

# Update

# February 2026

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## In This Update

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**BTO**

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**#Digital Updates**



## We Believe In

**“A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.”**

**Mahatma Gandhi**

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# This Month For You - February 2026

Date	Law	Particular
06-02-2026	Excise	Excise E-Payment for January 2026
07-02-2026	Income Tax	Due date for deposit of TDS/TCS for the month of January 2026
07-02-2026	Wages Act	Payment of Salary / Wages (if employees < 1000)
10-02-2026	GST	GSTR-8 (E-Commerce Operator) for January 2026
10-02-2026	GST	GSTR-7 (GST TDS) for January 2026
10-02-2026	Wages Act	Payment of Salary / Wages (if employees > 1000)
10-02-2026	Excise	ER-1 / ER-2 Returns (for products not covered under GST)
11-02-2026	GST	Filing of GSTR-1 (Monthly filers) for January 2026
13-02-2026	GST	Invoice Furnishing Facility (IFF) for QRMP taxpayers (January 2026)
13-02-2026	GST	GSTR-5 (Non-Resident) & GSTR-6 (ISD) for January 2026
14-02-2026	Income Tax	Issue TDS Certificate for Sec 194-IA, 194-IB, 194M, 194S (for Dec 2025)
15-02-2026	Income Tax	Issue Form 16A (Quarterly TDS Certificate) for Oct-Dec 2025
15-02-2026	Income Tax	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2025
15-02-2026	Income Tax	Furnishing of Form 24G (Govt. office) for January 2026
15-02-2026	Labour Law	PF Contribution (ECR) for January 2026
15-02-2026	Labour Law	ESIC Payment for January 2026
20-02-2026	GST	Filing of GSTR-3B for January 2026 (Monthly filers)
20-02-2026	GST	GSTR-5A (OIDAR) for January 2026
25-02-2026	GST	GST Challan (PMT-06) for QRMP taxpayers for January 2026
28-02-2026	Income Tax	Challan-cum-statement for Sec 194-IA, 194-IB, 194M, 194S (for Jan 2026)
28-02-2026	GST	GSTR-11 (UIN Holders) for January 2026

# From The Desk Of The Chairman



**CS Venkat R Venkitachalam**  
**Chairman, Bizsolindia Services Pvt Ltd**

**When** I switched on my TV set to listen to the world glitterati at Davos, Switzerland on 20th January 26, I had little expectation of any memorable speech forthcoming from any of the global statesmen present there. When Mark Carney, the Canadian Prime Minister approached the podium I had all but switched off my mind to the event. Then came the surprise speech from him to the surprise of the audience. By the time the Canadian Prime Minister had finished his speech, he had set the melting snow at Davos on fire! Before I proceed, here is a history lesson. The geologists believe that the landmass on earth was a single parcel, eons ago that was known as, Pangaea. That was two hundred million years ago. Once this supercontinent started cracking, there was no stopping it. It started cracking slowly, at first, but the process would continue unhindered. So is the unipolar world and its order once the process of disintegration commenced. That is the analogy someone came up with, on what Mark Carney's speech at Davos on the unravelling of the old-world order. Carney, the suave and polite economist that he had been, is not known to making rousing speeches. In his previous avatars as the Chief of the British and Canadian Central Banks he had no necessity for it, either. At Davos he was in his elements. I, with so many around the globe, sat transfixed before the TV sets because of his measured and equally elegant oratory – rich in substance and low in showmanship. This special address at the World Economic Forum simply electrified the audience, earning him a standing ovation (a rare feat) for his unflinching autopsy of the collapsing rules-based world order. This 'world order', according to him, is a lie! What is happening now to the world order is a rupture, not even a transition to anything new. In fact, in the name of the new world order great powers are weaponising a fiction through tariffs, coercion and supply chain leverage. Carney skewered the post-World War II bargain - middle powers like Canada prospered under U.S. hegemony's public goods - open trade, security umbrellas while ignoring visible asymmetries all around. No longer. "Integration becomes subordination," he warned (a seasoned politician would have used the word 'thundered' here), as established hegemony exploits vulnerabilities of other 'middle powers.' Multilateral pillars (WTO, UN, COP) are consciously and deliberately allowed to rust, undermining strategic autonomy in energy, minerals and finance around the globe. A "world of fortresses" looms, poorer and fragile, unless effectively countered, he said in a measured tone. Pioneering "value-based realism" (a concept championed by Finland's President, Alexander Stubb), Carney outlined in his speech Ottawa's imminent pivot - tax cuts on incomes/capital gains, axing interprovincial trade barriers and fast tracking in the fields of energy, AI, minerals and defense. Carney exhorted

the middle powers to unite for their own survival. His warning was as stark as stark can be. According to him “if you are not at the table, you are on the menu.” His recommendation may sound old-fashioned - principled yet pragmatic, calibrating ties by values (human rights and sovereignty). In his inimitable style he made a clarion call to fellow members to “reject nostalgia as it cannot be a strategy” and build domestic strength to enable them to take honest positions. Then followed the line in his speech that was intended squarely for Trump when he pledged unwavering support for Denmark and Greenland against geopolitical coercion, implicitly addressing U.S. pressure. He emphasised upholding international law and strengthening NATO’s northern flank through investments in surveillance and defense. In the end, he rebuked Trump era unilateralism without naming the country. Carney repositioned Canada as an architect building a wall for resilience. In the current chaos spawned by multipolarity, here is Carney’s carefully crafted call to other nations - leverage legitimacy, reject lies and forge equity. Middle powers gain most from cooperation and this blueprint charts it. When Carney finished his speech, I found myself standing before the TV screen and clapping. I am certain that I was not alone. His neighbor back in the north American continent was also listening to him, it appears. By the time he got back home the U.S. Treasury Secretary Scott Bessent had told Fox News that Carney aggressively walked back his comments at the World Economic Forum during a phone call with Trump on just a day back! That was not the last word either, in this episode. “To be absolutely clear, and I said this to the President (of the US), I meant what I said in Davos,” Carney said to reporters as he arrived for a Cabinet meeting in the capital, Ottawa. At the end of it all, this speech by Mark Carney would find pride of place in history books as one of the most memorable speeches for more reasons than one and that one reason is speaking truth to the power.

