on Salaries	21st April 2026		March 2026	Professional Tax (PT) on Salaries for March, 2026
ESI & PF	15th April 2026		March 2026	Provident Fund (PF) & ESI Returns and Payment for March, 2026

Feedback and suggestions are invited:

We are hopeful that you will like the approach and appreciate the efforts of the DTPA Journal Committee. A One liner feedback at dtpejournal@gmail.com from you will guide us to move further and motivate in touching new heights in professional excellence.

Speaking Opportunity at DTPA Platform

As a part of our commitment, DTPA will provide its members an opportunity to speak at the DTPA platform on any topics of professional interest. The opportunity may be through group discussions, webinars, workshops, Student Training Program and similar initiatives.

If you stay outside Kolkata, you may do it through webinars.

So, if you are looking for such an opportunity, then please keep in touch at the office of DTPA to help us find your interest area and take the things forward.

Regards,

CA Manju Lata Shukla
President-DTPA

Request for Article in DTPA Journal

Dear Sir/Madam,

Direct Taxes Professionals' Association, popularly known as 'DTPA', established in the year 1982 is a Kolkata based Association consisting of Chartered Accountants, Advocates, Company Secretaries, Cost Accountants and Tax Practitioners.

We invite you to contribute articles **for the Journal on the given below topics which will be considered for publication in the upcoming edition of the E-Journal, subject to approval by the Editorial Board.**

Topics:

- Direct Taxes
- GST & Indirect Taxes
- Corporate & Allied Laws
- Information Technology
- International Taxation
- Accountancy and Audit
- Insolvency and Bankruptcy
- Emerging areas of Practice

The articles sent for publication in the newsletter should confirm to the following parameters:

- The article should be original and contents are owned by Author himself.
- The article should help in development of the profession and highlight matters of current interests/ challenges to the professionals/ emerging professional areas of relevance.
- The length of the article should be 2000-2500 words and should preferably be accompanied with an executive summary of around 100 words.
- The tables and graphs should be properly numbered with headlines and referred with their numbers in the text.
- The authors must provide the list of references at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact number along with his passport size photograph and declaration confirming the originality of the article as mentioned above should be enclosed along with the article.
- **The article can be sent by e-mail at dtpaejournal@gmail.com**
- Please note that Journal Committee has the sole discretion to accept, reject, modify, amend and edit the article before publication in the Journal.

For further details, please contact us at: dtpaejournal@gmail.com and at Mob: 9831016678 / 9836189880 / 9831029805

Thanks and regards,

CA. Manju Lata Shukla
President-DTPA
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Chairman, DTPA-Journal Sub-Committee
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Rewarding Excellence in Writing: DTPA'S Monthly Journal- Article Writing

As part of our on-going efforts to promote knowledge sharing and excellence in writing, the DTPA Monthly Journal Sub-Committee is pleased to announce a special reward scheme for our article writers.

Reward Scheme:

To encourage and recognize outstanding contributions to our Monthly E-Journal, we will be rewarding the best 3 (three) article writers of the year for the month commencing from November 2025 in the Annual General Meeting to be held in year 2026.

Eligibility Criteria:

Submit on Time

Submit their articles by 5th day of the month for which the publication is released. For example, for the month of March 2026 E-Journal Publication, articles will have to be submitted by 5th April 2026.

Meet Standards

Ensure that their articles meet the journal's editorial standards and guidelines and should be their own articles.

Eligibility

Not be the members of the DTPA Monthly Journal's editorial team.

Selection Process:

The DTPA Editorial Board will review and evaluate all eligible articles based on their content, quality, and relevance to the Monthly Journal's theme. The best 3 (three) articles will be selected for the rewards.

Timeline:

Submission

Article submission deadline: within first 5 days of the month for which the publication has to be released.

Evaluation

Evaluation and selection: November 2025 and onwards.

Announcement

Reward announcement: At the Annual General Meeting to be held in the year 2026.

We look forward to receiving high-quality articles from our members and/or writers and recognizing their excellence through this reward scheme.

Thanks, and Regards

CA. Manju Lata Shukla

President

DTPA

Ph.9831491002

Email: manju_asso@rediffmail.com

CA. Sujit Sultania

Chairman

DTPA- Journal Sub-Committee

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Email: sultaniasujit@gmail.com



Reward Scheme for Best 3 (Three) Readers' Feedback for our Monthly Journal

We are excited to announce a reward scheme to recognize and appreciate our valued readers who take their valuable time to provide us with their thoughtful feedback.

Objective:

The objective of this reward scheme is to encourage our readers to share their opinions, suggestions, and ideas on how we can improve our content and better serve their needs.

Eligibility:

All readers who provide feedback on our content during the specified period (within last date of the month for which the Journal is published) are eligible to participate in this reward scheme. For example, 31st March 2026 is the last date for feedback in respect of our E-Journal of March 2026.

Reward Structure:

The best three readers who provide the most valuable and insightful feedback will be rewarded in the Annual General Meeting to be held in the year 2026.



Selection Criteria:

The DTPA Editorial Board will review and evaluate the feedbacks received. The best 3 (three) feedbacks will be selected for the rewards.

The winners will be selected based on the quality, relevance and usefulness of their feedback.

Timeline:

This scheme commences w.e.f. our Monthly Journal published for November 2025 and onwards.

How to Participate:

To participate, we would request you to simply provide your feedback through our email, i.e. dtpejournal@gmail.com and/or at Mob: 9831016678 / 9836189880 / 9831029805 latest by last date of the month for which the Journal is published.

We look forward to receiving your valuable feedback and rewarding our top three readers.

Thank you for your continued support.

CA. Manju Lata Shukla

President

DTPA

Ph.9831491002

Email: manju_asso@rediffmail.com

CA. Sujit Sultania

Chairman

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DIRECT TAXES

1. STATUTORY UPDATES

- 1.1** DPIIT revises Startup definition, eligibility criteria and recognition process; introduces 'Deep Tech Startup' framework - **NOTIFICATION NO. G.S.R. 108(E) [F. NO. P-38015/19/2025-STARTUP INDIA], DATED 04-02-2026**

Editorial Note : The DPIIT has revised the definition of 'Startup' and the eligibility conditions for recognition by superseding its earlier framework. Also, it has introduced the concept of 'Deep Tech Startup' with extended incorporation period and higher turnover limits, prescribed the recognition process through the DPIIT portal, laid down conditions on deployment of funds, and provided for certification under section 80-IAC, revocation of approval and relaxations in special cases.

- 1.2** India-France sign protocol to amend DTAA; full taxing rights over capital gains to vest with country of residence - **PRESS RELEASE, DATED 23-02-2026**

Editorial Note : The Government of India and the Government of the French Republic have signed a Protocol amending the India-France Double Taxation Avoidance Convention, signed on 29 September 1992. The Amending Protocol provides full taxing rights in respect of capital gains arising from the sale of shares of a company to the jurisdiction where such company is a resident. The Amending Protocol also deletes the Most-Favoured-Nation (MFN) Clause from the Protocol

- 1.3** Budget 2026: Separate accounting requirement based on ICDS will be done away with from tax year 2027-28

Editorial Note : The Finance Minister, Smt. Nirmala Sitharaman, has presented the Union Budget 2026 in Parliament at a time when the global economic environment remains uncertain. Ongoing geopolitical tensions, volatility in global markets, a weakening rupee, and sharply rising prices of gold and silver have continued to influence investor behaviour and capital flows.

- 1.4** Copy of the Finance Bill 2026

Editorial Note : Find below the copy of the Finance Bill 2026

- 1.5** Highlights of the Finance Bill, 2026

Editorial Note : This document provides a summary of the key changes proposed in the Finance Bill, 2026. It highlights amendments across income tax, corporate tax, TDS/TCS and procedural provisions, with a focus on compliance simplification, rationalisation of penalties and reduction of litigation.

- 1.6** CBDT releases draft Income-tax Rules, 2026 and forms; seeks feedback from stakeholders

Editorial Note : The CBDT has issued the draft Income-tax Rules, 2026, and the forms for public feedback. The draft aims to simplify and consolidate provisions, reducing the number of rules from 511 to 333 and the number of forms from 399 to 190. The draft rules and forms shall

remain in the public domain for a period of 15 days, i.e. up to 22nd of February, 2026.

2. SUPREME COURT

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

- 2.1** SLP dismissed against order of High Court that where assessee received consideration as licensing fee for right to use software, such amount is not taxable as royalty under India-Italy DTAA and hence not chargeable to tax in India - **Commissioner of Income-tax, International Taxation 3 v. Siemens Mobile Communication SPA - [2026] 183 taxmann.com 385 (SC)**

- 2.2** SLP dismissed against order of High Court that where assessee, an Italian company supplying telecom equipment, had an Indian subsidiary and onshore services of installation, testing and maintenance and income from marketing and promotional activities were carried out by such subsidiary and offered to tax in India, assessee did not have a permanent establishment in India in form of its subsidiary under article 5 of DTAA between India and Italy and no profits could be attributed to it - **Commissioner of Income-tax, International Taxation 3 v. Siemens Mobile Communication SPA - [2026] 183 taxmann.com 385 (SC)**

SECTION 10(46) OF THE INCOME-TAX ACT, 1961 - CERTAIN BODY, AUTHORITY, BOARD, ETC. CONSTITUTED FOR BENEFIT OF GENERAL PUBLIC

- 2.3** SLP dismissed against order of High Court that where petitioners sought for being notified under section 10(46), having regard to fact that benefit of exemption under section 10(23C) was being denied regularly, and they felt that provisions of section 10(46) would be more beneficial and apply more aptly, revenue was to be directed to process petitioner's applications for being notified under section 10(46) - **Central Board of Direct Taxes v. Telangana State Pollution Control Board - [2026] 183 taxmann.com 387 (SC)**

SECTION 14A OF THE ADMINISTRATIVE TRIBUNALS ACT, 1985 - INCOME TAX APPELLATE TRIBUNAL - SEARCH-CUM-SELECTION COMMITTEE

- 2.4** Where one of members of Search-cum-Selection Committee, who rejected candidature of petitioner for post of Member (Accountant), ITAT, had faced contempt proceedings at instance of petitioner, presence of that member in selection process was not justified and rendered decision-making process vulnerable on touchstone of principles of natural justice and gave rise to a reasonable apprehension of bias - **Captain Pramod Kumar Bajaj v. Union of India - [2026] 183 taxmann.com 61 (SC)**

SECTION 24 OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - NOTICE AND ATTACHMENT OF PROPERTY INVOLVED IN BENAMI TRANSACTION

- 2.5 Where properties of corporate debtor undergoing liquidation were provisionally attached under Benami Act, since proceedings thereunder were sovereign actions in rem and Act provided an exclusive adjudicatory mechanism, and as property held benami was not beneficially owned by corporate debtor so as to form part of liquidation estate, liquidator could not challenge such attachment before NCLT under IBC - **S. Rajendran v. Deputy Commissioner of Income-tax** - [2026] 183 taxmann.com 685 (SC)

SECTION 31 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - RESOLUTION PLAN- APPROVAL OF

- 2.6 Where review petition was filed against order of SC that income tax dues of corporate debtor for assessment years 2012-13 and 2013-14 were not part of approved Resolution Plan, same stood extinguished and, therefore, subsequent demand raised by Income Tax Department for assessment years 2012-13 and 2013-14 was invalid and could not be enforced, review petition was dismissed on ground of delay as well as on merits - **Deputy Commissioner of Income-tax v. Vaibhav Goel** - [2026] 183 taxmann.com 389 (SC)

SECTION 32 OF THE INCOME-TAX ACT, 1961 - DEPRECIATION - ALLOWANCE/RATE OF

- 2.7 SLP dismissed against order of High Court that where Assessing Officer issued reopening notice against assessee on ground that depreciation on goodwill was not allowable in view of sixth proviso to section 32(1) and section 43(6)(c), since provision of section 43(6)(c) was not amended at relevant point of time for assessment year 2017-18, amended provision denying depreciation on goodwill which came into effect from 1-4-2021 could not have formed basis for re-opening to come to conclusion that there was escapement of income by claiming of depreciation on goodwill - **Deputy Commissioner of Income-tax v. GTPL Hathway Ltd.** - [2026] 183 taxmann.com 120 (SC)

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

- 2.8 SLP dismissed against order of High Court that where Assessing Officer issued reopening notice against assessee on ground that rent paid by assessee on equipment taken on lease included principal plus interest which was not allowable under any provisions of Act, since Assessing Officer had not taken into consideration nature of repetitive nature of transactions in form of lease rent which was claimed by assessee from year to year from 2012-13 onwards and no addition was made since then,

Assessing Officer could not have assumed jurisdiction to re-open assessment - **Deputy Commissioner of Income-tax v. GTPL Hathway Ltd.** - [2026] 183 taxmann.com 120 (SC)

- 2.9 SLP dismissed against order of High Court that where Assessing Officer reopened assessment on ground that there was likelihood of any gain on account of revenue expenses incurred by assessee, since assessee had unrealized gain and unrealized loss which was not claimed and duly reflected in computation of income as assessee had claimed only bank charges expenditure for hedging of foreign currency, reopening of assessment was without any basis - **Deputy Commissioner of Income-tax v. GTPL Hathway Ltd.** - [2026] 183 taxmann.com 120 (SC)

- 2.10 SLP dismissed against order of High Court that where Assessing Officer disallowed management fees paid by assessee to a concern as being excessive, since Assessing Officer had not brought any evidence on record which had driven him to take an adverse view and onus cast on assessee was in fact discharged, disallowance made by Assessing Officer was to be deleted - **Principal Commissioner of Income-tax v. Anand Divine Developers (P.) Ltd.** - [2026] 183 taxmann.com 383 (SC)

SECTION 69A OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED MONEYS

- 2.11 SLP dismissed against order of High Court that where Assessing Officer issued reopening notices based on information received from DCIT that during search conducted in case of a party, it was found that assessee had carried out transactions of substantial amount through said party which had escaped assessment, since reopening notices were issued in mechanical manner without any reference to transactions carried out by assessee and there was no link between material and reasons recorded, reopening notices were to be quashed - **Income-tax Officer v. Amitkumar Chandulal Rajani** - [2026] 183 taxmann.com 542 (SC)

SECTION 148 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - ISSUE OF NOTICE FOR

- 2.12 SLP disposed of against order of High Court that where notices were issued by Jurisdictional Assessing Officer under section 148 and proceedings were initiated thereafter without conducting faceless assessment as envisaged under section 144B, same being contrary to provisions of Act, notice issued under section 148 as well as consequential proceedings were liable to be set aside - **Income-tax Officer v. Vandana Malhotra** - [2026] 183 taxmann.com 390 (SC)

- 2.13 SLP dismissed against order of High Court that where Assessing Officer had not disposed of objections raised by assessee against reopening of assessment, reassessment proceedings were to be voided - **Deputy**

Commissioner of Income-tax v. Hewlett Packard Financial Services (India) (P.) Ltd. - [2026] 183 taxmann.com 696 (SC)

SECTION 149 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - TIME LIMIT FOR ISSUANCE OF NOTICE

2.14 SLP dismissed against order of High Court that where for relevant assessment year 2014-15, period of six years from end of relevant assessment year expired on 31-3-2021, notice issued under section 148 on 30-8-2024 to assessee was barred by limitation - **Income-tax Officer v. Kalpana Buildmart (P.) Ltd. - [2026] 183 taxmann.com 546 (SC)**

2.15 SLP dismissed against order of High Court that where Assessing Officer issued reopening notice under section 148 dated 31-8-2024 for assessment year 2016-17, since period of six years from end of relevant assessment year expired on 31-3-2024, notice was barred by limitation - **Chief Commissioner of Income-tax v. Gupta and Company (P.) Ltd. - [2026] 183 taxmann.com 163 (SC)**

SECTION 151 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - SANCTION FOR ISSUE OF NOTICE

2.16 SLP dismissed against order of High Court that where revenue issued a notice under section 148A(b) to assessee after lapse of more than three years from end of relevant assessment year after obtaining prior approval from Principal Commissioner, since approval was sought from authorities specified in clause (i), as against clause (ii) of section 151, notice and order were to be quashed on ground that there was no approval of specified authority as indicated in section 151(ii) - **Income-tax Officer v. Mangla Gupta - [2026] 183 taxmann.com 121 (SC)**

SECTION 153C OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - ASSESSMENT OF ANY OTHER PERSON

2.17 SLP dismissed against order of High Court that where there is incriminating material seized or requisitioned belonging or relatable to person other than on whom search is conducted, section 153C and not section 148 is to be resorted to - **Assistant Commissioner of Income-tax v. Gopal Prasad Gupta - [2026] 183 taxmann.com 384 (SC)**

SECTION 205 OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - BAR AGAINST DIRECT DEMAND ON ASSESSEE

2.18 SLP dismissed against order of High Court that where employer of assessee deducted tax at source from salary income of assessee but did not deposit same with Government, Assessing Officer could not have raised any demand against assessee in view of provisions of section 205 read with CBDT's Instruction No. 275 dated 1-6-2015

- Income-tax Assessing officer v. Gayatri Snehal Rao - [2026] 183 taxmann.com 657 (SC)

SECTION 206C OF THE INCOME-TAX ACT, 1961 - COLLECTION OF TAX AT SOURCE

2.19 SLP dismissed against order of High Court that there is no legislative mandate to collect TCS on compounding fee/fine collected under section 23A of MMDR Act, 1957 read with Rule 71(5) of Chhattisgarh Minor Mineral Rules, 2015, thus, assessee, District Mining Officer would not be under obligation to collect tax under section 206C(1C) on compounding fees/fines recovered from illegal miners and transporters of minerals - **Deputy Commissioner of Income-tax (TDS) v. District Mining Officer Dantewada Mining Office - [2026] 183 taxmann.com 119 (SC)**

SECTION 271D OF THE INCOME-TAX ACT, 1961 - PENALTY - FOR FAILURE TO COMPLY WITH SECTION 269SS

2.20 SLP dismissed against order of High Court that where Assessing Officer did not record any finding that there had been any violation of section 269SS by assessee, nor was any satisfaction recorded to effect that alleged transaction of acceptance of loan in cash would attract penal consequences, penalty could not be levied under section 271D - **Joint Commissioner of Income-tax v. Grandhi Sri Venkata Amarendra - [2026] 183 taxmann.com 545 (SC)**

3. HIGH COURT

SECTION 2(9) OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - DEFINITIONS

3.1 Where large post-demonetisation cash deposits were made in firm's accounts and prosecution alleged absence of genuine income supported by bogus sales bills, defence regarding genuineness of deposits could not be examined at charge stage and non-identification of beneficial owner did not justify discharge; hence prosecution could not be quashed. - **R.Kalaivani v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 34 (Madras)**

SECTION 2(14) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - CAPITAL ASSET

3.2 Where assessee-company, engaged in manufacturing and trading and functioning as IATA approved cargo agent and customs house agent, sold land acquired many years ago as industrial land forming part of fixed assets and sold in same state without undertaking any development, entire income arising therefrom was assessable under head 'capital gains' and not as business income - **Commissioner of Income-tax Chennai v. Gwl Properties Ltd. - [2026] 183 taxmann.com 26 (Madras)**

SECTION 2(15) OF THE INCOME-TAX ACT, 1961 - CHARITABLE PURPOSE

- 3.3 Where charity advancing objects of general public utility carried on activities resulting in incidental surplus, and quantitative limit prescribed under second proviso to section 2(15) was adhered to, such activities continued to qualify as charitable for purposes of section 11 - **Commissioner of Income-tax (Exemptions) v. Jaipur Development Authority - [2026] 183 taxmann.com 292 (Rajasthan)**

SECTION 5 OF THE INCOME-TAX ACT, 1961 - INCOME - ACCRUAL OF

- 3.4 Where assessee, invoking real income theory, claimed accrued interest on NPAs as not taxable but extended fresh credit to same borrowers, such conduct showed interest was real and recoverable, and hence liable to tax notwithstanding RBI Prudential Norms - **Pact Securities & Financial Services Ltd v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 350 (Telangana)**

SECTION 5A OF THE INCOME-TAX ACT, 1961 - GOAN HUSBAND AND WIFE

- 3.5 Where Goan spouses, governed by Portuguese Civil Code and section 5A, filed separate returns but assessment was challenged and settled by husband under Direct Tax Vivad se Vishwas Scheme, rejection of wife's application on ground of no pending assessment appeal was unsustainable since income is statutorily community property and dispute could not be split for settlement purposes, and appeal against penalty sufficed. - **Smt. Sharen Nitin Naik v. Principal Commissioner of Income-tax- [2026] 183 taxmann.com 166 (Bombay)**
- 3.6 Where petitioner governed by section 5A filed settlement Forms 1 and 2 under Direct Tax Vivad se Vishwas Scheme during currency of scheme but application was rejected on alleged procedural grounds and delay due to COVID19, such grounds were insufficient to preclude writ jurisdiction under Article 226 and authority was required to pass a reasoned order on settlement application. - **Smt. Sharen Nitin Naik v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 166 (Bombay)**

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

- 3.7 Where petitioner made remittances to a company of Singapore under a service agreement and was treated as assessee in default for non-deduction of TDS on grounds of inadequate invoice descriptions, but Assessing Officer failed to examine whether services 'made available' technical knowledge as per Article 12(4) of India-Singapore DTAA, such order was legally unsustainable - **Solvay Specialities India (P.) Ltd. v. Assistant Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 570 (Gujarat)**

- 3.8 Where assessee, UK based company, provided subscription-based information and software products, and Indian distributors paid consideration for onward distribution, since an earlier Tribunal finding in a group entity's case under identical facts found such receipts were not royalty, competent authority could not disregard this precedent, and should have issued a NIL withholding certificate on similar facts - **Financial and Risk Organisation Ltd. v. Income-tax Officer International Taxation - [2026] 183 taxmann.com 603 (Delhi)**

- 3.9 Where assessee, a UK tax-resident, received both India POS and non-India POS receipts and an appellate dispute on taxability of non-India POS receipts was pending, TDS withholding was to be restricted to proportion of non-India POS receipts and fresh certificate issued at 0.5% rate reflecting uncertainty in tax liability. - **Travelport International Operations Ltd. v. Deputy Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 586 (Delhi)**

- 3.10 Where petitioner, a UK company providing electronic distribution services to airlines, had 15% of receipts attributed to Indian PE and paid 68% as commission to Indian agents, entire commission paid to agents was to be deducted against such attributed revenue for withholding tax purposes - **Travelport International Operations Ltd. v. Deputy Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 586 (Delhi)**

- 3.11 Where assessee, a Norwegian company, provided 2D/3D seismic survey services to ONGC for offshore oil exploration and was subjected to 7 per cent TDS under section 44DA treating receipts as Royalty/FTS, since Assessing Officer failed to consider earlier High Court ruling in assessee's own case wherein it was held that such services fall within expression 'mining projects or like projects' under section 9(1)(vii) and receipts would be taxable under section 44BB, impugned order and certificate under section 197 was to be set aside and matter was to be remanded back - **PGS Geophysical AS v. Income-tax Department, International Taxation - [2026] 183 taxmann.com 613 (Delhi)**

- 3.12 Where assessee, a non-resident company, engaged in business of providing Software as a Service (SaaS) based products/offers to Indian customers claimed that service provided by it to Indian company did not amount to FTS/FIS, since competent authority had not considered judgments which assessee had cited and had simply picked up findings of Assessing Officer recorded in assessment orders for relevant years, competent authority was to be directed to issue a certificate under section 197 at 2 per cent rate equal to equalization levy - **Branch Metrics Inc v. Deputy Commissioner of Income-tax, International Tax - [2026] 183 taxmann.com 466 (Delhi)**

- 3.13 Where assessee paid upfront fees to UK and Singapore entities for facilitating ECB and did not deduct tax at source, since there was no 'make available' of technical knowledge by payees to enable assessee to

independently obtain ECB in future, payments were not taxable in India under relevant DTAA's, and disallowance under Section 40(a)(i) was not warranted - **Commissioner of Income-tax v. TVS Motor Company Ltd.** - [2026] 183 taxmann.com 591 (Madras)

SECTION 11 OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - EXEMPTION OF INCOME FROM PROPERTY HELD UNDER

3.14 Where assessee-trust inadvertently showed its income from FDRs as 'income from other sources' and Assessing Officer in scrutiny assessment assessed assessee's income as per returned income and raised a demand, appellate authorities being duty-bound to grant legitimate relief, could not have denied exemption on technicalities and, consequently, assessment and appellate orders were to be quashed - **International Buddhist Confederation v. Income-tax Officer** - [2026] 183 taxmann.com 338 (Delhi)

SECTION 12AB OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - PROCEDURE FOR FRESH REGISTRATION

3.15 Where assessee-trust holding provisional registration under section 12AB applied for regular registration and approval under Section 80G but Commissioner rejected same for non-furnishing of documents, Tribunal's direction to grant registration without recording findings on genuineness and compliance under section 12AB(1)(b) was unsustainable, and thus, matter was remanded for fresh adjudication. - **Commissioner of Income-tax, Exemption v. Kush Innovative Foundation** - [2026] 183 taxmann.com 742 (Delhi)

SECTION 24 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - DEDUCTIONS

3.16 Where reopening notice was issued on ground that interest deduction under section 24(b) had been wrongly allowed for want of lender's certificate, since property in respect of which deduction was claimed was let out throughout year and annual value was determined under section 23(1)(b), restriction under proviso to section 24(b) did not apply and in absence of any fresh tangible material, reopening notice was liable to be quashed - **Shantilal Gulabchand Muttha v. Assistant Commissioner of Income-tax** - [2026] 183 taxmann.com 328 (Bombay)

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

3.17 Where assessee incurred corporate image advertisement expenditure and, though treated as deferred revenue in books, claimed entire amount as deduction, such expenditure, being not capital in nature, was allowable as revenue expenditure under section 37(1) in year of incurrence - **Dy Cit - C C - 1 Baroda v. Rinki Petrochemicals & Ind Ltd.** - [2026] 183 taxmann.com 36(Gujarat)

3.18 Where assessee agreed to reimburse SMTPL for exchange rate fluctuation losses incurred due to delayed payment beyond agreed credit period under a materials import agreement, and such compensation was mutually approved and actually paid, reimbursement qualified as business expenditure allowable under section 37 since it fell within clause (f) of agreement despite absence of express provision for such loss - **Assab Sripad Steels (P.) Ltd. v. Commissioner of Income-tax - 1** - [2026] 183 taxmann.com 523 (Madras)

3.19 Where assessee's Board approved compensation payment for exchange fluctuation loss during relevant financial year and liability stood crystallized, but claim related to a subsequent assessment year, deduction under section 37(1) was to be allowed in such subsequent assessment year and assessment thereof required revision accordingly - **Assab Sripad Steels (P.) Ltd. v. Commissioner of Income-tax - 1** - [2026] 183 taxmann.com 523 (Madras)

3.20 Where assessee, an asset management company, was acting as fund manager, managing mutual fund schemes and incurred mutual fund promotion expenditure and initial public offer expenditure, same was to be allowed as business expenditure under section 37(1) - **Commissioner of Income-tax v. Sahara Asset Management Company (P.) Ltd.** - [2026] 183 taxmann.com 235 (Madras)

SECTION 40(a)(ia) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - INTEREST, ETC., PAID TO A RESIDENT WITHOUT DEDUCTION OF TAX AT SOURCE

3.21 Where assessee made payment to Haryana Urban Development Authority (HUDA) towards External Development Charges (EDC) and had not claimed said amount as expenditure in Profit and Loss account, same could not be disallowed for non-deduction of tax at source - **Principal Commissioner of Income-tax v. Bharti Land Ltd.** - [2026] 183 taxmann.com 694 (Delhi)

SECTION 41(1) OF THE INCOME-TAX ACT, 1961 - REMISSION OR CESSATION OF TRADING LIABILITY

3.22 Where assessee prepaid deferred sales tax dues under a State deferral scheme at Net Present Value and treated the difference as capital receipt, there being no remission or cessation of liability under section 41(1), amount was not taxable - **Commissioner of Income-tax v. TVS Motor Company Ltd.** - [2026] 183 taxmann.com 591 (Madras)

SECTION 62 OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - OFFENCES BY COMPANIES

3.23 Where a partner was prosecuted for offence under section 53 of the Prohibition of Benami Property Transactions Act but complaint contained neither specific averments nor

material showing that accused partner was in-charge of and responsible for conduct of firm's business, such partner could not be made vicariously liable and was entitled to discharge - **R.Kalaivani v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 34 (Madras)**

- 3.24** Where partnership firm was prosecuted and its Managing Partner, having prima facie knowledge of and responsibility for cash deposits and having signed relevant financial documents, was in-charge of firm's affairs, refusal to discharge him from prosecution under Prohibition of Benami Property Transactions Act was justified - **R.Kalaivani v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 34 (Madras)**

SECTION 68 OF THE INCOME-TAX ACT, 1961 - CASH CREDIT

- 3.25** Where notices under section 148A(b)/148 and order under section 148A(d) had been sent to assessee through an email ID which had been changed by assessee and was non-existent and there was doubt as to whether proper service was effected on assessee or not, impugned order passed under section 148A(d) and notice issued under section 148 were to be set aside - **Basu Tea (P.) Ltd. v. Union of India - [2026] 183 taxmann.com 58 (Calcutta)**
- 3.26** Where reopening beyond four years was initiated merely on information regarding alleged non-genuine derivative losses without any recorded allegation of failure on part of assessee to disclose fully and truly material facts, mandatory condition under first proviso to section 147 was not satisfied and impugned notice under section 148 was liable to be quashed - **Global Earth Properties & Developers (P). Ltd. v. Union of India - [2026] 183 taxmann.com 64 (Bombay)**
- 3.27** Where Assessing Officer issued a notice under section 148 against assessee on ground that there were certain transactions under old PAN of assessee which were not declared by assessee, since assessee had indicated to Assessing Officer that it was ready and willing to provide any further details, however, Assessing Officer had not given proper opportunity to assessee to produce such documents, impugned reopening notice issued against assessee was to be set aside - **Bankura District Central Co-operative Bank Ltd v. Union of India - [2026] 183 taxmann.com 93 (Calcutta)**
- 3.28** Where assessee, engaged in manufacture and export of shoes and finished leather from raw hides and skins, had recorded sellers' names and details in its books, and law permitted cash purchases of hides and skins without mandating PAN or address particulars, initiation of reassessment solely on absence of such details, in absence of cogent material indicating non-genuine credit, amounted merely to suspicion; consequently, reassessment proceedings lacked jurisdiction and were

liable to be quashed - **Zazsons Exports (P.) Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 285 (Allahabad)**

- 3.29** Where Assessing Officer made additions to income of assessee-company under section 68 on ground that loans and deposits received by assessee were not genuine, since Commissioner (Appeals) had not properly documented, analyzed or discussed in appellate order itself, findings of independent inquiries and confirmations obtained from creditors and banks, deletions made by him were legally untenable and unsustainable - **Liquors India Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 357 (Telangana)**
- 3.30** Where reopening was initiated against legal heir alleging accommodation entry in respect of investment made by deceased assessee, since reopening was based solely on third-party statement and petitioner had furnished complete documentary evidence explaining source of investment, impugned reopening notice was liable to be quashed - **Rajendra Mahendrakumar Vadodaria v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 258 (Gujarat)**
- 3.31** Where assessee-company raised share capital from fifteen corporate entities, since assessee had placed on record all requisite documents, including PAN details, income tax return acknowledgments, and audited financial statements of subscriber companies and further, subscribers were active taxpayers who had confirmed transactions in response to notices issued under section 133(6), addition made under section 68 deserved to be deleted - **Principal Commissioner of Income-tax 1 Kolkata v. Shipra Enclave (P.) Ltd. - [2026] 183 taxmann.com 413 (Calcutta)**
- 3.32** Where assessee furnished documentary evidence of identity, creditworthiness and banking trail for share capital, initial onus under section 68 stood discharged and Assessing Officer could not disregard audited balance sheets and PAN as mere paper compliance without contrary evidence - **Principal Commissioner of Income-tax v. Express Tradelink (P.) Ltd. - [2026] 183 taxmann.com 398 (Calcutta)**

SECTION 69 OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED INVESTMENTS

- 3.33** Where Assessing Officer made an addition under section 69 based on difference between invoice value of imports as per data received from Central Board of Excise and Customs (CBEC) and purchase value of imports disclosed by assessee in its return of income, since complete details of break up of CBEC data was not furnished to assessee, there had been a breach of principles of natural justice, and on this count alone, entire addition made and assessment proceedings were vitiated - **JSW Minerals Trading (P.) Ltd. v. Assessment Unit, Income-tax Department, National Faceless Assessment Centre - [2026] 183 taxmann.com 28 (Bombay)**

3.34 Where assessee-firm's income was enhanced on basis of stock statements furnished to bank for availing overdraft facility, and such statements formed basis for determining drawing power, and assessee, despite adequate opportunity, failed to disprove their authenticity or deny availing facility on their basis, addition was justified - **Loomba Manufacturing Syndicate Ludhiana v. Commissioner of Income-tax - [2026] 183 taxmann.com 689 (Punjab & Haryana)**

3.35 Where reassessment was initiated solely on seized WhatsApp data which had already been considered in completed proceedings under section 153C and resultant addition had been deleted in appeal, initiation of proceedings under section 148A and issuance of notice under section 148 on same material was impermissible and liable to be quashed - **Sureshchandra Amrutlal Patel v. Assistant Commissioner of Income-tax, Central - [2026] 183 taxmann.com 681 (Gujarat)**

SECTION 69B OF THE INCOME-TAX ACT, 1961 - UNDISCLOSED INVESTMENTS

3.36 Where Assessing Officer reopened assessment on ground that seized material found in search operation at premises of 'C' showed that assessee had received on-money from sale of a property, since there was no direct or indirect link between assessee and seized document and further information relating to date in seized document was after sale deed of land by assessee, impugned reopening was based on mere conjectures and surmises and same was to be set aside - **Deepak Chinubhai Shah v. Deputy Commissioner of Income-tax, Circle 2(1)(1), Ahmedabad- [2026] 183 taxmann.com 90 (Gujarat)**

3.37 Where Assessing Officer issued reopening notice to assessee on ground that assessee was beneficiary of on-money received on sale of land, since entire case of revenue was premised on an entry in seized documents and there was no independent corroborative material linking assessee with alleged on-money transaction, impugned reopening notice was to be quashed and set aside - **Naliniben Jagdishkumar Gandhi v. Income-tax Officer - [2026] 183 taxmann.com 126 (Gujarat)**

SECTION 69C OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED EXPENDITURE

3.38 Where reassessment was initiated alleging bogus purchases by assessee and thereafter, Assessing Officer while passing order under section 148A(3) travelled beyond show-cause notice by treating part of advances as unexplained GST expenditure, since assessee had already paid back GST with interest and penalty on purchases from entities engaged in bogus billing and duly disclosed in its ledger as amounts written off as bad debts and added back to income, impugned reassessment order and notice were liable to be quashed - **Guruvayur Infratech (P.) Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 254 (Gujarat)**

SECTION 70 OF THE INCOME-TAX ACT, 1961 - LOSSES - SET OFF OF FROM ONE SOURCE AGAINST INCOME FROM ANOTHER SOURCES UNDER SAME HEAD OF INCOME

3.39 Where assessee, an NBFC, traded in equity shares on a recognized stock exchange under SEBI oversight with no trading restrictions and claimed set-off of trading loss against interest/other income, mere inclusion of scrips in investigation-wing list without direct or substantive evidence of fictitious transactions could not justify disallowance, and set-off of loss was allowable; no substantial question of law arose - **Principal Commissioner of Income-tax v. Megapode Vyapar (P.) Ltd. - [2026] 183 taxmann.com 31 (Calcutta)**

SECTION 80-IA OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - PROFITS AND GAINS FROM INFRASTRUCTURE UNDERTAKINGS

3.40 Where assessee claimed deductions under both sections 80IB and 80HHC, section 80IA(9) did not require exclusion of deduction under section 80HHC while computing deduction under section 80IB, but restricted aggregate allowability so that total deduction under all applicable sections did not exceed 100 percent of business profits - **Commissioner of Income-tax v. Ucal Fuel Systems Ltd. - [2026] 183 taxmann.com 414 (Madras)**

3.41 Where losses/depreciation of eligible unit pertaining to years prior to initial assessment year had already been set off against other business income, same could not be notionally brought forward for computing deduction under section 80-IA, as provision does not permit reopening of past set-offs - **Commissioner of Income-tax v. Ucal Fuel Systems Ltd. - [2026] 183 taxmann.com 414 (Madras)**

SECTION 90 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE AGREEMENT EXISTS

3.42 Where, following search in AMQ group, Assessing Officer made FT&TR reference seeking Hong Kong information for assessment year 2017-18, since India-Hong Kong DTAA effective 30-11-2018 permitted exchange only for subsequent fiscal years, such reference was impermissible and no limitation extension under Explanation (ix) to section 153B was available - **PR. Commissioner of Income-tax v. Sanjay Jain - [2026] 183 taxmann.com 129 (Delhi)**

3.43 Where petitioner worked partly in UK and partly in India and foreign tax withheld in UK was disclosed by Indian employer in Form-16 but not claimed separately under Relief under Section 90/91 in return, petitioner was still entitled to credit for foreign taxes paid as reflected in Form-16, and demand raised for not allowing such credit was to be deleted with refund granted if due. - **Udayan Bhaskaran Nair v. Deputy Commissioner of Income Tax - [2026] 183 taxmann.com 47 (Bombay)**

3.44 Where assessee claimed Foreign Tax Credit but failed to furnish Form No. 67 by due date prescribed under rule 128, such credit could not be denied merely on account of this procedural lapse, delay being technical/venial in nature; Principal Commissioner, while exercising revisional jurisdiction under section 264, ought to have condoned such delay - **Real Time Data Services (P.) Ltd. v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 701 (Delhi)**

**SECTION 92C OF THE INCOME-TAX ACT, 1961 -
TRANSFER PRICING - COMPUTATION OF ARM'S
LENGTH PRICE**

3.45 Where assessee, having adopted itself as tested party in its TP study, raised additional ground before Tribunal contending that its AEs were least complex entities and should be treated as tested party, and Tribunal admitted ground noting that selection of correct tested party was foundational to ALP determination and remanded matter for fresh examination, no substantial question of law arose for consideration - **Pr. Commissioner of Income-tax-10 v. Nivea India (P.) Ltd. - [2026] 183 taxmann.com 469 (Bombay)**

**SECTION 92CA OF THE INCOME-TAX ACT, 1961 -
TRANSFER PRICING - REFERENCE TO TPO**

3.46 Where reference to TPO was made after expiry of limitation for passing assessment order under section 153(2), such reference was without jurisdiction and both subsequent order passed under section 92CA(3) and consequential proceedings were liable to be set aside - **Eaton Power Quality (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 363 (Madras)**

**SECTION 132 OF THE INCOME-TAX ACT, 1961 -
SEARCH AND SEIZURE - GENERAL**

3.47 Where, during pendency of revision proceedings under section 263 following seizure of assessee's jewellery and bullion, inspection notices under rule 112(13) were issued requiring assessee's presence for identification of seized assets, such inspection formed part of inquiries permissible for purposes of Act and did not violate rule 112(13) - **Miraj Digvijay Shah v. Assistant Commissioner of Income-tax, Central - [2026] 183 taxmann.com 174 (Calcutta)**

**SECTION 132B OF THE INCOME-TAX ACT, 1961 -
SEARCH AND SEIZURE - RETAINED ASSETS,
APPLICATION OF**

3.48 Where during block assessment under section 158BC, credit of cash seized from petitioner's deceased father and subsequent challan payments was denied while settling dispute under DTVS Act on technical grounds, since revenue admitted seizure and its liability to release cash, it was bound to refund seized amount with accumulated

interest - **Sunita Samir Sao v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 45 (Bombay)**

**SECTION 139 OF THE INCOME-TAX ACT, 1961 -
RETURN OF INCOME - GENERAL**

3.49 Where petitioner sought condonation of delay in filing returns for assessment year 2022-23 on ground that his father, who was managing accounts, had died in December 2020, since petitioner had filed return for assessment year 2020-21 after his father's demise, alleged hardship could not be said to subsist for relevant assessment year, and thus, condonation of delay in filing return for relevant year was rightly denied - **Abhay Rajendra Sanghvi v. Principal Commissioner of Income tax - [2026] 183 taxmann.com 53 (Gujarat)**

3.50 Where assessee sought to furnish updated return after issuance of notice under section 143(2) and when assessment proceedings under section 143(3) read with section 144B were pending or had been completed, request was rightly rejected in view of clause (b) of third proviso to section 139(8A) which bars furnishing of updated return in such circumstances - **Mohammed Abdul Malik v. Principal Chief Commissioner of Income-tax - [2026] 183 taxmann.com 52 (Telangana)**

**SECTION 143 OF THE INCOME-TAX ACT, 1961 -
ASSESSMENT - GENERAL**

3.51 Where assessee - employee received salary in UK and India and claimed TDS per Form-16, but no intimation under section 143(1) or notice of demand under section 156 was issued or served regarding alleged TDS mismatch, any recovery or adjustment against such uncommunicated or non-existent demand could not be affected against assessee - **Udayan Bhaskaran Nair v. Deputy Commissioner of Income Tax - [2026] 183 taxmann.com 47 (Bombay)**

3.52 Where in intimation under section 143(1) Assessing Officer made an adjustment in respect of ICDS which was not raised in notice issued under section 143(1)(a) and no opportunity of being heard was granted to assessee on this issue before intimation was passed, it was a clear breach of natural justice principles and, hence, impugned adjustment was to be quashed and set aside - **Rallis India Ltd. v. Central Processing Centre - [2026] 183 taxmann.com 176 (Bombay)**

3.53 Where notice under section 143(2) was admittedly served beyond statutory period of 12 months from end of assessment year as prescribed by section 143(2), infirmity goes to root of matter and, consequently, entire proceedings stand vitiated and are liable to be set aside - **Anupama Chand v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 336 (Telangana)**

3.54 Where assessment for year subsequent to amalgamation, was framed in name of a non-existent amalgamating company despite due intimation, such lapse constituted a

jurisdictional error not curable under section 292B and thus, impugned assessment order and all consequential notices were to be quashed - **Paras Defence and Space Technologies Ltd. v. Deputy Commissioner of Income-tax** - [2026] 183 taxmann.com 333 (Bombay)

3.55 Where assessee was not served with a show cause notice in proper manner and further, no opportunity of personal hearing was provided to assessee, impugned assessment order passed by Assessing Officer was to be set aside and matter was to be remanded back to revenue for fresh consideration - **Arumugam Ramasamy v. Assessment Unit Income-tax Department** - [2026] 183 taxmann.com 247 (Madras)

3.56 Where assessee filed belated return claiming concessional regime under section 115BAA and furnished Form 10-IC with return and CPC denied concessional rate citing late filing of Form 10-IC without prior intimation or consideration of assessee's response, such adjustment contravened mandatory requirement of section 143(1)(a) provisos, hence intimation denying concessional rate was liable to be quashed - **Bax India Ventures (P.) Ltd. v. Central Processing Centre** - [2026] 183 taxmann.com 395 (Bombay)

SECTION 144C OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING- DISPUTE RESOLUTION PANEL

3.57 Where assessee filed objections before DRP against draft assessment order but failed to serve a copy on Assessing Officer, leading Assessing Officer to finalise assessment on presumption of non-filing, scheme of section 144C requiring consideration of objections and automatic abeyance of assessment rendered impugned order and demand notice liable to be quashed - **Express Freight Consortium v. Assessment Unit, Income-tax Department** - [2026] 183 taxmann.com 91 (Delhi)

SECTION 145 OF THE INCOME-TAX ACT, 1961 - METHOD OF ACCOUNTING - SYSTEM OF ACCOUNTING

3.58 Where assessee-NBFC claimed that interest on certain loans was not taxable treating them as NPAs under RBI Prudential Norms but extended significant additional credit to same corporate borrowers during same financial year, such conduct demonstrated confidence in borrowers' creditworthiness and justified taxation of accrued interest on basis of commercial reality - **Pact Securities & Financial Services Ltd v. Deputy Commissioner of Income-tax** - [2026] 183 taxmann.com 350 (Telangana)

SECTION 147 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - GENERAL

3.59 Where no notice under section 143(2) was issued in reassessment proceedings, reassessment proceedings were liable to set aside - **Principal Commissioner of Income-tax v. Ashish Gupta** - [2026] 183 taxmann.com 57 (Allahabad)

3.60 Where assessee disclosed all relevant agreements and expenses during original assessment and Assessing Officer had full material on record, reopening based solely on Audit Party objections regarding those same disclosed expenses, amounts to impermissible review/change of opinion on same material, which is impermissible, and thus resultant notice and order were liable to be set aside - **Sapphire Foods India Ltd. v. Assistant Commissioner of Income-tax (OSD)** - [2026] 183 taxmann.com 506 (Delhi)

SECTION 148 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - ISSUE OF NOTICE FOR

3.61 Where section 148 notice issued after 29-3-2022 by Jurisdictional Assessing Officer instead of Faceless Assessing Officer caused jurisdictional defect, and DRP ignored binding decision of jurisdictional High Court in Hexaware Technologies Ltd. v. Assistant Commissioner of Income-tax [2024] 162 taxmann.com 225 / 464 ITR 430 (Bom.) treating it procedural, reassessment and demand were liable to be quashed and set aside - **Vibhavari Bharat Bhatt v. Income-tax Officer (International Taxation)** - [2026] 183 taxmann.com 454 (Bombay)

3.62 Where notices were issued by Jurisdictional Assessing Officer under section 148 and proceedings were initiated thereafter without conducting faceless assessment as envisaged under section 144B, same being contrary to provisions of Act, notice issued under section 148 as well as consequential proceedings were liable to be set aside - **Vandana Malhotra v. Income-tax Officer** - [2026] 183 taxmann.com 317 (Punjab & Haryana)