**After** the infamous fall out between Trump and Modi and the unilateral imposition of tariffs on India by the US it looked as if trade cooperation between other countries was starting to look bleak – quite bleak. Not any longer. India and the European Union got into a landmark Free Trade Agreement (FTA) just days back. The parties to the agreement had no hesitation in calling it the mother of all free trade agreements! Without doubt, it is one of India’s biggest trade deals. The pact will give Indian exporters preferential access to nearly 99% of the EU market, boosting sectors like textiles, gems, jewelry, IT services, and manufacturing. Broadly, it is expected to strengthen India’s global trade position, attract investments and create jobs. This Comprehensive Free Trade Agreement covers goods, services, investment and mobility. Nearly 99% of Indian exports by value will receive preferential treatment in the EU. Alongside trade, agreements were also signed on security, defense, and mobility partnerships, making this more than just an economic pact. Indian sectors such as textiles, gems & jewelry, pharmaceuticals and IT services will gain easier entry into the EU market. This could significantly raise India’s export earnings and reduce dependence on traditional markets like the US. The FTA is expected to attract European investment in Indian manufacturing and green technologies, supporting India’s “Make in India” and sustainability goals. India’s IT and professional services will

benefit from improved mobility and recognition of qualifications, opening opportunities for Indian professionals in Europe. Expanded exports and investments will generate employment, especially in labour-intensive industries like textiles and handicrafts. However, this trade deal is not without its share of challenges. Indian exporters would be called upon to adapt to stringent EU regulations on sustainability, labour and product quality. Greater EU access to Indian markets may pose serious challenges to local industries, requiring policy support for small businesses. The deal is expected to be fully operational by 2026. Benefits of the deal is expected to unfold gradually. In short, the India–EU FTA is a transformative agreement that could reshape India’s trade landscape by expanding exports, attracting investment and strengthening its global economic standing, while also demanding higher compliances and competitiveness from Indian industries. Here is a toast to a deal; raising a toast to itself has become so much cheaper with duties on spirits set come down!

When I watched the presentation of the Budget, I was surprised to see that there was no pandemonium in the House. I had to pinch myself for self-assurance that I had tuned into the right channel. The Opposition made their presence felt by shouting for perhaps two minutes only at the fag-end of the Budget presentation when the finance minister had moved the motion. Either our representatives have learned to behave, or I am lost in the past. Be that as it may, it augurs well for our democracy if this behavior is continued. Predictably, every Parliamentary Session starts with pandemonium. It is difficult to believe that our law makers have finally learned the law, finally! There was one important innovation that I noticed. When the finance minister was reading out from the Budget papers, her boss was there in the adjacent frame acting out the intended messages and also thumping the desk applauding every proposal in the Budget. That is audio visual performance for you – audio and speech for the speaker and video and text for the presenter! Perhaps the time has come when the presentation of the budget has become a non-event, which it is. This year Finance Minister took one and half hours to complete her speech.

By the time the Budget presentation was completed, there were a few thematic strains in some of the proposals. One theme that runs across the budget was rooted in our ethos - duty-driven progress: first kartavya is to sustain 7% plus growth via manufacturing in biopharma, semiconductors, and infra, the second builds skills in health, tourism, and AVGC (Animation, Visual Effects, Gaming and Comics); third kartavya ensures equity for farmers, Divyangan, and Purvodaya regions. PM’s visuals were intended to reinforce unity, portraying an aligned leadership towards a developed India. The Budget prominently features Ayurveda and AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy) as pillars of integrated healthcare, with proposals for infrastructure, research, and global outreach. At the end of it all, the Fiscal Deficit is expected to be an impressive 4.30%. However, no Budget can be complete without a dose of politics. That came in the form of a new train traversing through Tamil Nadu and Kerala, states that are going to polls in a few months.

**While** on the subject of Budgets, I noticed an important pivot in the context of the Union Budget 2026-27, a shift from the rigid annual fiscal deficit target to a Debt-to-GDP ratio to anchor a fundamental change in India's fiscal philosophy. While the fiscal deficit measures the "gap" in a single year, the Debt-to-GDP ratio measures the country's cumulative financial health and long-term solvency. Here are some of the key implications of introducing this metric for the Indian economy and its business landscape:

- 1. Enhanced Counter-Cyclical Flexibility:** Under a strict fiscal deficit regime, the government is often forced to cut spending during economic downturns to meet a numerical target, which can worsen an economy already in recession. By targeting a declining debt-to-GDP trajectory (currently aimed at 55.6% for FY27 and 50% by FY31), the government gains some "breathing room." If a global catastrophe occurs, they can momentarily increase the annual deficit to support growth without "breaking" the fiscal rule, provided the long-term debt trend continues to show a downward trend.
- 2. Focus on the "Quality" of Spending:** The Debt-to-GDP ratio is sensitive to the denominator – the nominal GDP growth. To keep the ratio low, the government is incentivised to spend on high-multiplier assets (Infrastructure, R&D, and Digital Public Infra) that drive growth. This explains continuing with a massive ₹12.20 lakh crore capex target for 2026-27 for the government. However, there is a lurking trade-off here. Purely populist subsidies or revenue expenditures that do not contribute to GDP growth become harder to justify, as they increase debt without expanding the denominator.
- 3. Capacity to Absorb External Shocks:** With the tariff regime having become ever so unpredictable, the global trade environment has become increasingly hostile. A debt-based framework allows the government to utilise its balance sheet to protect domestic industries or fund strategic "Atmanirbhar" initiatives (like the ₹10,000 crore Biopharma Shakti over five years, for example) during periods of trade volatility, without giving the market an opportunity to penalise them for minor slipups in the annual deficit numbers.
- 4. Impact on Borrowing Costs and Ratings:** Sovereign Rating Agencies (like S&P and Moody's) prioritise debt sustainability over yearly deficits. A credible path toward a 50% Debt-to-GDP ratio is more likely to result in rating upgrades, which helps to lower the "sovereign risk premium." Lower sovereign borrowing costs eventually trickle down to the private sector, reducing the interest rates for corporate bonds and commercial loans too.

A debt anchor is no doubt a double-edged sword and needs careful and well calibrated financial management. Time horizons for fiscal deficits are normally one year whereas Debt to GDP ratio is for medium to long term. Another distinguishing feature between the two is that fiscal deficits are “rule bound” whereas targets anchored to Debt to GDP ratio is “trend bound”. Again, while focusing on growth, fiscal deficit targets tends to become a serious constraint, whereas the focus tends to enhancing the quality of spending when attention is shifted to Debt-to-GDP ratio. More importantly, the most critical differentiator between the two is what features each offers to the market. Fiscal deficit indices would have immediate liquidity impact, whereas Debt-to-GDP factor would cautiously point towards long term solvency and stability. Having said all this, one has to be cautious of the heavy burden it places on nominal GDP growth. If growth falters (due to global protectionism or domestic hurdles), the Debt-to- GDP ratio would swing wildly, despite strict government controls on its annual spending. However, at the end of the day, proof of pudding is in its eating. Let us see how it spans out eventually. John Maynard Keynes, the famous economist said once, “in the long run we are all dead”. He also said, “it is better to be roughly right than precisely wrong”.

**Thank you.**

**Venkat R Venkitachalam**



## TREATY SHOPPING UNDER SEIGE India's New Compliance Landscape

CS Venkat R Venkitachalam, Chairman, Bizsolindia Services Pvt Ltd

**The Introduction:** In a landmark ruling (Tiger Global verdict) this month with far-reaching consequences to India's efforts to raise global capital, the Supreme Court of India held that investment vehicles are liable to pay Capital Gains Tax on their stake sales even when the deals are routed through Mauritius-based entities and backed by Tax Residency Certificates (TRC). By invoking General Anti Avoidance Rules (GAAR) and looking through what it viewed as a low substance offshore structure, the apex court has signalled a decisive pivot towards substance-over-form in treaty interpretations, resetting expectations for private equity, venture investors, and cross-border dealmakers who have long relied on the India - Mauritius route for tax-efficient exits.

**Enter The New Economic Order:** Tiger Global Management (Tiger Global for short) is a New York-based investment firm founded in 2001 by Chase Coleman III, a protégé of hedge fund legend Julian Robertson. It focuses on long-term investments in public and private companies, particularly in technology, internet, software, consumer and fintech sectors. The firm manages two main strategies with roughly equal capital allocations. Public Equity including long/short and long-only funds like Tiger Global Investments targeting high-growth public companies and Private Equity where it invests from early to late-stage ventures of about thirty countries with over ninety portfolio IPOs, led historically by Scott Shleifer until 2023. Tiger Global employs a concentrated, high - conviction style with global reach, active engagement in portfolio companies and adaptability to market movements. Enter The New Economic Order: Tiger Global Management (Tiger Global for short) is a New York-based investment firm founded in 2001 by Chase Coleman III, a protégé of hedge fund legend Julian Robertson. It focuses on long-term investments in public and private companies, particularly in technology, internet, software, consumer and fintech sectors. The firm manages two main strategies with roughly equal capital allocations. Public Equity including long/short and long-only funds like Tiger Global Investments targeting high-growth public companies and Private Equity where it invests from early to late-stage ventures of about thirty countries with over ninety portfolio IPOs, led historically by Scott Shleifer until 2023. Tiger Global employs a concentrated, high - conviction style with global reach, active engagement in portfolio companies and adaptability to market movements. It avoided the GARR route to avoid Indian taxes. That, as the subsequent events proved, was a move too clever by half. According to the apex court, these transactions are required to be brought under GARR and dealt with under that Act. Thus evolves a new bouquet of jurisprudence. That, as the subsequent events proved, was a move too clever by half. According to the apex court, these transactions are required to be brought under GARR and dealt with