SECTION 148A OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - CONDUCTING INQUIRY, PROVIDING OPPORTUNITY BEFORE ISSUE OF NOTICE UNDER SECTION 148

3.63 Where assessee was issued notice under section 148A(b) based on Investigation Wing information alleging bogus purchases and fictitious sales and contended that non-supply of underlying material and adequate particulars vitiated initiation of reassessment, since section 148A requires only supply of information and not entire material, reassessment notice and consequent proceedings were valid and liable to be upheld - **MHJ Metaltechs (P.) Ltd v. Income-tax Officer** - [2026] 183 taxmann.com 410 (Delhi)

SECTION 149 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - TIME LIMIT FOR ISSUANCE OF NOTICE

3.64 Where assessee had made return and disclosed all material facts for concluded assessment, notice issued under section 148 on 31-3-2023 was beyond four-year limitation under first proviso to section 149 as applicable, so extended six-year period did not apply, rendering such

notice and subsequent proceedings invalid and liable to be quashed - **Sapphire Foods India Ltd. v. Assistant Commissioner of Income-tax (OSD)** - [2026] 183 taxmann.com 506 (Delhi)

- 3.65** Where assessee challenged fresh notice issued under section 148 as time-barred, and it was found that although an earlier notice had been issued within extended period allowed under TOLA, Assessing Officer issued fresh notice after legally permitted time had expired, such notice was invalid as it was issued beyond period of limitation - **Vinodkumar Rughnathbhai Koringa v. Income-tax Officer** - [2026] 183 taxmann.com 463 (Gujarat)
- 3.66** Where notice under section 148 was issued and emailed on last day of limitation, absence of real-time email alert, subsequent viewing, or inadvertent enclosure of another assessee's notice being curable defects, reassessment proceedings could not be invalidated - **Pawan Sachdeva v. Income-tax Officer, Ward 19(3), Delhi** - [2026] 183 taxmann.com 478 (Delhi)
- 3.67** In view of decision in case of Union of India v. Rajeev Bansal [2024] 167 taxmann.com 70/469 ITR 46/301 Taxman 238 (SC), notices issued under section 148 on or after 01-04-2021 in respect of assessment year 2015-16 were liable to be dropped as they would not fall for completion during period prescribed under TOLA - **Mitra Biswas v. Income Tax Officer** - [2026] 183 taxmann.com 161 (Bombay)

SECTION 151 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - SANCTION FOR ISSUE OF NOTICE

- 3.68** Where notice under section 148 dated 31-3-2021 for assessment year 2015-16 fell within period covered by TOLA and was therefore deemed to be within four years, sanction under section 151(2) was required from Joint Commissioner; approval by Principal Commissioner, being incompetent authority, rendered reopening notice and consequential orders invalid. - **Global Earth Properties & Developers (P). Ltd. v. Union of India** - [2026] 183 taxmann.com 64 (Bombay)
- 3.69** Where notice under section 148 dated 28-03-2021 for assessment year 2015-16 was issued with sanction of Commissioner (Exemption), though by virtue of section 3(1) of TOLA four-year limitation under old section 151 stood extended till 31-03-2021, since approval was required from Joint Commissioner as per section 151(2), notice and consequential reassessment were to be quashed - **Swami Shanti Prakash Ashram Trust Ulhasnagar, Thane v. Assistant Commissioner of Income-tax Exemption** - [2026] 183 taxmann.com 46 (Bombay)

SECTION 170A OF THE INCOME-TAX ACT, 1961 - EFFECT OF ORDER OF TRIBUNAL OR COURT IN RESPECT OF BUSINESS REORGANISATION

- 3.70** Where assessee, after filing revised return pursuant to business reorganisation, furnished a modified return during pending assessment and assessment order was passed considering that return, issuance of fresh notices to reassess modified return was without jurisdiction and contrary to section 170A(2)(b). - **Bajaj Electricals Ltd. v. Assistant Commissioner of Income-tax** - [2026] 183 taxmann.com 637 (Bombay)

SECTION 195 OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - PAYMENT TO NON-RESIDENT

- 3.71** Where assessee, a UK company, filed an application seeking issuance of a 'Nil Withholding Certificate' in respect of payment received for services rendered to its Indian subsidiary, since Assessing Officer had not considered tax payable on assessed or returned income or estimated income for last four previous years, existing tax liability under Act, and any advance tax payment, i.e., tax deducted at source and tax collected at source for assessment year relevant to previous year while rejecting said application, impugned order was to be quashed and matter was to be remanded back to Assessing Officer to consider application afresh - **Nord Anglia Education Ltd. v. Deputy Commissioner of Income-tax, Int. Tax** - [2026] 183 taxmann.com 33 (Delhi)

SECTION 197 OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - CERTIFICATE FOR DEDUCTION AT LOWER RATE

- 3.72** Where assessee provided corporate and management support services to its AE and, in preceding year, High Court between same parties had directed issuance of a nil-rate withholding certificate for identical services, Competent Authority, while acting under section 197, was bound to follow said decision and could not take a contrary view merely on ground of proposed SLP or principle that each assessment year is separate; consequently, nil-rate certificate was to be issued - **AECOM Intercontinental Holdings UK Ltd. v. Assistant Commissioner of Income-tax** - [2026] 183 taxmann.com 692 (Delhi)

SECTION 220 OF THE INCOME-TAX ACT, 1961 - COLLECTION AND RECOVERY OF TAX - WHEN TAX PAYABLE AND WHEN ASSESSEE DEEMED IN DEFAULT

- 3.73** Where assessee opted to directly apply for special leave before Supreme Court, assessment order could be set aside, modified or revised by Supreme Court and, thus, it could not be said that order attained finality until Supreme Court dismissed special leave petition and, accordingly, limitation period for recovery of tax dues should be reckoned from date when SLP was dismissed by Supreme

Court - *Smt. Kumari Kanagam v. Tax Recovery Officer*
- [2026] 183 taxmann.com 356 (Madras)

SECTION 222 OF THE INCOME-TAX ACT, 1961 - COLLECTION AND RECOVERY OF TAX - CERTIFICATE PROCEEDINGS

3.74 Where assessee, after service of Rule 2 notice, created mortgage without permission of TRO, assessee was not competent to mortgage property under Rule 16(1) and civil court was barred from issuing process for execution of money decree, attachment relating back to date of service - *Sree Gokulam Chit and Finance Co. (P.) Ltd. v. Tax Recovery Officer* - [2026] 183 taxmann.com 170 (Madras)

SECTION 234A OF THE INCOME-TAX ACT, 1961 - INTEREST, CHARGEABLE AS

3.75 Where assessee filed return after section 148 notice pursuant to survey and there was substantial variation between income originally returned and finally assessed, rejection of waiver of interest under sections 234A, 234B and 234C read with section 119(2)(a) was justified, since such statutory and compensatory interest could not be waived merely on subsequent cooperation or financial hardship - *Kwatra Builders v. Chief Commissioner of Income-tax* - [2026] 183 taxmann.com 332 (Telangana)

SECTION 245 OF THE INCOME-TAX ACT, 1961 - REFUNDS - SETTING OFF AGAINST TAX DUE

3.76 Where, during pendency of appeal, revenue adjusted entire refund of a subsequent year against a disputed demand of an earlier year without complying with CBDT instructions requiring restriction of recovery to 20 per cent in absence of higher approval, such adjustment beyond 20 per cent was invalid and balance refund was directed to be released to assessee along with interest - *Y-NOT Films LLP v. National Faceless Assessment Centre* - [2026] 183 taxmann.com 50 (Bombay)

SECTION 245D OF THE INCOME-TAX ACT, 1961 - SETTLEMENT COMMISSION -PROCEDURE ON APPLICATION UNDER SECTION 245C

3.77 Where Settlement Commission concluded proceedings by passing final order charging interest under section 234B only till date of intimation under section 143(1) and assessee paid all amounts, Settlement Commission had no power to invoke section 154 to rectify its order to levy additional interest till date of final order, thus, rectification order was liable to be quashed - *Sidharth Carbochem Products Ltd. v. Tax Recovery Officer* - [2026] 183 taxmann.com 354 (Bombay)

SECTION 245-I OF THE INCOME-TAX ACT, 1961 - SETTLEMENT COMMISSION - ORDER OF , TO BE CONCLUSIVE

3.78 Where after search and seizure leading to recovery of documents, assessee's application was admitted by Settlement Commission and liability was settled at 5 lakhs, Department's writ grievance based solely on alleged misappreciation of evidence could not warrant interference, since settlement order was conclusive under section 245-I and there was no violation of procedure, natural justice, or statutory provisions - *Commissioner of Income-tax v. Nand Lal Garg* - [2026] 183 taxmann.com 32 (Punjab & Haryana)

SECTION 254 OF THE INCOME-TAX ACT, 1961 - APPELLATE TRIBUNAL - ORDER OF

3.79 Where assessee's appeal was transferred from Lucknow Bench to Delhi Bench for administrative convenience, Delhi Bench could not have dismissed said appeal on ground that it had no territorial jurisdiction to hear and decide same - *Sahara India Ltd v. Income-tax Appellate Tribunal* - [2026] 183 taxmann.com 179 (Delhi)

3.80 Where revenue filed an application to adduce additional evidence in respect of alleged incriminating material found in a search proceedings conducted in assessee-company and Tribunal allowed application filed by revenue in a routine manner and remanded matter to Assessing Authority for fresh determination, Tribunal having exceeded its jurisdiction and acted in gross violation of Rule 29, impugned order was to be set aside - *Nuziveedu Seeds Ltd. v. Chief Commissioner of Income-tax, Hyderabad* - [2026] 183 taxmann.com 590 (Telangana)

3.81 Where assessee's appeal before Tribunal was rejected on ground of limitation with delay of 202 days and assessee filed instant appeal contending that due to effect of COVID-19 it could not pursue appeal promptly, subject to payment of cost of Rs.15,000, delay in filing of appeal before Appellate Tribunal was to be condoned - *SLS Developers v. Income-tax Officer* - [2026] 183 taxmann.com 460 (Telangana)

SECTION 264 OF THE INCOME-TAX ACT, 1961 - REVISION - OF OTHER ORDERS

3.82 A declaration given under section 139(9) is clearly an order which is revisable under section 264 - *Raj Rayon Industries Ltd. v. Principal Commissioner of Income-tax* - [2026] 183 taxmann.com 458 (Bombay)

SECTION 270A OF THE INCOME-TAX ACT, 1961 - PENALTY FOR UNDER-REPORTING AND MISREPORTING OF INCOME

3.83 Where assessee claimed deduction based on a prevailing High Court decision subsequently overruled by Supreme Court and had disclosed all material facts with a bona fide explanation, applicability of under-reporting under section

270A(6) became doubtful; hence, a strong prima facie case against levy of penalty under section 270A was made out, warranting ad-interim protection - **GM Modular (P.) Ltd. v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 289 (Bombay)**

- 3.84** Where penalty under section 270A was levied without prima facie fulfilment of statutory condition that income assessed under section 143(3) must exceed income processed under section 143(1)(a), and assessed income was not higher than processed income, initiation of penalty proceedings appeared unsustainable, justifying grant of ad-interim stay - **GM Modular (P.) Ltd. v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 289 (Bombay)**

SECTION 270AA OF THE INCOME-TAX ACT, 1961 - IMMUNITY FROM IMPOSITION OF PENALTY, ETC

- 3.85** Where assessee's application for immunity from penalty under section 270AA was rejected by Assessing Officer without considering assessee's contentions or recording reasons, order evinced non-application of mind and could not withstand judicial scrutiny, and was therefore liable to be set aside with direction to Assessing Officer to reconsider application in accordance with law after affording opportunity of hearing - **Amalgam Steel (P) Ltd v. Assistant Commissioner of Income Tax - [2026] 183 taxmann.com 54 (Calcutta)**

SECTION 271AAB OF THE INCOME-TAX ACT, 1961 - PENALTY WHERE SEARCH HAS BEEN INITIATED

- 3.86** Where penalty proceedings under section 271AAB were initiated in assessment order that became subject of appeal before Commissioner (Appeals) and Tribunal, limitation for passing penalty order would be governed by section 275(1)(a) and not residuary clause (c) of section 275(1), and thus, penalty order passed within six months from end of month of receipt of Tribunal's order was held to be within limitation - **Chandrasekaran Joseph Vijay v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 263 (Madras)**

SECTION 276B OF THE INCOME-TAX ACT, 1961 - OFFENCE AND PROSECUTION - FAILURE TO PAY TAX ON DISTRIBUTED PROFITS OF DOMESTIC COMPANIES/DEDUCTED AT SOURCE

- 3.87** .Where Revenue had accepted statutory compounding fee under section 279 in relation to alleged offences under sections 276B and 278B, continuation of criminal proceedings after such compounding constituted abuse of process and liable to be quashed - **Jyotsana Investments Company Ltd. v. R.K. De - [2026] 183 taxmann.com 293 (Calcutta)**

SECTION 281 OF THE INCOME-TAX ACT, 1961 - CERTAIN TRANSFERS TO BE VOID

- 3.88** Second Schedule empowered TRO only to recover arrears from defaulting assessee and not to adjudicate validity of transfer in favour of third party and, even after amendment to section 281, TRO had no jurisdiction to declare mortgage void ab initio - **Sree Gokulam Chit and Finance Co. (P.) Ltd. v. Tax Recovery Officer - [2026] 183 taxmann.com 170 (Madras)**
- 3.89** Where assessee created equitable mortgage subsequent to service of Rule 2 notice, section 281(1) was inapplicable for testing validity of mortgage and proviso thereto, including exemption for bona fide transfers for adequate consideration, could not be invoked - **Sree Gokulam Chit and Finance Co. (P.) Ltd. v. Tax Recovery Officer - [2026] 183 taxmann.com 170 (Madras)**

4. INCOME TAX APPELLATE TRIBUNAL

SECTION 2(14) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - CAPITAL ASSET

- 4.1** Where assessee was allotted a residential unit in 2010 and assessee thereafter transferred her rights in said unit by registered agreement to sell dated 15-7-2021, since assessee had enforceable rights in property and transfer was effected through agreement to sell, transaction fell within definition of 'transfer' and resultant loss was assessable under head capital gains - **Anshu Dhawan v. Income-tax Officer - [2026] 183 taxmann.com 92 (Delhi - Trib.)**

SECTION 2(15) OF THE INCOME-TAX ACT, 1961 - CHARITABLE PURPOSE

- 4.2** Where assessee trust, with objects of education and relief to poor, had accreditation from NIOS for Open Basic Education Programme and provided formal, systematic education with valid government recognition, activities qualified as 'education' under section 2(15), making assessee eligible for registration under sections 12AB and 80G - **Agastya Gurukulam Public Charitable Trust v. Commissioner of Income-tax, Exemptions - [2026] 183 taxmann.com 260 (Chennai - Trib.)**
- 4.3** Where assessee-trust registered under section 12A executed a government irrigation pipeline contract pursuant to tender and its primary receipts were from contractual payments subject to TDS under section 194C, with no independent charitable activities demonstrated during year, such execution of civil contract was held to be commercial in nature and not activity of general public utility within meaning of section 2(15), and consequently exemption under section 11 was denied; further, interest-free advance to trustee constituted use of trust funds for benefit of specified person attracting sections 13(1)(c) and

13(1)(d), warranting denial of exemption - **Abhyuthan Gram Vikas Mandal v. Income-tax Officer (Exemption)** - [2026] 183 taxmann.com 636 (Surat - Trib.)

SECTION 2(24) OF THE INCOME-TAX ACT, 1961 - INCOME - DEFINITION OF

4.4 Where assessee, a director in group companies, was alleged to have siphoned funds received from NSEL for sugar trades and addition was made in his hands as business income, since there was no evidence of assessee's involvement in daily operations, ownership of properties, or receipt of personal benefit from advances, addition under section 28(i) was not sustainable. - **Jag Mohan v. Deputy Commissioner of Income-tax** - [2026] 183 taxmann.com 435 (Delhi - Trib.)

4.5 Where assessee, constituted as State-controlled implementing agency under 'Rashtriya Gokul Mission', claimed pass-through status for Government grants subject to mandatory utilization and refund conditions, taxability of such receipts under section 2(24) required factual verification and if claim of assessee was found correct same could not be taxed as income of assessee - **Chhattisgarh State Livestock Development Agency v. Income-tax Officer** - [2026] 183 taxmann.com 233 (Raipur - Trib.)

SECTION 2(47) OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - TRANSFER

4.6 Where assessee co-owner executed and registered a development agreement in 2000, received full consideration by cheque, granted registered power of attorney, relinquished rights and offered capital gain that year claiming exemption, LTCG could not be computed again on subsequent sale deed in 2008 by invoking section 50C(1), as transfer occurred in 2000 itself. - **Zarir Rustom Joshi v. Income-tax Officer** - [2026] 183 taxmann.com 330 (Mumbai - Trib.)

4.7 Where assessee acquired share warrants by paying 10 per cent upfront and subsequently converted them into equity shares on payment of balance amount, such conversion, being merely exercise of an option and not involving extinguishment or relinquishment of rights, did not constitute a transfer under section 2(47), and no capital gains were chargeable under section 48 - **Deputy Commissioner of Income-tax v. Kemper Holding (P.) Ltd.** - [2026] 183 taxmann.com 294 (Mumbai - Trib.)

4.8 Where assessee entered into a Joint Development Agreement and handed over possession of land merely for development without part performance under section 53A, capital gains were not taxable in year of JDA but only in year of completion certificate on receipt of constructed flats - **Keshava Reddy v. Deputy Commissioner of Income-tax** - [2026] 183 taxmann.com 30 (Bangalore - Trib.)

4.9 Where assessee's appeal against addition of capital gains from sale of ancestral land was dismissed by Commissioner (Appeals) for non-compliance without adjudicating grounds on merits, matter was to be restored to Commissioner (Appeals) for fresh adjudication, as he is obliged under section 250(6) to decide appeal on merits and cannot dismiss it for non-prosecution - **Narottam Atmaram Warde v. Income-tax Officer** - [2026] 183 taxmann.com 534 (Pune - Trib.)

SECTION 4 OF THE INCOME-TAX ACT, 1961 - INCOME - CHARGEABLE AS

4.10 Where assessee received mesne profits on account of wrongful possession of its property by SBI, since property was given to SBI for banking activities on monthly rental vide registered lease deed and after expiry of lease SBI continued to occupy property unauthorisedly and mesne profits were awarded to assessee in lieu of rent which assessee would have otherwise derived from tenant, receipt in nature of mesne profits was rightly held to be not of capital nature but revenue - **Archana Chadha v. ACIT** - [2026] 183 taxmann.com 56 (Delhi - Trib.)

4.11 Where assessee received refund from electricity supplier and claimed that such amount was adjusted against electricity expenses in subsequent month, since factual correctness of claim required verification on basis of submitted documents, matter was to be remanded to Assessing Officer to verify claim and if claim was found correct then delete addition - **OSG (India) (P.) Ltd. v. DCIT** - [2026] 183 taxmann.com 209 (Delhi - Trib.)

SECTION 5 OF THE INCOME-TAX ACT, 1961 - INCOME - ACCRUAL OF

4.12 Where assessee-trust shifted to offering interest income on accrual basis from assessment year 2016-17 and interest of Rs. 29.33 lakhs pertaining to earlier year had already been offered to tax on receipt basis, same was required to be excluded from taxable income to avoid double taxation - **DCIT (Exemption)-1(1) v. Aditya Birla Foundation** - [2026] 183 taxmann.com 259 (Mumbai - Trib.)

4.13 Where assessee, non-resident, earned salary for services rendered outside India which was received in his NRE account in India, since assessee was in lawful right to receive this money at place of employment and deposit of same in NRE bank account in India was only an application of salary received outside India, such salary did not tantamount to receipt of salary income in India and was not liable to tax in India by virtue of section 5(2)(a) - **Kaushal Ganpatbhai Patel v. Income-tax Officer, Ward-1 (International Taxation), Ahmedabad** - [2026] 183 taxmann.com 532 (Ahmedabad - Trib.)

4.14 Where assessee recognised deferred payment guarantee commission over guarantee period and refunded unexpired portion on cancellation, commission income accrued proportionately over guarantee period and could

not be taxed upfront in year of receipt - **Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)**

- 4.15** Where assessee had settled earlier disputes under Direct Tax Vivad se Vishwas Scheme, such settlement did not amount to tacit acceptance of taxability so as to bind assessee in subsequent year - **Bain & Company, Inc v. Deputy/Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 674 (Delhi - Trib.)**

SECTION 9 OF THE INCOME-TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

- 4.16** Where assessee provided professional support services to Indian affiliate, consideration received could not be taxed as FIS under article 12(4)(b) of India-USA DTAA in absence of fulfillment of 'make available' condition - **Bain & Company, Inc v. Deputy/Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 674 (Delhi - Trib.)**
- 4.17** Where assessee received subscription fees for granting access to online platform, same did not constitute royalty under section 9(1)(vi) or article 12(3) of India-USA DTAA as no copyright was transferred - **Bain & Company, Inc v. Deputy/Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 674 (Delhi - Trib.)**
- 4.18** Where assessee, a US tax-resident company, rendered management consultancy services to Indian affiliate, receipts were not taxable as FIS under article 12(4)(b) of India-USA DTAA since 'make available' condition was not satisfied - **Bain & Company, Inc v. Deputy/Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 674 (Delhi - Trib.)**
- 4.19** Where assessee, a Mauritius company, claimed long-term capital gains on shares acquired prior to 1-4-2017 as exempt under Article 13(4) of India-Mauritius DTAA and had brought forward short-term capital loss, since such exempt gains did not form part of total income, Assessing Officer could not set off loss against exempt gains and assessee was entitled to carry forward loss - **Goldman Sachs Mauritius NBFC LLC v. Assistant Commissioner of Income-tax - (International Taxation)-2(3)(2) - [2026] 183 taxmann.com 677 (Mumbai - Trib.)**
- 4.20** Where assessee made payments to US entities for telecommunication services rendered outside India, since such data transmission services did not qualify as royalty per earlier Tribunal's decision in assessee's own case, related disallowance under section 40(a)(i) for non-deduction under section 195 was not sustainable. - **Verizon Communications India P. Ltd. v. Additional Commissioner of Income-tax - [2026] 183 taxmann.com 700 (Delhi - Trib.)**
- 4.21** Where assessee, a Mauritius based company, holding valid TRC and having no PE in India, earned long-term capital gains on sale of listed shares through recognised

stock exchange and paid STT and Assessing Officer accepted claim of exemption under section 10(38) and Article 13(4) of India-Mauritius DTAA after detailed enquiry and necessary verification, Commissioner was not justified in invoking section 263 alleging lack of enquiry, treaty shopping etc. - **Sandstone Investment Partners I v. Deputy Commissioner of Income-tax - (IT) - [2026] 183 taxmann.com 699 (Delhi - Trib.)**

- 4.22** Where commission was paid to non-resident agents rendering services entirely outside India and having no permanent establishment or business connection in India, such commission was not chargeable to tax in India and no obligation to deduct tax under section 195 arose; consequently, disallowance under section 40(a)(i) was not warranted - **Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)**
- 4.23** Where assessee made payments to Singapore based company for intra-group managerial, administrative, marketing and business support services, since there was no evidence that any technical knowledge was 'made available' to assessee or that any permanent establishment existed in India, such payments were not taxable in India either as Fees for Technical Services under Article 12 or as business profits under Article 7 of India-Singapore DTAA, and consequently, no obligation to deduct tax at source under section 195 arose - **Anixter India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 656 (Chennai - Trib.)**
- 4.24** Where Indian AE constituting a dependent agent permanent establishment (DAPE) of UK assessee had been remunerated at arm's length and such arm's length nature was not disputed, no further profits could be attributed to DAPE in India - **UK Trade Desk Ltd. v. ACIT (International Taxation) - [2026] 183 taxmann.com 660 (Mumbai - Trib.)**
- 4.25** Where assessee, an Indian company, paid DDT at 16.61 per cent on dividends distributed to its Japanese parent company and could not claim treaty rate in return due to ITR utility constraints, refund claim under section 237 could not be denied merely for non-claim in return, further, by virtue of section 90(2), DDT being tax on dividend income, tax was to be restricted to 10 per cent under Article 10 of India-Japan DTAA and excess tax was to be refunded - **Mitsui Kinzoku Components India (P.) Ltd. v. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre, Delhi - [2026] 183 taxmann.com 659 (Delhi - Trib.)**
- 4.26** Where assessee-company entered into an agreement with a UK company for availing satellite transponder services for up-linking and down-linking of television signals for broadcasting its channels in India, transponder service fees paid by assessee to said UK company did not constitute royalty under Article 13 of India-UK DTAA - **Income-tax Officer (International Taxation) v. Bennett**

Coleman & Co Ltd. - [2026] 183 taxmann.com 133 (Mumbai - Trib.)

- 4.27** Interest paid by assessee-bank's Indian branch to its head office/ overseas branches was not taxable in India - **Australia and New Zealand Banking Group Ltd. v. Deputy Commissioner Income-tax - [2026] 183 taxmann.com 592 (Mumbai - Trib.)**
- 4.28** Where assessee a Switzerland tax resident, granted non-exclusive, non-transferable licence to use software without transferring any copyright and had no PE in India, receipts from sale of software were not royalty or FTS but business profits not taxable in India - **Dy. Commissioner of Income-tax v. Halliburton Worldwide Gmbh - [2026] 183 taxmann.com 643 (Delhi - Trib.)**
- 4.29** Tax rate of 10 per cent of gross amount on royalty and FTS as per Indo-Swiss DTAA is inclusive of surcharge and cess; levy of surcharge and cess over and above taxable rate of 10% on royalty and FTS is not permissible - **Dy. Commissioner of Income-tax v. Halliburton Worldwide Gmbh - [2026] 183 taxmann.com 643 (Delhi - Trib.)**
- 4.30** Where assessee, a Korean tax resident, earned guarantee fee from its Indian subsidiary and such income did not fall under Articles 7, 11, or 12 of India-Korea DTAA, guarantee fee was to be examined under Article 22, and since assessee had no PE in India, guarantee fee was not chargeable to tax in India. - **Hyundai Transys Inc v. Deputy Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 574 (Chennai - Trib.)**
- 4.31** Where assessee made payments for international card network services and Assessing Officer disallowed same under section 40(a)(i) treating them as royalty/FTS, since at time of payment binding jurisdictional High Court precedent held similar payments not taxable under DTAA and subsequent AAR ruling could not create withholding obligation, disallowance was liable to be deleted - **FirstRand Bank Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 530 (Mumbai - Trib.)**
- 4.32** Where assessee, a Netherlands-based company, operated an online accommodation booking platform hosted outside India and earned commission as an intermediary on a principal-to-principal basis without any place of business, agent, personnel or equipment in India, since Assessing Officer failed to establish existence of a fixed place or dependent agent PE, commission income would not be taxable in India - **Booking.Com B.V. v. ACIT, International Taxation - [2026] 183 taxmann.com 201 (Delhi - Trib.)**
- 4.33** Where Assessing Officer levied penalty on assessee, a German bank operating through a liaison office in India, alleging furnishing of inaccurate particulars in respect of interest and commitment fee income, but quantum proceedings held such income taxable at concessional

rate under Article 11 of India-Germany DTAA and accepted assessee's non-filing based on section 115A(5), and dispute was merely interpretational regarding taxability and rate of tax, Commissioner (Appeals) rightly deleted penalty - **Deputy Commissioner of Income-tax (IT) v. DZ Bank India Representative Office - [2026] 183 taxmann.com 139 (Mumbai - Trib.)**

- 4.34** Where assessee, a German company engaged in reinsurance, negotiated and finalized reinsurance contracts were negotiated, concluded and serviced entirely outside India prior to operationalisation of India Branch, thus, there existed no business connection in India under section 9(1)(i) nor there existed a PE in India within meaning of Article 5(1) and 5(5) of India-Germany DTAA to bring to charge, income attributable to India Branch in respect of direct business of assessee - **General Reinsurance AG v. Assistant Commissioner of Income-tax (International taxation) - [2026] 183 taxmann.com 337 (Mumbai - Trib.)**
- 4.35** Where assessee, a German company, received interest under section 244A on income-tax refund and offered same to tax at rate of 10 per cent as per article 11 of DTAA, treaty rate being capped at 10 per cent was inclusive of surcharge and cess, and thus tax could not exceed that rate - **General Reinsurance AG v. Assistant Commissioner of Income-tax (International taxation) - [2026] 183 taxmann.com 337 (Mumbai - Trib.)**
- 4.36** Where India Branch remitted amounts to, assessee, its German HO towards allocation of IT and management expenses, since they were governed by Article 7 and relevant DTAA protocol provisions, such payments would not be taxable in India as FTS under section 9 and Article 12 of India-Germany DTAA - **General Reinsurance AG v. Assistant Commissioner of Income-tax (International taxation) - [2026] 183 taxmann.com 337 (Mumbai - Trib.)**
- 4.37** Where assessee, a tax resident of UAE, received certain amount from an Indian company for providing messaging services but it claimed to have provided such services in UAE to a client on behalf of a branch office of Indian company in Dubai, since department had not given any finding on claim of assessee to have dealt with Branch office in Dubai, matter was to be remanded back to Assessing Officer for denovo framing of assessment - **Youcloud DMCC v. Deputy Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 284 (Delhi - Trib.)**
- 4.38** Where assessee, a Singapore company, was 100 per cent subsidiary of Hong Kong company whose ultimate parent was in China, and it had no real and continuous business activities in Singapore, exemption of capital gains on transfer of shares and CCDs of Indian company under India-Singapore DTAA was not available and capital gains were taxable in India - **Hareon Solar Singapore (P.) Ltd. v. Deputy Commissioner of Income-tax, International Taxation - [2026] 183 taxmann.com 125 (Delhi - Trib.)**

SECTION 10(10) OF THE INCOME-TAX ACT, 1961 - GRATUITY

4.39 Where assessee, retired defence personnel, received death-cum-retirement gratuity and commuted value of pension duly certified by Air Force in Form 16, Assessing Officer was not justified in denying exemption under sections 10(10) and 10(10A); further, section 115BBE, being applicable only to income referred to in sections 68 to 69D, could not be invoked for additions made under head 'Salary' and, thus, additions were liable to be deleted - Biju Pappachan v. Income-tax Officer - [2026] 183 taxmann.com 485 (Bangalore - Trib.)

SECTION 10(10B) OF THE INCOME-TAX ACT, 1961 - RETRENCHMENT COMPENSATION

4.40 Where assessee, BSNL employee, received compensation under BSNL VRS-2019 scheme and offered it to tax, since VRS compensation was eligible for exemption under section 10(10B), income was not taxable and assessee was entitled to refund of TDS - Jayeshkumar Tulsidas Sutaria v. Income-tax Officer - [2026] 183 taxmann.com 587 (Ahmedabad - Trib.)

SECTION 10(23C) OF THE INCOME-TAX ACT, 1961 - INCOMES NOT INCLUDED IN TOTAL INCOME.

4.41 Where assessee-trust claiming exemption under sections 10(23C)(iiiab)/(iiiac) failed to file return under bona fide belief that its income was exempt and additions were made under sections 69A and 69B read with section 115BBE, in interest of justice, assessee deserved one more opportunity of hearing to substantiate its case on merits and therefore, matter was to be restored to file of Assessing Officer for de-novo consideration subject to payment of cost of Rs. 10,000. - Gujarat Medical Education and Research Society v. Deputy Commissioner of Income-tax(Exemptions) - [2026] 183 taxmann.com 595 (Ahmedabad - Trib.)

4.42 Where assessee-trust running Government medical colleges and hospitals failed to file return of income and did not comply with statutory notices on plea of exemption under section 10(23C), since additions were made ex parte and appeal was dismissed without adjudication on merits, matter was to be restored for de novo consideration - Gujarat Medical Education and Research Society v. Deputy Commissioner of Income-tax(Exemptions) - [2026] 183 taxmann.com 595 (Ahmedabad - Trib.)

4.43 Where approval granted to assessee-society running schools under section 10(23C)(vi) was cancelled by Commissioner (Exemptions) on alleged discrepancies in receipts and doubts regarding genuineness of activities, but such allegations did not fall within ambit of 'specified violations' as defined in Explanation 2 to 15th proviso to section 10(23C), cancellation was not justified and

approval was liable to be restored for relevant assessment years - Sacred Heart Educational Society v. CIT (Exemptions) - [2026] 183 taxmann.com 645 (Chandigarh - Trib.)

4.44 Where CPC denied exemption under section 11 for non-filing of Form 10B, and assessee, holding approval under section 10(23C)(vi), claimed exemption on basis of subsisting approval and filing of Form 10BB, claim of exemption under section 10(23C)(vi) required independent examination by Assessing Officer in accordance with law - Institute of Actuaries of India v. Deputy commissioner of Income-tax (Exemption)-(I) - [2026] 183 taxmann.com 678 (Mumbai - Trib.)

4.45 Where assessee, a State Government-established educational trust, earned interest on unutilised government grants invested as per State directions and such interest was mandatorily refundable to State, since interest retained character of Government funds and assessee did not enjoy beneficial ownership thereof, exemption under section 10(23C)(iiiab) was allowable - Gujarat Knowledge Society v. Income-tax Officer - [2026] 183 taxmann.com 65 (Ahmedabad - Trib.)

SECTION 10(23FB) OF THE INCOME-TAX ACT, 1961 - VENTURE CAPITAL FUND

4.46 Where assessee-trust, registered as Venture Capital Fund under SEBI (VCF) Regulations, claimed exemption under section 10(23FB) on income from investments in portfolio companies, and Assessing Officer denied same treating investee as non-eligible VCU and pass-through entity, since investee answered regulatory description of venture capital undertaking and did not fall within any prohibited sector, condition under section 10(23FB) stood satisfied and exemption was allowable - LICHFL Fund v. ITO Ward 23(2)(1) - [2026] 183 taxmann.com 420 (Mumbai - Trib.)

SECTION 10(26) OF THE INCOME-TAX ACT, 1961 - SCHEDULE TRIBES

4.47 Where assessee claimed exemption under section 10(26) for substantial cash deposits, relying solely on tribal status, residence, and supporting certificates without conclusively proving that income arose from legitimate business activity within specified area or explaining nature and source of deposits, such exemption claim could not be allowed and additions under section 69A were justified. - Laltanpuia Chawghlut v. Income-tax Officer - [2026] 183 taxmann.com 382 (Guwahati - Trib.)

SECTION 10A OF THE INCOME-TAX ACT, 1961 - FREE TRADE ZONE

4.48 Telecommunication expenses, which have been excluded from export turnover while computing deduction under section 10A, are also required to be excluded from total turnover - Deputy Commissioner of Income-tax v. GE India

Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)

SECTION 11 OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - EXEMPTION OF INCOME FROM PROPERTY HELD UNDER

- 4.49** Where audit report in Form No. 10B, though filed with a delay of about seventy-three days from statutory due date, was uploaded by assessee along with return of income and was thus available on Departmental records well before Centralised Processing Centre processed return under section 143(1), exemption claimed under sections 11 and 12 could not be denied solely on ground that Form No. 10B had not been furnished within due date - Vishva Kalyan Foundation v. Income-tax Officer (Exemption) - [2026] 183 taxmann.com 130 (Ahmedabad - Trib.)
- 4.50** Where a charitable trust created provision for gratuity and leave encashment on actuarial basis in compliance with statutory and employment obligations, such provision constituted application of income under section 11, since expression 'applied' includes statutory accruals and crystallized liabilities incurred for charitable purposes, even in absence of immediate cash outflow - ACIT, Central Circle- 1(4), Mumbai v. Anandilal & Ganesh Podar Society - [2026] 183 taxmann.com 132 (Mumbai - Trib.)
- 4.51** Where assessee claimed 15 per cent accumulation under section 11(1)(a) and exemption of capital gains under section 11(1A), since both provisions were mutually exclusive and there was no express bar in either of provisions to prevent a charitable trust/organization in claiming deduction under both provisions, claim under section 11(1A) was allowable - Income-tax Officer v. Seth Damji Laxmichand Jain Dharma Sthanak - [2026] 183 taxmann.com 180 (Mumbai - Trib.)
- 4.52** Where assessee-trust donated amounts out of accumulated income and Assessing Officer invoked Explanation to section 11(2) to deny claim, since Commissioner (Appeals) remanded matter for verification of whether donee trusts were registered under section 12A or covered under section 10(23C), such direction involved necessary factual verification and suffered from no infirmity - Income-tax Officer v. Seth Damji Laxmichand Jain Dharma Sthanak - [2026] 183 taxmann.com 180 (Mumbai - Trib.)
- 4.53** Where audit report in Form No. 10B was uploaded prior to filing of return of income by assessee-trust and was very much in existence and available within statutory time framework, denial of exemption under section 11 on sole ground of non-filing of Form No. 10B within prescribed time was to be reversed - Adv. Chandansinh Solanki Educational Trust v. Income Tax Officer Exemption - [2026] 183 taxmann.com 335 (Mumbai - Trib.)
- 4.54** Where assessee-trust had made payment of Rs. 2 lakhs to student for studying abroad in Indian Rupees and

scholarship was granted to an Indian citizen, it could not be construed as providing financial assistance outside India and, thus, would not be in violation of section 11(1)(c) - Jhaverbhai Patel Research Centre v. Commissioner of Income-tax (Exemption) - [2026] 183 taxmann.com 366 (Mumbai - Trib.)

- 4.55** Where assessee-trust leased hospital premises to ABHSL and trustees held only 30 out of 50,000 shares in lessee company, which was far below statutory threshold under section 13(3), denial of section 11 exemption and substitution of actual lease rent with DVO-based notional rent by Assessing Officer was not legally sustainable - DCIT (Exemption)-1(1) v. Aditya Birla Foundation - [2026] 183 taxmann.com 259 (Mumbai - Trib.)
- 4.56** Where assessee-trust registered under section 12A/12AB carried out environmental protection activities and earned receipts mainly from contractual arrangements incidental to its objects, application of such receipts wholly for charitable purposes did not alter their charitable character, and exemption under section 11 could not be denied merely because income arose from such arrangements - ACIT (Exemption), Circle-2 v. Gujarat Environmental Service - [2026] 183 taxmann.com 250 (Ahmedabad - Trib.)
- 4.57** Where assessee-trust was denied exemption for delay in filing audit report in Form 10B, since filing requirement was directory, exemption could not be denied on said ground and thus, matter was to be restored to Assessing Officer for fresh consideration - Institute of Rehabilitation v. Exemption, Ward 1(2) - [2026] 183 taxmann.com 679 (Delhi - Trib.)
- 4.58** Where exemption was denied to assessee-trust on ground that details of fresh approval were not mentioned in return, since original registration under section 12AA was still active, same would protect assessee and thus, matter was to be restored to Assessing Officer for fresh consideration - Institute of Rehabilitation v. Exemption, Ward 1(2) - [2026] 183 taxmann.com 679 (Delhi - Trib.)
- 4.59** Where Commissioner (Appeals) deleted entire addition made under section 11(3) on ground that there was no accumulation under section 11(2) available for taxation under section 11(3) in year under consideration, since there existed an accumulated amount of Rs. 1.24 crores under section 11(2) which had been brought forward for utilisation in assessment year 1995-96 but Commissioner (Appeals) did not examine factual aspect of utilisation, matter was to be remanded back to Commissioner (Appeals) for fresh adjudication - Asstt. Director of Income-tax (Exemptions)-II v. Action for Welfare and Awakening in Rural Environment (AWARE) - [2026] 183 taxmann.com 672 (Hyderabad - Trib.)

**SECTION 12A OF THE INCOME-TAX ACT, 1961 -
CHARITABLE OR RELIGIOUS TRUST -
REGISTRATION OF**

- 4.60** Where application for registration under section 12A was rejected solely on ground that approval under section 10(23C)(vi) had been cancelled, such rejection was not sustainable and matter was to be remanded for fresh adjudication - Sacred Heart Educational Society v. CIT (Exemptions) - [2026] 183 taxmann.com 645 (Chandigarh - Trib.)
- 4.61** Where assessee-trust, engaged in operating a rice mill cluster and earning income from milling activities, filed an application seeking registration under section 12A, since assessee had not placed sufficient material on record to demonstrate how its activities fell within charitable objects of trust deed, matter was to be remanded back for a fresh examination after giving assessee an opportunity to substantiate its claim with proper documentary evidence - Charotar Bhal Rize Foundation v. Commissioner of Income-tax (Exemption) - [2026] 183 taxmann.com 639 (Ahmedabad - Trib.)
- 4.62** Where assessee-trust was mainly engaged in organising various seminars, conferences and events for doctors which were funded by pharmaceutical companies and huge expenses were incurred for organising such events which were held at luxurious hotels with full hospitality and entertainment by professional singers and on other hand, only a meagre amount of funds was used for providing free medicines to diabetic children, Commissioner (Exemptions) was justified in refusing application of assessee-society for registration under section 12A - C-Dot Forum v. CIT (Exemptions) Chandigarh - [2026] 183 taxmann.com 89 (Amritsar - Trib.)
- 4.63** Where assessee-trust's application for registration under section 12A was rejected based on patterns like donations in fixed denominations, onward donation to unregistered trusts, temporary loans, related-party dealings, and FDRs, since enquiry at registration stage is limited to examination of objects and overall genuineness and no illegality or personal benefit was established, rejection of registration was unsustainable. - Seth PannaLal Charitable Trust v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 181 (Delhi - Trib.)
- 4.64** Where assessee was denied registration under section 12AB solely on ground of delay in filing Form 10AB, and no defect was found in objects or activities and delay was not prima facie deliberate, matter was to be restored for fresh consideration in view of proviso to section 12A(1)(ac) empowering condonation. - Advaya Charitable Foundation v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 131 (Mumbai - Trib.)

**SECTION 12AB OF THE INCOME-TAX ACT, 1961 -
CHARITABLE OR RELIGIOUS TRUST - PROCEDURE
FOR FRESH REGISTRATION**

- 4.65** Where registration under section 12AB was denied to assessee-trust running a gaushala on grounds of inconsistency in number of cows, low expenditure, unverifiable donor and use of trustee-owned assets, such grounds were irrelevant once charitable objects and genuineness of activities were established, since scope of enquiry at registration stage does not extend to examination of quantum of expenditure, ownership of assets or source of donations - Raya Naik Memorial Gowshala Trust v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 35 (Bangalore - Trib.)
- 4.66** Where assessee-trust engaged in providing medical relief, holding valid registration under Foreign Contribution (Regulation) Act, received donation from non-resident Indian through NRE account and Commissioner (Exemptions) cancelled registration under section 12AB treating it as foreign contribution, since no specified violation existed and such donation was not foreign contribution, cancellation was unsustainable - Maharaja Jagat Singh Medical Relief Society v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 494 (Chandigarh - Trib.)
- 4.67** Where assessee-trust's application for registration under section 12AB was rejected solely because adjournment for furnishing activity details was refused on grounds of time bar and no documents were furnished, assessee deserved another opportunity to submit relevant details and matter was to be remitted for fresh consideration on merits in accordance with law - Arulcheyal Kainkarrya Sabha v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 394 (Chennai - Trib.)
- 4.68** Where Pr. Commissioner cancelled registration under sections 12A/12AA and 12AB retrospectively from assessment year 2013-14 by invoking section 12AB(4), since expression of specified violation was introduced by Finance Act, 2022 with effect from 1-4-2022 applicable only from assessment year 2023-24, impugned retrospective cancellation of registration was without jurisdiction and liable to be quashed - Little Pearl Charitable Society v. Principal Commissioner of Income-tax (Central)-3, Delhi - [2026] 183 taxmann.com 688 (Delhi - Trib.)

**SECTION 13 OF THE INCOME-TAX ACT, 1961 -
CHARITABLE OR RELIGIOUS TRUST - DENIAL OF
EXEMPTION**

- 4.69** Where assessee-trust invested in shares of a private limited company and none of its office bearers individually held or controlled substantial interest in said company, provisions of section 13(2)(e) were inapplicable and exemption could not be denied in respect of such investment - Jan Kalyan Samiti v. ITO - [2026] 183 taxmann.com 409 (Delhi - Trib.)
- 4.70** Where assessee-trust paid salary to a specified person, being relative of trustee and holding senior functional role,

increase in remuneration being attributable to enhanced roles and responsibilities and his having about 25 years' experience in sports and 15 years in related sports industry, remuneration was not excessive or unreasonable so as to attract section 13 and exemption under section 11 was allowable - ITO(E) v. Indian Rugby Football Union - [2026] 183 taxmann.com 185 (Mumbai - Trib.)

SECTION 14A OF THE INCOME-TAX ACT, 1961 - EXPENDITURE INCURRED IN RELATION TO INCOME NOT INCLUDIBLE IN TOTAL INCOME

- 4.71** Where assessee earning exempt income made ad hoc allocation of salary and overheads for disallowance under section 14A without rational or scientific basis and demonstrated availability of interest-free funds exceeding investments, disallowance under rule 8D(2)(ii) was unsustainable, while for rule 8D(2)(iii) only investments actually yielding exempt income were to be considered for recomputation - Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)
- 4.72** Where assessee-bank held securities as stock-in-trade and earned exempt income, section 14A read with Rule 8D was inapplicable and disallowance made thereunder was to be deleted - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.73** For assessment year 2020-21, no disallowance under section 14A could be made where assessee had not earned any exempt income during relevant year - Deputy Commissioner of Income-tax v. Adani Logistics Ltd. - [2026] 183 taxmann.com 391 (Ahmedabad - Trib.)
- 4.74** Where assessee had made a suo motu disallowance under section 14A on a scientific basis by identifying and allocating specific administrative expenditure relatable to earning of exempt income and had furnished a detailed working, Assessing Officer could not mechanically invoke rule 8D without recording dissatisfaction, having regard to accounts of assessee, about correctness of such claim - Deputy Commissioner of Income-tax v. Trent Ltd. - [2026] 183 taxmann.com 549 (Mumbai - Trib.)
- 4.75** Where assessee had received exempt dividend income of certain amount and made suo motu disallowance of certain amount towards direct and indirect administrative expenditure, disallowance made under section 14A was not to be added for purpose of computing book profit under section 115JB - Trent Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 555 (Mumbai - Trib.)
- 4.76** Where assessee did not earn any exempt income during year and identical issue in earlier year resulted in deletion of disallowance under section 14A, no disallowance was permissible and deletion was justified - Assistant Commissioner of Income-tax, Central v. Intas

Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)

SECTION 22 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - CHARGEABLE AS

- 4.77** Where assessee engaged in real estate business did not declare house property income in relevant year as inventory flat previously rented out was sold in prior year and Assessing Officer made ad hoc addition as deemed income without examining assessee's explanation or verifying factual position, such addition was not justified - Dheeraj Chaudhary v. A.C.I.T. - [2026] 183 taxmann.com 477 (Delhi - Trib.)
- 4.78** Annual letting value (ALV) of unsold flats of assessee lying in its closing stock was to be taxed by applying section 22 - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)

SECTION 23 OF THE INCOME-TAX ACT, 1961 - INCOME FROM HOUSE PROPERTY - ANNUAL VALUE

- 4.79** Where assessee treated flats as capital assets and Assessing Officer also assessed capital gains treating them as capital assets, provision of deemed rental income was not applicable - Keshava Reddy v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 30 (Bangalore - Trib.)

SECTION 28(i) OF THE INCOME-TAX ACT, 1961 - BUSINESS INCOME - CHARGEABLE AS

- 4.80** Where assessee, a SEBI-registered Category II AIF scheme, claimed exemption by passing through income to investors under section 115UB, difference between book surplus and income distributed was solely due to statutory indexation on long-term capital gains, so such difference could not be taxed as separate business income in hands of assessee and was not liable under profits and gains of business or profession. - Edelweiss Crossover opportunities Fund v. ITO Ward 22(1)(1) - [2026] 183 taxmann.com 262 (Mumbai - Trib.)
- 4.81** Where assessee-bank incurred loss on sale of financial assets to ARC as part of recovery mechanism in ordinary course of banking business, such loss represented real commercial loss and was allowable as business loss under section 28(i) - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)

SECTION 32 OF THE INCOME-TAX ACT, 1961 - DEPRECIATION - ALLOWANCE/RATE OF

- 4.82** Where assessee acquired a hotel undertaking on a going-concern basis through slump sale and allocated composite price among land and tangible assets, fair market value of tangible assets as determined by Departmental Valuation Officer would be adopted for depreciation, and excess

amount over tangible asset value constituted goodwill or commercial rights eligible for depreciation under section 32(1)(ii). - Kovalam Resort (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 419 (Mumbai - Trib.)

- 4.83** Where, on slump sale of a business undertaking, excess consideration over value of identifiable assets was treated as goodwill, such goodwill representing commercial and business rights was eligible for depreciation under section 32; absence of separately earmarked payment for goodwill or subsequent amendment excluding goodwill, could not deny depreciation for relevant year. - Trent Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 550 (Mumbai - Trib.)
- 4.84** Where assessee, a wholly owned subsidiary engaged in IT-enabled services, amalgamated another group subsidiary through share swap and recorded goodwill of Rs. 5.97 crore as intangible asset, since amalgamation resulted in artificial creation of goodwill without any real business acquisition or commercial substance, depreciation on such alleged goodwill was liable to be disallowed - Aptara Technologies (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 571 (Pune - Trib.)
- 4.85** Where stamp duty paid for renewal of mining lease was held to be consideration for acquisition of mining lease right, being an intangible capital asset, qualified for depreciation under section 32 - Bandekar Brothers (P.) Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 675 (Panaji - Trib.)
- 4.86** Where assessee acquired product and service divisions from its holding company under separate business transfer agreements, recognised intangible assets like technology, trademarks, contracts and goodwill based on valuation, and claimed depreciation, such assets qualified as intangibles under section 32(1)(ii) and, since there was no succession of business as a whole under section 170, depreciation on these assets was allowable. - Edgeverve Systems Ltd. v. Asstt. Commissioner of Income-tax - [2026] 183 taxmann.com 364 (Bangalore - Trib.)
- 4.87** Where assessee-company treated cost incurred for construction of toll road as capital expenditure which gave rise to right to collect toll in nature of intangible asset as defined under section 32(1)(ii) and accordingly claimed depreciation as applicable for intangible asset and Assessing Officer allowed claim, since Assessing Officer did not consider CBDT Circular No. 9 of 2014 on issue of allowance of cost incurred for development of BOT roads, PCIT was justified in invoking section 263 - BSCPL Aurang Tollway Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 60 (Hyderabad - Trib.)
- 4.88** Where pursuant to court-sanctioned amalgamation, assessee recognised goodwill and claimed depreciation thereon, and objections regarding valuation methodology and accounting treatment were identical to earlier years

with no material change in facts or law, allowance of depreciation on goodwill and consequential relief was justified - Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)

SECTION 35 OF THE INCOME-TAX ACT, 1961 - SCIENTIFIC RESEARCH EXPENDITURE

- 4.89** Where prior to 1-7-2016 DSIR's role under section 35(2AB) was confined to approval of R&D facility and not quantification of expenditure, deduction could not be restricted to amount mentioned in Form 3CL and was allowable on actual eligible expenditure - Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)
- 4.90** Where assessee furnished item-wise justification for scientific research expenditure before Tribunal, approval of in-house research facility by prescribed authority constituted only a threshold condition for weighted deduction and Assessing Officer was required to examine nexus of each expenditure with scientific research, necessitating verification of eligibility - Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)
- 4.91** Where assessee incurred revenue expenditure on in-house R&D in DSIR-approved units and claimed weighted deduction under section 35(2AB), weighted deduction on entire eligible R&D expenditure is allowable notwithstanding initial non-furnishing or partial quantification in Form 3CL, and any unquantified portion is alternatively allowable under section 35(1)(i) or section 37(1) if incurred on approved R&D. - Edgeverve Systems Ltd. v. Asstt. Commissioner of Income-tax - [2026] 183 taxmann.com 364 (Bangalore - Trib.)

SECTION 36(1)(iii) OF THE INCOME-TAX ACT, 1961 - INTEREST ON BORROWED CAPITAL

- 4.92** Where assessee-firm, engaged in business of builder and developer, had given interest free loan to one PRK, since assessee had not proved direct nexus of so called interest free unsecured loan in advancing loan to PRK, it could be concluded that advance was not related to business activity of assessee-firm and interest bearing funds had been diverted for other than business activities, thus, proportionate disallowance of interest paid on borrowed capital was justified - Ved Infra Manohar Farm v. Income-tax Officer - [2026] 183 taxmann.com 282 (Ahmedabad - Trib.)
- 4.93** Where assessee borrowed funds for investment in share capital of overseas subsidiaries to acquire controlling interest and such borrowings did not result in acquisition of business assets of assessee nor were wholly and exclusively for earning dividend income, interest expenditure was not allowable under section 36(1)(iii) or section 57(iii) - Tata Chemicals Ltd. v. Deputy

Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)

- 4.94** Where assessee-bank paid interest on perpetual bonds having debt-like characteristics and shown as borrowings, such interest qualified as deductible under section 36(1)(iii) - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.95** Where assessee borrowed interest-bearing funds from holding company and advanced them to subsidiary but waived accrued interest while claiming interest deduction, and failed to prove availability of interest-free funds or commercial expediency, interest expenditure was not incurred wholly and exclusively for business and was rightly disallowed - Zuari Management Services Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 417 (Panaji - Trib.)
- 4.96** Where assessee, a real estate developer, capitalised interest costs into project work-in-progress and Assessing Officer disallowed a portion of interest on estimated basis without showing lack of commercial expediency or invoking section 145(3), and disturbed settled claims of past assessment years without reopening them, such disallowance was impermissible and required to be deleted. - Milan Theatres (P.) Ltd. v. DCIT - [2026] 183 taxmann.com 422 (Mumbai - Trib.)
- 4.97** Where assessee's own capital was far in excess of interest-free advances of lesser amount, it was to be presumed that interest-free advances were made out of own funds and not borrowings of assessee and, thus, impugned disallowance of interest made by Assessing Officer was to be deleted - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)
- 4.98** Where assessee possessed substantial interest-free own funds far exceeding investment in capital work-in-progress, presumption arose that such investment was out of own funds and, in absence of nexus established by revenue, disallowance of interest under section 36(1)(iii) was unwarranted - Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)

SECTION 36(1)(viia) OF THE INCOME-TAX ACT, 1961 - BAD DEBTS, IN CASE OF BANKS

- 4.99** Where assessee reduced certain losses written off and Assessing Officer added them back, such losses were allowable subject to verification regarding prior provisioning and write-off entries, and matter was to be remanded for factual examination - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.100** Where provision for bad and doubtful debts under section 36(1)(viia) carried no opening credit balance, assessee-

bank was entitled to deduction of entire bad debts written off as irrecoverable under section 36(1)(vii) - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)

- 4.101** Deduction under section 36(1)(viia) is restricted to provision actually made in books of account, subject to statutory ceiling. - Deputy Commissioner of Income-tax v. Virudhunagar District Central Co-Operative Bank Ltd. - [2026] 183 taxmann.com 49 (Chennai - Trib.)

SECTION 37(1) OF THE INCOME-TAX ACT, 1961 - BUSINESS EXPENDITURE - ALLOWABILITY OF

- 4.102** Where assessee incurred expenditure on application software licences with short useful lives, requiring frequent renewal, with no ownership or proprietary rights acquired and only a right of use granted for its business, such expenditure facilitating efficient business operations does not create any enduring capital asset and is allowable as revenue expenditure under section 37(1). - Edgeverve Systems Ltd. v. Asstt. Commissioner of Income-tax - [2026] 183 taxmann.com 364 (Bangalore - Trib.)
- 4.103** Where assessee sought deduction of foreign taxes paid on income from abroad as business expenditure under section 37(1) for amounts not eligible for Foreign Tax Credit, but this claim was made for first time before Tribunal and not examined at earlier stages, allowability required verification of facts including nature of income and applicability of section 40(a)(ii), making it necessary to remand matter for such verification. - Edgeverve Systems Ltd. v. Asstt. Commissioner of Income-tax - [2026] 183 taxmann.com 364 (Bangalore - Trib.)
- 4.104** Where claim of expenditure made by assessee towards reimbursement of post-employment benefit obligations was not examined during assessment proceedings and nexus between said expenditure and business of assessee was not examined during assessment proceedings, Principal Commissioner was justified in invoking revision under section 263 - Cisco Systems (India) (P.) Ltd. v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 362 (Bangalore - Trib.)
- 4.105** Where assessee, engaged in trading of gold, silver and bullion, paid interest on late deposit of TDS, such interest was compensatory and not penal in nature and Explanation 1 to section 37(1) did not apply and thus, disallowance of interest expenditure was unsustainable - Income-tax Officer v. Rajeev Kumar Kapoor - [2026] 183 taxmann.com 352 (Lucknow - Trib.)
- 4.106** Where assessee, NBFC, had issued principal protected, secured, redeemable, non-convertible benchmark linked debentures and claimed an amount as an allowable expense towards unrealized loss arising on account of fair valuation of said debentures, since on date of balance sheet there was a liability known to assessee in respect of these debentures, fair valuation loss claimed by assessee in respect of said debentures on balance sheet date fell

- within category of expenditure allowable under section 37(1) - Nomura Capital (India) (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 360 (Mumbai - Trib.)
- 4.107** Where difference arose between receipts as per Form 26AS and receipts shown by assessee and assessee claimed that unresolved amount of Rs. 1.06 lakhs represented VAT, insurance, TDS etc. but filed no supporting evidence, issue was to be remanded to Assessing Officer for verification and allowance, if found to be allowable business expenditure - Harshad Himmatlal Rupani v. Income-tax Officer - [2026] 183 taxmann.com 291 (Pune - Trib.)
- 4.108** Where assessee amortised premium on HTM securities treated as stock-in-trade in accordance with RBI guidelines and Commissioner (Appeals) deleted disallowance following Tribunal's earlier orders in assessee's own case, such deletion was to be upheld in absence of any change in material facts or law - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.109** Where assessee claimed deduction of penalties paid to RBI and Bank Indonesia for procedural defaults, same were compensatory and allowable, whereas penalty paid to Monetary Authority of Singapore for AML/CFT violations, being for offences prohibited by law, was disallowable under Explanation 1 to section 37(1) - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.110** Where assessee claimed deduction on account of amortisation of lease premium in respect of leasehold properties, since lease premium paid was capital expenditure, same was not allowable as deduction - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.111** Where assessee reversed provision for country risk without furnishing working of crystallised loss, issue relating to allowability or addition of such reversal was to be restored to Assessing Officer for de novo adjudication upon production of necessary details - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.112** Where assessee-bank paid broken period interest on Government securities treated as stock-in-trade, such interest constituted revenue expenditure and not capital in nature and was allowable as deduction - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.113** Where assessee claimed deduction of ROC charges and legal fees but failed to produce any third-party documentary evidence at any stage to prove that expenses were revenue in nature and incurred wholly and exclusively for business, disallowance under section 37(1) was justified - Zuari Management Services Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 417 (Panaji - Trib.)
- 4.114** Where assessee paid audit fees for auditing its books and Revenue neither proved expenditure bogus nor showed books were not meant for business, purpose of audit need not be established separately, and deduction under section 37(1) was allowable - Zuari Management Services Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 417 (Panaji - Trib.)
- 4.115** Where assessee's certificate of commencement under Companies Act stood recognised and similar expenses were accepted in preceding year, Revenue could not disallow such expenditure merely alleging non-commencement, as statutory commencement suffices and no time-bound approvals or specific operational activity are required - Zuari Management Services Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 417 (Panaji - Trib.)
- 4.116** Where Assessing Officer made ad-hoc disallowance at 10 per cent of firewood and packing material expenses but revenue failed to bring any material on record to contradict findings of Commissioner (Appeals) deleting such disallowance, no interference was warranted and deletion was justified - Deputy Commissioner of Income-tax v. Bharat Agro Industries - [2026] 183 taxmann.com 484 (Raipur - Trib.)
- 4.117** Where assessee, a transport operator and C&F agent, paid 20 lakh to principal for shortage of goods during transit pursuant to contractual obligation, supported by contract, emails and banking records, such payment was compensatory in nature, not for violation of law, and thus allowable as business expenditure under section 37(1) - Namakkal South India Transports v. ACIT - [2026] 183 taxmann.com 495 (Chennai - Trib.)
- 4.118** Where assessee claimed expenses on account of purchase of construction material and travelling expenses but did not submit complete details of said expenses, disallowance of 20 per cent of balance unsubstantiated expenses was justified - Singla Realtors Ltd. v. Income-tax Officer - [2026] 183 taxmann.com 480 (Delhi - Trib.)
- 4.119** Where assessee incurred software expenses such as annual maintenance charges, fees for database support, license renewal cost, etc. since said expenses were towards subscription for a fixed period giving annual benefits only and no asset had come into existence nor any intellectual property right and no transfer of ownership in software had taken place by incurring such expenses, software expenses being period cost and recurring in nature, were deductible under section 37(1) - Assistant Commissioner of Income-tax v. BNP Paribas India Solutions (P.) Ltd. - [2026] 183 taxmann.com 396 (Mumbai - Trib.)
- 4.120** Where assessee-company, upon expiry of its mining lease, paid stamp duty for renewal thereof and claimed

same as revenue expenditure, since in substance such payment was consideration for acquisition of mining lease right, being a capital asset, expenditure was capital in nature and not allowable under section 37(1) - *Bandekar Brothers (P.) Ltd. v. Assistant Commissioner of Income-tax* - [2026] 183 taxmann.com 675 (Panaji - Trib.)

4.121 Where Assessing Officer disallowed salary recharge paid to group concerns under section 37(1) read with section 40A(2)(b) merely on ground that cost-sharing agreements lacked allocation mechanism and assessee failed to furnish details of services rendered, in absence of any finding that expenditure was excessive or unreasonable having regard to fair market value or benefit derived, disallowance was unsustainable - *Dentsu Aegis Network India (P.) Ltd. v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 641 (Mumbai - Trib.)

4.122 Where assessee, a technology-driven financial intermediary, furnished audited books, detailed ledger accounts, party-wise break-up and TDS particulars for claimed expenses, and Assessing Officer neither rejected accounts nor identified any specific defect, ad-hoc disallowance of business expenditure without pointed discrepancies could not be sustained and was liable to be deleted - *DCIT v. NDX P2P (P.) Ltd.* - [2026] 183 taxmann.com 496 (Mumbai - Trib.)

4.123 Where assessee incurred expenditure on sale of gift cards and gift vouchers at a discount, since discount offered at time of sale of gift cards and vouchers was an actual and irreversible expenditure, same was to be allowed as deduction under section 37(1) - *Trent Ltd. v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 555 (Mumbai - Trib.)

4.124 Where assessee-company, engaged in business of retailing of readymade garments, paid brand equity fees to Tata Sons pursuant to brand agreement for use of business name, marks and marketing indicia, since existence of such agreement was not disputed by Assessing Officer, brand equity fees paid by assessee was to be allowed as deduction under section 37(1) - *Trent Ltd. v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 555 (Mumbai - Trib.)

SECTION 40(a)(ia) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - INTEREST, ETC., PAID TO A RESIDENT WITHOUT DEDUCTION OF TAX AT SOURCE

4.125 Where assessee paid interest to a company on borrowed funds and did not deduct TDS on same, since assessee claimed that payee had included interest income in their return of income and paid taxes thereon, matter would be remanded back to file of Assessing Officer to verify whether payee had included interest income received from assessee in their return of income and paid taxes thereon - *BSR Builders Engineers Contractors v. Deputy Commissioner of Income-* - [2026] 183 taxmann.com 432 (Chennai - Trib.)

SECTION 40(b) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - INTEREST SALARY, ETC. PAID BY FIRM TO PARTNER

4.126 Where assessee-firm paid remuneration to partners in excess of limit prescribed under section 40(b), impugned disallowance made by Assessing Officer was justified - *Ved Infra Manohar Farm v. Income-tax Officer* - [2026] 183 taxmann.com 282 (Ahmedabad - Trib.)

SECTION 40A(3) OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - CASH PAYMENT EXCEEDING PRESCRIBED LIMITS

4.127 Where cash purchases were disallowed under section 40A(3) and Commissioner (Appeals) admitted additional evidence without affording the Assessing Officer opportunity as mandated under rule 46A(3), and further accepted disputed purchases solely on basis of verification of other transactions, such order was not sustainable; matter was remanded for de novo adjudication in accordance with law - *Deputy Commissioner of Income-tax v. Bharat Agro Industries* - [2026] 183 taxmann.com 484 (Raipur - Trib.)

SECTION 41(1) OF THE INCOME-TAX ACT, 1961 - REMISSION OR CESSATION OF TRADING LIABILITY

4.128 Where Assessing Officer made additions under section 41(1) in respect of sundry creditors, since trading results were not doubted and increase in amount of sundry creditors was accepted in preceding years as well, and further, creditors were acknowledged in assessee's books of account and even their complete particulars were provided, no addition was required to be made under section 41(1) - *Blaze Manufacturing Co v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 261 (Delhi - Trib.)

4.129 Where assessee-contractor furnished ledger accounts duly signed by sundry creditors evidencing subsisting liabilities and Assessing Officer brought no material to show that creditors had written off such liabilities, addition made under section 41(1) treating creditors as bogus was unsustainable - *Harshad Himmatlal Rupani v. Income-tax Officer* - [2026] 183 taxmann.com 291 (Pune - Trib.)

SECTION 43A OF THE INCOME-TAX ACT, 1961 - FOREIGN CURRENCY, RATE OF EXCHANGE, CHANGE IN

4.130 Where Assessing Officer accepted assessee's claim that foreign exchange gain realized on repayment of capital creditors for purchase of fixed assets was not related to trading or revenue transactions but directly linked with acquisition of capital assets and, hence, in accordance with provisions of section 43A, said gain should be adjusted to block of assets, however, assessment records did not show that Assessing Officer made any enquiry at all on said issue, Principal Commissioner was justified in invoking provisions of section 263 and in setting aside assessment order - *Cisco Systems (India) (P.) Ltd. v.*

Principal Commissioner of Income-tax - [2026] 183 taxmann.com 362 (Bangalore - Trib.)

SECTION 43B OF THE INCOME-TAX ACT, 1961 - BUSINESS DISALLOWANCE - CERTAIN DEDUCTIONS TO BE ALLOWED ONLY ON ACTUAL PAYMENT

4.131 Assessee could not invoke theory of deemed payment of liabilities relating to leave encashment and bonus payment merely by transferring liabilities to another company and claim deduction under section 43B. - Deputy Commissioner of Income-tax v. Corteva Agriscience Services India (P.) Ltd. - [2026] 183 taxmann.com 134 (Hyderabad - Trib.)

4.132 Where assessee created provision for post-retirement medical benefits based on actuarial valuation without contribution to any fund, such provision was not covered by section 43B; however, allowability depended upon existence of an ascertained liability supported by reliable actuarial valuation, requiring verification by Assessing Officer - Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)

SECTION 43D OF THE INCOME-TAX ACT, 1961 - PUBLIC FINANCIAL INSTITUTION/PUBLIC COMPANIES

4.133 Where assessee did not recognise interest on NPAs classified as per RBI norms and no credit was made in books, notional interest could not be taxed on accrual and became chargeable only on receipt or credit to profit and loss account - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)

SECTION 44 OF THE INCOME-TAX ACT, 1961 - INSURANCE BUSINESS

4.134 Where assessee, general insurance company, claimed deduction of management expenses incurred in excess of IRDA limits and reallocated same to Profit and Loss Account as per regulatory guideline, since profits of insurance business was to be computed under section 44 read with Rule 5 of First Schedule and impugned expenditure was not shown to be inadmissible under sections 30 to 43B, general disallowance under section 37(1) was not applicable - National Insurance Company Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 535 (Kolkata - Trib.)

SECTION 44B OF THE INCOME-TAX ACT, 1961 - NON-RESIDENT - SHIPPING BUSINESS OF

4.135 GST cannot be included while computing deemed income under section 44B - Orient Overseas Container Line Ltd. v. Deputy Commissioner of Income-tax (International Taxation) - [2026] 183 taxmann.com 547 (Mumbai - Trib.)

SECTION 44C OF THE INCOME-TAX ACT, 1961 - NON-RESIDENT - HEAD OFFICE EXPENDITURE IN CASE OF

4.136 Where assessee-foreign bank, having a branch in India, reimbursed certain expenses to its head office under two categories, viz., (a) telecommunication charges and (b) cost incurred towards expatriate personnel working as employees of Mumbai branch, since said expenses were incurred exclusively in relation to business of India branch, they could not be held in nature of executive and general administrative expenses and, thus, were out of purview of section 44C and deduction of same was to be allowed in entirety under section 37(1) - Australia and New Zealand Banking Group Ltd. v. Deputy Commissioner Income-tax - [2026] 183 taxmann.com 592 (Mumbai - Trib.)

SECTION 45 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - CHARGEABLE AS

4.137 Where assessee entered into a joint development agreement and transferred 52 per cent undivided share of land and offered capital gains partly in one year and balance in subsequent year, since transfer to extent of UDS had taken place in assessment year 2017-18, offering of consideration in that year was proper and protective addition in assessment year 2018-19 did not survive. - Kesavan Vanithamani v. Income-tax Officer - [2026] 183 taxmann.com 567 (Chennai - Trib.)

4.138 Where Assessing Officer had considered fair market value of mall, being deemed cost under section 45(2), in respect of only 47 units instead of 114 units as considered by assessee based on its accounting policy for revenue recognition, once conversion of entire mall into stock-in-trade was accepted, fair market value on date of conversion must be applied consistently to entire asset and not in a truncated or piecemeal manner - Milan Theatres (P.) Ltd. v. DCIT - [2026] 183 taxmann.com 422 (Mumbai - Trib.)

4.139 Where assessee sold flats received under JDA, cost of acquisition was to be taken at stamp duty value adopted at first stage of taxation - Keshava Reddy v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 30 (Bangalore - Trib.)

4.140 Where assessee converted part of land from capital asset to stock-in-trade and Assessing Officer computed capital gains at fair market value at conversion under section 45(2) but did not use same value to calculate business profits on sale, such method resulted in a mistake, as same fair market value at conversion must be adopted for business profit computation - DCIT, Circle 4 (2) v. Cyberwalk Tech Park (P.) Ltd. - [2026] 183 taxmann.com 287 (Delhi - Trib.)

SECTION 48 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - COMPUTATION OF

4.141 Where assessee received flats under JDA, Assessing Officer could not adopt developer's construction cost as

sale consideration, and capital gains were required to be computed by adopting stamp duty value of built-up area with correct indexed cost of acquisition - Keshava Reddy v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 30 (Bangalore - Trib.)

- 4.142** Where assessee purchased a property which was semi-finished at time of purchase and sold same after completing construction, assessee would be entitled to deduction of cost incurred for completion of construction while computing capital gains under section 48 - Shreshta Sheel Patil v. Income-tax Officer - [2026] 183 taxmann.com 39 (Bangalore - Trib.)
- 4.143** Where purchase deed of property clearly recorded that entire sale consideration was paid and possession of property was handed over to assessee on 20-4-1996, merely because deed was registered at a later point of time on 24-4-1998, date of acquisition could not be shifted to year of registration when substantial rights in property stood transferred earlier and, accordingly, CII applicable to financial year 1996-97 was to be adopted for purpose of computing indexed cost of acquisition - Shreshta Sheel Patil v. Income-tax Officer - [2026] 183 taxmann.com 39 (Bangalore - Trib.)
- 4.144** Where assessee-trust sold immovable property and claimed indexation while computing LTCG, which was disallowed by Assessing Officer by relying on CBDT Circular No. 5P (1968), since Explanation 2 to section 11(1A) mandates computation as per sections 48 and 49, statutory indexation could not be overridden by a circular and disallowance was unjustified - Income-tax Officer v. Seth Damji Laxmichand Jain Dharma Sthanak - [2026] 183 taxmann.com 180 (Mumbai - Trib.)
- 4.145** Where assessee sold three properties and declared sale consideration and cost of acquisition/improvement, but Assessing Officer computed long-term capital gain without allowing any deduction towards cost, matter was to be remitted to Assessing Officer for recomputation of capital gains after allowing cost of acquisition/improvement as admissible under section 48 read with section 55(1)/(2) - Biharilal v. Assessment Unit of Income-tax Department - [2026] 183 taxmann.com 638 (Indore - Trib.)

SECTION 50 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - COMPUTATION IN CASE OF DEPRECIABLE ASSETS

- 4.146** Where assessee purchased new commercial office premises during year through registered agreements and paid full consideration, such assets were to be considered 'acquired' and includible in block of assets even if possession was not received and assets were not put to use, and, thus, Assessing Officer was required to include new assets in block and recompute tax liability - N.K. Gems v. Income Tax Officer - [2026] 183 taxmann.com 533 (Mumbai - Trib.)

SECTION 50C OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - SPECIAL PROVISION FOR

COMPUTATION OF FULL VALUE CONSIDERATION

- 4.147** Where assessee sold land and stamp valuation was later rectified by stamp authority itself by executing Supplementary/Clarification Deed excluding approach road, and declared consideration even on proportionate basis exceeded revised stamp value, section 50C could not be invoked and addition based on original erroneous valuation was liable to be deleted - Kishore Anand Shetty v. ACIT - [2026] 183 taxmann.com 492 (Mumbai - Trib.)
- 4.148** Where assessee sold land at a declared value, and stamp duty authority initially adopted a higher value but later reduced on final determination by Collector of Stamps, only such final value determined by competent stamp authority was to be taken as full value of consideration for computing capital gains under section 50C. - Mahesh Shrivastava v. Income-tax Officer - [2026] 183 taxmann.com 255 (Raipur - Trib.)
- 4.149** Where assessee sold industrial shed on 22.05.2012 for total consideration of Rs. 4.80 crores, since assessee had received more than Rs. 1.80 crores through account payee cheques in month of March, 2012 at time of agreement, benefit of first and second proviso to section 50C was to be given to assessee and appointed date for purpose of considering stamp duty valuation was 12.03.2012 and not May, 2012 when sale deed was registered - Monica Bibbly Sood v. ITO - [2026] 183 taxmann.com 256 (Chandigarh - Trib.)

SECTION 54 OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - PROFIT ON SALE OF PROPERTY USED FOR RESIDENCE

- 4.150** Where assessee received 44 flats under JDA and treated same as capital assets, entire flats were to be regarded as one residential house and assessee was entitled to deduction under sections 54/54F on capital gains arising on transfer of land - Keshava Reddy v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 30 (Bangalore - Trib.)
- 4.151** Where assessee invested in an under-construction flat and took possession within two years of transfer of original residential property, date of purchase for purposes of section 54 is to be reckoned as date of taking possession upon completion of construction and payment of consideration, and not earlier date of booking or allotment; therefore, exemption under section 54 was allowable - Prakash Devidas v. Asst. Commissioner of Income-tax - [2026] 183 taxmann.com 517 (Mumbai - Trib.)

SECTION 54B OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - TRANSFER OF LAND USED FOR AGRICULTURAL PURPOSES

- 4.152** Where assessee sold agricultural land and invested sale proceeds in purchase of three agricultural lands, since assessee established that land sold and lands purchased were assessed to land revenue as agricultural land, revenue records including Girdawri evidenced agricultural produce and agricultural activity, and assessee had

consistently declared agricultural income, exemption under section 54B was allowable - Deputy Commissioner of Income-tax v. Bhupinder Singh Bhalla - [2026] 183 taxmann.com 465 (Delhi - Trib.) (TM)

- 4.153** Where assessee sold land used for agricultural purposes for at least two years prior to date of transfer and invested sale consideration in purchase of another agricultural land, and major payments were made through banking channels with entire consideration paid and possession obtained so as to satisfy conditions of valid transfer under section 2(47), exemption under section 54B was to be allowed - Ranajit Suresh Rajamane v. ITO Ward 1 - [2026] 183 taxmann.com 127 (Pune - Trib.)

SECTION 54F OF THE INCOME-TAX ACT, 1961 - CAPITAL GAINS - EXEMPTION OF, IN CASE OF INVESTMENT IN RESIDENTIAL HOUSE

- 4.154** Where Assessing Officer allowed section 54F deduction to NRI assessee without enquiry into ownership of multiple residential houses, including those outside India, and assessment order lacked any finding on this aspect, Pr. CIT was justified in exercising section 263 jurisdiction and setting aside assessment for adjudication on this issue. - Sumanth Badiga v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 252 (Hyderabad - Trib.)
- 4.155** Where assessee reinvested entire sale consideration in construction of a residential house and claimed exemption under section 54F, deeming fiction of section 50C applied only for computation of capital gains and not for determining net consideration for exemption under section 54F, thus full exemption was allowable on actual amount reinvested. - Mahesh Shrivastava v. Income-tax Officer - [2026] 183 taxmann.com 255 (Raipur - Trib.)
- 4.156** Where assessee sold industrial property and invested in under-construction flat and possession was received within two years from transfer, exemption under section 54F could not be denied merely due to earlier agreement date, especially when assessee owned only one other residential house excluding new asset - Kishore Anand Shetty v. ACIT - [2026] 183 taxmann.com 492 (Mumbai - Trib.)
- 4.157** Where assessee's claim for Section 54F deduction was disallowed for owning multiple properties treated as residential, but new affidavits and evidence showed tenants used these properties for business, claim regarding commercial use required verification, so issue was remanded for examination of tenant affidavits and nature of property usage. - Mrs. Dhoomi Devi v. ITO Ward-1(4)4 - [2026] 183 taxmann.com 516 (Dehradun - Trib.)
- 4.158** Where assessee owned one residential house that was self occupied and one tannery that was being let out, he could not be denied deduction under section 54F merely because rental income from tannery was offered under head 'Income from house property' - Kesavan Vanithamani

v. Income-tax Officer - [2026] 183 taxmann.com 567 (Chennai - Trib.)

- 4.159** Where entire sale consideration was invested in residential house within prescribed period, deduction under section 54F was allowable despite partial deposit in Capital Gains Account Scheme - Satishchandra Jagdishchandra Gugale v. ITO, Ward-14(5), Pune. - [2026] 183 taxmann.com 646 (Pune - Trib.)

SECTION 56 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - CHARGEABLE AS

- 4.160** Where assessee had booked residential flat in 2011 and paid entire consideration through banking channels prior to allotment, and agreement for sale executed in 2017 merely recorded earlier payments without altering agreed terms, allotment letter was to be treated as 'agreement to sell' for purposes of section 56(2)(x)(b) and stamp duty value as on date of allotment letter was liable to be adopted for purposes of section 56(2)(x), and consequently addition made by adopting registration-date valuation was to be deleted - Cherie Tandon Saldahna v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 640 (Mumbai - Trib.)
- 4.161** Where assessee purchased a residential property jointly and stamp duty valuation exceeded purchase consideration by less than 10 per cent, since variation fell within 10 per cent tolerance limit which was held to be retrospective and curative in nature, addition under section 56(2)(vii)(b) based on such difference was unsustainable - Chandra Lalit Sanghvi v. Income-tax Officer - [2026] 183 taxmann.com 486 (Mumbai - Trib.)
- 4.162** Where interest received under section 28 of Land Acquisition Act on enhanced compensation formed part of enhanced value of land and retained its capital character, it was not taxable as income from other sources notwithstanding amendments introduced by Finance (No. 2) Act, 2009 - Mange Ram v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 424 (Delhi - Trib.)
- 4.163** Where assessee-trust received large assets settled by settlor and its trust deed identified specific relatives as beneficiaries but allowed scope to add others or a charity, and Assessing Officer accepted returned income without inquiring into applicability of exclusion in section 56(2)(x) or taxability, order was erroneous and prejudicial, justifying section 263 revision - Buckeye Trust v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 381 (Bangalore - Trib.)
- 4.164** Where Assessing Officer, after DVO valuation, had consciously taken a decision not to make addition under section 56(2)(x) as difference between stamp duty valuation and actual consideration was only 5.24 per cent and safe harbour of 10 per cent being retrospectively applicable, such view being legally permissible, revision under section 263 by Principal Commissioner merely on difference of opinion was not sustainable - Anil Agrawal v.

Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 286 (Raipur - Trib.)

- 4.165** Where assessee purchased an immovable property and executed a conveyance deed with vendor for paying certain amount and subsequently a supplementary deed was executed whereby consideration was revised and fixed at higher amount, since difference between stamp duty value and revised consideration was less than 10 per cent, no addition could be made under section 56(2)(x)(b)(B) - Nakoda Developers v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 359 (Mumbai - Trib.)
- 4.166** Where assessee offered commission receipts as professional income under section 44ADA but failed to establish that he was carrying on any profession specified under section 44AA(1), benefit of section 44ADA was not available and income was assessable under section 56; however, only net income after allowing admissible expenditure could be brought to tax and issue was to be remanded for recomputation - Palapetty Velappan Shakthidaran v. Commissioner of Income-tax (Appeals) - [2026] 183 taxmann.com 351 (Bangalore - Trib.)
- 4.167** Where assessee received cash gift from his sister and substantiated relationship and source by furnishing confirmation, PAN and bank statement of donor, said receipt being covered under exclusion in section 56(2)(x) could not be brought to tax - Palapetty Velappan Shakthidaran v. Commissioner of Income-tax (Appeals) - [2026] 183 taxmann.com 351 (Bangalore - Trib.)
- 4.168** Where assessee purchased immovable property below stamp duty valuation and disputed such valuation due to title defects, encroachments, and legal uncertainty, Assessing Officer was required to refer matter to DVO for fair market value determination before invoking section 56(2)(x), and failure to do so necessitated setting aside matter for such reference with reasonable opportunity to assessee - Rashmi Seventilal Vakharia v. Income-tax Officer - [2026] 183 taxmann.com 128 (Mumbai - Trib.)

SECTION 57 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - DEDUCTIONS

- 4.169** Where assessee earned interest income on advances and claimed deduction of corresponding interest expenditure under section 57, since assessee established from computation and records that borrowed funds were used to advance loans generating taxable interest income, interest expenditure was incurred wholly and exclusively for earning such income and was allowable under section 57(iii) - Amarsingh N. Thakur v. ACIT - [2026] 183 taxmann.com 211 (Mumbai - Trib.)
- 4.170** Where assessee received interest under section 28 of the Land Acquisition Act, 1894 on enhanced compensation from HUDA pursuant to compulsory acquisition of agricultural land, on which TDS was deducted, and Assessing Officer, after enquiry, accepted assessee's claim following Supreme Court decision, since issue

regarding taxability of such interest was at best debatable and two views were possible, PCIT could not have assumed revisional jurisdiction under section 263 merely on basis of audit objection - Braham Dutt Vashist v. Income-tax Officer - [2026] 183 taxmann.com 593 (Delhi - Trib.)

- 4.171** Where assessee received interest under section 28 of Land Acquisition Act, 1894 on enhanced land acquisition compensation, such interest being an accretion to value of land formed part of compensation and could not be assessed as income from other sources under section 56 read with section 145A; accordingly, addition made by Assessing Officer was to be deleted - Ramavtar v. Income-tax Officer - [2026] 183 taxmann.com 584 (Delhi - Trib.)

SECTION 68 OF THE INCOME-TAX ACT, 1961 - CASH CREDIT

- 4.172** Rigors of section 68 can be applied only to sums found credited in books of accounts in that particular year, and not those which were credited in earlier years - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)
- 4.173** Where Assessing Officer made addition to assessee's income on account of amount received from two persons towards purchase of share in assessee's mall, since addition on account of unexplained payments had been deleted in hands of purchasers, consequential corresponding addition made by Assessing Officer in hands of assessee-seller had no legs to stand on - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)
- 4.174** Where loan received from Muthoot Finance against jewellery was added without examining its reflection in books or verifying explanation, addition made without proper enquiry was held to be unsustainable and deleted - Dheeraj Chaudhary v. A.C.I.T. - [2026] 183 taxmann.com 477 (Delhi - Trib.)
- 4.175** Where assessee had taken unsecured loans from five parties and had submitted documentary evidences such as copy of ITR, copy of balance sheet, copy of confirmation and copy of bank statement of each lender to prove identity, creditworthiness and genuineness of loan from said parties, and lenders had also confirmed loan transaction by filing reply to notice under section 133(6), additions made under section 68 merely on basis of failure of assessee to prove source of source of loan transactions was unjustified - Singla Realters Ltd. v. Income-tax Officer - [2026] 183 taxmann.com 480 (Delhi - Trib.)
- 4.176** Where assessee was alleged to have booked fictitious profits through client code modification in commodity trading at NSEL, since broker admitted that such modification was carried out without assessee's instructions and revenue failed to establish any benefit accruing to assessee, addition made under section 68 on account of buy value of trades was held unsustainable -

Assistant Commissioner of Income-tax v. Suman Gandhi - [2026] 183 taxmann.com 217 (Mumbai - Trib.)

- 4.177** Where assessee received unsecured loan from a creditor, since creditor was not filing return of income and, thus, did not have creditworthiness to lend money to assessee, impugned addition made under section 68 on account of said loan was justified - Ved Infra Manohar Farm v. Income-tax Officer - [2026] 183 taxmann.com 282 (Ahmedabad - Trib.)
- 4.178** Where assessee's LTCG claim on share sale was disallowed as bogus after detailed enquiry by Assessing Officer and issue was pending in appeal, invocation of section 263 by Principal Commissioner for failure to tax such amount as cash credit under section 68 was not justified, as assessment was not passed without enquiry, and therefore revision order was unsustainable in law - Mrs. Suneeta Sekhri v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 97 (Mumbai - Trib.)
- 4.179** Where assessee, engaged in business of trading in bullion and jewellery, deposited cash in its bank accounts during demonetisation period, since assessee had successfully explained source of such cash deposits as sales/advances duly recorded in its books of account and comparative sales data dispelled allegation of abnormal cash sales, Assessing Officer was not justified in treating same as unexplained cash credits under section 68 - Bhaumik Jewellers (P.) Ltd. v. ITO Ward-1(1)(2) Ahmedabad - [2026] 183 taxmann.com 107 (Ahmedabad - Trib.)
- 4.180** Where assessee failed to comply with assessment notices and could not attend appellate proceedings due to communication at an incorrect e-mail address, ex-parte orders of Assessing Officer and Commissioner (Appeals) were liable to be set aside and matter restored to file of Assessing Officer for fresh adjudication after affording reasonable opportunity of being heard - Anil Kapoor v. Income-tax Officer - [2026] 183 taxmann.com 140 (Delhi - Trib.)

SECTION 69 OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED INVESTMENTS

- 4.181** Where assessee purchased property for Rs. 2 crores and, during search of broker, cash of Rs. 37 lakhs and an unsigned draft sale deed mentioning total consideration of Rs. 2.50 crores (including alleged cash component) were found, but broker did not state that cash belonged to assessee and draft deed remained unsigned, no addition could be made in assessee's hands towards alleged on-money payment. - Mrs. Dhoomi Devi v. ITO Ward-1(4)4 - [2026] 183 taxmann.com 516 (Dehradun - Trib.)
- 4.182** Where assessment under section 153A alleging unaccounted cash from property sale was based on third-party search material, and no incriminating document relating to assessee was found or reflected in her panchnama, such assessment was liable to be set aside -

ACIT v. Neena Jain - [2026] 183 taxmann.com 663 (Delhi - Trib.)

- 4.183** Where assessee's LIC investment of Rs. 50 lakhs was claimed to be funded by HUF out of agricultural income but no books of account, no sale records of agricultural produce etc. demonstrating availability of Rs. 50 lakhs with HUF were produced, amount was to be treated as unexplained investment taxable under section 69 in assessee's hands. - Pratibha Singh v. ACIT - [2026] 183 taxmann.com 702 (Chandigarh - Trib.)
- 4.184** Where jewellery in assessee's name was seized during search conducted at premises of assessee's son and addition was made under section 69 for unexplained investment, since last panchnama was drawn on 03-04-2019, assessment for assessment year 2019-20 ought to have been framed under section 153A read with section 153B and not under section 143(3), and failure to issue jurisdictional notice under section 153A rendered assessment invalid - ACIT v. Bir Kumar Jain - [2026] 183 taxmann.com 662 (Delhi - Trib.)

SECTION 69A OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED MONEYS

- 4.185** Where additions were made solely on basis of seized loose sheets containing undated and uncorroborated jottings, since such dumb documents were inadmissible evidence not supported by books of account, additions were held to be unsustainable and liable to be deleted - Dheeraj Chaudhary v. A.C.I.T. - [2026] 183 taxmann.com 477 (Delhi - Trib.)
- 4.186** Where assessee, retired defence personnel, was reassessed for unexplained time deposit despite declaring interest on fixed deposits as income and deposit being fully explained by pension and post-retirement benefits, since addition was made merely on suspicion or conjecture, same was to be deleted - Biju Pappachan v. Income-tax Officer - [2026] 183 taxmann.com 485 (Bangalore - Trib.)
- 4.187** Where a rough trial balance seized during search at residence of ex-employee did not match assessee's books, such document being a dumb document could not be relied upon for estimating gross profit on alleged out-of-books sales - Malbros International (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 421 (Chandigarh - Trib.)

SECTION 69C OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED EXPENDITURE

- 4.188** Where assessee substantiated purchases with substantial documentary evidence and Assessing Officer relied solely on digital data, loose papers and statements of ex-employees without making independent enquiries from suppliers, allegation of bogus purchases lacked corroboration; therefore, addition on account of alleged bogus purchases or disallowance under section 37(1) was liable to be deleted - Malbros International (P.) Ltd. v.

Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 421 (Chandigarh - Trib.)

4.189 Where assessee's distillery unit had closed and addition for unexplained expenditure was based solely on incomplete third-party Tally data and statement of ex-employee without opportunity of cross-examination, such evidence lacked evidentiary value and could not sustain addition under section 69C - Malbros International (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 421 (Chandigarh - Trib.)

4.190 Where assessee engaged in trading of gold, silver and bullion furnished complete purchase, stock and inventory records with no defects and purchases were supported by GST-registered supplier filings and input tax credit, merely non-response or non-filing of ITR by supplier could not render purchases bogus - Income-tax Officer v. Rajeev Kumar Kapoor - [2026] 183 taxmann.com 352 (Lucknow - Trib.)

SECTION 80A OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS – GENERAL

4.191 Where assessee did not claim deduction under section 80-JJAA in its return of income and raised such claim for first time before Commissioner (Appeals), section 80A(5) disentitled it from claiming said deduction - 360 One Distribution Services Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 634 (Mumbai - Trib.)

SECTION 80G OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - DONATION TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS

4.192 Where assessee claimed deduction under section 80G for certain amount spent on CSR, since there was no allegation of revenue that other conditions of section 80G were not fulfilled, assessee's claim for deduction under section 80G was to be allowed - McKinsey Global Capabilities & Services (P.) Ltd. v. Commissioner of Income-tax(Appeals)/NFAC, Delhi - [2026] 183 taxmann.com 553 (Delhi - Trib.)

4.193 Where assessee-trust commenced charitable activities before obtaining provisional approval under section 80G(5) and subsequently filed Form 10AB for regular approval before expiry of provisional approval period, application was within prescribed time as six-month deadline applies only when activities start after provisional approval, thus Form 10AB was validly filed. - Arth Foundation v. Commissioner of Income-tax (Exemption) - [2026] 183 taxmann.com 393 (Pune - Trib.)

4.194 Where assessee-trust's application for approval under section 80G(5) filed on 25-02-2025 was rejected by Commissioner (Exemptions) as time-barred under section 80G(5)(iii), but rejection order dated 22-9-2025 was passed after amendment effective 1-10-2024 permitting post-commencement applications under

clause (iv), said application was required to be examined under clause (iv)(B) and decided afresh in accordance with law - Arulcheyal Kainkarrya Sabha v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 394 (Chennai - Trib.)