under that Act. Thus evolves a new bouquet of jurisprudence. Let us see how the Supreme Court dealt with the consequential issues involved. In Tiger Global, the Supreme Court applied Chapter X A GAAR provisions - primarily sections 95 to 98 - by first characterising the Flipkart exit structure as an “impermissible avoidance arrangement” under section 96 of GARR. The Court noted that GAAR is attracted where obtaining a tax benefit is the main or one of the main purposes of a deal and at least one of the statutory tests is satisfied, such as lack of commercial substance in the transaction. On facts, the Court found clear prima facie evidence that the Mauritius entities were pure conduit vehicles lacking independent control and management, thereby failing the commercial substance test. The apex court felt that this arrangement constituted a device to avoid Indian tax. Relying on section 96(2) of GARR, the Court stressed that once the Revenue shows indicia of avoidance, the burden shifts to the taxpayer to disprove this presumption, a burden Tiger Global failed to discharge. with under that Act. Thus evolves a new bouquet of jurisprudence. Let us see how the Supreme Court dealt with the consequential issues involved. In Tiger Global, the Supreme Court applied Chapter X A GAAR provisions - primarily sections 95 to 98 - by first characterising the Flipkart exit structure as an “impermissible avoidance arrangement” under section 96 of GARR. The Court noted that GAAR is attracted where obtaining a tax benefit is the main or one of the main purposes of a deal and at least one of the statutory tests is satisfied, such as lack of commercial substance in the transaction. On facts, the Court found clear prima facie evidence that the Mauritius entities were pure conduit vehicles lacking independent control and management, thereby failing the commercial substance test. The apex court felt that this arrangement constituted a device to avoid Indian tax. Relying on section 96(2) of GARR, the Court stressed that once the Revenue shows indicia of avoidance, the burden shifts to the taxpayer to disprove this presumption, a burden Tiger Global failed to discharge. Consequently, GAAR was held applicable enabling the authorities under sections 97–98 to disregard the intermediary Mauritius entities and recharacterise the gains as taxable in India notwithstanding DTAA and the grandfathering provisions with the Court emphasising that treaty benefits are unavailable when GAAR is validly invoked. Thus, the Supreme Court held that capital gains from Tiger Global’s 2018 Flipkart exit are taxable in India and as it happened, Treaty protection are also denied in India. Consequently, the court implied that GAAR can and would override DTAA benefits whenever structures lacked commercial substance. Let us now dive in to understand the issues involved in granular details.

The Background: In 2018, three Mauritius entities of Tiger Global (including Tiger Global International II, III and IV Holdings) sold shares of Flipkart Singapore Pte Ltd to a Walmart group buyer earning about USD 1.6 billion in capital gains. Tiger Global claimed exemption under Article 13 of the India - Mauritius DTAA, relying on valid Mauritius Tax Residency Certificates and backed by the “grandfathering” provisions for the investments made before 1st April 2017. However, the Authority for Advance Rulings (AAR) when approached, denied this treaty benefits, treating the Mauritius entities as mere conduit vehicles lacking substance and terming the arrangement a prima facie tax avoidance structure. . The Delhi High Court, however, had earlier reversed this ruling, holding that the transaction was bona fide commercially substantive and protected by DTAA’s grandfathering clause.

**Arguments for Tiger Global:** Valid Tax Residency Certificates (TRC) and residence in Mauritius entitled them to DTAA benefits; once residence is accepted, India cannot tax capital gains on alienation of shares covered by Article 13. Investments in Flipkart were made before 1 April 2017 and hence capital gains were “grandfathered” and insulated from later treaties and changes in GAAR. There was strong commercial rationale - long term investment in India’s leading e commerce company, exit through a strategic sale to Walmart, and use of Mauritius as a legitimate, globally accepted holding jurisdiction. According to the appellants, GAAR should not apply retrospectively or in a manner that nullifies grandfathering and legitimate treaty expectations

**Arguments for the Revenue:** The Revenue argued that the Mauritius entities were mere “shell” or “conduit” vehicles. Real control and management of transactions (especially over USD 250,000) lay with a US based fund manager, not the Mauritius boards. Banking operations, decision making, and key documentation showed that effective control was outside Mauritius, making the entities “see through” for tax purposes. Thus, structure was an “impermissible avoidance arrangement” under section 96 of GARR, designed principally to avoid Indian taxes. Hence GAAR applied squarely and it could override DTAA provisions. The Revenue further argued that grandfathering and TRCs do not confer an absolute shield; they cannot and should not protect abusive, low substance structures or treaty shopping.

### **THE SUPRME COURT UPHELD THE TAX DEPARTMENT’S STAND**

**Reasons and Rationale of the Supreme Court:** The Court adopted a clear substance over form approach: it examined control, management and economic reality behind the Mauritius entities rather than their legal form and TRCs. It held that where effective control and management are elsewhere, the mere existence of a local board and TRC in Mauritius does not establish genuine residence or commercial substance. The Court read the India–Mauritius DTAA in light of post Vodafone statutory changes and anti abuse standards, emphasising that treaty benefits are conditional on genuine, non abusive structures. It held that GAAR, once validly triggered, can override DTAA provisions and also the grandfathering protection if the arrangement is primarily designed for tax avoidance. The Court highlighted Section 96(2) of GARR that says, once the Revenue shows that an arrangement is prima facie avoidance oriented (e.g., through absence of substance, external control, and conduit features), the burden shifts to the taxpayer to disprove that presumption. Applying these principles, the Court found that Tiger Global’s Mauritius vehicles lacked real commercial substance and mainly served to channel investments and exit gains through Mauritius to avoid Indian taxes.

## **The Legalese Behind the Judgment:**

- a. GAAR vs DTAA: The judgment clarifies that GAAR is a domestic anti abuse rule that can override DTAA benefits, including capital gains allocation rules where arrangements are “impermissible avoidance arrangements.”
- b. Role and limits of TRC: A valid TRC is necessary but not sufficient; it does not provide blanket immunity from inquiries into substance or treaty abuse.
- c. Grandfathering of pre 2017 investments: The Court held that grandfathering is not an unconditional amnesty. It protects genuine investments but does not insulate abusive conduit structures from GAAR scrutiny.
- d. “Commercial substance” and “conduit” analysis: The Court unpacked “commercial substance” by looking at factors like independent decision making, local directors’ role, risk assumption, banking control, and whether the entity had any real economic purpose beyond tax saving.
- e. Burden of proof under section 96(2): Once Revenue establishes indicia of avoidance, the onus moves to the taxpayer to prove genuine business purposes and substance, marking a notable shift from earlier treaty centric jurisprudence.
- f. Impact of post Vodafone legislative changes: The Court explicitly acknowledged that the statutory landscape has changed since the Vodafone era and that earlier treaty friendly precedents cannot be read in isolation from subsequent GAAR and treaty amendments.

**The Last Word:** The Supreme Court set aside the Delhi High Court’s 2024 judgment and restored the AAR’s view. It held that capital gains arising from Tiger Global’s Flipkart exit are taxable in India and that the India - Mauritius DTAA exemption under Article 13 is not available to the assessee. The Court held that the transaction formed part of an “impermissible avoidance arrangement” under GAAR and treaty benefits could be denied despite valid TRCs and pre 2017 investments. As a consequence, the approximately ₹14,500 crore tax demand linked to the Flipkart takeover stands upheld, subject only to any limited review that may be permissible.

## **The Economic Consequences of the Judiciary’s Change in Stand:**

- g. Foreign investment structures: Offshore holding structures using Mauritius, Singapore or similar jurisdictions now face heightened scrutiny on substance, governance and business purpose; paper-thin SPVs are at significant risk.
- h. Tax certainty vs revenue protection: The ruling strengthens India’s ability to tax large digital, and startup exits and is likely to bolster revenue, but it also raises concerns among foreign investors about retrospective exposure and subjective GAAR application.
- i. Deal making and exits: M&A deals, secondary sales and PE/VC exits may need more time and cost for tax diligence, advance rulings, and robust structuring; some investors may also shift to onshore or “hybrid” models balancing treaty use and substance.

- j. Signal to startup ecosystem: While the judgment may initially unsettle late stage investors in Indian startups, it nudges the ecosystem towards transparent, substance backed holding vehicles and clearer documentation of commercial rationale.
- k. Macro perception: Experts feel that, although the verdict is tough it is unlikely by itself to derail foreign investment opportunities in India, given the market's underlying growth story and the global move towards anti avoidance norms (BEPS, MLI, etc.).

**Judiciary's Prescient Take:** This case was heard by a Bench consisting of Js R Mahadevan and Js J B Pardiwala. The main judgment was authored by Js R Mahadevan and there was a separate judgment, albeit a concurring one, by Js J B Pardiwala. The latter focussed on some important tenets on the issue in his separate but concurring Order. Justice Pardiwala had opined that the objective behind the judgment was to protect India's right to tax income linked to its economy while continuing to welcome genuine foreign investments to its shores. He had emphasised the need to strike a careful balance, safeguarding the tax base without undermining stability for long term investors and noted that clear guidance and consistent application of anti-avoidance rules will be important in sustaining investor confidence. The "golden rule" in this context would mandate taxing residents on worldwide income and non-residents on income sourced from India overriding DTAA if GAAR applies and no automatic grandfathering shields for sham structures. He warned businesses against "legal fictions" like TRCs without economic reality and urging them to employ the substance tests to prevent "tax haven tourism."

**Impact of Judiciary's Pivot:** The judgment marks a shift from form driven, treaty centric reasoning (as seen in earlier cases like Vodafone) to a substance driven, anti avoidance centric approach that integrates GAAR and global BEPS principles. The Court is more willing to "look through" holding companies and disregard mere legal form where control, management, and economic exposure lie elsewhere. There is a visible move from deference to TRCs and treaty text alone, toward a balanced reading that incorporates preambles, anti abuse clauses and domestic GAAR. The explicit reliance on section 96(2) and shifting of burden of proof indicates a more assertive stance of the Court - once the Revenue plants the red flags, the taxpayer must affirmatively prove substance and genuineness of purpose. Overall, the decision signals a maturing jurisprudence that aligns with international anti avoidance trends while consciously re calibrating the country's stance from obeisance to a tax payer to attract investments to businesses who are statutorily compliant.

**The Takeaways for the Professionals:** Re evaluate existing Mauritius and other treaty based structures for genuine substance: independent boards, local management, economic functions, risk assumption and demonstrable commercial purpose. Treat TRCs and grandfathering as starting points, not end points; build contemporaneous documentation explaining why a particular jurisdiction and structure were chosen beyond tax impact. Incorporate GAAR analysis as a standard work stream in major exits and M&A deals, including alternative structure comparisons, purpose tests, and management control mapping. Anticipate possible revenue challenges on past exits routed through low substance vehicles and consider proactive risk management - disclosures, settlements, or restructuring where appropriate. Draft transaction documents and board minutes to reflect real decision making at the entity claiming treaty benefits; avoid templates that reveal centralised offshore control. In litigation, be prepared to deal with GAAR as a central plank, not a peripheral issue. The strategy angle must integrate with DTAA text, domestic anti avoidance provisions and international standards. Use this ruling to emphasise that “treaty shopping by design” is no longer defensible: structures must withstand a “look through” test on governance, economics and intent. Closely track future cases where GAAR is invoked with treaty claims. This judgment will likely be the leading precedent on how courts balance treaty protection with anti avoidance in India. GAAR has truly “arrived” in Indian tax jurisprudence. Treat Tiger Global’s Flipkart exit into a cautionary tale on the cost of under estimating substance and over relying on treaties.

**Thank you.**

**Venkat R Venkitachalam**

# WHAT'S NEW?

## GST



### GST Advisory:

1. The GST portal now has an easy online option for hotels to declare their property as a “Specified Premises.” Hotels can make this declaration by submitting Annexure VII (for existing GST taxpayers) or Annexure VIII (for new GST registration applicants) The declaration must be filed within the allowed timelines:
  - Existing taxpayers: Between 1 January 2026 and 31 March 2026 (for next year).
  - New registration applicants: Within 15 days of getting the ARN for their GST registration. The entire filing is done online on the GST portal, and submission is completed using EVC (OTP-based verification). This process replaces the older manual submission method.