4.195 There is no bar in claiming deduction under section 80G in respect of CSR contribution where donation was made to fund eligible for such deduction - Deputy Commissioner of Income-tax v. Adani Logistics Ltd. - [2026] 183 taxmann.com 391 (Ahmedabad - Trib.)

4.196 Where assessee trust, engaged in charitable activities since 2010, filed an application on 10-3-2025 for grant of registration under section 80G(5), since it was within six months of expiry of its provisional registration, its application was valid and maintainable - Manjrekar Foundation v. Commissioner of Income-tax, Exemption - [2026] 183 taxmann.com 207 (Pune - Trib.)

4.197 Where assessee's application for approval under section 80G was rejected only because registration under section 12AB stood rejected, since issue of registration was remanded, rejection under section 80G was also to be set aside for fresh adjudication. - Advaya Charitable Foundation v. Commissioner of Income-tax (Exemptions) - [2026] 183 taxmann.com 131 (Mumbai - Trib.)

4.198 Where assessee-trust filed original application for regular approval under section 80G within extended time prescribed under CBDT Circular No. 7/2024 but same was rejected on technical grounds and subsequent application was rejected as time-barred, since no adverse finding was recorded on genuineness of activities, matter was to be restored to Commissioner (Exemption) for fresh consideration - Bosco Gramin Vikas Kendra v. Commissioner of Income-tax (Exemption) - [2026] 183 taxmann.com 94 (Pune - Trib.)

4.199 Where assessee-trust carried out various charitable activities and its object relating to running/maintaining Mandir and Dharmshala did not override other predominant objects, it could not be regarded as established for purposes wholly or substantially wholly of a religious nature within meaning of Explanation 3 to section 80G and was, therefore, entitled to approval under section 80G - Shri Baba Balakpuri Ji Charitable Trust v. Income-tax Officer, Exemption - [2026] 183 taxmann.com 693 (Delhi - Trib.)

SECTION 80GGC OF THE INCOME-TAX ACT, 1961 - DEDUCTION IN RESPECT OF CONTRIBUTIONS GIVEN BY ANY PERSON TO POLITICAL PARTIES

4.200 Where Assessing Officer allowed deduction under section 80GGC without examining genuineness and eligibility of political parties or discrepancies in donation receipts, mere calling for donation receipts and bank statements, without examining glaring inconsistencies, could not be equated with a proper and complete inquiry

and thus, revisionary order directing fresh verification was justified - *Vandanaben Rajbhai Parikh v. PR.CIT* - [2026] 183 taxmann.com 48 (Ahmedabad - Trib.)

- 4.201** Where deduction under section 80GGC for donation to political party was disallowed merely on investigation alleging accommodation entries, but no evidence showed refund of donation or any direct nexus or benefit to assessee, such disallowance was unjustified and liable to be deleted - *Assistant Commissioner of Income-tax, Circle-1(1) v. Anuj Prakash Gupta* - [2026] 183 taxmann.com 392 (Raipur - Trib.)

SECTION 80-IA OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - PROFITS AND GAINS FROM INFRASTRUCTURE UNDERTAKINGS

- 4.202** Where assessee operating captive power plants claimed deduction under section 80-IA by allocating cost between electricity and steam without scientific basis and attributing higher value to steam, and since steam is integrally linked to electricity generation, entire cost was attributable to electricity generation and no deduction under section 80-IA was allowable - *Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 164 (Mumbai - Trib.)

SECTION 80JJAA OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS - IN RESPECT OF EMPLOYMENT OF NEW WORKMEN

- 4.203** Where assessee claimed third-instalment deduction under section 80JJAA for additional employee cost but Assessing Officer disallowed it solely for want of increase in employee number without examining statutory eligibility, matter was to be remanded to Assessing Officer for limited verification in accordance with section 80JJAA - *Bashir Jafar Bhaladar v. Assessing Officer* - [2026] 183 taxmann.com 430 (Pune - Trib.)
- 4.204** Where assessee filed its original return without claiming deduction under section 80JJAA and subsequently filed a revised return along with mandatory audit report in Form 10DA claiming such deduction, procedural omission of not filing report before due date of furnishing of original return would not result in denial of deduction under section 80JJAA - *Aakash Bhardwaj v. Assessing Officer, Circle-1 Ghaziabad* - [2026] 183 taxmann.com 717 (Delhi - Trib.)

SECTION 80LA OF THE INCOME-TAX ACT, 1961 - DEDUCTIONS IN RESPECT OF CERTAIN INCOMES OF OFFSHORE BANKING UNITS AND INTERNATIONAL FINANCIAL SERVICES CENTRE

- 4.205** Where assessee, an IFSC company, filed audit report in Form 10CCF after due date but before intimation under section 143(1), deduction under section 80LA could not be denied merely due to delayed filing and assessee was entitled to deduction claimed for IFSC unit profits - *Volark Leasing IFSC (P.) Ltd. v. Asstt./Dy. Commissioner of*

Income-tax - [2026] 183 taxmann.com 98 (Ahmedabad - Trib.)

SECTION 90 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE AGREEMENT EXISTS

- 4.206** Where assessee-company paid DDT at 20.36 per cent on dividends distributed to UK resident shareholders, since DTAA rate under Article 11 was 10 per cent and excess DDT was paid owing to inadvertent application of section 115-O, Assessing Officer was directed to restrict DDT to 10 per cent and grant refund of excess DDT paid - *Sophos Technologies (P.) Ltd. v. Deputy Commissioner of Income-tax* - [2026] 183 taxmann.com 87 (Ahmedabad - Trib.)
- 4.207** Profits of overseas branches situated in DTAA countries are includible in total income in India - *Bank of India v. Assistant Commissioner of Income-tax -2(1)(2)* - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.208** Where assessee-bank claimed foreign tax credit for taxes paid by foreign branches in treaty countries and for taxes withheld or paid in non-treaty countries, such credit was to be allowed subject to furnishing jurisdiction-wise details and verification under respective DTAA or section 91, with computation to be made separately for each jurisdiction - *Bank of India v. Assistant Commissioner of Income-tax -2(1)(2)* - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.209** Where foreign branch profits were taxable in India, such income was required to be computed under the Income-tax Act and not under tax laws of respective foreign jurisdictions, relief being available only through foreign tax credit mechanism - *Bank of India v. Assistant Commissioner of Income-tax -2(1)(2)* - [2026] 183 taxmann.com 429 (Mumbai - Trib.)
- 4.210** Where assessee, a US tax resident, was denied DTAA relief solely due to delayed electronic filing of Form 10F and TRC, since neither section 90 nor Rule 21AB prescribes any time limit for filing, such procedural lapse was curable, and once filed, Form 10F would relate back to claim made in return and, thus, denial of DTAA benefit was unjustified - *DCIT (International Taxation)-2 v. Thogarchedu Subha Sri* - [2026] 183 taxmann.com 481 (Hyderabad - Trib.)
- 4.211** Delay in filing Form No. 67, being directory and not mandatory, cannot by itself justify denial of foreign tax credit, which must be examined on merits after determination of residential status and income chargeable to tax in India - *Dheeraj Tolaram Talreja v. Income-tax Officer* - [2026] 183 taxmann.com 551 (Mumbai - Trib.)
- 4.212** Where assessee e-filed Form 67 for claiming Foreign Tax Credit but selected an incorrect assessment year inadvertently, and claimed identical credit figures in both

forms with no duplication, lapse was purely technical and did not prejudice claim, so denial of FTC solely due to such procedural error was not justified and assessee was entitled to relief under section 90/90A - Shipij Rathore v. Income-tax Officer - [2026] 183 taxmann.com 647 (Indore - Trib.)

SECTION 91 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE NO AGREEMENT EXISTS

- 4.213** Where foreign tax credit was not granted due to non-implementation of DRP directions rather than denial on merits, appropriate remedy available to assessee was rectification of assessment order and Assessing Officer was required to examine such rectification application in accordance with law and DRP directions - Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)

SECTION 92 OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - GENERAL

- 4.214** Where assessee claimed deduction under section 10A, transfer pricing provisions under Chapter X nevertheless applied as determination of ALP was a statutory mandate - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)

SECTION 92B OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - INTERNATIONAL TRANSACTION, MEANING OF

- 4.215** Outstanding receivables from AEs is a separate international transaction under section 92B - Alcon Laboratories (India) (P.) Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 427 (Bangalore - Trib.)

SECTION 92C OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING - COMPUTATION OF ARM'S LENGTH PRICE

- 4.216** Where AMP expenditure incurred by assessee-distributor was for its own business and no arrangement with AEs for brand promotion was demonstrated, AMP adjustment was liable to be deleted - Alcon Laboratories (India) (P.) Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 427 (Bangalore - Trib.)
- 4.217** Where assessee made payments to its AE in Turkey towards market study expenses as part of business expansion in Turkey, since assessee had established that there had been significant increase in investments as well as sale of tractors in subsequent assessment years, TP adjustment towards market study expenses was not sustainable - Tractors and Farm Equipment Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 462 (Chennai - Trib.)
- 4.218** Where assessee, engaged in manufacturing automotive lubricants, sought inclusion of two petroleum sector

manufacturing companies as comparables, which had been accepted by TPO as functionally comparable in earlier assessment years and whose comparability was not disputed by Revenue, there was no justifiable reason for their exclusion in year under consideration and both companies were liable to be included in final set of comparables for determination of ALP - Idemitsu Lube India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 515 (Delhi - Trib.)

- 4.219** Where assessee supplied power from captive power plants to its section 80IA eligible cement units and adopted averaged industrial tariff of Tamil Nadu and Karnataka, TPO was not justified in reducing electricity tax from average rate per unit; ALP had to be recomputed by excluding applicable electricity tax from respective state-wise landed cost - Chettinad Cement Corporation (P.) Ltd. v. Asst. Commissioner of Income-tax - [2026] 183 taxmann.com 397 (Chennai - Trib.)
- 4.220** Where loan agreements revealed that tenure of ECB loans availed by assessee was seven years, benchmarking adopted by assessee at LIBOR + 500 basis points for ECB-I and ECB-II and LIBOR + 450 basis points for ECB-III was at arm's length - SGD Pharma India (P.) Ltd. v. Deputy Commissioner of Income-tax/ Income-tax Officer - [2026] 183 taxmann.com 423 (Hyderabad - Trib.)
- 4.221** TPO could not exclude a functionally comparable company solely on ground of different accounting year, if reliable financial data for relevant period was available in public domain - Altisource Business Solutions (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 428 (Bangalore - Trib.)
- 4.222** Where a company had reported profit in one of three relevant financial years, exclusion of such company by using a persistent loss filter was unjustified - Altisource Business Solutions (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 428 (Bangalore - Trib.)
- 4.223** Where invoices for receivables from AE were raised in foreign currency, interest on delayed realization was required to be computed applying an appropriate rate based on LIBOR, not by using SBI prime lending rate. - Altisource Business Solutions (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 428 (Bangalore - Trib.)
- 4.224** Where selected companies had substantially higher turnover and significant brand value than assessee, such companies were not comparable - Altisource Business Solutions (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 428 (Bangalore - Trib.)
- 4.225** Where assessee, a commercial bank, had issued guarantee to customer based on counter guarantee issued by its AEs and had benchmarked this transaction

using TNMM as most appropriate method, since assessee merely provided support services in connection with processing of guarantees and entire risk of discharging bank guarantees was borne by overseas branch of assessee, TNMM would be most appropriate method - Australia and New Zealand Banking Group Ltd. v. Deputy Commissioner Income-tax - [2026] 183 taxmann.com 592 (Mumbai - Trib.)

- 4.226** Where assessee, a commercial bank, was required to benchmark transactions relating to marketing support services provided by it to its AEs in respect of derivative products, since impugned transactions were undertaken on back-to-back basis for which assessee did not undertake any risk of profit or loss and entire amount of markup agreed by assessee with customer was its remuneration for functions performed and risks assumed, TPO was not justified in rejecting TNMM adopted by assessee and applying PSM (revenue split) - Australia and New Zealand Banking Group Ltd. v. Deputy Commissioner Income-tax - [2026] 183 taxmann.com 592 (Mumbai - Trib.)
- 4.227** Where TPO applied CUP and made upward adjustment in respect of royalty paid to AE, since in remand proceedings, TPO himself admitted TNMM to be most appropriate method, Commissioner (Appeals) rightly applied TNMM and deleted royalty adjustment - ACIT v. Schaeffler India Ltd. - [2026] 183 taxmann.com 520 (Ahmedabad - Trib.)
- 4.228** Where assessee applied turnover filter of less than Rs. 200 crores under TNMM for investment advisory services and TPO rejected comparables by applying 1/10th and 10 times turnover filter generally used for IT/ITES cases without justification, functionally similar advisory comparables were liable to be included for benchmarking - FirstRand Bank Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 530 (Mumbai - Trib.)
- 4.229** Where assessee reissued performance guarantee backed by counter-guarantee of AE, earned 0.40 per cent commission constituting about 57% of total commission and bore no credit or performance risk, adoption of 1.55 per cent guarantee rate under external CUP was unsustainable and TP adjustment was liable to be deleted - FirstRand Bank Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 530 (Mumbai - Trib.)
- 4.230** Where TPO selected high-margin comparable for benchmarking investment advisory services and said company followed materially different operating model owing to related party transactions and substantial outsourcing, and assessee could raise objections only at appellate stage due to extremely short opportunity granted by TPO, issue was remanded for limited verification of RPT filter and outsourcing to determine its exclusion from final set of comparables - FirstRand Bank

Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 530 (Mumbai - Trib.)

- 4.231** Where assessee engaged in trading of cut and polished diamonds and manufacturing diamond jewellery benchmarked purchases by SEZ unit from its Diamond Division, since Diamond Division was least complex entity and was accepted by TPO as tested party in subsequent year, it was to be accepted as tested party in year under consideration as well - ACIT v. DNJ Creation LLP - [2026] 183 taxmann.com 527 (Mumbai - Trib.)
- 4.232** In case of contract manufacturer operating on cost-plus basis and not assuming export-related risks, insistence that comparable companies must derive 75 per cent or more revenue from exports did not align with functional and risk profile of tested party and, therefore, export filter was not justified - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.233** Under TNMM, functional similarity is relevant and product identity is not determinative and rejection of entire entity without segment-level analysis is unsustainable - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.234** Where audited segmental profit and loss accounts were furnished by assessee, same could not be rejected in entirety in absence of specific defects in allocation methodology or accounting principles and benchmarking was required to proceed on basis of such audited segmental results - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.235** Where benchmarking analysis undertaken by assessee under External TNMM was robust, scientifically conducted and aligned with Rule 10B, rejection of comparables was not justified and benchmarking carried out under External TNMM was to be accepted and export transactions with AEs were held to be at arm's length - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.236** Where no economic analysis had been demonstrated as to how scale differences distort margins in cost-plus contract manufacturing model and in absence of demonstrated economies of scale materially affecting margins in limited-risk model, rigid application of turnover multiple lacked economic foundation - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.237** Where non-AE segment operated as entrepreneurial manufacturer exposed to market risk and brand exploitation, whereas AE segment operated as limited-risk contract manufacturer earning stable cost-plus

return, internal comparison of AE and Non-AE segments could not be regarded as reliable - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)

- 4.238** Where TPO rejected all companies selected by assessee under External TNMM by cumulatively applying turnover multiple, 75 per cent export filter, related party transaction filter and on grounds of functional dissimilarity, conclusion that no external comparable company was available and consequent rejection of External TNMM were unsustainable - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.239** Where Tribunal in first round had rejected adoption of Internal TNMM and accepted External TNMM as MAM, reversion to internal TNMM by TPO was beyond scope of remand and benchmarking of export transactions was required to be undertaken only under External TNMM - Unilever India Exports Ltd. v. Deputy Commissioner of Income-tax, Central - [2026] 183 taxmann.com 522 (Mumbai - Trib.)
- 4.240** Where assessee and TPO had accepted certain companies as comparables, DRP could not exclude them suo motu from final set without strong and cogent reasons, and mere onsite revenue or low margins did not justify exclusion - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.241** Where assessee provided software development services to its AEs, comparable engaged in product engineering and outsourced product development with specialization in emerging technologies, in absence of segmental data, was functionally dissimilar and not comparable - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.242** Where assessee rendered software development services, mixed-function entity engaged in consultancy, engineering, analytics and BPO services, without reliable segmental information, could not be compared with assessee's software development operations - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.243** Where assessee was captive software development service provider, giant company owning significant intangibles, incurring huge R&D expenditure and operating at large scale, assuming higher risks, was not comparable and was rightly excluded - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.244** Where assessee was engaged in captive offshore software development services, company rendering diversified services and predominantly onsite activities,

without clear export revenue bifurcation, was not functionally comparable for determining arm's length price - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)

- 4.245** Where assessee was engaged in routine software development services, company engaged in embedded product design, industrial design and visual computing services involving high-end functions was not functionally comparable - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.246** Where assessee's selected comparables were functionally similar and reliable quarterly data was available, they could not be rejected merely on ground of different accounting year while benchmarking arm's length price - Deputy Commissioner of Income-tax v. GE India Export (P.) Ltd. - [2026] 183 taxmann.com 63 (Bangalore - Trib.)
- 4.247** Where assessee advanced optionally convertible loans to its AE and TPO, following approach adopted in earlier years, benchmarked interest using US/EU LIBOR-based rates, since identical adjustments in preceding years stood deleted and no distinguishing facts were brought to notice, adjustment to international transaction of interest on such loans was to be deleted - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.248** Where assessee benchmarked corporate guarantees issued to AEs at 1 per cent, but TPO, following earlier years in assessee's own case and external CUPs, applied 2.52 per cent, since identical adjustment stood deleted in earlier year, impugned guarantee commission adjustment was to be deleted - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.249** Where assessee benchmarked sales to French AE using DIANE database but search related only to calendar years 2012-2014 and no relevant-year comparables were produced as required under rule 10CA, rejection of DIANE-based benchmarking for non-compliance with rule 10CA was justified - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.250** Where assessee furnished segmental pharma results and demonstrated functional similarity of three entities, TPO was not justified in rejecting said companies as comparables to assessee, a manufacturer and trader of pharmaceutical products - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.251** Where assessee, a pharmaceutical manufacturer and trader, reimbursed expenses to AEs on cost-to-cost

basis without markup and TPO determined ALP at nil by following earlier orders already deleted, in absence of any distinguishing facts, adjustment to international transaction of reimbursement of expenses was to be deleted - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)

- 4.252** Where four comparables were rejected for non-availability of financial year 2016/2015 data in benchmarking sales to French AE, rule 10CA requiring consideration of three-year data was applied and, since relevant financials would now be available, matter was restored to TPO to consider missing data and determine arm's length price - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.253** Where tested party was engaged in wholesale distribution, comparables engaged only in retail distribution were not functionally comparable and functional, risk and margin differences between retail and wholesale segments could not be ignored even under TNMM - Zydus Lifesciences Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 51 (Ahmedabad - Trib.)
- 4.254** Where assessee subscribed to and redeemed non-cumulative preference shares and retained share application money with its AE but failed to substantiate commercial rationale of transactions in arm's-length conditions, recharacterisation of investment and share application money as loan and benchmarking of arm's-length interest at LIBOR+2% by TPO was justified - Tata Chemicals Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 164 (Mumbai - Trib.)
- 4.255** Where TPO and Assessing Officer made adjustment on account of differential in rate of commission received/paid on account of 'Import of parts and products for resale' and 'Export of parts and products', without providing assessee an opportunity to respond, and without bringing on record any material to dispute about said differential in said commission paid/received, same was not justified - Honda Trading Corporation India (P.) Ltd. v. DCIT/ACIT - [2026] 183 taxmann.com 165 (Delhi - Trib.)
- 4.256** Where assessee availed unsecured external commercial borrowing from its AE in financial years 2014-15 and 2015-16 and no adjustment was made in said assessment years, TPO should delete adjustment made in assessment year 2021-22 on account of interest on ECB - Fiberhome India (P.) Ltd. v. ACIT - [2026] 183 taxmann.com 123 (Delhi - Trib.)
- 4.257** Where selected company was engaged in highly specialized products of defence sector and highly research and development, whereas assessee was engaged in telecommunication business, they were

functionally dis-similar - Fiberhome India (P.) Ltd. v. ACIT - [2026] 183 taxmann.com 123 (Delhi - Trib.)

- 4.258** Where TPO did not include certain comparables on ground that financial data of these comparables were not available in relevant year, since financial data of these companies had now become available, TPO should include these comparables in TP study and decide issue accordingly - Fiberhome India (P.) Ltd. v. ACIT - [2026] 183 taxmann.com 123 (Delhi - Trib.)
- 4.259** Where assessee, after acquisition by Par USA through share purchase agreement, transferred intangibles and benchmarked consideration using internal CUP, but TPO rejected method and made upward adjustment without independent benchmarking and based on incorrect understanding of facts, matter was liable to be remitted to TPO for de novo benchmarking and determination of arm's length price - PAR Formulations (P.) Ltd. v. Dy. Commissioner of Income-tax - [2026] 183 taxmann.com 257 (Chennai - Trib.)
- 4.260** Where TPO determined ALP of intra-group management fee at NIL for want of proof of rendition of services, since TPO rejected emails and invoices as generic without pointing out specific deficiencies and assessee also failed to produce adequate supporting evidence, matter was remanded to TPO - OSG (India) (P.) Ltd. v. DCIT - [2026] 183 taxmann.com 209 (Delhi - Trib.)
- 4.261** Where assessee received allocation of third-party IT software licence costs from AE and substantiated actual receipt of services through inter-company invoices, agreements and cost break-ups, TP adjustment by benchmarking ALP at NIL was unjustified - Compass India Support Services (P) Ltd v. Additional/Joint/Deputy/Assistant Commissioner of Income Tax/Income-tax Officer, National Faceless Assessment Centre, Delhi - [2026] 183 taxmann.com 212 (Delhi - Trib.)
- 4.262** Where assessee rendered low-end IS&T services and selected comparable was engaged in diversified high-end ITES activities with materially different business profile and scale, such comparable was liable to be excluded - Compass India Support Services (P) Ltd v. Additional/Joint/Deputy/Assistant Commissioner of Income Tax/Income-tax Officer, National Faceless Assessment Centre, Delhi - [2026] 183 taxmann.com 212 (Delhi - Trib.)
- 4.263** Where assessee did not charge interest from both AEs and non-AEs on outstanding receivables, no adjustment could be made to ALP on account of notional interest on outstanding receivables from AEs - Varun Beverages Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 714 (Delhi - Trib.)
- 4.264** Where effective rate of interest charged by assessee from its subsidiary companies was even higher than internal CUP of interest rate on foreign currency loan

taken by assessee, no addition was warranted in respect of interest on loan advanced to AEs - Varun Beverages Ltd. v. Assistant Commissioner of Income-tax - [2026] 183 taxmann.com 714 (Delhi - Trib.)

- 4.265** Where assessee advanced foreign currency loans to AEs and benchmarked interest using internal CUP based on bank quotation, and TPO applied external CUP with additional 100 bps forex risk mark-up based on LIBOR, since internal CUP had been accepted in prior years and ad hoc forex risk addition was rejected, TP upward adjustment was unsustainable - Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)
- 4.266** Where assessee had outstanding receivables from AEs arising from sale transactions and TPO imputed notional interest on alleged excess credit period, since receivables were intrinsically linked to primary international transaction and working capital adjustment under TNMM had already been granted, separate adjustment would amount to double benchmarking and was liable to be deleted - Assistant Commissioner of Income-tax, Central v. Intas Pharmaceuticals Ltd. - [2026] 183 taxmann.com 697 (Ahmedabad - Trib.)
- 4.267** Where assessee, a subsidiary providing telecommunication services to AEs and third parties, applied TNMM with Berry Ratio as PLI under a Limited Risk Model and TPO rejected it in favour of an 'Other Method', since assessee merely completed communication loop without significant functions and LRM with Berry Ratio had been globally and historically accepted, Berry Ratio was appropriate and ALP adjustment should be limited to shortfall in guaranteed return, while services rendered and availed should be benchmarked separately - Verizon Communications India P. Ltd. v. Additional Commissioner of Income-tax - [2026] 183 taxmann.com 700 (Delhi - Trib.)
- 4.268** Where assessee-company entered into a Technical Collaboration Agreement with its AE for obtaining technical know-how, training and skills relating to extrusion, assembly and marketing of drip irrigation systems and paid royalty thereunder, and TPO determined ALP at NIL without applying any prescribed method under section 92C read with rule 10B, addition made on account of royalty payment was liable to be deleted - Deputy Commissioner of Income-tax v. Netafim Irrigation India (P.) Ltd. - [2026] 183 taxmann.com 698 (Ahmedabad - Trib.)

SECTION 92CC OF THE INCOME-TAX ACT, 1961 - ADVANCE PRICING AGREEMENT

- 4.269** Where assessee entered into Advance Pricing Agreement, filed modified return declaring incremental income and paid entire additional tax, since such income crystallised only pursuant to signing of APA and could not have been anticipated during advance-tax period, interest under sections 234B and 234C on such

incremental income was not leviable and was to be deleted - Sophos Technologies (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 87 (Ahmedabad - Trib.)

SECTION 115JB OF THE INCOME-TAX ACT, 1961 - MINIMUM ALTERNATE TAX - PAYMENT OF

- 4.270** Where assessee, a foreign shipping company, had offered its income from operation of ships to tax under presumptive scheme of section 44B read with section 90(2) of Act and Article 8 of India-Hong Kong Tax Treaty, in view of Explanation 4A to section 115JB(1), provisions of section 115JB were not applicable to assessee - Orient Overseas Container Line Ltd. v. Deputy Commissioner of Income-tax (International Taxation) - [2026] 183 taxmann.com 547 (Mumbai - Trib.)
- 4.271** Where assessee was a corresponding new bank under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, provisions of section 115JB were inapplicable and MAT could not be levied - Bank of India v. Assistant Commissioner of Income-tax -2(1)(2) - [2026] 183 taxmann.com 429 (Mumbai - Trib.)

SECTION 115QA OF THE INCOME-TAX ACT, 1961 - TAX ON DISTRIBUTED INCOME TO SHAREHOLDERS

- 4.272** Where assessee bought back unlisted shares from its holding company and computed distributed income under section 115QA by adopting net asset value per share arising from amalgamation, since alleged goodwill had been created artificially and was a colourable device to evade tax, amount received for shares had to be computed without considering alleged figure of goodwill for levy of buy-back tax - Aptara Technologies (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 571 (Pune - Trib.)

SECTION 127 OF THE INCOME-TAX ACT, 1961 - INCOME-TAX AUTHORITIES - POWER TO TRANSFER CASES

- 4.273** Where corporate assessee's case was transferred under section 127 by Principal Commissioner, Delhi-10, who held charge over non-corporate assessee, such transfer was without inherent jurisdiction and question of assessee being barred under section 124(3) from objecting to jurisdiction did not arise, and thus, transfer order was void ab initio and all proceedings pursuant thereto, including final assessment order passed under section 143(3) read with section 144C(13) were a nullity in law - Kunshan Q Tech Microelectronics (India) (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 96 (Delhi - Trib.)

SECTION 132 OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - GENERAL

- 4.274** Where search warrant was in name of bank account with name of assessee being mentioned after bank account no., it would not be a flaw that would invalidate search

warrant or would in any manner vitiate search proceedings - Jag Mohan v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 435 (Delhi - Trib.)

SECTION 143 OF THE INCOME-TAX ACT, 1961 - ASSESSMENT - GENERAL

- 4.275** Where, after a post-1-4-2021 search, assessment was framed under section 143(3) on basis of third-party search/seizure material and post-search statements, without invoking reassessment mechanism under sections 147/148 read with Explanation 2 or obtaining mandatory prior approval under section 148B, assessment was jurisdictionally erroneous and liable to be quashed - Malbros International (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 421 (Chandigarh - Trib.)
- 4.276** Where assessee made suo motu ICDS adjustment in return, but CPC made excessive ICDS adjustment under section 143(1)(a), and such intimation was subsequently quashed by Jurisdictional High Court, consequential modification was required in assessment under section 143(3) read with section 144B by deleting said ICDS adjustment from total income - Rallis India Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 479 (Mumbai - Trib.)
- 4.277** Assessing Officer/CPC remained under statutory obligation to notify assessee and call for its objections before carrying out adjustment under section 143(1) to returned income - Chhattisgarh State Livestock Development Agency v. Income-tax Officer - [2026] 183 taxmann.com 233 (Raipur - Trib.)
- 4.278** Where Assessing Officer received information from LIC that assessee had made an investment of Rs. 50 lakhs in a life insurance policy during relevant year and assessee failed to satisfactorily explain source thereof, addition was to be made on substantive basis and plea of assessee to treat addition as protective was to be rejected - Pratibha Singh v. ACIT - [2026] 183 taxmann.com 702 (Chandigarh - Trib.)

SECTION 144C OF THE INCOME-TAX ACT, 1961 - TRANSFER PRICING- DISPUTE RESOLUTION PANEL

- 4.279** Where final assessment order passed under section 143(3) read with sections 144C(13) and 144B was beyond time limits prescribed under section 153(1) read with section 153(4), same was barred by limitation and liable to be quashed - Beumer India (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 431 (Delhi - Trib.)
- 4.280** Time limit prescribed under section 153 has to be adhered to and sections 144C and 153 are mutually inclusive and interdependent and presence of notwithstanding clause in section 144C(13) would not exclude operation of section 153 - Rolls-Royce India (P.) Ltd. v. ACIT - [2026] 183 taxmann.com 548 (Delhi - Trib.)

4.281 Provisions of section 144C and section 153 are mutually inclusive; period of limitation for passing final assessment order under section 144C(13) is to be determined with reference to section 144C read with section 153 - Modi-Mundipharma Beauty Products (P.) Ltd. v. Addl./Jt./Dy./Asstt. CIT/ ITO, NFAC, Delhi - [2026] 183 taxmann.com 554 (Delhi - Trib.)

4.282 Where Assessing Officer passed final assessment order under section 143(3) read with sections 144C(13) and 144B after expiry of statutory limitation prescribed under section 153(1) read with section 153(4), such order was held to be beyond prescribed time limit, as sections 144C and 153 were mutually inclusive and interdependent, rendering assessment time-barred - Dnata International (P.) Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 552 (Delhi - Trib.)

SECTION 145 OF THE INCOME-TAX ACT, 1961 - METHOD OF ACCOUNTING - SYSTEM OF ACCOUNTING

- 4.283** Where assessee-company, engaged in generation of power from biomass products, consistently for last few years followed method of valuation of closing stock by reducing valuation at 14 per cent from opening stock and reporting closing stock, since biomass products were highly evaporative in nature and market value of materials would come down over time, method followed by assessee was in line with industrial practices and also as per method prescribed for valuation of closing stock in terms of AS-2 and ICDS-II and thus, impairment loss claimed by assessee was to be allowed - Raghu Rama Renewable Energy Ltd. v. Income Tax Officer, Ward 3(1), Hyderabad - [2026] 183 taxmann.com 518 (Hyderabad - Trib.)
- 4.284** Where assessee received cash of certain amount as advance consideration for sale of part of commercial building in a project during assessment year 2016-17, since project in question, was completed in assessment year 2019-20, impugned sum was to be taxed in year in which project was completed i.e assessment year 2019-20 as assessee was following 'Project Completion Method' and not in assessment year 2016-17 - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)
- 4.285** Where assessee, real estate developer, consistently followed Project Completion Method for joint development projects commenced before 31-03-2016, ICDS-III transitional provisions allowed continued use of that method, and Section 43CB/ICDS-III applied to construction contractors and not to such real estate developers, so addition based on mandatory adoption of Percentage Completion Method was not justified. - BSR Builders Engineers Contractors v. Deputy Commissioner of Income- - [2026] 183 taxmann.com 432 (Chennai - Trib.)

4.286 Where a real estate developer converted a mall into stock-in-trade, consistently followed Project Completion Method for revenue recognition, and method stood accepted in earlier years, rejection of this method by assessing officer without invoking section 145(3), recording satisfaction about incorrectness of accounts, or identifying accounting violations was jurisdictionally invalid and unsustainable. - Milan Theatres (P.) Ltd. v. DCIT - [2026] 183 taxmann.com 422 (Mumbai - Trib.)

4.287 Where certain flats were merely booked during year on receipt of token advances and agreements for sale in respect of such flats were executed only in subsequent years, mere booking without a written and enforceable agreement did not result in transfer of significant risks and rewards and, therefore, revenue could not be recognized under Percentage Completion Method and addition made on that basis was unsustainable - SNN Spiritua Developer v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 43 (Bangalore - Trib.)

SECTION 148 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - ISSUE OF NOTICE FOR

4.288 Notice issued under section 148 by Jurisdictional Assessing Officer, i.e., outside faceless mechanism as provided in section 144B r.w section 151A and e-Assessment Scheme was bad and illegal - Rashid Hussain v. ACIT, Central - [2026] 183 taxmann.com 334 (Hyderabad - Trib.)

SECTION 148A OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - CONDUCTING INQUIRY, PROVIDING OPPORTUNITY BEFORE ISSUE OF NOTICE UNDER SECTION 148

4.289 Where only gist of information or recorded reasons was supplied to assessee without furnishing underlying material or enquiry report forming basis of reopening, assessee was precluded from filing effective reply and, consequently, order passed under section 148A(d) and reassessment proceedings initiated under section 148 were bad in law - Gedalia Multitrading (P.) Ltd. v. NFAC/Income Tax Officer - [2026] 183 taxmann.com 476 (Mumbai - Trib.)

SECTION 149 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - TIME LIMIT FOR ISSUANCE OF NOTICE

4.290 Where assessee, an NRI, purchased property mainly through housing loan supported by documentary evidence and balance unexplained investment after considering such loan was below 50 lakh, non-application of mind by Assessing Officer in ignoring said material and restricting addition to amount below 50 lakh rendered issuance of notice under section 148 beyond three years barred by limitation under section 149(1)(b) - Akshay Deepak Talim v. Income-tax Officer (International Taxation) - [2026] 183 taxmann.com 426 (Mumbai - Trib.)

SECTION 151 OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - SANCTION FOR ISSUE OF NOTICE

4.291 Where assessment in case of assessee was sought to be reopened after expiry of three years from end of relevant assessment year, however, sanction for issuing notice under section 148 was obtained from Principal Commissioner and not from Principal Chief Commissioner, impugned notice, having been issued without approval of prescribed specified authority, was liable to be quashed - Arvindbhai Khatri Sons Designs (P.) Ltd. v. Assistant Commissioner of Income-tax, Circle - 4(1)(1) - [2026] 183 taxmann.com 118 (Mumbai - Trib.)

SECTION 153A OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - ASSESSMENT IN CASE OF

4.292 Where search and seizure operation under section 132 was conducted in case of 'M' group of companies and assessment in case of 'M' company for year 2013-14 was completed under section 153A/143(3) with NIL addition, assessment for year 2014-15 in case of assessee, who was one of directors of 'M' group, was rightly framed by Assessing Officer under section 143(3) - Jag Mohan v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 435 (Delhi - Trib.)

SECTION 153C OF THE INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE - ASSESSMENT OF ANY OTHER PERSON

4.293 Where Assessing Officer received seized material from a third-party search and recorded satisfaction on 03-12-2021, such date was to be treated as date of initiation of search under first proviso to section 153C(1), since section 153C(3) bars proceedings for searches initiated on or after 01-04-2021, assessment framed under section 153C was held invalid and without jurisdiction - Smt. Geetanjali Bhayana v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 95 (Delhi - Trib.)

4.294 Where Assessing Officer received seized material from a third-party search, however, satisfaction noted did not record that seized documents pertained to assessee or had a bearing on determination of assessee's total income, such satisfaction was invalid and proceedings under section 153C were to be quashed - Smt. Geetanjali Bhayana v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 95 (Delhi - Trib.)

SECTION 153D OF THE INCOME-TAX ACT, 1961 - PRIOR APPROVAL NECESSARY FOR ASSESSMENT IN CASES OF SEARCH OR REQUISITION

4.295 Where approval under section 153D for assessment was granted in a consolidated and mechanical manner for seven years, with general observations irrelevant to assessee's case and without specific reference to evidence relied upon, such approval was mechanical and resulted in vitiation of assessment - ACIT v. Bir Kumar Jain - [2026] 183 taxmann.com 662 (Delhi - Trib.)

**SECTION 194A OF THE INCOME-TAX ACT, 1961 -
DEDUCTION OF TAX AT SOURCE - INTEREST
OTHER THAN INTEREST ON SECURITIES**

- 4.296** Where State Government department was held in default under section 201 for short or non-deduction of TDS on payments to educational institutions and on interest, and appeal was dismissed ex parte without assessee's participation, violation of natural justice warranted remand for fresh adjudication on merits. - Directorate of Urban Administrations & Development v. Deputy Commissioner of Income-tax-TDS - [2026] 183 taxmann.com 135 (Indore - Trib.)
- 4.297** Where assessee, franchise agent of jewellery company, operated a scheme wherein customers paid instalments redeemable only by purchase of jewellery and received a discount equivalent to one month's instalment at maturity, since amounts paid by customers was not redeemable in cash, scheme was not a fixed deposit and thus, discount could not be treated as interest upon which TDS was deductible under section 194 - Motor & General Sales Ltd v. Income-tax Officer (TDS)-II - [2026] 183 taxmann.com 208 (Lucknow - Trib.)

**SECTION 194C OF THE INCOME-TAX ACT, 1961 -
DEDUCTION OF TAX AT SOURCE - CONTRACTORS/
SUB-CONTRACTORS, PAYMENTS TO**

- 4.298** Where assessee, engaged in business of wholesale trading of sugar, made payment of certain amount towards freight charges to transporters and contended that it had filed PANs of transporters and there was no liability to deduct TDS as aggregate payment did not exceed Rs. 75,000, Assessing Officer was to be directed to verify details furnished by assessee and delete addition made if transporters were found to be small transporters - Bijay Kumar Saraf v. DC/AC - [2026] 183 taxmann.com 182 (Patna - Trib.)
- 4.299** Where Assessing Officer treated difference between contractual receipts reflected in books and receipts appearing in Form 26AS as short declaration of income in case of a trust executing irrigation contracts, but it was demonstrated that books recorded turnover net of GST whereas Form 26AS reflected gross receipts inclusive of GST and reconciliation was duly furnished before Commissioner (Appeals), deletion of addition was justified as no unaccounted or suppressed receipts were established - Abhyuththan Gram Vikas Mandal v. Income-tax Officer (Exemption) - [2026] 183 taxmann.com 636 (Surat - Trib.)

**SECTION 194J OF THE INCOME-TAX ACT, 1961 -
DEDUCTION OF TAX AT SOURCE - FEES FOR
PROFESSIONAL OR TECHNICAL SERVICES**

- 4.300** Where assessee paid Rs. 30,000 each to two accountants, below section 194J limit, no TDS was deductible. - Bijay Kumar Saraf v. DC/AC - [2026] 183 taxmann.com 182 (Patna - Trib.)

**SECTION 194LBC OF THE INCOME-TAX ACT, 1961 -
INCOME IN RESPECT OF INVESTMENT IN
SECURITIZATION TRUST**

- 4.301** Where assessee, a securitisation trust, paid Excess Interest Spread (EIS) to originator who neither held any Pass Through Certificate (PTC) nor securitised debt instrument and thus was not an 'investor', section 194LBC was not attracted and it could not be treated as assessee in default for non-deduction of TDS on EIS - Hebros AHL IFMR Capital 2014 v. Income-tax Officer, TDS - [2026] 183 taxmann.com 488 (Mumbai - Trib.)

**SECTION 199 OF THE INCOME-TAX ACT, 1961 -
DEDUCTION OF TAX AT SOURCE - CREDIT FOR
TAX DEDUCTED**

- 4.302** Where assessee claimed additional TDS credit on sale of properties which was deducted by purchasers at execution of sale agreements and reflected in balance sheet, denial of such TDS credit solely on year-wise mismatch was unjustified, and TDS credit was to be allowed after proper verification in accordance with law - Milan Theatres (P.) Ltd. v. DCIT - [2026] 183 taxmann.com 422 (Mumbai - Trib.)
- 4.303** Where assessee, a co-owner of property jointly with his wife, claimed entire TDS credit on sale consideration while offering only his half share of capital gains and failed to comply with Rule 37BA, Tribunal restored matter for fresh adjudication after granting opportunity for compliance, particularly in view of rectification sought by co-owner wife for her share of TDS credit. - Glen Morgan D' Costa v. Income-tax Officer (International Taxation), Ward - 2(1)(1) - [2026] 183 taxmann.com 124 (Mumbai - Trib.)
- 4.304** Where assessee received interest on income-tax refund on which tax was withheld but both interest and TDS were not reflected in Form 26AS nor offered to tax in return, credit for TDS was to be granted if corresponding income was taxed and Assessing Officer must consider TDS proof and related income to compute correct tax liability - Bain & Company, Inc v. Deputy/Assistant Commissioner of Income -tax - [2026] 183 taxmann.com 674 (Delhi - Trib.)

**SECTION 201 OF THE INCOME-TAX ACT, 1961 -
DEDUCTION OF TAX AT SOURCE - CONSEQUENCE
OF FAILURE TO DEDUCT OR PAY**

- 4.305** Where assessee-trust was treated as assessee-in-default under section 201(1) for failure to deduct TDS on advertisement and interest payments, but there was no finding regarding payment of tax by payees as contemplated under Explanation to section 191 and no certificate in Form 26A as prescribed under rule 31ACB in terms of first proviso to section 201 was furnished, matter was to be remanded to Assessing Officer for fresh verification - Rao Khem Chand Vidya Vihar Samiti v. Income-tax Officer, TDS - [2026] 183 taxmann.com 297 (Delhi - Trib.)

4.306 Where interest paid under section 201(1A) on late deposit of TDS partook character of income-tax liability and was not compensatory in nature, Commissioner (Appeals) was not justified in deleting disallowance thereof - Deputy Commissioner of Income-tax v. Bharat Agro Industries - [2026] 183 taxmann.com 484 (Raipur - Trib.)

SECTION 244A OF THE INCOME-TAX ACT, 1961 - REFUNDS - INTEREST ON

4.307 Where assessee had received interest under section 244A which was offered to tax under section 56, only net interest after set-off of interest liability under sections 234B and 234C ought to have been charged to tax - Trent Ltd. v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 555 (Mumbai - Trib.)

SECTION 253 OF THE INCOME-TAX ACT, 1961 - APPELLATE TRIBUNAL - APPEALS TO

4.308 In absence of any provision under Act enabling transfer of an appeal from one Bench of Tribunal to another, an appeal instituted before a Bench lacking jurisdiction is liable to be dismissed as not maintainable. - Udayanath Charitable Trust v. Commissioner of Income-tax (Exemption) - [2026] 183 taxmann.com 521 (Hyderabad - Trib.)

4.309 Where assessee-bank filed appeal before Tribunal with a delay of 802 days on grounds that it was unaware of passing of impugned orders as it was preoccupied with its merger with another bank, since assessee had confirmed receipt of impugned orders in time in Form No. 36, and further, merger of assessee bank was completed in year 2020 whereas impugned orders were passed in year 2023, there was no sufficient cause for delay in filing appeal, thus, appeal being barred by limitation was not to be admitted for adjudication - Union Bank of India v. Deputy Asstt. Commissioner of Income-tax - [2026] 183 taxmann.com 425 (Panaji - Trib.)

SECTION 254 OF THE INCOME-TAX ACT, 1961 - APPELLATE TRIBUNAL - ORDER OF

4.310 Where Tribunal failed to adjudicate grounds relating to determination of residential status and taxability of Singapore house property and salary income, and created inconsistency by remanding foreign tax credit issue without clear findings, such omissions constituted mistakes apparent from record warranting restoration of said grounds to Assessing Officer for fresh adjudication - Dheeraj Tolaram Talreja v. Income-tax Officer - [2026] 183 taxmann.com 551 (Mumbai - Trib.)

SECTION 263 OF THE INCOME-TAX ACT, 1961 - REVISION - OF ORDERS PREJUDICIAL TO INTEREST OF REVENUE

4.311 Where assessee-company was subjected to revision under section 263 on ground of non-examination of interest on borrowings, trade payables and finance-lease obligations, since Assessing Officer had made specific

enquiries and taken a plausible view during scrutiny, absence of any error or lack of enquiry rendered assessment neither erroneous nor prejudicial to interests of Revenue and revision order was liable to be quashed - Liberty Shoes Ltd. v. Principal Commissioner of Income-tax - [2026] 183 taxmann.com 312 (Delhi - Trib.)

SECTION 270A OF THE INCOME-TAX ACT, 1961 - PENALTY FOR UNDER-REPORTING AND MISREPORTING OF INCOME

4.312 Where assessee claimed deduction of interest expenditure against interest income under section 57 but failed to establish nexus between borrowed funds and loans advanced, and accepted disallowance, penalty under section 270A for under-reporting was justified since deduction was not allowable and assessed income exceeded returned income - Kamal Shadija v. Assessment Unit Income-tax Department - [2026] 183 taxmann.com 331 (Indore - Trib.)

4.313 Where quantum addition relating to disallowance of impairment loss on valuation of closing inventory was deleted by Tribunal, penalty levied under section 270A for under-reporting of income based on such addition could not be sustained and was liable to be deleted - Raghu Rama Renewable Energy Ltd. v. Income Tax Officer, Ward 3(1), Hyderabad - [2026] 183 taxmann.com 518 (Hyderabad - Trib.)

5. APPELLATE TRIBUNAL SAFEMA

SECTION 2 OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - DEFINITIONS

5.1 Where tribal land was purchased in name of a labourer using another's funds for latter's business, without power of attorney, benefit recital, or lawful transfer permission, transaction was benami and not protected by fiduciary/trust exception; hence attachment and its confirmation were justified - Laxmi Chand Maravi v. Initiating Officer - [2026] 183 taxmann.com 206 (SAFEMA - New Delhi)

SECTION 2(8) OF THE PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT, 1988 - DEFINITIONS

5.2 Where appellant was treated as benamidar and jewellery seized was provisionally attached as benami property due to alleged payments at jewellery store, since subsequent verification revealed that jewellery was not linked to alleged benami transaction and alleged beneficial owner had already disclosed purchases under PMGKY, 2016, attachment was unsustainable and liable to be set aside - Smt. Ranjana Roy v. Initiating Officer, Kolkata - [2026] 183 taxmann.com 585 (SAFEMA - New Delhi)

**SECTION 2(9) OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 -
DEFINITIONS**

- 5.3 Where agricultural land was purchased in names of appellants (benamidars) with consideration paid by PMPL and held for company's benefit, transaction constituted a benami transaction under section 2(9)(A), plea of fiduciary capacity or Rajasthan caste-based land restrictions was untenable - Kaluram Berva v. Initiating Officer, Pune - [2026] 183 taxmann.com 459 (SAFEMA - New Delhi)
- 5.4 Where benamidars continued to hold property on and after 1-11-2016, amended definition applied even if original transaction pre-dated amendment, and confirmation of provisional attachment was valid - Kaluram Berva v. Initiating Officer, Pune - [2026] 183 taxmann.com 459 (SAFEMA - New Delhi)

**SECTION 24 OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 - NOTICE
AND ATTACHMENT OF PROPERTY INVOLVED IN
BENAMI TRANSACTION**

- 5.5 Where properties already stood attached under section 68 of Madhya Pradesh Cooperative Societies Act, 1960, Adjudicating Authority was not justified in confirming provisional attachment under section 24(3) of Benami Act - Jila Sahakari Kendriya Maryadit Bank v. Initiating Officer, BPU, Bhopal - [2026] 183 taxmann.com 187 (SAFEMA - New Delhi)
- 5.6 Where cash and gold alleged to be benami were already seized and attached by Income-tax Department and not in appellants possession, since there was no apprehension of alienation by appellant, provisional attachment under section 24(3) of Benami Act was unjustified - K. Jayakumar v. Initiating Officer, BPU - [2026] 183 taxmann.com 41 (SAFEMA - New Delhi)

**SECTION 26 OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 -
ADJUDICATION OF BENAMI PROPERTY**

- 5.7 Where appellant's bank accounts were attached alleging receipt of benami funds from two alleged benamidar companies following demonetisation, but no material established that appellant had handed over demonetised currency to said companies and supporting records such as stock register were not verified, matter was to be remanded for fresh investigation on all material aspects - Ambica Bullion v. Deputy Commissioner of Income-tax (BPU-1) - [2026] 183 taxmann.com 55 (SAFEMA - New Delhi)

**SECTION 27 OF THE PROHIBITION OF BENAMI
PROPERTY TRANSACTIONS ACT, 1988 -
CONFISCATION AND VESTING OF BENAMI
PROPERTY**

- 5.8 Where demonetised cash deposited in accounts of benamidar companies was partly transferred to appellant, who claimed it as loan, and genuineness of loan agreement was not established, amount admittedly received and invested by appellant was liable to attachment and confiscation under section 27 as benami property, though prosecution under sections 53 and 54 was not sustainable for want of evidence of beneficial ownership. - Sugee Developers v. Deputy Commissioner of Income-tax - [2026] 183 taxmann.com 44 (SAFEMA - New Delhi) Where jewellery was provisionally attached and attachment was confirmed in benami proceedings against companies that were already struck off and such jewellery did not belong to those companies, no interference with order confirming provisional attachment was warranted - **Dagger Commercial (P.) Ltd. v. Initiating Officer, (BPU), Kolkata - [2025] 181 taxmann.com 255 (SAFEMA - New Delhi)**

New Income tax Act 2025. Provisions applicable from April 1st, 2026.



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The Income Tax Act, 2025 is a major update to India's direct tax system. It replaces the old Income Tax Act of 1961 with a simpler and clearer set of provisions. Major Source of Direct tax collection is through TDS and TCS which has been rationally simplified and brought under two sections, which is a self-policing mechanism. The introduction of a single "Tax Year", in place of the earlier concepts of Previous Year and Assessment Year, along with the consolidation of multiple deduction provisions, is intended to simplify compliance, reduce interpretational confusion, and improve efficiency through greater automation and better data matching between deductors and deductees. The Act reorganizes TDS and TCS provisions into sections such as —Section 392 for salary payments, Section 393 for specified non-salary payments and Section 394 for collection of tax at source.

TDS on Salary under Section 392

Section 392 of the new Income-Tax Act, 2025, effective from April 1, 2026, governs Tax Deducted at Source (TDS) on salaries and certain provident fund (PF) withdrawals, consolidating previous provisions (Section 192) into a simplified framework, requiring employers to deduct tax at the average rate on estimated income, considering employee's declaration for deductions and perquisites, and mandating 10% TDS on taxable EPF withdrawals over ₹50,000.

Key Aspects of Section 392:

- **Consolidation:** Merges TDS on salary (old Sec 192) and EPF withdrawals (old Sec 192A) into one section.
- **Average Rate:** Deduction is at the average income-tax rate on the employee's total estimated income for the tax year, including perquisites

- **Employee Declarations:** Employees can declare expenses (like losses, deductions) and other income sources for accurate TDS calculation, requiring proof.
- **Perquisites:** Employers can pay tax on non-monetary perquisites on the employee's behalf.
- **EPF Withdrawals:** A 10% TDS applies to taxable EPF withdrawals exceeding ₹50,000 if made before 5 years of service.
- **Objective:** Simplifies TDS by reducing the number of sections and improving clarity for employers and employees.

TDS on Others Section 393

Section 393 can be broken down into 4 Criteria.

1. Payment to Residents
2. Payment to Non- Resident
3. Payment to Any Person
4. Exemption from TDS

1.PAYMENT TO RESIDENTS				
SI.No	Nature of Payment	Person liable to deduct TDS	Threshold Limit	Rate of TDS
1	Insurance Commission	Any Person	20,000	Rate in force
2	Any other Commission	Specified Person	20,000	2%
3	Rent	Any Person other than specified person	50,000 per month	2%
4	Rent- for use of any machinery or equipment	Specified Person	50,000 per month	2%
5	Rent- land/building	Specified Person	50,000 per month	10%
6	Purchase of Immovable property – other than Agricultural land	Any Person	50,00,000 (cumulative consideration in case of multiple transferors or multiple transferees)	1%
7	Purchase of land or building under specified agreement for development of real estate project in consideration of a share in land or building or both with payment of cash (TDS on cash portion)	Any Person	5,00,000 (Cash consideration only)	10%
8	Compensation for compulsory acquisition of immovable property under any law	Any person	5,00,000	10%

9	Interest on Securities	Any person	10,000	Rates in force
10	Interest (other than securities)	Banks, Co-op Society & Post Office	Senior citizens: 1,00,000; Others: 50,000	Rates in force
11	Interest (other than securities)	Specified person	10,000	Rates in force
12	Payments to contractors (including labour supply contracts)	Designated person	30,000 (single transaction) 1,00,000 (tax year)	Individual/HUF-1% Others-2%
Where materials are supplied by the customer and the invoice for job work separately shows the material value, no TDS is required to be deducted on that material portion.				
13	Payment to contractors/professional services/commission	Individual or HUF	50,00,000	2%
14	Fees for Technical Services	Specified person	50,000	2%
15	Fees for Professional Services	Specified person	50,000	10%
16	Other fees/remuneration/commission to directors (other than salary)	Specified person	Nil	10%
17	Royalty	Specified person	50,000	Cinema-2% Others-10%
18	Fees not to share technical know-how (sec 26(2)(h))	Specified person	50,000	10%
19	Dividend	Domestic company	Nil	10%
20	Payment by insurance companies under life insurance policy (not exempt)	Insurance companies	1,00,000	2%
21	Purchase of Goods (Buyer turnover > ₹10 cr)	Any person	50,00,000	0.10%
22	Benefit or perquisite from business/profession	Specified person	20,000	10%
23	Sum on account of sale of goods/services by e-commerce participant (facilitated by operator)	E-commerce operator	Nil	0.10%
24	Transfer of virtual digital asset	Any person	Nil	1%
** Specified Person: A person whose turnover/gross receipts exceed ₹1 crore (business) or ₹50 lakh (profession) in the preceding tax year.				

2.PAYMENT TO NON-RESIDENTS				
Sl.No	Nature of Payment	PAYEE	PAYER	TDS Rate
1	Income under Sec 211 – Non-resident sportsman/entertainer or sports association	Non-resident sportsman/entertainer / sports association	Any person	20%
2	Interest on foreign currency loan/long-term infra bonds (1 Jul 2012–1 Jul 2023)	Non-resident (not company) / Foreign company	Indian company or business trust	5%
3	Interest – Rupee-denominated bonds issued before 1 Jul 2023	Non-resident (not company) / Foreign company	Indian company or business trust	5%
4	Interest – Long-term/rupee bonds listed in IFSC	Non-resident (not company) / Foreign company	Indian company or business trust	Issued from 1st Apr 2020 to 1st Jul 2023-4% Issued after 1st Jul 2023-9%
5	Interest from Infrastructure Debt Fund	Non-resident (not company) / Foreign company	Infrastructure Debt Fund	5%
6	Distributed income u/s 223 –[Schedule V, Sl. No.3]	Non-resident (not company) / Foreign company unit holder	Business trust	5% or 10% based on Schedule V
7	Distributed income u/s 223 – [Schedule V ,Sl. No.4]	Non-resident (not company) / Foreign company unit holder	Business trust	Business trust
8	Income from units of investment fund u/s 224 (other than exempt part)	Non-resident (not company) / Foreign company unit holder	Investment fund	Rates in force
9	Income from investment in securitisation trust u/s 221	Non-resident (not company) / Foreign company	Securitisation trust	Rates in force
10	Income from mutual fund units or specified company units	Non-resident (not company) / Foreign company	Any person	20% or DTAA rate, whichever is lower
11	Income from units referred in Sec 208 – Offshore fund	Offshore fund	Any person	10%
12	Long-term capital gains from units referred in Sec 208 – Offshore fund	Offshore fund	Any person	12.5%
13	Interest/dividends – Bonds/GDR u/s 209	Non-resident	Any person	10%
14	LTCG – Bonds/GDR u/s 209	Non-resident	Any person	12.5%
15	Income from securities u/s 210(1) – Foreign Institutional Investors	Foreign Institutional Investor	Any person	20% or DTAA rate, whichever is lower
16	Income from securities u/s 210(1) – Specified fund	Specified fund	Any person	10%
17	Any other interest or sum (not including above or salaries)	Non-resident (not company) / Foreign company	Any person	Rates in force

3.PAYMENT TO ANY PERSON				
Sl. No	Nature of Payment	Person Liable to Deduct TDS	Threshold Limit	Rate of TDS
1	Winning from lottery, gambling, betting etc.	Any person	10,000 per transaction	Rates in force
2	Winnings from online game	Any person	NA	Rates in force
3	Winning from horse race	Any person (bookmaker or licensed person)	10,000 per transaction	Rates in force
4	Income by way of commission/remuneration/prize for distributing/purchasing/selling lottery tickets	Any person	20,000	2%
5	Withdrawal cash from bank / co-op society / post office	Bank/co-op/post office	3 crore (if recipient is co-op society); 1 crore (others)	2%
6	Any amount referred to in Section 80CCA(2)(a) (NSS – National Savings Scheme)	Any person	2,500	10%
7	Any sum in nature of salary, remuneration, commission, bonus or interest paid to a partner (including capital account)	Firm	20,000	10%

4.EXEMPTION FROM TDS	
Payment Type (Income Source)	Condition for No Tax Deduction (Exemption)
Commission or Brokerage	Payment by BSNL/MTNL to their public call office franchisees
Rent (Real Estate)	Rent paid to a REIT that directly owns the property
Compensation for Property Acquisition	Compensation for compulsory land acquisition and is exempt u/s 96 of Land Acquisition law
Income from Units of a Business Trust	If the income is from capital gain
Interest on Securities	General Government Securities: Interest on most Central or State Government securities (excluding specific taxable bonds like 8% Savings Bonds, 2003, or Floating Rate Bonds, 2020). Specific Recipients: Interest paid to entities like the Life Insurance Corporation of India (LIC) or General Insurance Corporation of India (GIC)
Other Interest Income	Paid to a banking company, financial corporation, UTI, or insurance company Paid by one co-operative society to another or to a member of a co-operative society, [subject to turnover limits]

	Interest on compensation for motor accidents that does not exceed ₹50,000 in a tax year.
Payments to Contractors	If contractor owns ≤10 goods carriages with valid declaration/PAN If payment made by individual or HUF for personal use
Fees for Professional/Technical Services	If payment is by individual or HUF for personal use
Dividend Income	Paid to LIC, GIC, other insurers, or business trust If paid to individual non-cash up to ₹10,000 annually
Payments by E-commerce Operator	If e-commerce participant is individual/HUF with turnover ≤ ₹5,00,000 and valid PAN/Aadhaar
Payment for Virtual Digital Asset Transfer	If total value ≤ ₹50,000 (individual/HUF) or ₹10,000 (others)
Payments in Cash	Payments to Government, bank, co-op society, post office, or their correspondents/ATM operators Payments to legal heirs of deceased assessee
General Exemption	Amount payable to Government, RBI, or corporation fully exempt from income tax
Other Exemptions	Interest by offshore banking unit on specified borrowings after 1 Apr 2005 Payments to or for New Pension System Trust

Other Exemptions – Sub-sections (7) and (8)

Under sub-sections (7) and (8), tax is not required to be deducted at source from interest paid by an Offshore Banking Unit on borrowings or deposits made on or after 1 April 2005 by a non-resident or a person not ordinarily resident in India. Further, no tax deduction is mandated in respect of any payment made to a person for, or on behalf of, the New Pension System Trust.

Sub-section (8) provides for non-deduction of tax where an eligible person furnishes a written declaration, in duplicate and in the prescribed form and manner, stating that the tax payable on his estimated total income for the relevant tax year shall be nil. Upon receipt of such declaration, the person responsible for making the specified payments shall not deduct tax at source.

For this purpose, **eligible persons** include resident individuals and other persons, excluding companies and firms.

Further clarifications with regards to TDS.

Grossing-Up Rules

Where, under the terms of an agreement or arrangement, the tax chargeable on any income is borne by the payer, the income for the purposes of tax deduction at source shall be grossed up to such amount as would, after deduction of tax thereon, result in the net amount payable in accordance with the said agreement or arrangement.

Illustration:

Assume that, under an agreement, a payer agrees to make a net payment of ₹90,000 to a resident consultant, and the applicable rate of tax deduction at source is 10%. The tax liability is to be borne by the payer.

In such a case, the gross amount of income shall be computed as follows:

Gross income = Net amount payable ÷ (1 – TDS rate)

= ₹90,000 ÷ (1 – 10%)

= ₹90,000 ÷ 0.90

= ₹1,00,000

Accordingly, tax shall be deducted at source at 10% on ₹1,00,000, amounting to ₹10,000. The net amount payable to the consultant shall be ₹90,000, which is in accordance with the terms of the agreement.

Timing of TDS Deduction

Tax shall be deducted at source at the earlier of the time of credit of the income or sum to the account of the payee or the time of payment thereof, whether in cash, by cheque, draft, or by any other mode. Any credit of such income or sum to any account, by whatever name called, including a “suspense account”, in the books of account of the person responsible for making the payment, shall be deemed to be a credit to the account of the payee, and the provisions of this Chapter shall apply accordingly.

Applicability of TDS on Year-end Provisions for Expenses (Accrual Basis)

Tax deduction at source is applicable in respect of year-end provisions created on 31 March for accounting expenses on an accrual basis. A credit to a “Provision for Expenses Account” is deemed to be a credit to the account of the payee, thereby attracting the obligation to deduct tax at source. The liability to deduct tax arises immediately upon such credit, irrespective of whether the account is styled as a provision or suspense account. The mere fact that the expenditure is estimated does not, by itself, dispense with the requirement to deduct tax at source. However, where the assessee is able to demonstrate that the payee was not identifiable at the time of creating the provision, the obligation to deduct tax at source may not arise at that stage.

Levy of Penalty for Non-Deduction of TDS

Section 448 of the Income-tax Act, 2025 empowers the Assessing Officer to levy a penalty on a person who fails to deduct, either wholly or partly, the tax required to be deducted at source. The penalty so imposed may be equal to the amount of tax which was not deducted.

Other Consequences of Non-Deduction of TDS

If a person, including the principal officer of a company, fails to deduct or collect, or after deducting or collecting, fails to pay, the whole or any part of the tax as required under this Act, such person shall be **deemed to be an assessee in default** in respect of the said tax, in addition to any other liability or consequence incurred under the Act.

~ ***“Risk comes from not knowing what you’re doing.” – Warren Buffett***

**Lacuna in Validity Period of Registration under Section 12AB and
Approval under Section 80G**
(A Need for Rational Alignment)



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A significant change in the registration process of Charitable Trusts/Institutions was introduced by the Finance Act, 2020. This amendment moved away from the earlier system of perpetual registration. Both registrations now operate under a time-bound validity framework. Under this new framework, the registration or approval granted was to be valid for a limited period, initially set at five years. Upon the expiry of this period, the trusts are required to apply for renewal at least six months prior to the expiry date. This new system was implemented to ensure periodic verification of the activities of charitable organizations and to maintain an updated database of such entities.

An amendment was introduced in the Finance Act, 2025 to provide relief to smaller trusts or institutions making an application for registration or renewal under sub-clauses (i) to (v) of Section 12A(1)(ac), the validity period of registration shall be ten years instead of five years. This extension is conditional. It applies only if the total income of the trust or institution, calculated without giving effect to the provisions of Sections 11 and 12, does not exceed five crore rupees during each of the two previous years preceding the year of application. The amendment is effective from **April 1, 2025**.

However, a corresponding amendment was not made to Section 80G, which continues to operate on a standard five-year cycle for regular approvals regardless of their size or income. This legislative difference is the source of the varied compliance timelines for small charitable institutions. The context discusses the history of Section 80G approvals, noting that the Finance (No. 2) Act, 2009, had previously removed the limitation of approvals to make approvals perpetual, citing the hardship and burden on bona fide institutions. However, the subsequent reintroduction of the limited-period regime established a five-year validity cycle. This differential validity period has resulted in an avoidable compliance burden, particularly for small charitable institutions.

A practical anomaly has emerged in the implementation. Both Section 12AB registration and Section 80G approval:

- Require **substantially identical documentation**,
- Are processed through the **same Form (Form 10A / 10AB)**,
- Are adjudicated by the **same authority (CIT(E))**, and
- Follow the same procedural pathway including notices, hearings, and verification.

Despite this procedural uniformity, there is divergence in validity period. If the trust's genuineness and activities are certified for 10 years under Section 12AB, it is logically inconsistent to mandate re-validation of the same institution under Section 80G after merely 5 years.

Legislative Intent – Ease of Compliance for Small Trusts

The re-registration regime was introduced with the objective of:

- Streamlining compliance,
- Eliminating perpetual registrations,
- Introducing periodic monitoring,
- Ensuring transparency and accountability.

However, in the case of **small trusts with modest turnover and limited charitable activities**, the extension of Section 12AB validity to 10 years reflects a conscious policy decision to reduce recurring administrative burden.

If such trusts must still undergo the entire process of:

- Filing fresh Form 10AB,
- Facing departmental scrutiny,
- Attending hearings,
- Incurring professional and administrative costs,

every 5 years for Section 80G approval, the fundamental objective of compliance easing stands diluted.

Practical Hardship Caused

The present structure compels trusts to undergo substantially identical verification processes twice within a ten-year cycle, thereby creating avoidable compliance duplication. Small trusts, in particular, bear a disproportionate burden in the form of recurring professional fees, significant time investment, and diversion of management attention away from core charitable activities. Simultaneously, the Department is subjected to repetitive administrative workload, avoidable hearings, and duplication of scrutiny, resulting in administrative congestion without any corresponding regulatory benefit. Further, any delay or pendency in renewal of Section 80G approval often creates uncertainty for donors, who may hesitate to contribute in the absence of a valid approval status, thereby directly impacting charitable operations. Given that both registrations assess identical foundational parameters—namely the genuineness of activities, compliance with statutory requirements, and adherence to stated objects—the shorter validity prescribed under Section 80G appears more in the nature of a policy inconsistency than a consciously intended differentiation.

Conclusion

The extension of Section 12AB validity to 10 years for small trusts was a welcome reform aimed at reducing regulatory burden. However, the continuation of 5-year validity under Section 80G undermines that very objective. Compliance reform should not operate as a symbolic relief — it must produce tangible administrative ease. Unless harmonised, the present framework risks becoming an illusory concession rather than a substantive reform.

It is therefore imperative that the department re-examines this lacuna and introduces corrective alignment to ensure that the compliance ecosystem for charitable institutions is both rational and efficient.

~ “Compound interest is the eighth wonder of the world.” – Albert Einstein

GST & INDIRECT TAXES

1. STATUTORY UPDATES

- 1.1** Taxpayers can utilise CGST or SGST ITC in any order for IGST liability in GSTR-3B from Feb 2026: Advisory

Editorial Note: The GSTN has issued an advisory stating that taxpayers can utilize CGST or SGST ITC for payment of IGST liability in any sequence after complete exhaustion of IGST credit from February 2026, as referred to in point 3 of the advisory dated 30-01-2026.

- 1.2** GSTN enables facility for withdrawal from Rule 14A (Simplified Registration Scheme): Advisory

Editorial Note : The GSTN has enabled an online facility for eligible taxpayers registered under Rule 14A of the CGST Rules to apply for withdrawal from the simplified registration scheme by filing Form GST REG-32 on the GST Portal. The draft application must be submitted within 15 days and Aadhaar/biometric authentication must be completed within the prescribed timeline

2. SUPREME COURT

SECTION 13 OF THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - PLACE OF SUPPLY - SERVICES WHERE LOCATION OF SUPPLIER/RECIPIENT IS OUTSIDE INDIA

- 2.1** SLP dismissed against order of High Court that where assessee-educational consultancy in India provided counselling services to Indian students for foreign educational institutions, raising invoices and receiving commission directly from institutions abroad in foreign exchange, it was supplying services on its own account, not as an intermediary, and its services qualified as export entitling it to refund of GST with statutory interest - Commissioner of Delhi Goods and Service Tax DGST Delhi v. Global Opportunities (P.) Ltd. - [2026] 182 taxmann.com 881 (SC)

SECTION 54 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REFUND - TAX, REFUND OF

- 2.2** Where assessee filed application of refund of IGST paid on ocean freight under CIF contract and same was rejected, in view of judgment of Apex Court in Union of India v. Mohit Minerals (P.) Ltd., [2022] 138 taxmann.com 331/61 GSTL 257/92 GST 101 since incidence of tax had been passed on to consumers, in terms of sections 54(5), 54(8)(e) and 57 of CGST Act, refundable amount was to be credited to Consumer Welfare Fund and not to assessee, and procedure adopted by High Court to pass refund to consumers being contrary to statute was unsustainable, thus, order of High Court was to be set aside - Union of India v. Torrent Power Ltd. - [2026] 183 taxmann.com 388 (SC)

SECTION 69 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE, ETC. - POWER TO ARREST

- 2.3** Where respondents were arrested alleging fraudulent avilment of ITC and bail was granted citing lack of written grounds to relatives and BNSS references, arrests were found legal as supported by memos and proper authorization with cogent grounds, CBIC guidelines were followed and relevant relatives were well aware of grounds during arrest, since no demonstrable prejudice was shown, alleged procedural lapses did not vitiate arrest and bail orders were set aside; however, instant court considering nature of allegations and personal circumstances, bail of son was restored and father was subjected to limited custodial interrogation for specified days with direction to release thereafter on conditions - Shashi Kumar Choudhary v. Union of India - [2026] 183 taxmann.com 122 (SC)

SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

- 2.4** SLP dismissed against impugned order of High Court that writs challenging orders and SCNs for fraudulent ITC via fake invoices were dismissed as proceedings and orders were appealable and Courts avoid writs in fraud cases needing factual scrutiny; however, liberty was granted to assessee to pursue appeal as it was doubtful if assessee's reply was considered or not - CL International v. Additional Commissioner CGST (Delhi West) Commissionerate - [2026] 183 taxmann.com 543 (SC)

RULE 142 OF THE CENTRAL GOODS AND SERVICES TAX RULES, 2017 - NOTICE AND ORDER FOR DEMAND OF AMOUNTS PAYABLE UNDER THE ACT

- 2.5** SLP dismissed against impugned order of High Court that Pre-SCN consultation notice is not mandatory for issuance of show cause notice after change brought about by Notification No. 79/2022-Central Tax, dated 15-10-2022 - Manpar Exim Inc v. Additional Director Directorate General of GST Intelligence - [2026] 183 taxmann.com 658 (SC)

3. HIGH COURT

SECTION 3 OF THE CUSTOMS TARIFF ACT, 1975 - [LEVY OF ADDITIONAL DUTY EQUAL TO EXCISE DUTY, SALES TAX, LOCAL TAXES AND OTHER CHARGES.

- 3.1** Where petitioners, GST-registered importers, wrongly claimed IGST exemption for semi-dried dates which cleared consignments at nil IGST, and did not dispute IGST liability, recovery of IGST at 12 percent with interest through proceedings under section 28 of Customs Act, 1962 was valid. - Al Kabeer Exporters v. Deputy

Commissioner of Customs (Imports) - [2026] 183 taxmann.com 244 (Kerala)

SECTION 7 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SUPPLY - SCOPE OF

- 3.2** Transfer of the Andhra Pradesh R&D unit to Karnataka unit as a going concern, including all assets and liabilities and without consideration, was held not to be a taxable supply; under Notification No. 12/2017-CT (Rate), transfer of a business as a going concern is treated as an exempt supply of service. - Shilpa Medicare Ltd. v. Union of India - [2026] 183 taxmann.com 152 (Andhra Pradesh)
- 3.3** Where assessee is directly employing foreign nationals and there exists a direct employer-employee relationship between assessee and foreign nationals/employees, entire transaction is outside ambit of GST as per Entry 1 of Schedule III of CGST Act, 2017 and department's allegation that assessee has imported 'Manpower Recruitment and Supply Service' from foreign nationals/employees, who are supplying said services in capacity of non-resident taxable persons, is not sustainable - Huawei Technologies India (P.) Ltd. v. State of Karnataka - [2026] 183 taxmann.com 531 (Karnataka)

SECTION 10 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - COMPOSITE LEVY

- 3.4** Tax being payable at 1% under section 10(1)(c), assessee allegedly short-paid tax under composition scheme while authority added 20% gross profit on purchases of Rs. 7.38 lakh against reported turnover of Rs. 80,000 and demanded tax at 18%; as appeal was time-barred, matter was remanded for fresh order subject to 10% pre-deposit. - Sree Velan Hardwares v. Assistant Commissioner, Salem - [2026] 182 taxmann.com 887 (Madras)

SECTION 11 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY AND COLLECTION OF TAX - EXEMPTION - POWER TO GRANT

- 3.5** Where university collected affiliation fees from colleges, such affiliation was a prerequisite for colleges to admit students but did not constitute a service relating to student admission or conduct of examinations, thus exemption under Notification 12/2017 did not apply and affiliation fees were subject to GST - Bharathidasan University v. Joint Commissioner of GST (ST-Intelligence) - [2026] 183 taxmann.com 565 (Madras)

SECTION 16 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - ELIGIBILITY AND CONDITIONS FOR TAKING CREDIT

- 3.6** Where registered dealer procured inputs from supplier, paid GST and availed ITC, since denial of credit was initiated only due to supplier's non-payment without any finding of non-bona fide, collusion or fraud, such denial was unsustainable. - Malaya Rub-Tech Industries v. Union of India - [2026] 183 taxmann.com 606 (TRIPURA)

3.7 Where department denied input tax credit as time-barred solely under section 16(4), but assessee claimed entitlement within section 16(5) period, ITC could not be denied on such limitation basis, and impugned orders to extent of limitation were to be quashed, while department remained free to examine excess or fake ITC as per law - Malligai Agencies v. Assistant Commissioner of GST and Central Excise - [2026] 183 taxmann.com 607 (Madras)

3.8 Where taxpayer had closed down business, cancelled registration and had not challenged demand order raised thereafter, benefit under subsequently inserted Section 16(6) of CGST Act, 2017 enabling taxpayer to claim input tax credit in case order cancelling registration was revoked, could not be availed as newly inserted Section 16(6) was not retrospective in operation - Saleena Shahul Hameed v. State Tax Officer - [2026] 183 taxmann.com 623 (Kerala)

3.9 Where ITC for 2017-18 was denied on mismatch as supplier reported invoices in March 2018 while assessee reported same in April 2018 since goods though invoiced on 30-3-2018 and 31-3-2018 were received in April 2018, as confusion arose due to transition between financial years and there was no wilful evasion, matter required reconciliation and opportunity was to be granted to produce invoices before assessing authority - Rakkimuthu Ramesh v. Assistant Commissioner of State Tax - [2026] 183 taxmann.com 442 (Kerala)

3.10 Where show cause notice was solely based on supplier's non-filing of GSTR-3B for August to October 2019 and all returns were subsequently filed, appellate authority could not introduce new grounds or decide without affording personal hearing, making denial of opportunity arbitrary and requiring appellate order to be set aside for a fresh decision after hearing - Parag Vinimay (P.) Ltd. v. Assistant Commissioner, State Tax, Bureau of Investigation, South Bengal - [2026] 183 taxmann.com 403 (Calcutta)

3.11 Competent Officer cannot block Electronic Credit Ledger in excess of ITC available at time of issuance of order - Vee Kay Concast (P.) Ltd. v. Union of India - [2026] 182 taxmann.com 899 (Punjab & Haryana)

3.12 By amendment to section 16, sub-section (5) was inserted with retrospective effect from 1-7-2017 which entitled assessee to avail ITC in respect of GSTR-3B returns filed for financial years 2017-18 to 2020-21 on or before 30-11-2021 - Srinivasa Pharmacy v. Superintendent of GST and Central Excise - [2026] 182 taxmann.com 869 (Madras)

3.13 Where petitioners imported semi-dried dates, cleared consignments claiming exemption for fresh dates and later sought Bills of Entry correction to claim input tax credit after post-clearance audit led to IGST demand, Section 154 of Customs Act did not permit such substantive corrections, as it applies only to clerical or arithmetical mistakes, and writ petitions seeking such relief were dismissed. - Al Kabeer Exporters v. Deputy Commissioner

of Customs (Imports) - [2026] 183 taxmann.com 244 (Kerala)

3.14 Where petitioners imported semi-dried dates, wrongly claimed IGST exemption for fresh dates, and sought amendment of Bills of Entry for input tax credit after post-clearance demand notices and partial payment, amendment relief was denied as Section 149 of Customs Act permits changes only with contemporaneous evidence, which was absent due to misdeclaration and unexplained delay, making such amendment unjustified. - *Al Kabeer Exporters v. Deputy Commissioner of Customs (Imports)* - [2026] 183 taxmann.com 244 (Kerala)

3.15 Errors in statutory invoices were rectifiable so as to allow ITC refund; benefit of CBIC Circular No. 183/15/2022-GST dated 27.12.2022, read with Circular No. 193/05/2023-GST dated 17.07.2023 should be extended to FY 2019-20, requiring Revenue to grant relief accordingly - *D. S. Engineering Works LIP v. Assistant Commissioner of Commercial Taxes (Audit)-02* - [2026] 183 taxmann.com 276 (Karnataka)

3.16 Even if there were lapses on part of assessee in filing returns claiming ITC but returns were filed within cut off date as extended under section 16(5), claim of ITC could not be denied - *Malabar Plaza Residency & Restaurant v. Assistant State Tax Officer* - [2026] 183 taxmann.com 313 (Kerala)

SECTION 17 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - CREDIT AND BLOCKED CREDITS, APPORTIONMENT OF

3.17 Where a taxpayer's electronic credit ledger was blocked under Rule 86A on suspicion of fraudulent or ineligible ITC, such blocking served as interim security and did not dispense with statutory adjudication, therefore, proper officer could not refuse adjudication request by claiming non-suitability and rejection of such request was unsustainable - *Gopal Metal Stores v. Assistant Commissioner of State Tax* - [2026] 183 taxmann.com 269 (Calcutta)

3.18 Where taxpayer's Electronic Credit Ledger was blocked under Rule 86A, resulting in negative balance and disabling credit utilization for both past and future entries, only temporary blocking of actually available ITC at time of order was permissible, negative blocking beyond existing credit was not authorized and such entries were to be set aside - *Dua Metals v. Union of India* - [2026] 183 taxmann.com 273 (Punjab & Haryana)

SECTION 18 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - INPUT TAX CREDIT - CREDIT IN SPECIAL CIRCUMSTANCES, AVAILABILITY OF

3.19 Though units in Andhra Pradesh and Karnataka belong to same entity, separate GST registrations make them distinct persons; thus, transfer of unutilized ITC would be permissible under section 18(3) on business transfer, but

issue must be decided jointly by AP and Karnataka authorities due to inter-State revenue implications. - *Shilpa Medicare Ltd. v. Union of India* - [2026] 183 taxmann.com 152 (Andhra Pradesh)

SECTION 29 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - CANCELLATION OF

3.20 Where assessee's registration was cancelled retrospectively for issuing invoices without supply, misuse of ITC, absence of genuine movement of goods, and existence of another registration at same premises used for camouflaging transactions to pass on ineligible ITC, cancellation was justified in absence of legitimate business activity - *Tvl. Sri Balajee Udyog v. Assistant Commissioner (ST), Chennai* - [2026] 183 taxmann.com 240 (Madras)

3.21 Cancellation of GST registration on voluntary application does not absolve existing tax liabilities; where assessee had failed to reply to SCN issued after registration cancellation, demand and penalty were valid and rectification under section 161 was rightly rejected - *Manikanta Electronics Services Center v. State of Telangana, Department of Commercial Tax* - [2026] 183 taxmann.com 314 (Telangana)

3.22 Show cause notice and consequential order for cancellation of registration were not sustainable when date and time for personal hearing were not specified in SCN, physical verification report was not uploaded on common portal and right to file reply was denied - *Nairson Multiventures (P.) Ltd. v. State of Chhattisgarh* - [2026] 183 taxmann.com 369 (Chhattisgarh)

3.23 Where petitioner could not carried out business due to valid reason of financial and health problems and, hence, 'Nil' returns were filed for three consecutive years, order cancelling GST registration was to be revoked subject to required compliance - *Johnson Justin v. State Tax Officer* - [2026] 183 taxmann.com 320 (Madras)

3.24 Where after amendment of GST registration and intimation of change of address, SCN was issued alleging non existence and amendment was rejected, as field verification based on documents placed on record established that petitioner was genuine, respondents were not justified in disallowing claim and impugned orders were to be set aside with direction to consider restoration after hearing - *D K Freight Carrier v. Union of India* - [2026] 183 taxmann.com 557 (Delhi)

3.25 Retrospective cancellation of GST registration is valid only when reasons are recorded in order and relevant Show Cause Notice; in absence of same, order canceling registration retrospectively was to be set aside and registration was to be restored - *Bhagvan Singh v. Commissioner of DGST* - [2026] 183 taxmann.com 564 (Delhi)

3.26 Suppressing GST registration cancellation, interim relief was secured for recovery; registration cancellation order was quashed and registration restored on payment of pending tax dues and compliance - Sivanandan v. Assistant Commissioner - [2026] 183 taxmann.com 512 (Madras)

3.27 Where petitioner had suffered from physical illness and mental stress, reason assigned for non-filing of returns was genuine and, thus, order cancelling registration was to be revoked subject to filing of all pending returns and payment of tax dues together with interest and late fee - Vinayak Enterprises v. Appellate Deputy Commissioner (GST), Tirunelveli - [2026] 183 taxmann.com 668 (Madras)

SECTION 30 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - REVOCATION OF CANCELLATION OF

3.28 Where assessee's registration was cancelled for not filing returns for a continuous period of 6 months, on assessee's prayer for revocation of cancellation of registration, departmental authorities were to reconsider assessee's prayer for revocation of cancelled registration on payment of outstanding statutory dues - Bishwajit Sharma v. Union of India - [2026] 183 taxmann.com 566 (Gauhati)

3.29 Where registration was cancelled due to six months of non-filing of returns owing to health issues, and petitioner undertook to file all returns and pay tax, interest and late fee, cancellation was to be set aside and registration was to be restored subject to filing pending returns and payment of dues within specified time - Ponthangam Constructions v. Superintendent of CGST and Central Excise - [2026] 183 taxmann.com 611 (Madras)

3.30 Where petitioner's GST registration was cancelled for non-filing of returns owing to health issues and petitioner undertook to file all pending returns and pay due tax with interest and late fees, cancellation was to be conditionally revoked. - V Ubahara Kebin v. Commercial Tax Officer - [2026] 183 taxmann.com 666 (Madras)

3.31 Cancellation of registration for non-filing of returns set aside to permit revocation application; petitioner was allowed to file returns and clear GST dues in instalments as department raised no objection to restoration on payment. - MS N Chetia and Sons Trading v. State of Assam - [2026] 183 taxmann.com 372 (Gauhati)

3.32 Where GST registration was cancelled for non-filing of returns for 6 months and petitioner, citing financial hardship, agreed to file pending returns and pay due tax, restoration was to be granted subject to petitioner filing all pending returns and clearing dues - Oasis Inn International (P.) Ltd. v. Assistant Commissioner(st), Kanniyakumari - [2026] 183 taxmann.com 401 (Madras)

3.33 Where application for revocation of cancellation of registration could not be filed as time limit had elapsed, departmental authorities should reconsider prayer and upon payment of statutory dues should restore GST

registration of assessee - Nabin Roy v. Union of India - [2026] 183 taxmann.com 373 (Gauhati)

3.34 Where petitioner's GST registration was cancelled due to non-filing of returns arising from genuine financial and health difficulties, registration was restored subject to conditions including timely filing of all pending returns and clearing dues without using unapproved ITC, and such restoration would automatically cease if any stipulated condition was breached - Thomas Samuelraj v. Assistant Commissioner - [2026] 183 taxmann.com 203 (Madras)

3.35 Where petitioner's registration was cancelled and no application for revocation was filed within 90 days, given nascent stage of GST implementation and limited understanding among businessmen, delay in filing revocation application deserved condonation, thus petitioner was to be allowed to file revocation application with pending returns - Ameer Hamza Enterprises v. State Tax Officer - [2026] 182 taxmann.com 895 (Uttarakhand)

SECTION 50 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - PAYMENT OF TAX - INTEREST ON DELAYED PAYMENT

3.36 Where lessor failed to raise invoice within time limit prescribed under CGST Act, burden of interest on delayed payment of GST could not be transferred on lessee, thus interest amount recovered from lessee was to be refunded by lessor - Oam Industries India (P.) Ltd. v. Maharashtra Airport Development Company Ltd. - [2026] 183 taxmann.com 400 (Bombay)

SECTION 54 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REFUND - TAX, REFUND OF

3.37 In terms of Judgment and Order passed in JJ Plastalloy (P.) Ltd. v. Union of India [2025] 181 taxmann.com 386 (Gujarat), was held that Notification No. 20/2024 omitted Rules 89(4B) and 96(10) from CGST Rules without saving rendering those provisions redundant ab initio and such omission applied to all pending proceedings and pre-notification orders not finalized meaning that rejection or refusal of IGST export refunds in relevant cases stood quashed entitling assessee to refund processing - Sopariwala India LLP v. Union of India - [2026] 183 taxmann.com 507 (Gujarat)

3.38 Where petitioners facing GST refund adjudication for bogus refund alleged denial of personal hearing but records showed SCNs expressly afforded hearings, opportunity to submit documents, and petitioners sought time and filed reply, claim of no hearing was deemed incorrect and false, leading to imposition of costs for making misleading statements during proceedings. - Velocity Exports LLP v. Union of India - [2026] 183 taxmann.com 667 (Gujarat)

3.39 Petitioner, subsidiary of Vistex-USA, claimed refund of unutilized ITC treating IT services to parent as export but refund was later denied holding petitioner as intermediary; service agreement required deeper scrutiny, matter was to

be remanded for de novo consideration - Vistex Asia Pacific (P.) Ltd. v. Union of India - [2026] 182 taxmann.com 883 (Bombay)

3.40 Where refund of unutilised ITC on IT services provided directly to its associated enterprise located in USA was rejected treating petitioner as intermediary, since refund sanctioning authority had simply relied on borrowed observations made by appellate authority for earlier tax periods, in view of fact that authority had failed to identify involvement of any third party, facilitation role or intermediary elements under law, findings were cryptic and non-speaking; matter was to be readjudicated - Virtusa Systems (India) (P.) Ltd. v. Union of India - [2026] 182 taxmann.com 893 (Telangana)

3.41 Omission of provisions of Rules 89(4B) and 96(10) of CGST Rules without saving clause would render provisions redundant; omission would apply to all pending refund proceedings/cases - Mars Exports v. Union of India - [2026] 183 taxmann.com 316 (Gujarat)

SECTION 63 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - UNREGISTERED PERSONS

3.42 Where a works contractor who ceased business in 2016 was subjected to best-judgment assessment as an unregistered person based on data belonging to another registered person with an identical name, assessment and appellate orders lacked factual basis and thus same were to be quashed - Srikant Das v. Joint Commissioner of State Tax (Appeal) - [2026] 183 taxmann.com 202 (Orissa)

3.43 Where petitioner contractor had ceased business and had no GST registration but was assessed as unregistered due to mistaken identity arising from reliance on returns and turnover data of another registrant with identical name, assessment and appellate orders lacked legal sustainability and were quashed. - Srikant Das v. Joint Commissioner of State Tax - [2026] 182 taxmann.com 867 (Orissa)

3.44 Where assessment order was passed without affording opportunity of hearing to assessee and appeal was rejected on ground of limitation, in view of consensus arrived at between parties, impugned orders were to be quashed and fresh order was to be passed after affording opportunity of hearing to assessee - DRF Infra Builders (P.) Ltd. v. UT of J & K - [2026] 183 taxmann.com 82 (Jammu & Kashmir and Ladakh)

SECTION 64 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - SUMMARY ASSESSMENT

3.45 Where show cause notice was issued proposing assessment under section 74 and impugned assessment order was passed followed by summary order in DRC-07, though summary of order did not contain DIN, it contained a reference number, which is generated after assessing authority affixed signature to order and since no explanation for delay in approaching Court was offered by

assessee, none of grounds were tenable and writ petition was to be dismissed - Pedda Masthan Enterprises v. Assistant Commissioner ST, Chittoor - [2026] 183 taxmann.com 108 (Andhra Pradesh)

SECTION 65 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - AUDIT - BY TAX AUTHORITIES

3.46 Where in response to audit notice, petitioner had effectively participated before competent authority and submitted detailed reply and final audit report was issued and final demand order was passed, validity of show cause notice as well as audit report could not be challenged by way of writ petition; petitioner was liable to raise all grounds before appellate authority - KCC Dhangaon Boregaon Expressway (P.) Ltd. v. Union of India - [2026] 183 taxmann.com 322 (Madhya Pradesh)

SECTION 67 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE ETC. - POWER OF INSPECTION, SEARCH AND SEIZURE

3.47 Merely because confiscation proceedings under section 130 of GST Act is in progress, continued detention of goods is not legally sustainable if no valid order of detention as contemplated under proviso to sub-section (1) of section 129 is passed within a period of three working days - Authentic Metals v. Enforcement Officer - [2026] 183 taxmann.com 648 (Kerala)

SECTION 69 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE, ETC. - POWER TO ARREST

3.48 Petitioners arrested for alleged 53.91 crore IGST evasion on imported services were granted regular bail as intentional tax evasion was yet to be proved, arrest grounds lacked specific allegations, offences were triable by Magistrate with a maximum five-year sentence, and prolonged custody unjustifiably curtailed personal liberty. - Jashanpal Singh v. Union of India - [2026] 183 taxmann.com 319 (Punjab & Haryana)

3.49 Where petitioner sought bail in case alleging assistance in fraudulent ITC availment, with offences punishable up to five years, all triable by Magistrate, and no evidence of involvement in other similar cases, considering nature and gravity of accusations, period already spent in custody, and presumption of innocence, bail was to be granted subject to compliance with conditions including cooperation with GST authorities - Pravash Chandra Mishra v. Union of India (CGST) - [2026] 183 taxmann.com 109 (Orissa)

3.50 Bail granted in alleged clandestine gutka manufacturing and GST evasion case was sought to be cancelled; since bail was granted after due consideration of allegations, in view of fact that evidence was documentary/electronic which could not be tampered, nor was there flight risk or any likelihood of influencing witnesses, no ground existed

to cancel bail - CGST, Delhi West v. Vishal Goyal - [2026] 182 taxmann.com 882 (Delhi)

3.51 Passport renewal cannot be refused merely due to pendency of CGST prosecution; section 6(2)(f) of Passports Act, 1967 is relaxed by GSR 570(E) and Supreme Court in Mahesh Kumar Agarwal 2025 INSC 1476 permits issuance where Trial Court grants permission; authorities directed to renew passports per court orders - Mukul Mittal v. Sr. Superintendent policy Regional Passport office - [2026] 183 taxmann.com 368 (Delhi)

SECTION 70 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - SEARCH, SEIZURE, ETC. - POWER TO SUMMON FOR EVIDENCE AND DOCUMENTS