#### [GSTIN Advisory dated 04 Jan 2026]

2. An advisory on reporting of taxable value and tax liability under RSP-based valuation in e-Invoice, e-Way Bill and GSTR-1 / GSTR-1A / IFF has been issued for the information and guidance of taxpayers. Based on the advisory regarding RSP-based valuation for notified tobacco products, here are the key reporting requirements and guidelines:
  - **Effective Date:** The Retail Sale Price (RSP)-based valuation for specified tobacco products applies to transactions starting **February 1, 2026**.
  - **Valuation Shift:** Taxable value is no longer determined by the actual commercial sale price between the supplier and recipient; instead, it is derived from the RSP printed on the package.
  - **Formula for Tax Calculation:** The tax amount must be calculated using the following statutory formula: **Tax Amount = (RSP × GST Rate) / (100 + Sum of applicable tax rates)**.
  - **Reporting in GSTR-1, e-Invoice, and e-Way Bill:**
    - o **Taxable Value Field:** Taxpayers must report the **Net Sale Value** (the actual commercial consideration/transaction value) in this field.
    - o **Tax Amount Field:** This field must contain the tax calculated strictly using the **RSP-based formula**, even if it differs from system-calculated amounts based on the transaction value.
    - o **Total Invoice Value:** This should be reported as the **sum of the Net Sale Value and the RSP-based tax amount**.

- **System Overrides:** Since existing GST systems use a transaction-value model, taxpayers may need to manually edit and correct the system-calculated tax amounts to reflect the higher RSP-based liability.
- **Scope:** This specific reporting mechanism is restricted only to the HSN codes (e.g., Pan Masala, certain Tobacco products) notified under the new valuation rules.

**[GSTIN Advisory dated 23 Jan 2026]**

3. The GSTN has introduced significant enhancements to interest computation and reporting in GSTR-3B, effective from the January 2026 tax period. These changes align system logic with Section 50 of the CGST Act, 2017, and ensure that interest is only levied on the net tax liability.

### **Key Enhancements in GSTR-3B**

- **Net Interest Computation:** Interest in **Table 5.1** is now auto-populated based on **Net Tax Liability** after deducting the minimum cash balance available in the Electronic Cash Ledger (ECL) from the due date until the date of payment.
- **Formula for Interest:** The portal uses the revised formula:  $\text{\$Interest} = (\text{Net Tax Liability} - \text{Minimum Cash Balance in ECL}) \times (\text{No. of days delayed} / 365) \times \text{Applicable Interest Rate}\%$ .
- **Tax Liability Breakup Table:** The GST Portal will now auto-populate the “Tax Liability Breakup Table” based on the date of documents reported in GSTR-1/IFF to assist in accurate period-wise interest calculation.
- **Suggestive ITC Cross-Utilization:** Once IGST ITC is exhausted, the system now allows the use of CGST and SGST ITC in any sequence to discharge IGST liability in Table 6.1.
- **GSTR-10 Interest Collection:** For cancelled taxpayers, interest for the delayed filing of the last GSTR-3B will now be levied and collected through the Final Return (GSTR-10).
- **Manual Adjustments:** Auto-populated interest values are non-editable downwards; however, taxpayers must self-assess and modify these values upwards if their actual liability is higher than the system’s suggestive calculation.

**[GSTIN Advisory dated 30 Jan 2026]**

# CUSTOMS

## Notification:

### Non-Tariff:

1. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective from 14.01.2026  
**[Notification No. 01/2026-Customs Dated on 13 Jan 2026]**
2. CBIC has issued a notification appointing Bhogapuram International Airport, Andhra Pradesh, as a customs station under Section 7(1)(a) of the Customs Act, 1962.  
**[Notification No. 02/2026-Customs Dated on 15 Jan 2026]**
3. CBIC has issued notification for Drawback rules permitting exporters to claim refunds of certain customs duties when goods are exported — this refund is called drawback. Before this notification, the rules primarily recognized exports under a shipping bill or standard export documentation.  
**[Notification No. 03/2026-Customs Dated on 15 Jan 2026]**
4. CBIC has issued notification for amending Notification No. 24/2023-Customs Non-Tariff dated 1 April 2023 to expand and clarify export facilitation provisions for postal exports processed electronically under the Customs Act, 1962.  
**[Notification No. 04/2026-Customs Dated on 15 Jan 2026]**
5. CBIC has amended paragraph 2(1)(b) of Notification No. 25/2023-Customs (Non-Tariff) to recognise electronically processed postal export entries under Section 84 of the Customs Act on par with bills of export/shipping bills for customs export procedures.  
**[Notification No. 05/2026-Customs Dated on 15 Jan 2026]**
6. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective 16.01.2026  
**[Notification No. 06/2026-Customs Dated on 15 Jan 2026]**
7. CBIC has issued notification for amending the Postal Export (Electronic Declaration and Processing) Regulations, 2022. It introduces updated regulations to govern the electronic declaration and processing of postal exports under the Customs Act, 1962.  
**[Notification No. 07/2026-Customs Dated 15 Jan 2026]**

8. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective 22.01.2026  
**[Notification No. 08/2026-Customs Dated 22 Jan 2026]**
9. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective 27.01.2026  
**[Notification No. 08/2026-Customs Dated 27 Jan 2026]**
10. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective 29.01.2026  
**[Notification No. 10/2026-Customs Dated 29 Jan 2026]**
11. CBIC has issued notification for fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver effective 30.01.2026  
**[Notification No. 11/2026-Customs Dated 30 Jan 2026]**

### **Circular:**

1. CBIC has issued a circular amending Circular No. 25/2022-Customs dated 09.12.2022 to extend export benefits to goods exported through the postal mode.  
**[Circular No. 01/2026-Customs Dated 15th Jan 2026]**

### **Anti-Dumping Duty:**

1. CBIC has issued a notification imposing anti-dumping duty on specified imported goods originating in or exported from specified countries under Section 9A of the Customs Tariff Act, 1975, to protect the domestic industry from injury caused by dumped imports.  
**[Notification No. 01/2026-Customs Dated 02 Jan 2026]**
2. CBIC has issued a notification imposing anti-dumping duty on specified imported goods originating in or exported from specified countries under Section 9A of the Customs Tariff Act, 1975, to protect the domestic industry from injury caused by dumped imports.  
**[Notification No. 02/2026-Customs Dated 08 Jan 2026]**

# CENTRAL EXCISE

## Notification

### Non-Tariff

1. CBIC has issued a notification prescribing the Chewing Tobacco, Jarda Scented Tobacco and Gutkha Packing Machines (Capacity Determination and Collection of Duty) Amendment Rules, 2026.

**[Notification No. 01/2026-Central Excise Dated on 31 Jan 2026]**

## DGFT

### Notification:

1. DGFT has amended the import policy of “Low Ash Metallurgical Coke” (with less than 18% ash), including coke fines, coke breeze, and ultra-low phosphorus metallurgical coke, which are classified under ITC (HS) codes 27040020, 27040030, 27040040, and 27040090, can now be imported freely. All earlier restrictions or special conditions for importing these items have been removed.

**[Notification No. 54/2025 26 dated 03 Jan 2026]**

2. The export of wheat flour and related products under HS Code 1101 shall continue to remain “Prohibited”. However, export to the extent of 5 LMT of wheat flour and related products under HS Code 1101, over and above the existing policy conditions, is allowed.

**[Notification No. 55/2025 26 dated 16 Jan 2026]**

3. The Import of Penicillin G-potassium (PEN-G) falling under ITC HS code 29411010, 6-APA falling under ITC HS code 29411050, and Amoxicilline Trihydrate falling under ITC HS code 29411030, having CIF value of less than Rs 2,216/- per Kilogram, Rs 3,405/- per Kilogram and Rs 2,733/-per Kilogram respectively, are “Restricted” for a period of one year from the date of publication of this notification. However, this restriction will not be applicable for import by 100% Export Oriented Units (EOUs), units in the SEZ and imports under the Advance Authorisation Scheme, subject to the condition that the imported inputs are not sold into the Domestic Tariff Area (DTA)

**[Notification No. 56/2025 26 dated 16 Jan 2026]**

## **Public Notice:**

1. DGFT has updated Appendix 2U of the 2023 Handbook of Procedures. W.e.f 13th Jan 2026, every Electronic Bank Realisation Certificate (eBRC) must include the GSTIN, the GST invoice number, and the invoice date. This change will make it much easier for banks, DGFT, and GST systems to match and verify export payment details without confusion.  
**[Public Notice 42/2025 26 dated 09 Jan 2026]**
2. The new agency, “The India & Arab Countries Chamber of Commerce, Industry & Agriculture (IACCIA),” has now been added to the official DGFT list (Appendix 2E of FTP 2023). This means IACCIA is now authorized to issue Non-Preferential Certificates of Origin (CoO) that exporters often need to prove Country of Origin.  
**[Public Notice 43/2025 26 dated 09 Jan 2026]**
3. Applications for Authorisations for export of wheat flour and related products under ITC HS Code 1101, notified vide Notification No. 55 dated January 16, 2026, as amended from time to time, shall be invited and processed as per the modalities mentioned in this Public Notice.  
**[Public Notice 44/2025 26 dated 16 Jan 2026]**
4. The procedure and guidelines for the second round of Allocation of TRQ for imports under tariff head 7108 under India-UAE CEPA for FY 2025-26 are notified.  
**[Public Notice 45/2025 26 dated 23 Jan 2026]**

## **Trade Notice:**

1. The Government of India (DGFT + RBI) has launched a scheme that reduces the interest rate charged to MSME exporters on pre-shipment and post-shipment export loans. This helps MSMEs get cheaper credit and improves their cash flow. Below is the summary of the scheme:
  - **Key Benefits**
    - 2.75% interest discount on eligible export credit.
    - Maximum benefit: ₹50 lakh per MSME per financial year.
    - Benefit is given upfront by banks; RBI reimburses banks later.
    - Additional support will be given for exports to new countries (details will be shared later).
  - **Who Is Eligible**
    - A Micro / Small / Medium Enterprise (MSME)
    - A manufacturer exporter or merchant exporter
    - Holding a valid IEC and Udyam Registration
    - Exporting items listed in the positive list of 4139 HSN codes (Annexure-II)
  - **Loan Types Covered**
    - Pre-shipment export credit (raw materials, production, packaging etc.)
    - Post-shipment export credit (working capital until buyer payment)
    - Only INR loans following RBI’s export credit rules.