3.52 Where petitioner had readily accepted summons issued to him under section 70 of CGST Act and attended on dates, and during that period did not make any complaint about his alleged illegal detention, but on contrary, record showed that he was kept in GST Bhavan as per his own wish and he was also allowed to use his four mobile handsets from which he could have easily made contact with his family members, it could not be held that petitioner was under illegal detention at hands of respondent authorities during said period; claim of compensation was to be rejected - Kanhaiya Nilambar Jha v. Union of India - [2026] 183 taxmann.com 349 (Bombay)

3.53 Summons issued under section 70 CGST Act for inquiry into alleged clandestine bidi trade were valid, as they sought statements and documents post-search; since inquiry stage is not a stage of initiation of proceedings and petitioner was already on bail, challenge to summons was premature and writ petition was dismissed - Naveen v. Directorate General of Goods and Services Tax Intelligence - [2026] 183 taxmann.com 112 (Delhi)

SECTION 73 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT DUE NOT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

3.54 After petitioner's GST registration was cancelled, portal access was still available for part of relevant period and assessment order was passed after audit and inspection following due procedure; since petitioner was aware of proceedings, writ petition filed with inordinate delay without any valid explanation was to be dismissed. - A.R. Steels v. Deputy Assistant Commissioner STL - [2026] 183 taxmann.com 79 (Andhra Pradesh)

3.55 Without effective service of SCN, ex parte demand was confirmed and recovery initiated; since validity of limitation extension notifications were under challenge before Supreme Court, one more opportunity might be given to assessee; matter remanded subject to cost of Rs.10,000 - X Factor Consulting (P.) Ltd. v. Union of India - [2026] 182 taxmann.com 886 (Karnataka)

3.56 Where assessee challenged ex parte order under section 73 alleging that show cause notice sent to his CA's email was not communicated to him but he failed to show any action taken against CA, statutory procedure could not be bypassed to entertain writ petition offer on deposit 50% of tax liability - Fone Zone NXT v. Commissioner of DGST - [2026] 183 taxmann.com 83 (Delhi)

3.57 Notices served through Chartered Accountant (CA) were valid since CA had acted as agent of assessee; alleged misappropriation of tax funds by CA would give rise to separate remedies but same could not be a ground to quash tax liability or demand orders and Writ petition bypassing statutory appeal was to be dismissed - Knight Fly Boyz v. Deputy Commissioner of State Tax (SGST) - [2026] 183 taxmann.com 324 (Punjab & Haryana)

3.58 Where respondent issued a single consolidated show-cause notice covering multiple financial years and passed one composite assessment order against petitioner, such bunching of periods was impermissible as it lacked jurisdiction, resulting in quashing of the composite assessment order with direction that separate proceedings must be initiated for each financial year - Dream Infotech v. State Tax Officer (Ins), Tirunelveli - [2026] 183 taxmann.com 272 (Madras)

3.59 Where in summary SCN issued to petitioner-firm, documents relating to a different firm were uploaded instead of documents relating to petitioner firm, without addressing petitioner's concern, impugned order was to be set aside and matter was to be remanded back to pass a fresh order after uploading correct documents and affording personal hearing to representative of petitioner firm - Arpit Advertising v. Union of India - [2026] 183 taxmann.com 246 (Punjab & Haryana)

3.60 Where show cause notice and demand under section 73 were issued and adjudicated against a deceased sole proprietor after registration cancellation, without proceeding against legal representative as required by section 93, entire proceedings were void and orders passed were unsustainable - P. B. Sethi Plastics v. State of U.P. - [2026] 183 taxmann.com 402 (Allahabad)

SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

3.61 Where search was conducted at petitioner's premises, documents and CPU were seized, and petitioner was denied access to these materials while demand order was confirmed without meaningful hearing, such deprivation of defence material amounted to violation of natural justice, requiring impugned order to be treated only as additional show cause notice with proceedings to continue after supplying seized records and providing hearing - Priti Builders v. Deputy Commissioner of State Tax, Bally and Salkia Charge - [2026] 183 taxmann.com 407 (Calcutta)

- 3.62** Where assessee replied to SCN on portal and authority acknowledged reply but passed order without scheduling or granting a personal hearing after reply, confirming demand with non-speaking findings, denial of hearing after reply constituted breach of natural justice and non-application of mind, necessitating setting aside of impugned order and remand for fresh decision after due personal hearing - Ramnayan Yadav Contractor v. Union of India - [2026] 183 taxmann.com 443 (Allahabad)
- 3.63** Composite show cause notice issued for multiple years cannot sustain under provisions of CGST /SGST Act; as power to issue notice is year-wise and limitation periods for different years would end on different dates, consolidation is impermissible - Dhanlaxmi Bank Ltd. v. State of Kerala - [2026] 183 taxmann.com 526 (Kerala)
- 3.64** Where authorities issued a single show cause notice proposing recovery of tax involving fraud for multiple periods, such composite notice was invalid as CGST scheme bars consolidation of various years in one SCN. - Rite Water Solutions (India) Ltd. v. Joint Commissioner, CGST & Central Excise, Nagpur - [2026] 183 taxmann.com 627 (Bombay)
- 3.65** SCN under section 74 was quashed as it impermissibly clubbed multiple tax periods/financial years while Division Bench had held that GST mandates year-wise assessment and limitation; consolidating periods distorts limitation, jurisdiction and taxpayer's right to respond, violating statutory scheme. - Speedways Logistics (P.) Ltd. v. Union of India - [2026] 183 taxmann.com 232 (Bombay)
- 3.66** Order of adjudication is passed for a single year; therefore, a show cause notice issued for tax period spanning multiple year would be defective - MCR Marketing v. Assistant Commissioner of Central Tax - [2026] 183 taxmann.com 326 (Karnataka)
- 3.67** There is no scope for consolidating various financial years/tax period while issuing show cause notice under section 73/74 of CGST Act - Marfani Steel Impex v. Principal Commissioner, Central Goods and Services Tax & Central Excise, Nagpur - [2026] 183 taxmann.com 315 (Bombay)
- 3.68** Writ against order under section 74 alleging suppression based on mismatch between GSTR-3B and e-way bills was rejected as order was reasoned, evidence-based and complied with natural justice; assessee relegated to alternate remedy of appeal - Videojet Technologies (P.) Ltd. v. Union of India - [2026] 182 taxmann.com 890 (Gujarat)
- 3.69** Where assessee was aware of investigation, SCN was duly served, assessee filed reply and even retracted from statements, principles of natural justice were complied with; mere absence of proof of dispatch of hearing notice did not negate finding that personal hearing was granted. - VDR Colors and Chemicals (P.) Ltd. v. Commissioner of Delhi - [2026] 182 taxmann.com 898 (Delhi)

- 3.70** Show cause notice issued under section 74(1) could not be quashed at threshold when disputed facts were involved and issue was to be thrashed out on both facts and law in course of adjudication; writ interference to be declined - Ishan Industries v. Director Directorate, General of GST Intelligence - [2026] 183 taxmann.com 270 (Allahabad)

SECTION 75 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - GENERAL

- 3.71** Quasi-judicial authorities should not blindly rely on AI-generated citations/judgements without reading actual judgements; guidelines were required to be prescribed to avoid such practice - Marhabba Overseas (P.) Ltd. v. Union of India - [2026] 183 taxmann.com 743 (Gujarat)
- 3.72** Writ challenging attachment under GST was dismissed as records showed show cause notices were duly served, time was sought but no reply was filed while assessee was aware of proceedings; hence, assessment order could not be assailed on ground of violation of natural justice. - Vijaya Explosives v. State of Andhra Pradesh - [2026] 182 taxmann.com 891 (Andhra Pradesh)
- 3.73** Where petitioner challenged ex-parte order confirming tax proposals and rejecting rectification for breach of natural justice, as no personal hearing was granted before confirmation and replies were allegedly ignored, order-in-original confirming tax proposals and rectification rejection order were to be set aside - Srishan Agencies (P) Ltd v. Assistant Commissioner (ST) - [2026] 183 taxmann.com 171 (Madras)
- 3.74** Where petitioner claimed no effective notice or personal hearing as all communications regarding GST assessment were only uploaded on portal and postal acknowledgment predated notice issuance, revealing defective service and lack of opportunity to reply, impugned assessment order was to be set aside. - Sakthimurugan Crusher v. Commercial Tax Officer/State Tax Officer - [2026] 183 taxmann.com 622 (Madras)
- 3.75** Where authorities issued SCN for tax, interest and penalty for period April 2020 to March 2021 but failed to quantify interest in SCN though liability was known, imposition of interest in subsequent adjudication order contravened mandate that order cannot exceed SCN, hence both SCN and order were to be quashed - Ziva Auto Sales v. State of U.P. - [2026] 183 taxmann.com 561 (Allahabad)
- 3.76** Once registration stands cancelled, assessee would not be enjoined to monitor GST portal; portal-based service alone was not sufficient and service of notice should be effected through alternative modes - Raj Shekhar Pandey v. State Tax Officer - [2026] 183 taxmann.com 505 (Uttarakhand)

SECTION 83 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - PROVISIONAL ATTACHMENT

- 3.77** Where provisional attachment of property and bank accounts of petitioner was ordered and one year had lapsed from date of such attachment under statutory provision, attachment ceased automatically by efflux of time, hence freezing of bank accounts and property could not be continued. - Amit Metaliks Ltd. v. Commissioner, Central GST & Central Excise, Patna - II, Comm. - [2026] 183 taxmann.com 562 (Calcutta)

SECTION 88 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - COMPANY IN LIQUIDATION, LIABILITY TO PAY TAX

- 3.78** Where a private company in liquidation incurred GST dues during liquidation under control of a liquidator, attachment of directors' personal bank accounts for recovery of company's tax liabilities was unjustified since recoveries must proceed against company assets, not directors personally, rendering such attachments liable to be vacated - N. Ramkhuar Narasimhan v. Assistant Commissioner (ST) - [2026] 183 taxmann.com 110 (Madras)

SECTION 93 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - TAX, INTEREST OR PENALTY, LIABILITY TO PAY IN CERTAIN CASES

- 3.79** Where show cause notice was issued and determination was made against dead person without issuing notice to legal representative, cannot sustain. - Rajvanti Devi v. State of U.P. - [2026] 183 taxmann.com 441 (Allahabad)

SECTION 107 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE AUTHORITY - APPEALS TO

- 3.80** Where ex parte dismissal of appeal was made against petitioner alleging no response to hearing notice uploaded only on GST portal, without evidence of proper email service or actual communication, such dismissal was unsustainable, thus order passed in appeal was to be set aside for rehearing after due opportunity to petitioner - Shiv Traders v. State of U.P. - [2026] 183 taxmann.com 510 (Allahabad)
- 3.81** Where registered taxpayer's appeal against cancellation of registration was filed after expiry of maximum condonable period due to alleged portal access issues, plea of portal inaccessibility or lack of credentials did not justify condonation, so writ petition seeking extension of limitation or restoration of registration was to be dismissed - Ravi Plumbing and Construction v. Union of India - [2026] 183 taxmann.com 444 (Gujarat)
- 3.82** Where assessee failed to file a reply to show cause notice and thus suffered impugned order, in view of consistent view taken by instant court under similar circumstances, liberty was to be granted to assessee to file appeal subject

to deposit of 25 per cent of disputed tax - VIP Clothing Ltd. v. Assistant Commissioner (ST) Gobichettipalayam Assessment Circle - [2026] 183 taxmann.com 559 (Madras)

- 3.83** Where petitioner challenged appellate order affirming demand and penalty and petitioner had already deposited requisite amount at first appellate stage, no further pre-deposit was required for instituting appeal before Tribunal against said appellate order - Ashirwad Food Industries v. Union of India - [2026] 183 taxmann.com 563 (Jharkhand)
- 3.84** Where penalty order in MOV-09 was challenged by writ within limitation and writ was dismissed as withdrawn with liberty to file appeal but subsequent appeal was rejected as time barred, since petitioner was prosecuting remedy bona fide before wrong forum, petitioner was entitled to benefit of section 14 of Limitation Act, thus, impugned order was to be set aside and appeal was to be decided as not barred by limitation - Vyas Traders v. Additional Commissioner, Grade-2 - [2026] 183 taxmann.com 560 (Allahabad)
- 3.85** Where rectification application against order passed under section 73 was rejected and appeal under section 107 was dismissed as time barred, since issue stood covered by decision in Prakash Medical Stores v. Union of India [2026] 182 taxmann.com 317 (Allahabad) holding that filing of rectification application keeps limitation in abeyance till its disposal, impugned order was set aside and appeal was to be decided on merits as not barred by limitation - Vyas Traders v. Additional Commissioner, Grade-2 - [2026] 183 taxmann.com 560 (Allahabad)
- 3.86** Where assessee filed appeal against assessment order with delay of 69 days beyond condonable limit due to pendency of rectification application, such delay was considered genuine and same was to be condoned subject to payment of additional 10 percent of disputed tax; impugned order set aside and appeal to be heard on merits - Tvl. Sri Murugan Process v. Appellate Deputy Commissioner (CT) GST Appeals - [2026] 183 taxmann.com 608 (Madras)
- 3.87** Where petitioner challenged denial of ITC on grounds of non-consideration of reply to SCN amid allegations of fraudulent credits via non-existent entities, since controversy involved complex factual examination of transactions, entities and interlinkages, writ jurisdiction was not suitable and petitioner was required to avail appellate remedy; liberty to file appeal granted - CL International v. Additional Commissioner Central Tax - [2026] 183 taxmann.com 649 (Delhi)
- 3.88** Where petitioner faced demand order for excess ITC and filed appeal with 18 days delay, appellate authority rejected appeal as time-barred without hearing delay plea, revenue was to be directed to pass a fresh order, dealing with all contentions raised by petitioner and after affording opportunity of hearing within twelve weeks - Watech RO Systems Pvt. Ltd. v. State of Gujarat - [2026] 182 taxmann.com 885 (Gujarat)

- 3.89** Condonation of delay beyond 120 days in filing appeal was not permissible; even if assessee had a valid reason and sufficient cause explaining delay, High Court could not condone delay beyond 120 days - Hariom Industries v. State of Gujarat - [2026] 183 taxmann.com 75 (Gujarat)
- 3.90** Exclusion of 26 days time taken in writ petition extended limitation period for filing appeal and still there was further delay of 15 days which fell within condonable one-month period under Section 107(4); delay being attributable to Indo-Pak conflict in area, was to be condoned and appeal was to be heard on merit - Navayuga Engineering Company Ltd. v. Union Territory of J and K - [2026] 183 taxmann.com 371 (Jammu & Kashmir and Ladakh)
- 3.91** Appeal against impugned order was filed after three years and assessee took plea that no email/SMS alert about uploading was received; since prior notices in Forms ASMT-10 and DRC-01A were not respondent, assessee was not vigilant to prosecute matter and, thus, appeal was correctly rejected for delay - Medha Servo Drives (P.) Ltd. v. Union of India - [2026] 183 taxmann.com 367 (Kerala)
- 3.92** Where appeal against adjudication order for short payment based on GSTR-1 and GSTR-3B difference was dismissed due to absence of proper CA certificate with UDIN before Appellate Authority, and revenue contended certificate was essential, appellate order could not be faulted as non-filing of certificate was material for just adjudication despite assessee's subsequent submissions. - Iliyash Sekh v. Assistant Commissioner of CGST and C. EX - [2026] 183 taxmann.com 327 (Calcutta)
- 3.93** Where assessee's appeal was dismissed for non-production of CA certificate with UDIN and not furnishing GSTR-9 and GSTR-9C, but subsequently obtained the requisite CA certificate and claimed GSTR-9C was not applicable due to turnover position, Appellate Authority was required to grant post-decisional hearing and reconsider matter afresh as per law. - Iliyash Sekh v. Assistant Commissioner of CGST and C. EX - [2026] 183 taxmann.com 327 (Calcutta)
- 3.94** Where registered works contractor filed appeal within special extended window granted by CBIC for appeals beyond statutory time but pre-deposit condition was not complied with, appellate authority should have intimated petitioner about defect in appeal, instead of rejecting appeal on ground of delay. - Aboobaker.P.P v. Joint Commissioner, State Goods And Services Tax Department - [2026] 183 taxmann.com 243 (Kerala)

SECTION 109 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE TRIBUNAL - CONSTITUTION OF, AND BENCHES

- 3.95** Where Tribunal constituted under section 109 with appointed members remained non-functional despite writ petition seeking immediate operationalisation and affidavit stating steps were underway, unexplained delay in making

Tribunal functional was noted, and respondents were directed to take timely steps to ensure Tribunal commenced adjudicatory duties. - Rajesh Khanna v. Commissioner of Central Tax Appeals I Delhi - [2026] 183 taxmann.com 633 (Delhi)

SECTION 112 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - APPELLATE TRIBUNAL - APPEALS TO

- 3.96** Where petitioner, after recovery of demand, intended to appeal to Tribunal which was not constituted, and furnished intimation of appeal intent within seven days as per Circular No.224/18/2024-GST, revenue was required to refund recovered amount except statutory pre-deposit, as initiation of recovery was barred upon such compliance - Divyasree Tarbus Builders (P.) Ltd. v. Deputy Commissioner of Commercial Taxes - [2026] 183 taxmann.com 277 (Karnataka)
- 3.97** Writ challenging show cause notice, order-in-original and order-in-appeal was rejected as alternative remedy before Appellate Tribunal existed and Notification No. S.O. 4220(E) dated 17.09.2025 permits GST appeals till 30.06.2026; lack of streamlining would not dilute statutory provisions of filing appeal before Tribunal - Natubhai Uttambhai Odd v. Additional Commissioner (Anti-evasion) - [2026] 183 taxmann.com 370 (Gujarat)
- 3.98** Where petitioner challenged demand order via writ due to earlier non-constitution of GSTAT, upon subsequent constitution and operationalisation of GSTAT with notified extended timelines and prescribed pre-deposit, writ remedy was no longer maintainable and petitioner was required to file statutory appeal before GSTAT complying with statutory conditions and advisory deadlines - Shiva Prasad Pattnaik v. Commissioner, Commercial Tax & GST, Odisha - [2026] 183 taxmann.com 74 (Orissa)

SECTION 125 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - PENALTY - GENERAL PENALTY

- 3.99** Where general penalty and late fee were imposed for same tax period, general penalty was to be dropped and on payment of late fee, impugned order was to be set aside - Prajith Enterprises v. State Tax Officer - [2026] 183 taxmann.com 404 (Madras)

SECTION 129 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DETENTION, SEIZURE AND RELEASE OF GOODS AND CONVEYANCES IN TRANSIT

- 3.100** Where petitioner, trading arecanuts covered as perishable goods, had goods detained in transit and confiscation initiated, release was directed upon furnishing bank guarantee or solvency security equal to invoice value, since dispute required factual examination and such interim release would not prejudice assessment of demand during confiscation adjudication - Venkateshwara

Traders v. Union of India - [2026] 182 taxmann.com 889 (Rajasthan)

SECTION 130 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - CONFISCATION OF GOODS OR CONVEYANCES AND LEVY OF PENALTY

3.101 Where assessee's goods were intercepted during transport and authorities proceeded directly from detention to confiscation without following prescribed steps or determining penalty, writ petition challenging same was to be disposed relegating assessee to appellate remedy with all contentions kept open for decision on merits by appellate authority - Vivek Verma v. State of Gujarat - [2026] 182 taxmann.com 884 (Gujarat)

SECTION 132 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - OFFENCES - PUNISHMENTS FOR CERTAIN OFFENCES

3.102 Where applicant director faced custody over three months for alleged GST evasion exceeding Rs 11 crores, investigation was complete, evidence was documentary and electronic, no criminal history emerged and offences were triable by Magistrate with a maximum sentence of five years, continued detention was unjustified thus bail was to be granted - Vinay Kumar v. Union of India - [2026] 182 taxmann.com 892 (Allahabad)

SECTION 142 OF THE CENTRAL GOODS AND SERVICES TAX RULES, 2017 - NOTICE AND ORDER FOR DEMAND OF AMOUNTS PAYABLE UNDER THE ACT

3.103 Order under Section 73 set aside as proceedings initiated only through DRC-01 summary of show cause notice (SCN) without issuance of proper SCN; such summary of SCN being supplementary and not a substitute of SCN, there was violation of Rule 142(1)(a) and thus, demand was invalid - Dhaneswar Kalita v. State of Assam - [2026] 183 taxmann.com 582 (Gauhati)

SECTION 160 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ASSESSMENT - NOT TO BE INVALID ON CERTAIN GROUNDS

3.104 Assessment order without signature of assessing officer is not valid and same is to be quashed; delay in approaching court against assessment order would not be relevant factor when there was no service of order on assessee due to absence of signature - Thammisetty Venkata Srinivasulu v. Assistant Commissioner of State Tax - [2026] 183 taxmann.com 508 (Andhra Pradesh)

3.105 Challenge to assessment for absence of DIN and signatures rejected as presence of auto-generated RFN/reference number therein while uploading order in portal proved digital signing and valid electronic issuance; further, show cause notice and summary of assessment order issued electronically with affixture of digital signature were valid - Kudos Facility Services v. State of Andhra Pradesh - [2026] 183 taxmann.com 604 (Andhra Pradesh)

SECTION 161 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - RECORDS - RECTIFICATION OF MISTAKES

3.106 Where assessee's rectification application against demand for alleged excess ITC was rejected without verification of reconciliations, portal data, or granting hearing, despite evidentiary records being on file, such rejection suffered from legal infirmity and was to be set aside. - Shree Bharat Motors Ltd. v. Chief Commissioner of CT & GST, Odisha - [2026] 183 taxmann.com 248 (Orissa)

SECTION 168 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - BOARD - INSTRUCTIONS OR DIRECTIONS, POWERS TO ISSUE

3.107 As Commissioner in Board forms part of Board (CBEC) and assignment of functions to officers under Section 168(2) being made on proposal of Commissioner in Board with Board's approval, challenge to Circular No. 3/3/2017-GST, and thus to summons under Section 70, failed; petitioner should comply with summons before competent officer. - Lovelesh Singhal v. Central Board of Indirect Taxes & Customs - [2026] 183 taxmann.com 493 (Delhi)

SECTION 169 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - NOTICE, SERVICE IN CERTAIN CASES

3.108 Where assessee had filed reply and participated in personal hearing, it was not proper for assessee to make a plea that he was not aware of uploading of assessment order; writ petition was to be dismissed with liberty to file appeal - Logic Mining and Constructions (P.) Ltd. v. Additional Commissioner of GST and Central Excise - [2026] 183 taxmann.com 605 (Madras)

3.109 Where show cause notice was served solely by uploading on portal without alternative modes and no response was received, resulting in ex parte assessment order without granting personal hearing, such order was vitiated for violating principles of natural justice and was to be set aside. - S.M.A. Siddique Steels v. State Tax Officer/Commercial Tax Officer - [2026] 183 taxmann.com 621 (Madras)

3.110 When there is no response from taxpayer to notice sent through a particular mode, Officer issuing notices should strictly explore possibilities of sending notices through some other mode as prescribed in section 169(1), preferably by way of RPAD; assessment order passed without affording an opportunity of hearing to petitioner was to be set aside - Praveen Constructions v. State Tax Officer, Tirunelveli - [2026] 183 taxmann.com 629 (Madras)

3.111 Though show cause notice issued through GST portal is a sufficient service, in case of no response from assessee, Officer sending repeated reminders should explore possibility of sending notices by way of other modes also preferably through RPAD; assessment order passed

without personal hearing was to be set aside - Sathiah Ramesh v. Deputy Commissioner (State Tax) - [2026] 183 taxmann.com 624 (Madras)

- 3.112** When there is no response from taxpayer to notice sent through a particular mode, officer should explore other modes of sending notices; impugned order was to be set aside and matter was to be remanded - NPS Associates v. Assistant Commissioner of GST and Central Excise - [2026] 183 taxmann.com 610 (Madras)
- 3.113** When there was no response from taxpayer to notice sent through portal, Officer should have explored possibilities of sending notices through other mode, preferably by way of RPAD, in absence of which, there was lack of opportunities being provided to serve notice effectively to assessee, thus impugned order confirming demand was to be set aside and matter was to be remanded - Tvl.C.Ragupathi Contractor v. Deputy State Tax Officer - [2026] 183 taxmann.com 556 (Madras)
- 3.114** Where SCN and reminders were served only by uploading on GST portal and petitioner claimed unawareness resulting in no response, absence of personal hearing before passing ex parte assessment breached natural justice making assessment and appellate rejection unsustainable and liable to be set aside on condition of partial disputed tax deposit for fresh adjudication after due notice and personal hearing - V.S.Muruganandam v. Deputy State Tax Officer -II - [2026] 183 taxmann.com 558 (Madras)
- 3.115** Where only show cause notice was uploaded on GST portal and no original served or alternative prescribed mode used despite non-response, and assessment was made ex parte without affording opportunity of personal hearing, such lack of effective service and hearing violated natural justice, vitiating assessment and necessitating reconsideration with proper notice and hearing. - T. Ashok Kumar Contractor v. Deputy State Tax Officer - [2026] 183 taxmann.com 239 (Madras)
- 3.116** Where petitioner challenged recovery and order-in-original on ground of non-service of SCN, but department showed multiple attempts of service including registered post and e-mail to director without response, summary proceeding was not suitable for deciding disputed service, and deposit of Rs. 25 lakh within 30 days was ordered to secure revenue - Era Cell (P.) Ltd. v. Assistant Commissioner of GST & Central Excise - [2026] 183 taxmann.com 274 (Madras)
- 3.117** Where show cause notice and all communications were served only by upload on GST portal and assessee claimed lack of awareness and did not respond, passing ex parte order without personal hearing violated principles of natural justice as officer failed to attempt other statutory modes of service, rendering assessment and appeal rejection order unsustainable and requiring remand for fresh adjudication with effective hearing - Cmkr Ganesan and Bros v. Deputy Commissioner (CT)GST, Madurai - [2026] 183 taxmann.com 275 (Madras)

3.118 Where SCN was served only by uploading on portal and assessment order was passed ex parte without furnishing original SCN or affording personal hearing, although portal upload is a valid service mode, effective service requires exploring other statutory modes if there is no response, therefore lack of effective service and opportunity necessitated setting aside impugned order subject to payment of 25% disputed tax - Venus Traders v. Assistant Commissioner (ST) - [2026] 183 taxmann.com 205 (Madras)

3.119 Where SCN were served only through GST portal and petitioner pleaded unawareness and absence of personal hearing resulting in ex parte assessment, though uploading on portal is permissible, failure to adopt alternative statutory modes when no response was received vitiated proceedings, thus order was to be set aside matter remanded for reconsideration on deposit of 25 percent disputed tax - Sri Velmurgan Starch Industries v. State Tax Officer/Commercial Tax Officer, Thuraiyur - [2026] 183 taxmann.com 204 (Madras)

4. GOODS AND SERVICE TAX APPELLATE AUTHORITY

SECTION 74 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - DEMANDS AND RECOVERY - TAX OR INPUT TAX CREDIT INVOLVING FRAUD, MISSTATEMENT, OR SUPPRESSION

4.1 Mismatch between GSTR-1 and GSTR-3B led to tax, interest and penalty demand, later reduced and shifted from Section 74 to 73 as no fraud was found; since assessee had merely failed to reflect debit/credit notes in its periodical returns though same were duly accounted in books of account, and it was not proved that ITC passed to recipients were utilized, assessee should be given chance to amend his returns - Sterling & Wilson (P.) Ltd. v. Commissioner, Odisha, Commissionerate of CT GST - [2026] 183 taxmann.com 374 (GSTAT - NEW DELHI)

SECTION 171 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ANTI-PROFITEERING MEASURE

4.2 Where homebuyer complaint led to anti-profiteering probe against real estate developer for project after transition to GST regime, developer challenged DGAP's methodology and sought item-wise computation comparing pre-GST rates to actual post-GST usage, reinvestigation was to be ordered for DGAP to verify data, recalculate ITC benefit and profiteering, with respondent to provide additional material as required - DGAP v. SVP Builders - [2026] 183 taxmann.com 671 (GSTAT - NEW DELHI)

4.3 Alleged profiteering by developer required re-investigation as its claim of passing 173 per sq. ft. benefit against alleged profiteering of 32.78 per sq. ft. was neither raised nor examined; DGAP should verify records and determine if excess reduction constituted commensurate ITC benefit. -

DG Anti Profiteering, Director General of Antiprofitteering, DGAP v. ST. Angelo's VNCT Ventures LLP - [2026] 183 taxmann.com 670 (GSTAT - NEW DELHI)

- 4.4** Price of flat would have been fixed after taking into account ITC which had become available to builder in post-GST period and which was not available to him in pre-GST period; however, where flat was booked by applicant in post-GST period, no benefit of ITC would be available to home buyer - DGAP v. Shrivision Towers (P.) Ltd. - [2026] 183 taxmann.com 511 (GSTAT - NEW DELHI)
- 4.5** DGAP re-investigation found no increase in ITC-to-purchase ratio post-GST; no additional ITC benefit been accrued, allegation of profiteering under Section 171 failed - DG Anti Profiteering, Director General of Anti- Profiteering, DGAP v. Prateek Infraprojects India (P.) Ltd. - [2026] 183 taxmann.com 405 (GSTAT - NEW DELHI)
- 4.6** Where respondent had increased base prices of several affected SKUs in post-rate-reduction period as compared to pre-rate-reduction period and denied benefit of tax reduction to customers, respondent was directed to deposit profiteered amount in consumer welfare fund - DG Anti Profiteering, Director General of Anti-Profiteering, DGAP v. C.G. Foods - [2026] 183 taxmann.com 241 (GSTAT - NEW DELHI)
- 4.7** Where pursuant to GST rate reduction from 18 per cent to 12 per cent, theatre owner had not reduce price of admission ticket but had increased base price, theatre owner had profiteered; profiteered amount was to be deposited in Consumer Welfare Fund along with interest - DGAP v. Kumar 70 MM - [2026] 183 taxmann.com 325 (GSTAT - NEW DELHI)
- 4.8** Where respondent had willfully increased base price of products to maintain same MRP as it existed prior to tax rate reduction and benefit of reduction of tax rate from 18 per

cent to 5 per cent was not passed on to consumer, it was to be held that respondent was indulged in profiteering; profiteered amount along with the interest should be deposited in Central/State Consumer Welfare fund - DG Anti Profiteering, Director General Of Antiprofitteering, DGAP v. A J Enterprises - [2026] 183 taxmann.com 602 (GSTAT - NEW DELHI)

5. AUTHORITY FOR ADVANCE RULING

SECTION 9 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY & COLLECTION OF TAX

- 5.1** Where applicant procures goods from Spain/USA and sells them to another Indian entity, with goods moving and delivered entirely outside India, as supply occurs between two persons in taxable territory of India and title transfers in India, Para 7 of Schedule III is inapplicable, and GST is payable with mandatory registration - Snag & Bag Retail Pvt. Ltd., In re v. - [2026] 183 taxmann.com 311 (AAR - TAMILNADU)

SECTION 98 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ADVANCE RULING - PROCEDURE ON RECEIPT OF APPLICATION

- 5.2** Where pharmacy claiming threshold exemption under Notification 10/2019-CT was already subject to scrutiny and orders determining GST liability for same period before filing AAR application, since identical question was pending and adjudicated, first proviso to Section 98(2) applies and advance ruling application is not maintainable, thus liable to be rejected. - Murali Pharmacy, In re v. - [2026] 183 taxmann.com 703 (AAR - TAMILNADU)

Deemed Supply and Constitutional Limits: A Critical Analysis of Section 7(1)(aa)



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Section 7(1)(aa): The Test of mutuality

Section 7(1)(aa) was inserted into the CGST Act by the Finance Act, 2021. Although the provision came into force from 1 March 2022, it has been given retrospective applicability from 1 July 2017, i.e., the date on which GST was implemented. This amendment has materially altered the tax treatment of transactions between clubs, associations, housing societies, RWAs and professional bodies and their members.

What Does Section 7(1)(aa) Provide?

Section 7(1)(aa) provides that the activities or transactions, by a person other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration, shall be treated as supply.

The Explanation to the clause further clarifies that, notwithstanding anything contained in any other law or any judgment, decree or order of any court or tribunal, the person and its members shall be deemed to be two separate persons, and any supply of activities or transactions between them shall be deemed to take place from one person to another.

In effect, the provision introduces a statutory deeming fiction, mandating that an association and its members be treated as distinct persons for the purposes of GST.

Why This Provision Changes the Landscape?

Traditionally, the relationship between a club and its members was viewed as a collective arrangement. Members contributed to a common fund, which was utilised for common purposes such as maintenance, facilities or activities. There was no commercial element of one person supplying goods or services to another. Section 7(1)(aa) alters this position by operation of law.

Once the association and its members are deemed to be separate persons, any payment made by a member—whether described as subscription, maintenance charges, contribution or fees—acquires the character of consideration.

Under GST law, consideration flowing between two persons results in a taxable supply.

Position Before GST and in the Initial GST Years

Under the erstwhile VAT and Service Tax regimes, the principle of mutuality was firmly established. The law recognised that one cannot supply goods or services to oneself.

Even after the introduction of GST, this principle continued to guide interpretation. Member-based collections were not treated as taxable supplies, as the contributor and the beneficiary were not regarded as separate persons. This understanding remained until the issue reached the Supreme Court.

Supreme Court Ruling: Calcutta Club Case

In *State of West Bengal v. Calcutta Club Ltd.* 2019 (29) G.S.T.L. 545 (S.C.) [03-10-2019], the Supreme Court examined whether indirect taxes could be levied on transactions between clubs and their members.

The Court reaffirmed the principle of mutuality and held that it continues to apply even under GST. It observed that where members contribute to a common fund and the surplus is utilised for their own benefit, there is no supply between two distinct persons.

The Court categorically held that there cannot be a supply from one's own self, and therefore such transactions cannot be subjected to indirect tax.

This judgment had the effect of placing member-based organisations outside the GST net.

Legislative Response: Context of Section 7(1) (aa)

Following the Calcutta Club judgment, it became evident that a wide range of clubs, associations and societies were legally outside the scope of GST, despite substantial collections.

Section 7(1)(aa) appears to be a direct legislative response to this position. Instead of re-examining the doctrine of mutuality, Parliament chose to override it through statutory fiction, and that too with retrospective effect from the inception of GST.

Kerala High Court: Indian Medical Association Case

The constitutional validity of Section 7(1)(aa) was examined by the Kerala High Court in Indian Medical Association vs. Union of India (2025) 29 Centax 232 (Ker.)/2025 (96) G.S.T.L. 532 (Ker.) [11-04-2025]

The Court held that GST is a tax on real supplies of goods or services, and Parliament cannot, by way of a deeming provision, convert a transaction which is otherwise not a supply into a taxable event. The Court further observed that retrospective taxation in such circumstances violates constitutional principles.

Accordingly, Section 7(1)(aa) was held to be ultra vires, and the principle of mutuality was held to continue. As of early 2026, the matter is pending in the Supreme Court

Our Comments

Section 7 (1) (aa) raises a fundamental legal question: Can a deeming provision override the constitutional concept of “supply” under GST?

With divergent judicial views and significant revenue implications, the final determination is expected from the Supreme Court. Until then, Section 7(1)(aa) remains one of the most debated provisions under GST.

COMPANY AND SEBI LAWS UPDATES

1. STATUTORY UPDATES

- 1.1 Govt. notifies the Special Economic Zones Rules, 2026 - **NOTIFICATION NO. G.S.R. 114(E) [F. NO. K-43014/3/2024-SEZ], DATED 03-02-2026**

Editorial Note : The Central Government has notified the Special Economic Zones Rules, 2026. An amendment has been made to Rule 19 relating to 'Letter of Approval to a Unit'. It states that the administrator (IFSCA) must issue a Letter of Approval in Form GA for the setting up of the Unit in an International Financial Services Centre.

- 1.2 SEBI eases order-to-trade ratio framework for algorithmic trading - **CIRCULAR NO. HO/47/11/16(2)2025-MRD-POD2//4113/2026, DATED 04-02-2026**

Editorial Note : SEBI has eased the order-to-trade ratio (OTR) framework for algorithmic trading by expanding the exemption limits for equity option contracts. Under the revised norms, algorithmic orders in equity options placed within $\pm 40\%$ of the last traded price (LTP) premium or Rs 20, whichever is higher, will be exempt from penalties imposed for higher OTR. The OTR framework applies to orders placed in both cash and derivatives segments. The revised norms will take effect on April 6, 2026.

- 1.3 SEBI, along with BSE and NSE, inaugurated a PAN-India Bond Issuer Outreach Program - **PRESS RELEASE NO. 11/2026, DATED 04-02-2026**

Editorial Note : SEBI, in collaboration with Mills, BSE, and NSE, inaugurated a PAN-India Bond Issuer Outreach Program in Mumbai. The initiative reflects continued efforts to strengthen India's corporate bond ecosystem. SEBI also launched a documentary on the development of the bond market along with investor awareness and protection videos. The program aims to enhance issuer & investor engagement, support efficient capital formation & deepen market participation.

- 1.4 SEBI bars calendar spread margin benefit on expiry day for single stock derivatives - **CIRCULAR NO. HO/47/15/11(2)2025-MRD-TPD1//4226/2026, DATED 05-02-2026**

Editorial Note : SEBI has tightened rules for single-stock derivatives. Now the calendar spread margin benefits will not apply on the expiry day for contracts expiring that day. This aligns with the existing treatment for index derivatives and addresses potential risks. Margin calculations remain unchanged for calendar spreads involving expiries other than the current expiry day.

- 1.5 SEBI modifies pledge framework through depository system to ensure compliance with provisions of the

- Indian Contract Act - **CIRCULAR NO. HO/47/14/12(1)2026-MRD-POD2//4229/2026, DATED 05-02-2026**

Editorial Note : The SEBI has issued a circular modifying the framework for creation and invocation of pledge of securities through the depository system. The circular provides that pledge request forms shall include undertakings by pledger and pledgee to comply with the provisions of the Indian Contract Act, 1872, including providing reasonable notice prior to sale of pledged securities. Depositories are also required to maintain a standardized pledge request form.

- 1.6 SEBI consolidates RTA regulations to streamline the registration process, reporting and debt disclosure requirements - **MASTER CIRCULAR NO. HO/38/13/(4)2026-MIRSD-POD//4298/2026, DATED 06-02-2026**

Editorial Note : SEBI issues Master Circular for RTAs to consolidate and update earlier regulations covering online registration process, general instructions to RTAs, application processes, prior approval for change of control, transfer of business, submission of net worth certificates, regulatory compliance, periodic reporting, and enhanced disclosures for listed debt securities. Previous circulars are rescinded, but prior actions remain valid to ensure clarity and continuity in compliance.

- 1.7 SEBI consolidates earlier circular for Investment Advisers to update fees, documentation and disclosures requirements - **MASTER CIRCULAR NO. HO/38/12/11(2)2026-MIRSD-POD//4300/2026, DATED 06-02-2026**

Editorial Note : SEBI issues 2026 Master Circular for Investment Advisers to consolidate earlier circulars to provide the flexible fee modes with fee cap of Rs. 1.51 lakh per family, strengthening documentation requirements to verify Assets Under Advice, allowing IAs to charge for second opinion services with proper consent and aligning disclosures with the revised Investor Charter on services, fees, risk profiling, and complaints. While prior actions and penalties under earlier circulars remain valid.

- 1.8 SEBI 2026 Research Analyst Circular unifies rules with fee limits, dual registration as IA and RA and renewal of existing RAs - **MASTER CIRCULAR NO. HO/38/12/11(1)2026-MIRSD-POD//4360/2026, DATED 06-02-2026**

Editorial Note : SEBI's 2026 Master Circular on Research Analyst Circular consolidates all RA regulations into one framework and rescinds earlier

circulars. It defines eligibility and NISM certification requirements, including renewal of existing RAs. Research Analysts must maintain a client-linked security deposit. The circular permits dual registration as IA and RA and allows part-time RAs. It strengthens responsible use of AI, data security, BSE supervision, investor grievance handling and proxy advisor norms

- 1.9** SEBI directs AIFs to upload the latest NAV for each ISIN of AIF units in the depository system via RTAs - **CIRCULAR NO. HO/19/34/11(8)2025-AFD-POD1/4335/2026, DATED 06-02-2026**

Editorial Note : SEBI has directed Alternative Investment Funds (AIFs) to upload the latest net asset value (NAV) for each ISIN of AIF units in the depository system through their RTAs. The NAV must be uploaded before May 1, 2026, or within 30 days from the valuation date of the investment portfolio, whichever is later. Further, the AIF manager will be responsible for ensuring the timely and accurate uploading of the NAV data. The provisions of the circular shall come into force with immediate effect.

- 1.10** SEBI issues updated Master Circular consolidating circulars under ICDR Regulations - **SEBI DRAFT CIRCULAR, DATED 09-02-2026**

Editorial Note : The SEBI has issued an updated Master Circular under the SEBI (ICDR) Regulations, 2018 consolidating applicable circulars and incorporating amendments issued till December 31, 2025. The circular brings all operational instructions relating to public issues, rights issues, disclosures, ASBA framework, timelines, investor protection measures and related processes at one place, while rescinding earlier circulars to the extent covered under the updated framework.

- 1.11** Govt. shifts DIN allotment powers to RD Northern Region Directorate- I in New Delhi from Feb 16, 2026 - **NOTIFICATION NO. S.O. 700(E) [F.NO. POLICY-01/4/2025-CL-V-MCA], DATED 10-02-2026**

Editorial Note : The Central Government has amended its earlier delegation of powers relating to allotment of Director Identification Number (DIN) u/s 153 and 154 of the Companies Act, 2013. The authority previously vested in officers posted in the office of the Regional Director at Noida has now been substituted with officers in the Regional Director, Northern Region Directorate- I, Headquarter at New Delhi. The amendment is effective from 16 February 2026.

- 1.12** MCA expands Regional Directors list under Companies Act, 2013 w.e.f 16 Feb 2026 - **NOTIFICATION NO. S.O. 699(E) [F. NO. POLICY-01/4/2025-CL-V-MCA], DATED 10-02-2026**

Editorial Note : MCA amends notification S.O. 891(E) dated 31st March 2015, to expand the list of Regional Directors to enhance administrative coverage of Companies Act across India. The

updated list now includes Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai, and New Delhi, replacing the earlier one. This amendment is effective from 16th February 2026.

- 1.13** MCA issues new adjudication structure for ROCs covering all States and UTs - **NOTIFICATION NO. S.O. 698(E) [F. NO. POLICY-01/4/2025-CL-V-MCA], DATED 10-02-2026**

Editorial Note : MCA revamps adjudication framework of Registrars of Companies under Section 454 Companies Act, 2013 superseding the notification dated 24th March, 2015 and 25th July, 2019. The notification clearly divides jurisdictions state- and district-wise, splitting Delhi, UP, and West Bengal into multiple zones, and covers all States and UTs, including J&K, Ladakh, and the North-Eastern states.

- 1.14** MCA expand the list of Jurisdictions of the Regional Director to 10 Key Cities Nationwide - **NOTIFICATION NO. S.O. 697(E) [F. NO. POLICY-01/4/2025-CL-V-MCA], DATED 10-02-2026**

Editorial Note : MCA updated a 2022 notification to expand the list of Regional Directors' offices applicable to Limited Liability Partnerships (LLPs). Now, there will be Regional Directors in Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, Navi Mumbai and New Delhi.

- 1.15** MCA notifies new ROC jurisdictions as Adjudicating Officers under LLP Act, 2008 w.e.f. 16 Feb 2026 - **NOTIFICATION NO. S.O. 696(E) [F. NO. POLICY-01/4/2025-CL-V-MCA], DATED 10-02-2026**

Editorial Note : MCA has revamped its adjudication framework under the LLP Act, 2008, by issuing a notification on 10 February 2026, suppressing the notification dated the 11th February, 2022. It designates specific Registrars of Companies (ROCs) as Adjudicating Officers and clearly maps their jurisdiction across States, Union Territories, and districts to streamline LLP compliance and enforcement.

- 1.16** SEBI tightens obligations for CRAs to rate financial instruments falling under purview of other financial sector regulators - **CIRCULAR NO. SEBI/HO/DDHS/DDHS-POD-2/4685/2026, DATED 10-02-2026**

Editorial Note : SEBI has tightened obligations for credit rating agencies (CRAs) when they rate financial instruments that fall under the jurisdiction of other financial sector regulators. Under the new framework, CRAs must maintain separate email IDs and web disclosures for SEBI-regulated activities and those regulated by other authorities. They must also ensure that their minimum net worth is not affected by undertaking ratings for instruments overseen by other regulators.

- 1.17** SEBI directs Stock Exchanges & CCs to prepare & submit their real-time performance monitoring policy in 3 months - **CIRCULAR NO. HO/47/13/14(1)2026-MRD-TPD1//4755/2026, DATED 11-02-2026**

Editorial Note : SEBI has directed Stock Exchanges & Clearing Corporations (CCs) to prepare & submit their capacity planning and real-time performance monitoring policy document for commodity derivatives segment to SEBI within 3 months from the date of the circular. The provisions shall come into effect three months from the date of this circular. The provisions shall apply to all MIs except the commodity derivatives segment of stock exchanges and clearing corporations.

- 1.18** SEBI launches AI-driven multilingual outreach to boost awareness of 'SEBI Check' tool and validated UPI - **PRESS RELEASE NO. 12/2026, DATED 13-02-2026**

Editorial Note : SEBI has launched a multilingual, AI-enabled public outreach initiative to enhance investor awareness about the 'SEBI Check' Tool and validated UPI handles, on a pilot basis. This initiative has been launched in collaboration with Sarvam, a generative AI company that develops AI models designed for Indian languages. As part of the initiative, a sample of individual investors will receive informational calls about the SEBI Check Tool, validated UPI handle and related FAQs.

- 1.19** SEBI proposes relaxed reporting norms for stock brokers; mandates tagging of all demat accounts - **DRAFT CIRCULAR, DATED 13-02-2026**

Editorial Note : SEBI has proposed additional relaxations in the reporting norms for stock brokers. Accordingly, all demat accounts maintained by stock brokers must be appropriately tagged. However, this shall not apply to demat accounts used exclusively for activities other than stock broking by stock brokers who are also primary dealers. Also, a stockbroker, which is also a bank or primary dealer, must report only the bank accounts used for its stockbroking activities to the stock exchanges.

- 1.20** SEBI specifies application forms and certificate formats for registration of stock brokers & clearing members - **CIRCULAR NO. HO/38/11/(5)2026-MIRSD-POD//5130/2026, DATED 17-02-2026**

Editorial Note : The SEBI has specified application forms and certificate of registration formats for stock brokers and clearing members pursuant to the SEBI (Stock Brokers) Regulations, 2026. The circular replaces earlier forms prescribed under repealed regulations and provides that such forms shall be specified by SEBI or recognized stock exchanges. The provisions apply retrospectively from March 07, 2026, and exchanges and clearing corporations are directed to implement necessary amendments.

- 1.21** SEBI constitutes a Working Group to review ESG Rating Providers Regulatory Framework - **PRESS RELEASE NO. 13/2026, DATED 18-02-2026**

Editorial Note : SEBI has constituted a Working Group to review the regulatory framework governing ESG Rating Providers (ERPs). The terms of reference include: (a) undertaking a comprehensive review of the existing regulatory framework governing ERPs; (b) examining representations and suggestions received from market participants; (c) recommending measures to enhance transparency, reliability, and investor confidence in ESG ratings and (d) evaluating international regulatory developments in ESG rating space.

- 1.22** MCA introduces CCFS-2026 allowing delayed filings with only 10% additional fees till July 15, 2026 - **GENERAL CIRCULAR NO. 01/2026, DATED 24-02-2026**

Editorial Note : MCA has launched Companies Compliance Facilitation Scheme, 2026 (CCFS-2026), a one-time scheme for period (15 Apr-15 Jul 2026) allowing delayed filing of annual returns, financials and specified e-forms by paying normal fees plus only 10% of additional fees. It excludes Cos. under strike-off/dissolution or vanishing Cos. Inactive Cos. may opt for dormant status or strike-off at concessional fees. Immunity from penalties is available subject to riders; concluded adjudications remain unaffected.

- 1.23** SEBI mandates disclosure of registered name and number on social media by regulated entities - **CIRCULAR NO. HO/ (79)2026-MIRSD-PODMMC, DATED 26-02-2026**

Editorial Note : The SEBI has directed all regulated entities and their agents to prominently disclose their SEBI registered name and registration number on social media platforms. The details must appear on the home page of social media handles and at the beginning of each securities market related content. Specific norms are prescribed for entities or agents with single or multiple registrations. The circular is effective from May 1, 2026.

- 1.24** SEBI mandates the use of polled spot prices for valuing gold and silver held by MFs from April 01, 2026 - **CIRCULAR NO. HO/(68)2026-IMD-POD-2//5780/2026, DATED 26-02-2026**

Editorial Note : SEBI has revised the valuation framework for physical gold and silver held by mutual fund schemes. Accordingly, mutual funds must value physical gold and silver by using the polled spot prices published by the recognized stock exchanges instead of the London benchmark, with effect from April 01, 2026. The spot polling mechanism must comply with the spot polling guidelines as specified by SEBI from time to time.

- 1.25** SEBI supersedes clause 2.6 of Master Circular for Mutual Funds and revises scheme categorization - **CIRCULAR NO. HO/24/13/15(2)2026-IMD-RAC4//5764/2026, DATED 26-02-2026**

Editorial Note : The SEBI has issued a circular superseding clause 2.6 of Chapter 2 of the Master

Circular for Mutual Funds dated June 27, 2024, and revising the framework on categorization and rationalization of Mutual Fund schemes. The circular details categories of schemes, scheme characteristics, uniform description of schemes, portfolio overlap norms, discontinuation of Solution Oriented Schemes, framework for Life Cycle Funds and standardized framework for Fund of Fund schemes.

1.26 SEBI cautions investors against fake notices demanding Securities Transaction Tax payments - **PRESS RELEASE NO. 15/2026, DATED 26-02-2026**

Editorial Note : SEBI noted that fraudsters are sending fake notices, forging SEBI's letterhead, and requesting payment of outstanding Securities Transaction Tax (STT) amounts. SEBI has also observed instances of fraudsters impersonating SEBI officials, its offices, and the email IDs of its officials. SEBI clarified that it does not issue notices to remit STT amounts, nor does it coordinate with the RBI in this regard.

1.27 SEBI cautions investors against stock market scams through 'account handling' services - **PRESS RELEASE NO.14/2026, DATED 26-02-2026**

Editorial Note : The SEBI has cautioned investors against unregistered entities offering 'account handling' services promising risk free profits in demat and trading accounts. Such persons seek account credentials, execute trades, and claim a share in profits without bearing losses. Investors are advised not to share login details and to deal only with SEBI registered intermediaries through authentic trading apps after verifying registration status.

1.28 SEBI revises norms for the appointment of an independent third-party reviewer/certifier for green debt security - **CIRCULAR NO. HO/17/11/24(1)2026-DDHS-POD1//5967/2026, DATED 27-02-2026**

Editorial Note : SEBI has amended Chapter IX of the NCS Master Circular specifying requirements for the appointment of an independent third-party reviewer or certifier for green debt securities. Accordingly, the issuer must appoint an independent third-party reviewer or certifier to ascertain that the issuance of green debt securities meet regulatory definitions and disclosure standards. The reviewer must be independent of issuer and its management, and possess expertise in assessing ESG debt instruments.

1.29 SEBI proposes easing InvIT rules by allowing SPV retention post-concession and greenfield investments for private InvITs

Editorial Note : SEBI issues consultation paper on ease-of-doing-business measures for REITs and InvITs by allowing InvITs to retain SPVs after concession expiry with disclosures and time-bound exit, expanding investment in liquid mutual funds with CRV ≤ 10 , permitting private InvITs to invest

up to 10% in greenfield projects, and widening use of borrowings above 49% for refinancing, capex, capacity augmentation, and major maintenance, including road assets.

1.30 SEBI proposes reduction of Z-score used for historical scenarios in stress testing for commodity derivatives segment

Editorial Note : The SEBI has issued a consultation paper proposing reduction of the Z-score from 10 to 5 for inclusion of historical scenarios in standardized stress testing for the commodity derivatives segment. The proposal provides that price movements corresponding to a Z-score of 5 shall replace extreme price movements beyond that threshold in peak historical returns, based on recommendations of the Risk Management Review Committee and stakeholder representations.

1.31 SEBI proposes extending standing instruction facility for SWP/STP to mutual fund units held in demat form

Editorial Note : The SEBI has issued a consultation paper proposing extension of the standing instruction facility for Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP) to mutual fund units held in demat form. Currently, such facility is not available for demat holdings, requiring investors to give separate instructions for each transaction. The proposal seeks to align the process with units held in SOA mode and facilitate ease of doing business for investors and market participants.

1.32 SEBI proposes flexibility for AIFs to retain certain monies beyond liquidation to facilitate surrender of registration

Editorial Note : The SEBI has issued a consultation paper to streamline processes for winding up AIF schemes and surrender of registration. It notes that certain AIFs retain liquidation proceeds beyond the permissible fund life due to pending litigation, tax demands or operational liabilities, leading to difficulty in achieving NIL bank balance for surrender. The proposals aim to provide regulatory clarity where funds have completed tenure but continue to exist for limited purposes.

1.33 RBI governance norms don't override Board review mandate under Reg. 27 of LODR: SEBI Informal Guidance

Editorial Note : SEBI has clarified that a quarterly compliance report on Corporate Governance and the related affirmation u/r 27(2)(a) of LODR Regulations read with SEBI Circular dated 31.12.2024 must be placed before the Board of Directors of the listed entity, and that delegation of compliance monitoring to a Board committee in terms of RBI norms doesn't satisfy this requirement. Accordingly, placing the report before the Board is mandatory for all listed entities, including listed Public Sector Banks.

- 1.34** SEBI proposes to reduce the minimum value of investment for individual investors in Social Impact Funds

Editorial Note : SEBI has proposed reducing the minimum investment amount for individual investors in social impact funds (SIF) from Rs 2 lakh to Rs 1000. The proposed reduction would enable the SIFs to attract small investors to invest in the securities of the NPOs through the SIF. Further, SEBI has proposed extending the registration period for NPOs to three years from the current two years, without requiring them to undertake fundraising through the social stock exchange.

- 1.35** SEBI issues consultation paper to revamp ETF base price calculation norms

Editorial Note : SEBI has released a consultation paper on the review of provisions related to Base Price and Price Bands for Exchange-Traded Funds (ETFs). SEBI has proposed that the base price on T-day may be either the closing price of ETFs on T-1 day, based on the weighted average traded price of the last 30 minutes, or an average iNAV of the last 30 minutes on T-1 day, or the closing NAV of T-1 day. Comments may be submitted by March 6, 2026.

2. SUPREME COURT

SECTION 34 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - APPLICATION FOR SETTING ASIDE ARBITRAL AWARD

- 2.1** In a dispute between SEL and NTPC regarding delayed solar power commissioning, defaulting party (SEL) bears burden of proving no loss occurred, and not utility (NTPC) proving actual loss, consequently, SEL was liable for liquidated damages based on Power Purchase Agreement (PPA) terms and consequently, Single Judge's award of Rs.27.06 crores was to be restored and Division Bench exceeded its jurisdiction by re-calculating compensation - Saisudhir Energy Ltd. v. NTPC Vidyut Vyapar Nigam Ltd. - [2026] 183 taxmann.com 37 (SC)

SECTION 43 OF THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016 - ESTABLISHMENT OF REAL ESTATE APPELLATE TRIBUNAL

- 2.2** Where a writ petition challenging shifting of RERA office was pending, operation of impugned order was stayed and State was permitted to shift office as an interim arrangement, with appellate powers for RERA orders moved to Principal District Judge, Dharamshala to ensure convenience for affected persons, all subject to final outcome of writ petition - State of Himachal Pradesh v. Naresh Sharma - [2026] 183 taxmann.com 411 (SC)

3. HIGH COURT

- 3.1** Where writ petition challenging show-cause notice issued by NFRA to an Engagement Quality Control Reviewer (EQCR) was filed at notice stage, writ petition was to be disposed of permitting petitioner to file comprehensive reply and directing NFRA to pass a speaking order on jurisdiction and merits, with no coercive steps to be taken till such decision - CA Sharad Vasant v. National Financial Reporting Authority - [2026] 183 taxmann.com 162 (Delhi)

4. SECURITY APPELLATE TRIBUNAL

SECTION 15G OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - PENALTY FOR INSIDER TRADING

- 4.1** Where appellant, Non-Executive Director of company, was alleged to have passed on Unpublished Price Sensitive Information (UPSI) to his niece based on which niece had sold shares of company and avoided loss, however, sale of shares took place prior to UPSI being made public, allegation of sale of shares based on UPSI failed - Dhruv Agrawal v. Securities and Exchange Board of India - [2026] 183 taxmann.com 487 (SAT - Mumbai)

SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - APPEAL TO THE SECURITIES APPELLATE TRIBUNAL

- 4.2** Show cause notice cannot be construed as 'order' appealable under section 15T of SEBI Act. - Pace Stock Broking Services (P.) Ltd. v. Securities and Exchange Board of India - [2026] 183 taxmann.com 455 (SAT - Mumbai)

SECTION 73 OF THE COMPANIES ACT, 2013 - PUBLIC DEPOSITS - PROHIBITION ON ACCEPTANCE OF

- 4.3** Where company had made seven public offers of equity shares in 2007 and raised an aggregate of Rs.29.83 crores from 284 allottees and SEBI passed impugned order directing company to refund money collected with 15 per cent interest, appeal against impugned order was to be allowed in part and direction in impugned order was to be modified and restricted to only those investors who might desire to exit company - Aakruti Nimriti Ltd. v. Whole Time Member Securities and Exchange Board of India - [2026] 183 taxmann.com 635 (SAT - Mumbai)

5. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 59 OF THE COMPANIES ACT, 2013 - REGISTER OF MEMBERS - RECTIFICATION OF

5.1 Where respondent shareholder discovered fraudulent issue of duplicate share certificate by appellant RTA and promptly sought rectification, appellants' negligence in failing to follow prescribed procedure justified NCLT's direction to restore 5000 shares or alternatively pay damages equivalent to their market value, and there was no ground to interfere with this order - *IndusInd Bank Ltd. v. Mrs. Neetu R. Menda* - [2026] 183 taxmann.com 365 (NCLAT- New Delhi)

6. NATIONAL COMPANY LAW TRIBUNAL

SECTION 2(55) OF THE COMPANIES ACT, 2013 - MEMBER - DEFINITION OF

6.1 Where petitioners claiming to be members of respondent-company challenged validity of merger of United Church of Northern India into Church of North India and sought reliefs relating to company management, but merger and consequential amendments to constitutional documents stood upheld by statutory and judicial authorities and, under amended Articles, only persons elected through Synod of CNI were eligible for membership, petitioners, not being members within meaning of section 2(55), lacked locus standi to maintain petition under sections 241-242 - *Yohan Gulab Immanual v. United Church of Northern India Trust Association* - [2026] 183 taxmann.com 283 (NCLT - Mum.)

SECTION 59 OF THE COMPANIES ACT, 2013 - REGISTER OF MEMBERS - RECTIFICATION OF

6.2 Where increase in authorized share capital of company and allotment of shares on such increased capital by respondent-director of company 'S' were not mere procedural irregularities but went to root of matter, rendering entire exercise ultra vires and void ab initio, consequential entries made in Register of Members were liable to be rectified under section 59 - *Zeeshan Ali Khan v. Sha's Airborne Travels (P.) Ltd.* - [2026] 183 taxmann.com 416 (NCLT-Beng.)

SECTION 131 OF THE COMPANIES ACT, 2013 - FINANCIAL STATEMENTS OR BOARD'S REPORT - VOLUNTARY REVISION OF

6.3 Where petitioner-company sought approval under section 131 to rectify clerical and typographical errors in Board's Reports for financial years ended 31-3-2022, 31-3-2023 and 31-3-2024 and in notes on accounts for financial year 2023-24, without affecting financial position or prejudicing stakeholders, voluntary revision and revised AOC-4 filings were permitted subject to payment under section 450 - *Gujarat Kidney and Super Speciality Ltd. v. Registrar of Companies, Gujarat* - [2026] 183 taxmann.com 290 (NCLT - Ahd.)

6.4 Where petitioner-company sought revision of its financial statements for financial year 2014-15 to extent of re-classification and disclosure of 8.18 crore as an exceptional item, with consequential changes in cash-flow statement, and satisfactorily explained circumstances for such revision and there was no allegation of fraud, mismanagement or manipulation attracting section 130, petitioner was permitted to revise its financial statements strictly to said extent - *Sumeru Textiles (P.) Ltd v. Registrar of Companies, Gujarat* - [2026] 183 taxmann.com 281 (NCLT - Ahd.)

SECTION 241 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - APPLICATION TO TRIBUNAL FOR RELIEF

6.5 Where property of company was sold at undervalued price and there was no service of notice of general meetings to petitioners-shareholders, both acts constituted an act of oppression and mismanagement and, therefore, petition filed under section 241 was to be allowed - *Jayaben Shantilal Doshi v. Ronak Dyeing Ltd.* - [2026] 183 taxmann.com 186 (NCLT - Mum.)

6.6 Where serious disputes had arisen between promoters and relationship between parties had irretrievably broken down, making any meaningful continuation of their association untenable, acts of respondents in excluding petitioners from vital decision-making processes and manipulating accounts of company constituted oppression and mismanagement within meaning of provisions of law - *S. VEEMARAJ v. ADROIT AUTOMATION INDIA PRIVATE LIMITED* - [2026] 183 taxmann.com 464 (NCLT- Chennai)

6.7 Where petitioners with 35 percent shareholding filed a company petition alleging oppression and mismanagement and sought winding up as principal relief, such a petition is not maintainable under sections 241 and 242, and abandonment of winding up relief later cannot cure inherent defect or prejudice respondent, thus petition is liable to be dismissed on grounds of maintainability alone - *Veera Bhoga Vasanta Rayalu Sabbavarapu v. Sunray Green Space (P.) Ltd.* - [2026] 183 taxmann.com 415 (NCLT - Amaravati)

SECTION 245 OF THE COMPANIES ACT, 2013 - OPPRESSION AND MISMANAGEMENT - CLASS ACTION

6.8 Where petitioners satisfied threshold requirements and formed a prima facie opinion that management or conduct of company affairs was prejudicial to interests of company or its members, class action petition under section 245 was maintainable and could be admitted, with no restriction on seeking reliefs for past transactions or against directors and others for fraudulent or unlawful acts, and alternate remedies under sections 241-242 did not bar such action. - *Ankit Jain v. Jindal Poly Films Ltd.* - [2026] 183 taxmann.com 491 (NCLT - New Delhi)

COMPETITION LAW

1. COMPETITION COMMISSION OF INDIA

SECTION 4 OF THE COMPETITION ACT, 2002 - ABUSE OF DOMINANT POSITION

1.1 Where OP-Intel Corporation had a worldwide warranty policy and a separate warranty service policies for India, Australia and China, since warranty policy in Australia and China did not have similar restrictive conditions as in India, India specific warranty service of OP was unfair and discriminatory in terms of section 4(2)(a)(i), which had deprived Indian consumers from availing a rightful warranty service in India on a

genuine Intel Boxed Micro-processors (BMP) since 2016 till OP withdrew policy in 2024 and, thus, conduct of OP was in contravention of sections 4(2)(a)(i), 4(2)(b)(i), and 4(2)(c) - Matrix Info Systems (P.) Ltd., In re v. - [2026] 183 taxmann.com 468 (CCI)

1.2 Where OP-IndiGo cancelled thousands of flights constituting a significant portion of scheduled capacity, thereby, effectively withholding its service from market, creating an artificial scarcity, limiting consumer access to air travel during peak demand, prima facie, case of contravention of provisions of sections 4(2)(a)(i) and 4(2)(b)(i) by OP was made out - Kartikeya Rawal v. InterGlobe Aviation Ltd. - [2026] 183 taxmann.com 188 (CCI)

FEMA BANKING AND INSURANCE LAWS

1. STATUTORY UPDATES

- 1.1** RBI includes 'Bihar Gramin Bank', 'J&K Grameen Bank' & 'West Bengal Gramin Bank' in the list of Scheduled Banks under RBI Act - NOTIFICATION F. NO. DOR.LIC.NO.S7702/16.13.300/2025-26, DATED 12-01-2026

Editorial Note : The RBI has decided to include the 'Bihar Gramin Bank', 'J&K Grameen Bank' & 'West Bengal Gramin Bank' in the list of Scheduled Banks. These banks will now be covered under the Second Schedule of the RBI Act, 1934.

- 1.2** RBI excludes 7 banks from the list of Scheduled Banks under the RBI Act, 1934 - NOTIFICATION F. NO. DOR.LIC.NO.S7703/16.13.300/2025-26, DATED 12-01-2026

Editorial Note : The RBI has directed the exclusion of seven banks from the list of Scheduled Banks. The banks cover J & K Grameen Bank, Dakshin Bihar Gramin Bank, Paschim Banga Gramin Bank, Bangiya Gramin Vikash Bank, Ellaquai Dehati Bank and Uttar Bihar Gramin Bank. Now, these banks will not be covered under the second schedule of the RBI Act.

- 1.3** RBI updates the name of 'Assam Gramin Vikash Bank' in the list of Scheduled Banks to 'Assam Gramin Bank' - NOTIFICATION F. NO. DOR.LIC.NO.S7704/16.13.300/2025-26, DATED 12-01-2026

Editorial Note : The RBI has updated the name of 'Assam Gramin Vikash Bank' in the list of Scheduled Banks to 'Assam Gramin Bank'. Further, the RBI has updated the name of 'Kerala Gramin Bank' to 'Kerala Grameena Bank', 'Jharkhand Rajya Gramin Bank' to 'Chhattisgarh Gramin Bank', and 'Sarva Haryana Gramin Bank' to 'Haryana Gramin Bank'. □

- 1.4** Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025, is effective from 5 February 2026, except Section 25 - NOTIFICATION NO. S.O. 490(E) [F. NO. 12018/02/2021-INS.LL], DATED 03-02-2026

Editorial Note : The Central Government has notified 5 February 2026 as the date on which the provisions of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 will come into effect, except Section 25, which will be enforced separately.

- 1.5** RBI directs all agency banks dealing with Govt. Transactions to remain open on Tuesday, March 31, 2026: RBI - CIRCULAR NO. DOR.CO.SOG(LEG) NO.401/09.08.024/2025-26, DATED 03-02-2026

Editorial Note : The Government of India has requested that all branches of banks handling Government receipts and payments remain open for transactions on March 31, 2026 (Tuesday-Public Holiday), to account for all Government transactions

relating to receipts and payments in the Financial Year 2025-26. Accordingly, the RBI has directed all agency banks to keep their branches open on Tuesday, March 31, 2026.

- 1.6** IFSCA introduces website requirement for Finance Companies and Units in GIFT IFSC - CIRCULAR F. NO. IFSCA-FCR/4/2026-BANKING, DATED 03-02-2026

Editorial Note : IFSCA mandates all Finance Companies/Units in the GIFT IFSC that provide services to non-group clients to maintain a dedicated website/webpage to enhance transparency and consumer awareness. The site must display registration details, permitted activities, products and services, grievance redressal mechanism, and key managerial personnel details. This requirement is issued under the IFSCA Act and FC Regulations and is effective from 1 April 2026.

- 1.7** RBI removes Rs 2.5 lakh crore investment limit on Voluntary Retention Route to enhance ease of doing business - A. P. DIR (DIR SERIES) CIRCULAR NO. 21, DATED 06-02-2026

Editorial Note : RBI has removed the Rs 2.5 lakh crore long-term investment limit under the Voluntary Retention Route (VRR). The investment limits under the VRR shall now be subsumed within the overall investment limit for FPI investments under the General Route. The VRR was introduced by the RBI to provide an additional channel for FPIs with long-term investment interests in the Indian debt market. These directions shall come into force on April 1, 2026.

- 1.8** IFSCA directs IFSC Units to obtain ISINs from recognised IFSC depositories and transition existing ISINs by 31.08.2026 - CIRCULAR F. NO. IFSCA-PLNP/85/2025-CAPITAL MARKETS, DATED 06-02-2026

Editorial Note : The IFSC Authority has directed all Units in IFSC intending to dematerialise securities or other permitted financial products to obtain ISINs from a depository recognised by IFSCA. Units that have already obtained ISINs from domestic depositories in India are required to obtain new ISINs from an IFSC recognised depository by 31.08.2026. The circular aims to strengthen the regulatory and supervisory ecosystem in IFSC.

- 1.9** RBI proposes to dispense with prior approval or intimation for opening NBFC branches - PRESS RELEASE NO. 2059/2025-26, DATED 06-02-2026

Editorial Note : The RBI has notified draft Amendment Directions to the Non-Banking Financial Companies - Branch Authorisation Directions, 2025 and invited comments from regulated entities and stakeholders till February 27, 2026. The proposal follows a review of the existing framework governing opening and closure of branches and seeks to dispense with the requirement of prior approval or intimation for opening branches in India by NBFCs.

- 1.10** DICGC introduces risk-based premium framework for deposit insurance to incentivise better risk management by banks - PRESS RELEASE NO. 2067/2025-26, DATED 06-02-2026

Editorial Note : The DICGC, with approval of the RBI, has introduced a Risk Based Premium framework for deposit insurance aimed at incentivising sound risk management and reducing premium burden for better rated banks. The framework replaces the existing flat rate system with differential premium based on risk assessment models, supervisory ratings and potential loss to the Deposit Insurance Fund, and includes incentives such as risk model and vintage benefits.

- 1.11** RBI keeps policy repo rate unchanged at 5.25 per cent and continues with neutral monetary policy stance - PRESS RELEASE NO. 2025-2026/2053, DATED 06-02-2026

Editorial Note : The RBI's Monetary Policy Committee, after assessing evolving macroeconomic and financial developments and the outlook, decided to keep the policy repo rate under the liquidity adjustment facility unchanged at 5.25 per cent. Consequently, the standing deposit facility rate remains at 5.00 per cent and the marginal standing facility rate and Bank Rate at 5.50 per cent. The MPC also decided to continue with the neutral stance while noting resilient growth.

- 1.12** RBI announces policy measures on conduct of regulated entities, customer liability framework and credit access for MSEs - PRESS RELEASE NO. 2025-2026/2054, DATED 06-02-2026

Editorial Note : The RBI has issued a Statement on Developmental and Regulatory Policies setting out key policy measures. These include proposed instructions on advertising, marketing and sale of financial products by regulated entities, review of the framework on limiting customer liability in unauthorised electronic banking transactions, and enhancement of collateral-free loan limit for Micro and Small Enterprises from Rs. 10 lakh to Rs. 20 lakh to improve access to formal credit.

- 1.13** RBI issues draft revised Credit Derivatives Directions proposing framework for credit index derivatives - PRESS RELEASE NO. 2062/2025-26, DATED 06-02-2026

Editorial Note : The RBI has released draft revised Master Direction - Reserve Bank of India (Credit Derivatives) Directions, 2022 and invited comments from market participants and stakeholders till February 27, 2026. The draft proposes a revised regulatory framework to enable introduction of derivatives on credit indices and total return swaps on corporate bonds, while consolidating provisions relating to credit derivatives, including existing directions on credit default swaps.

- 1.14** RBI bars banks from taking collateral for MSE loans up to Rs 20 lakh under amended MSME lending norms - CIRCULAR NO. FIDD.MSME & NFS.BC.NO.12/06.02.31/2025-26, DATED 09-02-2026

Editorial Note : RBI has issued the Lending to Micro, Small and Medium Enterprises (MSME) Sector (Amendment) Directions, 2026. As per the amended directions, banks are prohibited from accepting collateral security for loans up to Rs 20 lakh extended to units in the MSE sector. Further, banks may avail themselves of the Credit Guarantee Scheme cover where applicable. The amendment shall come into force for all loans to MSE borrowers sanctioned or renewed on or after April 1, 2026.

- 1.15** RBI amends Borrowing and Lending Regulations, revising ECB framework and end-use restrictions for borrowed funds - NOTIFICATION NO. FEMA 3(R)(5)/2026-RB, DATED 09-02-2026

Editorial Note : The RBI has notified the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026, amending the existing framework governing borrowing and lending transactions under FEMA. The amendments revise definitions, introduce restrictions on end-use of borrowed funds, clarify permitted and prohibited activities, and update provisions relating to External Commercial Borrowings including eligibility, reporting and operational requirements.

- 1.16** RBI proposes to exempt small NBFCs without public funds and under Rs 1,000 crore from Sec. 45-IA registration norms - PRESS RELEASE NO. 2084/2025-26, DATED 10-02-2026

Editorial Note : The RBI has notified draft Amendment Directions to the Non-Banking Financial Companies - Registration, Exemptions and Framework for Scale-Based Regulation Directions, 2026. As per the draft directions, NBFCs that do not avail public funds, have no customer interface, and have an asset size of less than Rs 1,000 crore are exempt from the provisions of Section 45IA of the RBI Act, 1934. Comments may be submitted by March 04, 2026.

- 1.17** RBI issues draft amendment directions for 'Advertising, Marketing and Sales of Financial Products & Services by REs - PRESS RELEASE NO. 2025-2026/2091, DATED 11-02-2026

Editorial Note : The RBI has issued the draft amendment directions for 'Advertising, Marketing and Sales of Financial Products & Services by REs. As per the draft directions, banks must put in place a comprehensive policy for the advertising, marketing, and sale of their own and third-party financial products/services, which must cover criteria for determining the suitability and appropriateness of products/services offered to customers. Comments may be submitted by March 4, 2026.

- 1.18** RBI withdraws the circular on 'Strengthening of grievance redress mechanism in banks' - CIRCULAR NO. CO.CEPD.PRS.NO.S1121/13-01-008/2025-2026, DATED 11-02-2026

Editorial Note : The RBI has issued a circular to review and withdraw its earlier circular dated March 27, 2021, on 'Strengthening of grievance redress

mechanism in banks'. This withdrawal is in light of subsequent regulatory and supervisory developments. It is clarified that this withdrawal is without prejudice to banks' obligations to maintain an effective customer grievance redress mechanism and to continuously strengthen their internal grievance redress systems.

- 1.19** IFSCA, India & FCA, UK sign Exchange of Letters to boost regulatory cooperation in identified areas of mutual interest - PRESS RELEASE, DATED 11-02-2026

Editorial Note : The IFSCA, India and the Financial Conduct Authority, UK, have signed an Exchange of Letters (EoL) to formalise regulatory cooperation in identified areas of mutual interest. The objective of the EoL is to facilitate the sharing of information on developments in regulation for financial products, financial services and financial institutions in the respective jurisdictions, as well as developments in regulatory and supervisory frameworks and initiatives, including sharing of best practices.

- 1.20** IRDAI issues revised guidelines on establishment and closure of liaison offices in India by overseas insurers - CIRCULAR NO. IRDAI/F&I/GDL/MISC/27/02/2026,, DATED 11-02-2026

Editorial Note : The IRDAI has issued revised guidelines on establishment and closure of liaison offices in India by insurance companies registered outside India, superseding earlier instructions. The guidelines prescribe eligibility criteria, application and approval process, permitted activities, operational conditions, reporting and compliance requirements, annual activity certification, maintenance of books and records, and procedures for closure.

- 1.21** IFSCA approves draft Pension Fund Regulations, 2026 to establish framework for retirement savings in IFSC - PRESS RELEASE, DATED 12-02-2026

Editorial Note : The IFSC Authority has approved the draft IFSCA (Pension Fund) Regulations, 2026 to create a robust framework for long-term retirement savings in IFSC. The proposed framework enables voluntary pension schemes for individuals, introduces flexible investment options, healthcare benefit allocation, withdrawal and exit flexibility, and prescribes governance, risk management and investment norms to support secure and transparent retirement solutions.

- 1.22** RBI issues draft amendment directions for 'Conduct of REs in recovery of loans & engagement of recovery agents' - PRESS RELEASE NO. 2099/2025-26,, DATED 12-02-2026

Editorial Note : RBI has issued draft amendment directions for 'Conduct of REs in recovery of loans & engagement of recovery agents'. As per the draft directions, banks must put in place a policy on the recovery of loans, the engagement of recovery agents, and the taking of possession of security. The policy must cover aspects related to eligibility and due diligence criteria for engaging recovery agents, specified activities, the Code of Conduct,

performance evaluation standards & penalties to be imposed.

- 1.23** IRDAI clarifies norms for insurer investments in AIFs - CIRCULAR NO. IRDAI/F&I/CIR/INV/28/2/2026,, DATED 12-02-2026

Editorial Note : The IRDAI has clarified the provisions relating to investments in AIFs. Accordingly, the insurer must provide a formal declaration citing Section 27E of the Insurance Act, 1938, as the basis for its inability to participate in overseas investments of AIF. Further, there must be a clause in the private placement memorandum stating that the capital (including any proceeds) received from the insurer must not be drawn down, utilised, or pledged for any investment outside India.

- 1.24** IFSCA issues circular prescribing net worth certificate format and audit checklist for Global Access Providers in IFSC - CIRCULAR e-F.NO. IFSCA-DSI/12/2025-CAPITAL MARKETS,, DATED 12-02-2026

Editorial Note : The IFSC Authority has issued a circular specifying the format of the net worth certificate to be submitted by Global Access Providers and broker dealers accessing global markets through GAPs, along with an indicative checklist for conducting annual audits. The net worth certificate shall be certified by an independent member of the ICAI, and shall be submitted on yearly basis, latest by September 30th for the preceding FY.

- 1.25** RBI issues Amendment Directions on Income Recognition, Asset Classification and Provisioning - RBI/2025-26/208 DOR.STR.REC.411/21-04-048/2025-26, DATED 13-02-2026

Editorial Note : The RBI has issued Amendment Directions on Income Recognition, Asset Classification, and Provisioning for Rural Co-operative Banks and NBFCs. The policy on income recognition must be based on record of recovery. A bank may recognise income, on an accrual basis for credit facilities that are classified as 'Standard'. Further, loan accounts classified as NPAs may be upgraded as 'standard' assets only if the entire arrears of interest and principal are paid by the borrower.

- 1.26** RBI invites public comments on draft revised guidelines for Lead Bank Scheme to streamline operations and roles - PRESS RELEASE NO. 2025-2026/2105, DATED 13-02-2026

Editorial Note : The RBI has invited public comments on the draft circular proposing revised guidelines for the Lead Bank Scheme. The draft seeks to refine the objectives of the Scheme, clarify the structure, membership and agenda of various forums, and clearly define roles and responsibilities of key functionaries. It also proposes measures to strengthen the functioning of State Level Bankers' Committees and Lead District Manager offices. Comments may be submitted up to 06.03.2026.

- 1.27** RBI issues Amendment Directions on Capital Market Exposure revising lending and exposure norms - PRESS RELEASE NO. 2025-2026/2117, DATED 13-02-2026

Editorial Note : The RBI has issued Amendment Directions on Capital Market Exposure following stakeholder feedback on the draft Directions released on October 24, 2025 for commercial banks and small finance banks. The amendments seek to provide an enabling framework for financing acquisitions by Indian corporates, enhance limits on certain lending, remove the ceiling on lending against listed debt securities, and introduce a more principle-based framework for lending to capital market intermediaries.

- 1.28** RBI issues draft amendment directions proposing framework for lending to REITs & harmonisation of InvIT lending norms - PRESS RELEASE NO. 2025-2026/2116, DATED 13-02-2026

Editorial Note : The RBI has issued draft Amendment Directions for public comments proposing to permit commercial banks to extend finance to Real Estate Investment Trusts (REITs), subject to appropriate prudential safeguards including exposure limits. The draft also proposes harmonisation of existing guidelines on lending to Infrastructure Investment Trusts (InvITs) across regulated entities, considering similarities in structure and risks. Comments may be submitted up to March 06, 2026.

- 1.29** IFSCA introduces unified registration allowing IFSC entities to undertake multiple capital market activities via one app - CIRCULAR F NO. IFSCA-PLNP/80/2024-CAPITAL MARKETS, DATED 13-02-2026

Editorial Note : The IFSC Authority has issued a circular introducing unified registration (Master Key) under the IFSCA (Capital Market Intermediaries) Regulations, 2025, allowing entities in IFSC to undertake multiple permitted capital market activities through a single application filed on the SWIT portal. While one registration is granted, applicants are required to pay applicable fees separately for each activity. The framework aims to simplify registration, and provide ease of doing business.

- 1.30** IFSCA issues FAQs on IFSCA (Global In-House Centres) Regulations, 2025 - FAQs, DATED 13-02-2026

Editorial Note : The IFSCA has issued Frequently Asked Questions (FAQs) on the IFSCA (Global In-House Centres) Regulations, 2025. The FAQs cover matters relating to applications, legal forms and registration, permissible services and service recipients, operating models of a GIC Unit, compliance requirements and restrictions, third-party service providers, and miscellaneous areas.

- 1.31** IFSCA hosts Payments Forum 2026 to strengthen global payments ecosystem at GIFT-IFSC - PRESS RELEASE, DATED 13-02-2026

Editorial Note : The IFSCA has hosted the Payments Forum 2026 to strengthen the payments and settlement ecosystem at GIFT-IFSC. The Forum focused on apprising regulated entities across sectors about the evolving payment infrastructure in the IFSC and highlighting recent regulatory and market developments aimed at enhancing efficiency in cross-border transactions. Discussions at the forum covered innovations and payment offerings by authorised Payment Service Providers (PSPs).

- 1.32** IFSCA and Finanstilsynet sign MoU to strengthen regulatory cooperation and information sharing in financial markets - PRESS RELEASE, DATED 13-02-2026

Editorial Note : The IFSC Authority and Finanstilsynet, the Financial Supervisory Authority of Norway, have entered into a Memorandum of Understanding to strengthen regulatory cooperation and collaboration in financial markets. The MoU aims to facilitate exchange of information on regulatory developments, market trends, best practices, and emerging technologies including fintech and regtech. It also seeks to enhance oversight of financial products, services and institutions across jurisdictions.

- 1.33** RBI releases draft directions on reporting instructions for Authorised Dealer Category-I banks - PRESS RELEASE NO. 2025-2026/2124, DATED 16-02-2026

Editorial Note : RBI has released the draft directions on reporting instructions for Authorised Dealer Category-I banks. As per the draft directions, an AD Category-I bank must report the necessary details of OTC foreign exchange derivatives contracts involving INR undertaken by its offshore-related parties to the Trade Repository (TR) of Clearing Corporation of India Ltd. Further, the directions cover reporting norms, details of transactions to be reported and cut-off time for reporting.

- 1.34** RBI releases draft directions on foreign exchange dealings of Authorised Persons - PRESS RELEASE NO. 2025-2026/2130, DATED 17-02-2026

Editorial Note : The RBI has released draft directions on foreign exchange dealings of Authorised Persons. As per the directions, an authorised dealer (AD) may undertake certain foreign exchange transactions with other ADs and with its overseas branches/entities/IFSC banking units in SEZ. Further, the draft directions cover norms relating to exchange-traded transactions, hedging of gold prices, foreign currency accounts and investments in overseas markets, governance and risk management and market timings.

- 1.35** RBI modifies the ECB forms in line with the revised ECB Framework under FEM (Borrowing & Lending) Regulations - A.P. (DIR SERIES 2025-26) CIRCULAR NO. 23, DATED 18-02-2026

Editorial Note : On February 9, 2026, the RBI issued the FEM (Borrowing and Lending) (First Amendment) Regulations, 2026, to revise the External Commercial Borrowing (ECB) framework.

The forms for ECB returns prescribed under the Master Direction on Reporting have been modified in light of the revised ECB framework. The directions shall come into force with immediate effect.

- 1.36** RBI mandates 'Unique Transaction Identifier' for all OTC derivative transactions from March 1, 2027 - CIRCULAR NO. CO.FMRD.MIOD.NO.8/11.01.057/2025-26, DATED 18-02-2026

Editorial Note : The RBI has mandated generation and reporting of a Unique Transaction Identifier (UTI) for all OTC derivative transactions undertaken under specified governing directions. The UTI shall follow CPMI-IOSCO technical guidance and be unique throughout the lifecycle of the contract. The framework prescribes a waterfall mechanism for UTI generation and clarifies reporting timelines, lifecycle treatment and compliance requirements. Directions are effective from 01.01.2027.

- 1.37** IFSCA signs MoU with IICA to formalise cooperation in strengthening corporate governance at GIFT-IFSC - PRESS RELEASE, DATED 20-02-2026

Editorial Note : The IFSCA and the Indian Institute of Corporate Affairs (IICA) signed a Memorandum of Understanding (MoU) at the IFSCA HQ in GIFT IFSC to formalise cooperation in the areas relevant to the IFSC. The MoU provides a framework for collaboration in the areas of Corporate Law, Sustainable Finance, Environmental, Social and Governance (ESG), Cross-Border Transactions and Restructuring and research activities relevant to the needs of the IFSC ecosystem.

- 1.38** RBI introduces 'Currency Declaration Form' under FEM (Export and Import of Currency) Regulations, 2015 - NOTIFICATION NO. F.NO. FEMA 6(R)/(5)/2026-RB, DATED 23-02-2026

Editorial Note : The RBI has notified the FEM (Export and Import of Currency) (Amendment) Regulations, 2026. The Currency Declaration Form (CDF) has been inserted as an annexure. As per Regulation 6 of the existing regulations, a person may bring foreign exchange into India from any place outside India, subject to the condition that such a person makes a declaration to the Customs authorities in the CDF. Passengers are advised to produce this form to a bank authorised to deal in foreign exchange.

- 1.39** IFSCA invites comments on draft 'IFSCA (Financial Advisers) Regulations, 2026' - CIRCULAR EF.NO. IFSCA-TAS/3/2025-FSSRD, DATED 24-02-2026

Editorial Note : The IFSCA has issued a consultation paper inviting comments from market participants, stakeholders and the public on the draft IFSCA (Financial Advisers) Regulations, 2026. The draft regulations seek to provide a regulatory framework for Financial Institutions in IFSC for engagement of IFSC Financial Advisers for rendering or soliciting financial services. The framework aims to strengthen investor protection from the advisory stage and align the IFSC ecosystem with global standards.

- 1.40** Finance Ministry permits 'TransUnion CIBIL' to use Aadhaar authentication for credit report access - NOTIFICATION NO. S.O. 1011(E), DATED 25-02-2026

Editorial Note : The Ministry of Finance has permitted TransUnion CIBIL Limited to use Aadhaar authentication for identity verification of users accessing credit information reports. Authentication will be voluntary and limited to registration and login on the CIBIL platform. Users must be offered alternate identification options such as PAN, Passport, Voter ID, Driving License or Ration Card.

- 1.41** RBI permits National Urban Co-operative Finance and Development Corporation Limited to raise equity beyond 200 persons - CIRCULAR NO. DOR.GOV.REC.NO.414/18.10.008/2025-26, DATED 26-02-2026

Editorial Note : The RBI has issued a direction permitting National Urban Co-operative Finance and Development Corporation Limited to make private placement of equity shares to more than 200 persons in a financial year, restricted to Urban Co-operative Banks and National Co-operative Development Corporation, subject to specified conditions. The Directions require a Board-approved policy, restrict lending against own shares, prescribe end-use norms, and mandate quarterly reporting to RBI.

- 1.42** IFSCA successfully concludes the Second Edition of 'Global Securities Markets Conclave' at GIFT City - PRESS RELEASE, DATED 27-02-2026

Editorial Note : IFSCA, in collaboration with the MIs in the GIFT-IFSC, has successfully hosted the second edition of its flagship event - Global Securities Markets Conclave (GSMC 2.0), on February 26 - 27, 2026, at GIFT City. GSMC 2.0 featured focused deliberations on innovations in stock exchange trading, including AI-driven surveillance, algorithmic oversight, the debate on 24x7 trading, and the implications of high-frequency trading.

2. SUPREME COURT

SECTION 36 OF THE ARBITRATION AND CONCILIATION ACT, 1996 - ENFORCEMENT

- 2.1** Where appellant purchased property from Respondent 2 after institution of arbitration proceedings and passing of arbitral award, appellant was considered a transferee pendente lite and thus barred by Order XXI Rule 102 CPC from resisting execution, and since appellant also failed to prove purchase was without notice of Respondent 1's claim, dismissal of appellant's claim petition by lower courts was justified - R. Savithri Naidu v. The Cotton Corporation of India Ltd. - [2026] 183 taxmann.com 457 (SC)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

- 2.2 Where High Court by impugned order dismissed complaint under section 138 and rejected delay-condonation application on ground that reasons assigned were false, baseless and self-contradictory, High Court was not justified in declining to interfere, thus, impugned orders was to be set aside and matter was to be restored to file of High Court - Yatendra Singh v. State of U.P. - [2026] 183 taxmann.com 661 (SC)

3. HIGH COURT

SECTION 2(1)(u) OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - PROCEEDS OF CRIME

- 3.1 Where Directorate of Enforcement provisionally attached appellant's residential property as property equivalent in value to alleged proceeds of crime remitted abroad, property's ancestral nature did not grant immunity from attachment as statute does not exempt ancestral or inherited properties, and findings of Adjudicating Authority and Appellate Tribunal in upholding such attachment were found legally justified and procedurally correct, warranting dismissal of appeal. - Arun Suri v. Directorate of Enforcement - [2026] 183 taxmann.com 612 (Delhi)

SECTION 9 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 - MEASURES FOR PROMOTION AND DEVELOPMENT

- 3.2 Where petitioner MSME had total sanctioned financial facilities far exceeding Rs.25 crores and its exposure surpassed threshold limit under RBI's Revival and Rehabilitation Framework, petitioners were not eligible for benefits under that framework and could not claim any fundamental error by bank in classifying their loan account as NPA or initiating enforcement measures, making their writ petition devoid of merit - Vardhan Agro Processing Ltd v. Union of India - [2026] 183 taxmann.com 172 (Bombay)

SECTION 18 OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 - APPEAL TO APPELLATE TRIBUNAL

- 3.3 Where petitioner-builder was guilty of inordinate delay in challenging order of DRT and had slept over its rights and selectively chosen to enforce them, writ petition challenging order of DRAT directing pre-deposit of 125 crores as a condition precedent for entertaining appeal was liable to be dismissed - Sunshine Builders and Developers v. HDFC Bank Ltd. - [2026] 183 taxmann.com 329 (Bombay)

SECTION 35A OF THE BANKING REGULATION ACT, 1949 - POWER OF THE RESERVE BANK TO GIVE DIRECTIONS

- 3.4 Where appellant Banks, having relied on a forensic audit report by external auditors under valid Master Directions-2016 before new Master Directions-2024 came into force and after affording adequate opportunity to respondent before passing Fraud Declaration Order, were found to

have acted within their powers, there existed no prima facie ground for interim injunction against Banks and impugned injunction order was to be set aside - Bank of Baroda v. Anil D. Ambani - [2026] 183 taxmann.com 711 (Bombay)

SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881 - DISHONOUR OF CHEQUE FOR INSUFFICIENCY, ETC., OF FUNDS IN THE ACCOUNT

- 3.5 Where cheques issued towards outstanding liability were dishonoured with remark 'payment stopped by drawer' and petitioners contested liability on grounds of security cheques, prior payments, and alleged substandard goods, such defences involved disputed questions of fact requiring adjudication at trial; therefore, High Court, in exercise of jurisdiction under section 482 Cr.P.C., could not quash proceedings when Magistrate's order disclosed a possible view of a legally enforceable liability based on preliminary evidence - Aarti Trehan v. Super Oils - [2026] 183 taxmann.com 210 (Punjab & Haryana)
- 3.6 Where revisionist challenged dismissal of complaint under section 138 of Negotiable Instruments Act and sought condonation of delay on grounds found to be false, self-contradictory and lacking bona fides, delay-condonation application was rightly dismissed - Yatendra Singh v. State of U.P. - [2026] 183 taxmann.com 138 (Allahabad)

4. APPELLATE TRIBUNAL SAFEMA

SECTION 3 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - DEALING IN FOREIGN EXCHANGE, ETC

- 4.1 Fisheries caught within Exclusive Economic Zone (EEZ) of India, when taken out of EEZ for destinations abroad can be held as exports in terms of provisions of FEMA & Regulations thereunder - Safa Sea Food v. Special Director, Directorate of Enforcement, Chennai - [2026] 183 taxmann.com 178 (SAFEMA - New Delhi)

SECTION 5 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002 - ATTACHMENT OF PROPERTY INVOLVED IN MONEY LAUNDERING

- 4.2 It is not an essential ingredient that there should be any accusation in predicate offence against person for his property to be attached, only requirement is that property should have been linked to proceeds of crime, regardless of person holding that property - Ashok Mangal v. Deputy Director Directorate of Enforcement, Jaipur - [2026] 183 taxmann.com 40 (SAFEMA - New Delhi)
- 4.3 Where proceeds of crime acquired or derived directly or indirectly out of predicate offence is not found available with person and cannot be otherwise traced out, having been siphoned off, respondent can attach property of equivalent value to value of proceeds of crime - Karti P.

Chidambaram v. Deputy Director, Directorate of Enforcement Delhi - [2026] 183 taxmann.com 29 (SAFEMA - New Delhi)

- 4.4 Where appellant was involved in activities connected with proceeds of crime, constituting money-laundering within section 3, provisional attachment of his bank account under section 5 was valid and within jurisdiction - Kanav Gupta v. Deputy Director, Directorate of Enforcement, Delhi - [2026] 183 taxmann.com 353 (SAFEMA - New Delhi)

SECTION 6 OF THE SMUGGLERS AND FOREIGN EXCHANGE MANIPULATORS (FORFEITURE OF PROPERTY) ACT, 1976 - NOTICE OF FORFEITURE

- 4.5 Where no link or nexus was found between activity of smuggling for which appellant stood convicted and property which was sought to be forfeited, order of forfeiture of property passed by competent authority was to be set aside - Mohammed Ismail v. Competent Authority, Chennai - [2026] 183 taxmann.com 295 (SAFEMA - New Delhi)

SECTION 7 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - EXPORT OF GOODS AND SERVICES

- 4.6 Since under Section 248(6) and Section 250 of 2013 Act, a company's liabilities and obligations persist even after its name is removed from register, consequently, appellant company remains liable for FEMA penalties, and accordingly, instant appeal against order of Adjudicating Authority imposing penalties was to be dismissed due to failure to meet mandatory pre-deposit condition under Section 19(1) - Skanda Marines (P.) Ltd. v. Joint Director, Directorate of Enforcement, Chennai - [2026] 183 taxmann.com 169 (SAFEMA - New Delhi)
- 4.7 Import and export of vessels which operate in EEZ and catching of fisheries in EEZ for purpose of selling it to persons abroad will be subject to provisions of Customs Act - Siri Sea Products (P.) Ltd. v. Special Director, Directorate of Enforcement, Hyderabad - [2026] 183 taxmann.com 168 (SAFEMA - New Delhi)
- 4.8 There is no restriction on officers of Enforcement Directorate as to adjudicate offences under Section 7 (1) (a) of FEMA - Siri Sea Products (P.) Ltd. v. Special Director, Directorate of Enforcement, Hyderabad - [2026] 183 taxmann.com 168 (SAFEMA - New Delhi)
- 4.9 Where appellants have failed to obtain prior approval of RBI to offset value of imported goods against value of exported goods, appellants have contravened

aforementioned Regulation 14C - Siri Sea Products (P.) Ltd. v. Special Director, Directorate of Enforcement, Hyderabad - [2026] 183 taxmann.com 168 (SAFEMA - New Delhi)

SECTION 8 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - REALISATION AND REPATRIATION OF FOREIGN EXCHANGE

- 4.10 Where appellant, Executive Director of a company, made all efforts to realise export proceeds within prescribed period, but could not do so, penalty imposed on appellant for contravention of section 18 without taking into consideration efforts of appellant was to be reduced from Rs. 10 lakhs to Rs. 5 lakhs - K. B. Sasidharan v. Directorate of Enforcement - [2026] 183 taxmann.com 355 (SAFEMA - New Delhi)

SECTION 13 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - PENALTIES

- 4.11 Where, notwithstanding striking-off of a company from Register of Companies, penalties imposed on it for FEMA contraventions continued as its liability unless set aside by a higher judicial forum, and liability of legal representatives of deceased Managing Director was confined to extent of estate inherited, penalty on such legal representatives was liable to be reduced to 30,000 each - G. Sandeep v. Additional Director - [2026] 183 taxmann.com 167 (SAFEMA - New Delhi)

SECTION 16 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - APPOINTMENT OF ADJUDICATING AUTHORITY

- 4.12 Notification No. S.O. 4990 (E) dated 27-9-2018 does not specify any bar on part of Adjudicating Authorities under section 13 of FEMA to inquire and adjudicate matters relating to section 7(1)(a) of FEMA and regulations thereunder - Dove Marine Exports (P.) Ltd. v. Special Director, Directorate of Enforcement - [2026] 183 taxmann.com 184 (SAFEMA - New Delhi)

SECTION 42 OF THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 - CONTRAVENTION BY COMPANIES

- 4.13 Where penalty had been imposed on appellant company for contravention of FEMA, 1999 and appellant director for contravention of section 42 of FEMA, 1999, even after having been struck off from rolls of Register of Companies, penalty was to be paid by appellant company and director - Vijeta Marines (P.) Ltd. v. Additional Director, Directorate of Enforcement, Chennai - [2026] 183 taxmann.com 173 (SAFEMA - New Delhi)

INSOLVENCY AND BANKRUPTCY CODE

1. STATUTORY UPDATES

- 1.1 Govt. appoints Shri Ashutosh Mishra as an ex-officio member in the IBBI - NOTIFICATION F. NO. 30/03/2016-INSOLVENCY, DATED 11-02-2026

Editorial Note : The Central Government has appointed Shri Ashutosh Mishra, additional secretary as the ex-officio member in the IBC to represent the Ministry of Law and Justice in the said Board.

- 1.2 IBBI amends CIRP Regulations; substitutes 'fair value' definition and revises valuation process - NOTIFICATION F. NO. IBBI/2025-26/GN/REG135, DATED 25-02-2026

Editorial Note : The Insolvency and Bankruptcy Board of India has notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2026. The amendment substitutes the definition of 'fair value' under Regulation 2(hb) and revises the manner of determination of fair value and liquidation value. It also provides for treatment of allottees not filing claims in respect of real estate projects.

- 1.3 IBBI amends Liquidation Process Regulations; revises valuation standards and reporting format - NOTIFICATION F. NO. IBBI/2025-26/GN/REG136, DATED 25-02-2026

Editorial Note : The Insolvency and Bankruptcy Board of India has notified the IBBI (Liquidation Process) (Second Amendment) Regulations, 2026. The amendment substitutes the reference to the Companies (Registered Valuers and Valuation) Rules, 2017 with valuation standards notified by the Board through circular and inserts sub-regulation (8) requiring a registered valuer to prepare the valuation report and maintain documentation as per the format notified by the Board.

- 1.4 IBBI amends Voluntary Liquidation Process Regulations; inserts explanation on valuation report format - NOTIFICATION F. NO. IBBI/2025-26/GN/REG137, DATED 25-02-2026

Editorial Note : The Insolvency and Bankruptcy Board of India has notified the IBBI (Voluntary Liquidation Process) (Amendment) Regulations, 2026. The amendment inserts an explanation in regulation 3 requiring a registered valuer to prepare the valuation report and maintain documentation as per the format notified by the Board through circular. The regulations shall come into force on the date of publication in the Official Gazette.

- 1.5 IBBI amends Pre-Packaged Insolvency Regulations; substitutes 'fair value' and revises valuation process - NOTIFICATION F. NO. IBBI/2025-26/GN/REG138, DATED 25-02-2026

Editorial Note : The Insolvency and Bankruptcy Board of India has notified the IBBI (Pre-Packaged

Insolvency Resolution Process) (Amendment) Regulations, 2026. The amendment substitutes the definition of 'fair value', inserts 'sets of' in regulation 38, revises the manner of determination of fair value and liquidation value under Regulation 39(1), and inserts sub-regulation (1A) requiring a registered valuer to prepare the valuation report and maintain documentation in the format notified by the Board.

- 1.6 IBBI amends Personal Guarantors Bankruptcy Regulations; revises valuation standards provision - NOTIFICATION F. NO. IBBI/2025-26/GN/REG139, DATED 25-02-2026

Editorial Note : The Insolvency and Bankruptcy Board of India has notified the IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2026. The amendment substitutes the words 'internationally accepted valuation standards' with 'such valuation standards as notified by the Board through circular' and inserts sub-regulation (5) in regulation 30 requiring a registered valuer to prepare the valuation report and maintain documentation in the format notified by the Board.

2. SUPREME COURT

SECTION 3(12) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - DEFAULT

- 2.1 Where NPA dates, based on subsequent working capital consortium agreements, coupled with acknowledgment of debt(s) in balance sheets signed on 30.09.2015, extended limitation period up to 29.09.2018, thus section 7 application filed on 25-4-2018 was within period of limitation - B. Prashanth Hegde v. State Bank of India - [2026] 183 taxmann.com 483 (SC)

SECTION 5(8) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE INSOLVENCY RESOLUTION PROCESS - FINANCIAL DEBT

- 2.2 Spectrum allocated to Telecom Service Providers (TSPs) cannot be subjected to insolvency proceedings under IBC as licensee unequivocally undertook to comply with all contractual obligations, acknowledging that grant conferred only a regulated right to use spectrum and not any proprietary interest therein - State Bank of India v. Union of India - [2026] 183 taxmann.com 418 (SC)
- 2.3 Where allottees of a composite real estate project filed a joint company petition under section 7 against two closely connected corporate debtors due to non-completion and non-delivery of units and stoppage of assured returns, and financial debt as well as default stood established, petition was maintainable against both debtors; and day of reckoning for meeting numerical threshold under section 7(1) was date of

filing - Satinder Singh Bhasin v. Col. Gautam Mullick - [2026] 183 taxmann.com 38 (SC)

- 2.4 Where procedure prescribed under Debenture Trust Deed (DTD) for modification and variation of terms thereunder was not adhered to and, thus, terms of DTD could not have been modified, application filed by financial creditor under section 7 for initiation of insolvency process against respondent company was to be admitted - Catalyst Trusteeship Ltd. v. Ecstasy Realty (P.) Ltd. - [2026] 183 taxmann.com 687 (SC)

SECTION 10A OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - SUSPENSION OF INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS

- 2.5 Where restructuring proposals had not fructified into valid agreements novating original contract, and pre-implementation conditions were not complied with, plea of bar under section 10A was a non-starter and default date would relate to 31-3-2018 as per section 7 application - Power Trust v. Bhuvan Madan - [2026] 183 taxmann.com 568 (SC)

SECTION 238 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - OVERRIDING EFFECT OF CODE

- 2.6 Where respondent opposed initiation of CIRP under Section 7 based on ground of pendency of a defunct Scheme of Arrangement (SOA) under Companies Act, proceedings under IBC were not required to be stalled, as there existed no operative SOA and, therefore, order of Appellate Tribunal was to be set aside - Omkara Assets Reconstruction (P.) Ltd. v. Amit Chaturvedi - [2026] 183 taxmann.com 683 (SC)

3. HIGH COURT

SECTION 35 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - LIQUIDATOR- POWERS AND DUTIES OF

- 3.1 Where petitioner alleged wrongful exclusion from participation in e-auction of corporate debtor's assets due to non-receipt of link despite depositing EMD and challenged auction proceedings for non-compliance with prior court undertakings, liquidator subsequently sought to set aside e-auction and conduct a re-auction at revised reserve price, thus instant court found no need to examine petitioner's contempt allegations - JFC Finance (India) Ltd. v. Arvind Garg Liquidator of Moser Baer Solar Ltd. - [2026] 183 taxmann.com 588 (Delhi)

SECTION 220 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INSPECTION AND INVESTIGATION OF INSOLVENCY PROFESSIONALS, AGENCIES AND INFORMATION UTILITIES - DISCIPLINARY COMMITTEE- APPOINTMENT OF

- 3.2 Where IBBI's Disciplinary Committee, while imposing penalty of one year's suspension on RP, failed to account for prejudice already suffered by RP on account of prolonged pendency of proceedings and mitigating circumstances, penalty of one year suspension from taking any assignment as Resolution Professional was reduced to period already undergone; suspension would be deemed to have come to an end from date of order - Vikas Prakash Gupta v. Insolvency and Bankruptcy Board of India - [2026] 183 taxmann.com 253 (Delhi)

4. NATIONAL COMPANY LAW APPELLATE TRIBUNAL

SECTION 3(23) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - PERSON

- 4.1 Where CoC, though not a juristic person, is a statutory decision-making entity under IBC, it may litigate in its name on matters within IBC framework and, where a multi-member CoC is to be a respondent, each member must be arrayed independently as their intent to litigate together may not be known, but where a proceeding seeks removal of a financial creditor from CoC, CoC itself is neither a necessary nor proper party and need not be impleaded. - Committee of Creditors of Think and Learn (P.) Ltd. v. Riju Ravindran - [2026] 183 taxmann.com 684 (NCLAT - Chennai)

SECTION 95 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S INSOLVENCY RESOLUTION PROCESS - APPLICATION BY CREDITOR

- 4.2 Where financial creditor had not issued a prior notice to invoke guarantee before issuing a notice under Rule 7(1) of Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, there could be no default without such invocation and, therefore, Adjudicating Authority had committed a mistake in admitting petition under Section 95 against personal guarantor - Amit Kumar Kejriwal v. UCO Bank - [2026] 183 taxmann.com 361 (NCLAT- New Delhi)

SECTION 238A OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - LIMITATION PERIOD

- 4.3 Where NCLT dismissed application filed under section 7 as time barred, since last day of limitation period for filing section 7 application was falling beyond stipulated period from 15-3-2020 to 28-2-2022, whole period was to be excluded from computation of limitation and, therefore, application filed on 20-8-2023 was within period of limitation - Encore Asset Reconstruction Company (P.) Ltd. v. Pandhe Constructions (P.) Ltd. - [2026] 183 taxmann.com 528 (NCLAT- New Delhi)

5. NATIONAL COMPANY LAW TRIBUNAL

SECTION 45 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - UNDERVALUED TRANSACTIONS- AVOIDANCE OF

- 5.1 Where corporate debtor had extended interest-free loans and advances to various parties including related parties without any documentation, security and repayment schedule, said transactions were not undertaken in ordinary course of business and, therefore, qualified as undervalued transactions under provisions of Code - IDBI Trusteeship Services Ltd. v. DSS Infrastructure (P.) Ltd. - [2026] 183 taxmann.com 489 (NCLT - New Delhi)

SECTION 52 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE LIQUIDATION PROCESS - SECURED CREDITOR IN

- 5.2 Where applicant-State Tax Officer had not relinquished its security interest, it was not entitled to seek priority distribution under section 53(1)(b)(ii) of Code - State Tax Officer v. Nitin Parikh - [2026] 183 taxmann.com 296 (NCLT - Ahd.)

SECTION 60 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - CORPORATE PERSON'S ADJUDICATING AUTHORITIES - ADJUDICATING AUTHORITY

- 5.3 Where Members of Court-I, NCLT, Ahmedabad recused themselves from hearing matter and Members of Court-II also recused, and administrative transfer to another territorial Bench was impermissible under rule 16(d) of NCLT Rules, 2016, matter was directed to be heard by specially constituted Bench through video conferencing comprising Member (Judicial) and Member (Technical) - Vir Jai Khosla v. IDBI Bank Ltd - [2026] 183 taxmann.com 490 (NCLT - New Delhi)

SECTION 141 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 - INDIVIDUAL/FIRM'S BANKRUPTCY - BANKRUPT, RESTRICTIONS ON-

- 5.4 Where verification of bankrupt's assets and liabilities remained incomplete and there was high risk of non-return of bankrupt having an exposure of over Rs. 2500 crores, but he had minimal income and negligible realizable assets, application filed by bankrupt seeking permission to travel abroad was to be rejected - Sunil Surendrabhai Kakkad v. Samir Ganeshbhai Marathe - [2026] 183 taxmann.com 461 (NCLT - Ahd.)

ACCOUNT AND AUDIT UPDATES

1. STATUTORY UPDATES

1.1 Revenue Recognition for Usage-Based Royalties Amid Collectability Uncertainty and Subsequent Financial Recovery

Editorial Note : A real-world licensing arrangement turns complex when customer credit risk begins to fluctuate. This case explores how usage-based royalty revenue should be recognised when payments are delayed, collectability becomes uncertain, and financial strength is later restored. It highlights the critical role of judgment under Ind AS 115, the interaction with impairment principles, and how significant changes in facts can alter revenue outcomes.

1.2 Revenue Recognition in Real Estate under Ind AS 115: Lessons from IFRIC Guidance and Case Analysis

Editorial Note : Revenue recognition in real estate has fundamentally changed under Ind AS 115. Construction contracts require assessment of control, alternative use, and rights to payment. Drawing on IFRIC guidance and a practical case study, the document explains why the Percentage of Completion Method is often not applicable & highlights the scenarios where it may still be appropriate. The analysis offers practical insights for preparers and auditors navigating revenue recognition in real estate projects.

1.3 ICAI Seeks Comments on Exposure Draft for Audits of Less Complex Entities

Editorial Note : ICAI has published an exposure draft on the SA for Less Complex Entities, marking shift toward a proportionate, risk-aligned audit framework. The draft introduces eligibility criteria, audit requirements, and end to end audit structure, while preserving audit quality & professional judgment. With optional adoption, defined thresholds, & streamlined reporting, this proposal could reshape how audits of smaller entities are performed. ICAI seeks comments from members on the draft by 20 March 2026.

1.4 Promotional Giveaways to Potential Distributors: Drawing the line between Revenue and Expense under Ind AS

Editorial Note : Promotional giveaways are part of consumer goods marketing, yet their accounting demands careful judgment. This document explores a practical case involving the free distribution of logo-bearing gifts and product catalogues to potential distributors, with no contractual obligations or consideration involved. By examining the definition of a customer, the necessity of a contract, and the concept of performance obligations, the document explains why such transactions fall outside Ind AS 115.

1.5 Research Committee of ICAI issues Report Examining Global Standards on Liquidation Accounting

Editorial Note : Liquidation accounting comes into play at the most critical stage of an entity's life, where financial reporting directly impacts creditors, investors, & stakeholders. The Research Committee of ICAI issues a report offering a practical guide to navigating non-going concern accounting, blending global standards, Ind AS considerations & insolvency framework. With illustrations, transition guidance, & compliance checklist, this report is a must-read for insolvency and liquidation professionals

1.6 Research Committee explores the evolution of Corporate Reporting Practices among Listed Companies in India

Editorial Note : Corporate reporting in India is undergoing a transformation, evolving from routine compliance into a strategic narrative of value creation and trust. The research report shows how listed companies are embracing Integrated Reporting and BRSR to align with global benchmarks & showcase sustainability impact. With insights into modern reporting, stakeholder-focused disclosures, and innovative tools reshaping annual reports, the study offers a compelling view of the future of corporate communication

1.7 Research Committee of ICAI issues a Report on Reprioritising Environmental Claims under India's Insolvency Regime

Editorial Note : India's insolvency framework prioritises speed and value maximisation, but often at the cost of environmental justice. The research report reveals how environmental claims are pushed to the margins through contingent classification, nominal valuation & strict timelines. Even decree holders face recovery risks. As global insolvency regimes evolve to safeguard environmental interests, the research raises a question: Is India externalising environmental harm in pursuit of efficient resolution?

1.8 AASB of ICAI issues Technical Guide on the Revised CAG Directions under Section 143(5) of the Companies Act, 2013

Editorial Note : The AASB of ICAI has issued a Technical Guide on the revised directions of the Comptroller and Auditor General under Section 143(5) of the Companies Act, 2013. Designed to support auditors in effective compliance, the guide explains reporting requirements and provides practical, illustrative examples for each area of reporting. Developed in close consultation with CAG officials, it provides guidance, making it an essential reference for auditors conducting government and CAG-mandated audits

1.9 AASB of ICAI Issues Guidance on New Labour Codes: Accounting and Auditing Implications

Editorial Note : ICAI has issued a comprehensive Guidance on the New Labour Codes, decoding what the implementation of the four Labour Codes really means for auditors and financial reporting. From

revised wage definitions and increased gratuity and leave liabilities to heightened audit risks under SA, CARO and IFC reporting, the guidance translates legal change into practical audit actions.

1.10 ICAI releases new Practitioner's Guide on drafting Modified Opinions in Independent Auditor's Reports

Editorial Note : ICAI's AASB has released the Practitioner's Guide on Drafting of Modified Opinions in Independent Auditor's Reports. It offers practical guidance, sample report formats, and suggested wording for qualified, adverse, and disclaimer opinions under SA 705. The examples are illustrative and do not replace professional judgment or the mandatory requirements of the Standards.

1.11 AASB of ICAI issues revised Exposure Draft of Guidance Note on Audit of Banks and seeks stakeholders feedback

Editorial Note : The AASB of ICAI has issued the Exposure Draft of the revised edition of Guidance Note on Audit of Banks and seeks stakeholder's feedback on the same. The proposed revision incorporates recent regulatory developments, evolving audit practices, and key areas impacting statutory bank audits. Professionals and stakeholders have an opportunity to review the draft and contribute their inputs before finalisation. Stakeholders are requested to submit their comments by 23rd February 2026

1.12 Revenue recognition challenges in Pharmaceutical Collaboration Agreements under Ind AS 115

Editorial Note : Pharmaceutical collaboration agreements often include multiple contractual elements such as intellectual property licences, ongoing research and development services, upfront payments, service-based consideration, and regulatory milestone incentives. This analysis highlights how Ind AS 115 applies to identifying performance obligations, assessing variable consideration, allocating transaction price, and determining appropriate timing of revenue recognition in complex multi-element arrangements

1.13 Revenue Recognition of Forfeited Booking Advances in Real Estate Transactions under Ind AS 115

Editorial Note : Forfeiture of customer advances is a frequent occurrence in real estate projects, yet its accounting treatment requires careful evaluation under Ind AS 115. This case study analyses a typical 10:90 payment arrangement where a customer withdraws from a property purchase, leading to forfeiture of the booking amount. Further, it explains how contract liabilities, performance obligations, and termination of contracts determine the precise timing of revenue recognition.

1.14 ICAI issues update on UDIN: New Reporting Requirements, Validation Measures and Tax Audit Limits

Editorial Note : The UDIN directorate of ICAI has introduced significant changes to the UDIN framework following the Council's latest decisions. The updates has impact over GST & Tax Audit and Audit & Assurance functions. Key updates include mandatory reporting of preceding year audit details, enhanced UDIN validation through the CBDT e-Filing Portal, and a ceiling on UDIN generation aligned with tax audit limits effective 1st April 2026. Read to understand the update and its practical impact.

1.15 Revenue recognition for free trial offers and Subscription-based Memberships under Ind AS framework

Editorial Note : Free trial promotions may appear commercially simple, yet they raise critical revenue recognition questions under Ind AS 115. This practical case study explores how businesses should account for trial-period services, advance subscription payments, and the timing of revenue recognition when customers convert to paid plans after a free trial. A clear, practical analysis supported by accounting entries and standards-based reasoning makes this a must-read for finance professionals.

1.16 Recognition and measurement of Provision for Performance Incentive based on EBITDA at Year-End

Editorial Note : This case study examines the accounting treatment of a year-end provision for performance incentive linked to annual EBITDA under Ind AS. It analyses whether a constructive obligation exists at the reporting date despite pending board approval and explores the interpretational challenges arising from an undefined EBITDA base. The discussion further addresses estimation reliability and measurement adjustments in light of post-audit revisions before approval of financial statements

1.17 Applying the Portfolio Approach under Ind AS 115 " Practical Guidance with Illustrations and Collectability Insights

Editorial Note : Ind AS 115 permits application of the revenue model at a portfolio level where contracts share similar characteristics and outcomes are not materially different from individual assessment. This story explains this concept of applying the portfolio approach, including selective application and judgement areas through practical illustrations. It also examines how entities address acquisition costs and collectability assessment within high-volume contract environments.

Accounting Implications of India's New Labour Codes



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1. Introduction and context of the New Labour Codes

The New Labour Codes represent one of the most comprehensive reforms of India's labour law framework in recent decades. By consolidating 29 existing labour legislations into four unified codes, namely the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020, the Government of India has sought to simplify compliance, enhance worker protection, and bring uniformity across employment practices. While discussions around these reforms have largely focused on labour relations, compliance requirements, and human resource policies, the accounting and tax implications flowing from these changes warrant equally careful consideration. Once the Codes become effective from 21 November 2025, they will directly affect the measurement, recognition, and presentation of employee benefit obligations in corporate financial statements, with consequential implications for profitability, interim reporting, and deferred tax accounting.

2. Redefinition of wages and its relevance for accounting

A key feature of the New Labour Codes is the statutory redefinition of "wages". The Codes mandate that wages, comprising basic pay, dearness allowance, and retaining allowance, must constitute at least 50 per cent of total remuneration. Where the wage component is lower than this threshold, wages are deemed to be 50 per cent of total remuneration. This redefinition has far-reaching accounting consequences because employee benefits such as gratuity and leave encashment are computed with reference to wages. Even in cases where employers do not increase total remuneration, restructuring salary components to comply with the statutory definition may substantially increase the wage base used for benefit calculations. From a financial reporting perspective, this creates an increase in long-term employee benefit obligations without any corresponding immediate cash outflow.

3. Expansion of gratuity eligibility under the new framework

In addition to redefining wages, the New Labour Codes expand the scope of gratuity eligibility. Fixed-term employees, including contractual workers, become entitled to gratuity upon completion of one year of service, while the five-year continuous service requirement continues to apply to permanent employees. This expansion significantly enlarges the employee population covered under gratuity obligations and accelerates vesting for a large segment of the workforce. For organisations with high reliance on contractual labour, particularly in manufacturing, infrastructure, logistics, and services, this change can materially increase gratuity liabilities reflected in the balance sheet.

4. Nature of accounting change: plan amendment versus actuarial assumption

From an accounting standpoint, an important issue is the classification of the increase in employee benefit obligations arising from the Labour Codes. Under both Ind AS 19 and AS 15, changes resulting from statutory amendments or restructuring of benefit schemes qualify as plan amendments rather than changes in actuarial assumptions. This distinction is critical because plan amendments give rise to past service cost, whereas actuarial assumption changes are treated differently. The increase in gratuity or leave obligations attributable to compliance with the Labour Codes therefore represents a change in benefits payable for past service and must be accounted for accordingly.

5. Recognition of past service cost and impact on profits

Under Ind AS 19, past service cost arising from plan amendments is required to be recognised immediately in the Statement of Profit and Loss in the period in which the amendment occurs. There is no scope for amortisation or deferral. Consequently, when the Labour Codes become effective, entities following Ind AS are likely to recognise a one-time increase in employee benefit expense, leading to a reduction in reported profits for that period. Under Indian GAAP, while vested past service cost is recognised immediately, unvested past service cost may be amortised over the remaining vesting period. However, for listed companies and large entities following Ind AS, the profit impact will be immediate and potentially significant.

6. Salary restructuring combined with remuneration increases

In practice, many employers may simultaneously revise salary structures to comply with the statutory wage definition and grant annual increments to employees. In such cases, the increase in employee benefit obligations may consist of two components: one arising from higher salary growth assumptions and another arising from the statutory restructuring of wages. Professional judgement is required to identify and separate these components. The portion attributable to changes in actuarial assumptions should be treated as actuarial gain or loss, whereas the portion attributable

to restructuring under the Labour Codes should be treated as past service cost. Proper documentation and actuarial support will be critical in sustaining this distinction during audit and assessment.

7. Interim financial reporting implications

The timing of recognition of increased employee benefit obligations is particularly relevant for listed entities that prepare quarterly or half-yearly financial results. Ind AS 34 and AS 25 require entities to apply consistent accounting policies in interim and annual financial statements, and costs arising from legislative changes cannot be deferred merely because they arise unevenly during the year. Accordingly, for companies with a March year-end, the impact of the Labour Codes must be recognised in interim financial results for periods after the effective date, typically the quarter ended 31 December 2025. This may result in noticeable quarter-on-quarter volatility in earnings, which practitioners should proactively explain to management and investors.

8. Treatment as events after the reporting period

For financial statements relating to periods ending prior to 21 November 2025 but approved after that date, the enactment of the Labour Codes constitutes a non-adjusting event under Ind AS 10 and AS 4. While such financial statements should not be adjusted retrospectively, entities are required to disclose the nature of the event and, where practicable, an estimate of its financial impact. These disclosures assume importance in ensuring transparency and preparing users of financial statements for the impact that will be recognised in subsequent periods.

9. Presentation and disclosure considerations

Another area requiring professional judgement is the presentation of the additional employee benefit expense. Although accounting standards do not explicitly define “exceptional items”, Ind AS 1 requires separate disclosure of material items whose nature or magnitude is relevant to understanding financial performance. Since the impact of the Labour Codes arises from a one-time legislative change, some entities may consider separate presentation appropriate. However, inconsistent presentation practices across entities may impair comparability. Irrespective of presentation, detailed disclosures explaining the nature, quantum, and non-recurring character of the expense are essential.

10. Tax implications and deferred tax accounting

From a taxation perspective, the Labour Codes do not introduce special provisions for deduction of increased gratuity or leave obligations. Deductibility continues to be governed by existing provisions of the Income-tax Act. Contributions to approved gratuity funds are deductible on payment basis,

while unfunded gratuity and leave encashment provisions are generally deductible only when payment is made. Consequently, the immediate accounting expense recognised due to the Labour Codes may not be deductible in the same period, giving rise to deductible temporary differences. Under Ind AS 12, recognition of deferred tax assets will be required, subject to prudence and assessment of future taxable profits.

11. Implications for professionals and stakeholders

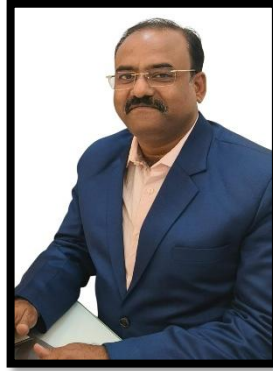
For tax and accounting professionals, the Labour Codes present important advisory considerations. Management and boards must be prepared for one-time profit impacts and ensure robust disclosures. Audit committees should focus on consistency of treatment, materiality assessment, and investor communication. Tax professionals must evaluate deferred tax recognition and its sustainability. Investors and analysts, in turn, must distinguish accounting-driven effects from underlying operational performance.

12. Conclusion

Although the New Labour Codes are primarily perceived as labour-market reforms, their impact on financial reporting and taxation is significant. By altering the measurement and recognition of employee benefit obligations, the Codes introduce a material accounting adjustment that will affect profits, balance sheets, and tax computations. For professionals involved in accounting, audit, and taxation, early preparation, clear communication, and sound professional judgement will be essential to manage the transition effectively.

~ "Know what you own, and know why you own it." – Peter Lynch

LABOUR LAW REFORMS IN INDIA: THE NEW LABOUR CODE



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India's labour law framework has historically been complex, fragmented, and governed by numerous outdated statutes. For decades, more than 29 central labour laws regulated wages, industrial relations, social security, and workplace safety. This multiplicity often created confusion for employers and limited effective protection for workers, especially those in the unorganised and gig economy. To address these challenges, the Government of India undertook one of the most ambitious labour reforms in the country's history.

The **New Labour Codes**, consolidate these 29 laws into **four comprehensive labour codes**. These reforms aim to simplify compliance, improve ease of doing business, ensure fair wages, and extend social security coverage to millions of workers. The New Labour Code 2026 marks a significant shift in India's employment ecosystem and has wide-ranging implications for workers, employers, and the economy.

India's earlier labour laws were enacted over many decades, some dating back to the colonial period. While they were progressive for their time, they failed to keep pace with modern employment patterns such as contractual work, fixed-term employment, and platform-based gig work. The lack of a uniform definition of wages allowed manipulation of salary structures, reducing social security benefits for workers.

Additionally, businesses faced high compliance burdens due to overlapping laws, inspections, and reporting requirements. This discouraged formal employment and affected industrial growth. The New Labour Codes were introduced to modernise labour regulations, bring clarity and uniformity, and balance the interests of workers and employers.

The labour reforms are organised into four codes, each addressing a specific area of employment law:

1. Code on Wages, 2019

This code regulates:

- Minimum wages
- Payment of wages
- Equal remuneration
- Bonus

It ensures a **uniform definition of wages** and universal minimum wage coverage across sectors.

2. Industrial Relations Code, 2020

This code governs:

- Trade unions
- Industrial disputes
- Layoffs, retrenchment, and closure
- Strikes and lockouts

Its goal is to promote industrial harmony while providing flexibility to employers.

3. Code on Social Security, 2020

This code integrates laws related to:

- Provident Fund (PF)
- Employees' State Insurance (ESI)
- Gratuity
- Maternity benefits

For the first time, it extends **social security to gig, platform, and unorganised workers**.

4. Occupational Safety, Health and Working Conditions Code, 2020

This code deals with:

- Workplace safety and health
- Working hours
- Leave policies
- Employment conditions

It replaces several factory and workplace safety laws.

One of the most significant reforms is the standard definition of wages. Under the Code on Wages:

- Basic pay + Dearness Allowance must be **at least 50% of total salary**
- Allowances exceeding 50% are treated as wages for statutory benefits

This ensures transparency and prevents employers from reducing PF and gratuity liabilities through excessive allowances.

The government is empowered to fix a **national minimum wage**, below which no state can set wages. This protects workers from exploitation and ensures a basic standard of living.

The code mandates:

- Monthly wage payments by the 7th of the following month
- Strict limits on wage deductions

Gig workers, platform workers, and unorganised workers can now register for social security schemes funded by government contributions and aggregators.

Advantages

- Higher PF and gratuity due to revised wage structure
- Guaranteed minimum wages across sectors
- Social security benefits for gig and informal workers
- Improved workplace safety and health standards

Concerns

- Possible reduction in take-home salary due to higher PF deductions
- Adjustment period for understanding new salary structures

Overall, while short-term take-home pay may reduce for some employees, long-term financial security improves.

Impact on Employers and Businesses

Positive Outcomes

- Simplified compliance through consolidation of laws
- Reduced ambiguity in wage calculation
- Improved industrial relations through structured dispute resolution

Challenges

- Increased cost due to higher statutory contributions
- Payroll restructuring and system upgrades
- Compliance with new safety and reporting norms

Large organisations, particularly in IT and manufacturing, have reported one-time financial impacts but acknowledge long-term benefits.

Industrial Relations and Employment Flexibility

The Industrial Relations Code introduces:

- Fixed-term employment with equal benefits
- Increased threshold for government approval in layoffs (for larger establishments)
- Mandatory notice periods for strikes

Supporters argue this promotes flexibility and investment, while critics fear it may weaken workers' bargaining power.

Gig and Platform Workers: A Major Inclusion

For the first time, gig and platform workers are legally recognised. They are entitled to:

- Life and disability insurance
- Health benefits
- Old-age protection schemes

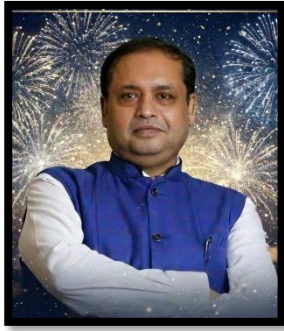
This is a landmark step in addressing the needs of India's rapidly growing digital workforce.

The **New Labour Code 2026** represents a historic transformation of India's labour law regime. By consolidating 29 laws into four streamlined codes, the government aims to create a balanced framework that supports economic growth while safeguarding worker rights. While challenges remain in implementation and acceptance, the reforms promise greater transparency, wider social security coverage, and a modern labour ecosystem.

In the long run, the success of the New Labour Codes will depend on effective enforcement, awareness among workers, and cooperation between governments, employers, and labour organisations. If implemented well, these reforms could significantly improve India's employment landscape and contribute to inclusive economic development.

~ "If finance can't improve the lives of people, we have no use for it." – Adriano B. Lucatelli

Climate Smart Municipal Budget & Finance



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Introduction

Cities drive economic growth, innovation, and opportunities, but they also consume vast amounts of energy and resources, contributing significantly to environmental degradation. Rapid urbanisation has worsened issues such as air and water pollution, climate-related disasters, improper waste disposal, traffic jams, and damage to natural ecosystems. In this context, claiming that “**Climate Smart Municipal Finance**” is the only way to sustainable urban governance is more than just an opinion; it underscores a vital governance need. Achieving sustainable urban governance cannot rely solely on isolated environmental projects or symbolic actions. It requires integrating public financial decisions systematically with climate and environmental goals, which is precisely the purpose of Green Public Financial Management (Green PFM) and Green Budgeting.

The Core Idea: You Cannot Achieve Green Outcomes with Grey Budgets

Traditionally, public budgets prioritise economic growth, infrastructure, and services, often viewing environmental protection as secondary. However, climate change has shown that financial decisions are inherently climate decisions. When budgets fund activities that increase emissions, harm biodiversity, or promote inefficient resource use, governance becomes unsustainable, regardless of official policies. The Green Public Financial Management emphasises that environmental sustainability and public financial management are closely linked: conserving the environment helps achieve development goals, and the PFM system's design affects the long-term viability of natural resources. Thus, moving toward sustainability requires not only regulations but also the integration of environmental priorities at every stage of the budget cycle, from setting priorities to approval, implementation, and auditing.

What is Green Budgeting and Why Does it Matter for Cities

Green budgeting uses budgeting tools to achieve “green” objectives related to climate and environmental dimensions, such as biodiversity, air quality, and water. It does not automatically change policies, but it provides decision-makers with a clearer understanding of the environmental

impacts of budget choices. This matters deeply for urban governance because municipal budgets shape the future of urban transport systems, waste management facilities, water supply networks, housing patterns, and public infrastructure, all of which affect emissions and environmental quality for decades. This emphasises that there is no one-size-fits-all approach, and green budgeting should build on a country's existing PFM framework and be aligned with its strengths and limitations. For Urban Local Bodies (ULBs), this flexibility is important because municipal capacities and financial autonomy vary widely across India.

Green Public Financial Management (Green PFM)

Green PFM encompasses the legal frameworks, institutions, systems, and procedures that governments utilise to ensure transparent and efficient management of public resources while fostering climate-responsive policies. Instead of being confined to a single department or scheme, it aims to integrate environmental priorities throughout the entire budgetary process. It emphasises that PFM includes both upstream elements like strategic planning, public investment management, and annual budgeting, as well as downstream processes such as procurement, accounting, auditing, and oversight. A municipality may set climate goals, but without translating these into concrete project planning, procurement standards, expenditure controls, and reporting mechanisms, they remain only aspirational. Therefore, Green PFM is not optional; it functions as the operational mechanism for climate governance and the foundation of climate-responsive cities.

The Budget Cycle

A sustainable city is built through decisions on what to build, repair, subsidise, procure, and monitor. The four-phase budget cycle is central to Green PFM. The first phase sets fiscal goals aligned with green priorities like reducing greenhouse gases while maintaining fiscal discipline. The second phase is budget preparation, where climate directives are incorporated into proposals via budget circulars. In the third phase, budget execution, climate-related spending should be tracked and reported using financial systems capable of tagging green expenses. The final phase, audit and evaluation, assesses the effectiveness of climate policies through controls, ensuring accountability. This framework makes sustainability measurable and enforceable, integrating it into practice.

Green Budget Tagging

Green Budget Tagging is a practical tool in the Green PFM framework that assesses budget components for their environmental impact and tags them accordingly. This allows municipalities to measure how much of their budget supports environmental goals, track progress, and improve resource use. It applies to urban projects like waste processing, sewage upgrades, stormwater drainage, energy-efficient street lighting, solar panels, and urban forestry. Without tagging,

environmental spending is often hidden within broader categories, complicating monitoring or justification for expansion. Tagging promotes transparency, safeguards green spending during fiscal stress, and turns intentions into Traceable Expenditure.

Budget Execution and Reporting: Decide Real Outcomes

Budget announcements are easy; implementation is difficult. The ICAI publication emphasises that the full potential of tagging is realised when applied across both the formulation and execution phases. Reporting on climate-related spending is a key feature of functional green PFM. For municipalities, this means not only sanctioning projects but also ensuring timely tendering, green procurement, quality execution, and continuous monitoring. It also means building the capacity of municipal finance teams to produce regular reports comparing budget allocations with actual green expenditures. Such reporting strengthens governance by improving transparency, reducing misuse of funds, and enabling mid-year course corrections. If cities want to build resilience against floods, heatwaves, and water scarcity, then budget execution systems must track outcomes, not just payments.

Control, Audit, and Oversight

No public finance system can be sustainable without strong audit and oversight. The Green PFM framework highlights that control and audit mechanisms are vital for evaluating climate policies. Internal controls by finance and line agencies, and external audits by Supreme Audit Institutions, must verify if programs meet climate goals and yield environmental benefits. In municipal governance, this may include performance audits of waste projects, verification of energy savings, water conservation assessments, or environmental compliance checks in public contracts. Parliament and oversight bodies should review audit findings related to climate strategies, ensuring sustainability is a governance obligation, not just PR. This reflects the Integrity System of Green Governance.

Green Finance (GF)

Cities require massive investments to transition towards sustainable mobility, clean energy, resilient water systems, and low-carbon infrastructure. Green PFM also supports access to innovative climate finance mechanisms such as Green Bonds. For municipalities, green finance can be used to fund projects like electric buses, solar plants, modern waste-to-energy facilities, decentralised wastewater recycling, and climate-resilient urban drainage systems. However, investors and funding agencies require credibility and transparency. Green budgeting and green PFM provide that credibility by demonstrating systematic tracking, reporting, and evaluation of climate-related expenditure. Thus, green finance is not just about raising funds, it is about proving that funds are used effectively and responsibly. Ultimately, it is Mobilising Resources for Sustainable Urban Infrastructure.

Green Budgeting is “the Only Way”

The claim that green budgeting and finance are the only way to sustainable urban governance is justified because urban sustainability cannot be achieved through fragmented interventions. Municipalities often struggle with limited resources, competing priorities, and rising service delivery costs. In such a context, environmental programmes are frequently treated as discretionary, vulnerable to budget cuts, and weakly monitored. Green budgeting changes this by making sustainability a core criterion for resource allocation, project approval, procurement, and performance evaluation. It ensures that the financial system supports long-term ecological stability while maintaining fiscal discipline. Precautions should also be taken, as stand-alone approaches to environmental safeguarding are insufficient for the long-term preservation of natural resources. A comprehensive integration of environmental preservation principles across all stages of the PFM cycle is required to achieve green growth; it's a Reality Check.

Challenges and the Path Ahead for Indian Municipalities

Even though the need is urgent, implementation will not be effortless. Municipal bodies face challenges such as limited technical capacity, weak data systems, fragmented responsibilities, and constraints in financial autonomy. Climate-responsive budgeting reforms are still evolving globally and can be politically sensitive, making gradual implementation necessary. The ICAI publication suggests that reforms should be built on existing PFM systems and should not become overly complex when foundational systems are weak. For Indian cities, a practical pathway would be to begin with green-tagging major projects, strengthening financial reporting systems, training municipal staff, and gradually integrating environmental outcome evaluation into audit mechanisms. Over time, climate considerations should become embedded in regular PFM processes, reducing dependence on specialised tools.

Conclusion

Urban governance is judged by outcomes like clean air, safe water, resilient infrastructure, inclusive mobility, and climate disaster protection. These can't be achieved sustainably without financial decisions prioritizing environmental responsibility. Green budgeting and finance integrate sustainability into governance as fundamental, not optional. The Green PFM framework mandates climate action within fiscal goals, budgets, and audits. For municipalities, green budgeting isn't just a trend but essential for survival and prosperity. Ultimately, "Sustainable Cities Need Sustainable Budgets."

~“Do not be afraid to give up the good to go for the great.” – John D. Rockefeller

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(Registered under Societies Registration Act, 1961. Registration No. S/60583 of 1988-89)

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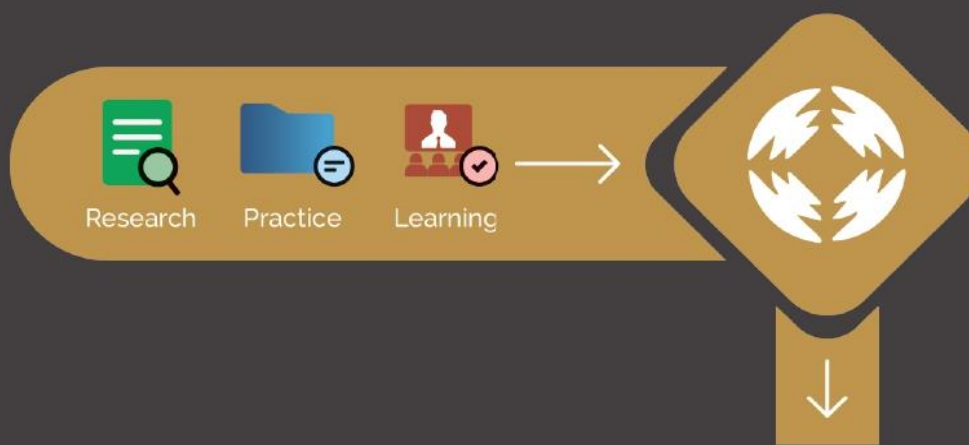
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