- **How to Apply (Simple Process)**
  - Go to DGFT portal → file an Intent to Avail Subvention
  - A UIN (Unique Identification Number) is issued for each bank
  - Give this UIN to your lending bank
  - Bank applies the reduced interest rate automatically
  - Bank submits monthly claims to RBI for reimbursement
- **Exporters Responsibilities**
  - Submit correct information and ensure no duplication
  - Keep track of your ₹50 lakh annual cap
  - Use the benefit only for eligible products and loans
  - Return any excess amount claimed during the same financial year
  - Maintain compliance with Customs, GST, FEMA, FTDR, FTP etc.
- **Annexures Details**
  - Annexure-I: Full scheme guidelines (eligibility, rules, claim process)
  - Annexure-II: List of eligible 4139 HSN codes (must match your export product)
  - Annexure-III: Step-by-step online application instructions for MSMEs
- **Other Points**
  - Scheme is currently in pilot phase.
  - Government is seeking industry feedback within 30 days.
  - Final guidelines will be updated after review.

**[Trade Notice No. 20/2025 26 dated 02 Jan 2026]**

2. A new DGFT initiative under Export Promotion Mission (EPM) to help MSME exporters obtain export working capital loans even when they lack adequate collateral. The Government offers credit guarantee support through CGTMSE, reducing the bank's risk and increasing access to export finance

- **Key Benefits to MSME Exporters**
  - Collateral guarantee coverage: Micro & Small: up to 85% (75% CGTMSE + 10% DGFT). Medium: 65% (entirely from DGFT fund).
  - Guarantee ceiling: Up to ₹10 crore per exporter in FY 2025–26.
  - Covers only export-linked working capital (pre shipment & post shipment). Domestic loans not eligible.
  - Helps exporters obtain loans without heavy collateral requirements.
- **Who Can Apply**
  - MSME manufacturer or merchant exporters.
  - Must have valid IEC + valid Udyam Registration.
  - Export products must fall under positive list of 4139 HSN 6 digit tariff lines (Annexure II).
  - Loan must be taken from an eligible Member Lending Institution (MLI)—public, private, foreign banks & select FIs (Annexure III).

- **How It Works (Simple Flow)**
    - Exporter files Intent on DGFT portal → receives UIN.
    - Approaches an eligible bank with UIN and export documents.
    - Bank assesses credit, loan sanctions, then applies to CGTMSE for guarantee.
    - CGTMSE validates UIN, generates CGPAN & fee invoice → issues guarantee after payment.
    - Exporter operates limit, bank monitors account.
  - **Costs (AGF – Annual Guarantee Fee)**
    - Charged on the guaranteed amount (Year 1) and outstanding thereafter.
    - Rates vary by loan size and bank's risk category.
    - Banks may recover AGF from exporters.
  - **If default Happens**
    - Bank may invoke guarantee after lock in; CGTMSE pays 75% first instalment, balance 25% after 3 years or post OTS.
    - Recoveries are shared pro rata.
    - Fraud / wilful default / early NPAs not eligible
  - **Annexures Issued:**
    - Annexure I: Full guidelines—eligibility, coverage %, ceilings, AGF, claim process, bank duties.
    - Annexure II: Positive List of 4139 HSN codes, approved for the scheme.
    - Annexure III: List of eligible banks/financial institutions.
    - Annexure IV: Step by step guide for DGFT portal intent filing and required documents.
  - **Takeaway**

This scheme reduces the collateral burden for MSME exporters by offering government backed guarantee coverage up to ₹10 crore and makes it easier to obtain export working capital finance from banks. It targets MSMEs exporting products within a large pre-approved HSN list and uses a simple UIN → Bank → CGTMSE workflow.

**[Trade Notice No. 21/2025 26 dated 02 Jan 2026]**
3. The Government has issued amendments to the guidelines for Interest Subvention Support for pre- and post-shipment export credit under the Export Promotion Mission – Niryat Protsahan.
- **Key Amendments:**
    - Eligibility: Benefit is limited to the actual interest cost borne by eligible MSME exporters.
    - Exclusions: Interest subvention is not admissible for deemed exports or if the export credit account turns into a Non-Performing Asset (NPA) during the cycle.
    - Application: Revised rates apply only to credit facilities sanctioned on or after January 2, 2026; older sanctions retain their original rates.
    - MSME Graduation: Exporters graduating out of their MSME category remain eligible for support for three years post-reclassification.

**[DGFT Trade Notice No. 22/2025-26 Dated 16 Jan2026]**

# INCOME TAX

## Notification:-

1. Excel Utilities for filing Updated Return in ITR-1 to 7 for AY 2025-26 are available now for filing on e-filing portal w.e.f. 01st Jan 2026.
2. Inbar Holding RSC Limited having PAN AAGCI2029C is eligible for availing tax exemption under section 10 sub clause 23FE w.e.f 05th Jan 2026.  
**[Notification No.1/2026/No. 500/PF6/S10(23FE)/FT&TR-II (2) dated 05 Jan 2026]**
3. Joint Electricity Regulatory Commission (for The State of Goa and Union Territories except Delhi) (PAN: AAAJJ0668D) is eligible under section 10 clause 46A sub clause (b) w.e.f AY 2024-2025.  
**[Notification No. 02 /2026/F. No. 300195/7/2024-ITA-I] dated 06 Jan 2026]**
4. Mussoorie Dehradun Development Authority, (PAN: AAAAM4651Q) is eligible under section 10 clause 46A sub clause (b) w.e.f AY 2024-2025.  
**[Notification No. 03 /2026 F. No. 300195/14/2024-ITA-I] dated 06 Jan 2026]**
5. Kota Development Authority (PAN: AAAJK2043D) is eligible under section 10 clause 46A sub clause (b) w.e.f AY 2025-2026.  
**[Notification No. 04 /2026/F. No. 300195/72/2024-ITA-I] dated 07 Jan 2026]**
6. Gorakhpur Industrial Development Authority (PAN:AAALG1185A) is eligible under section 10 clause 46A sub clause (b) w.e.f AY 2025-2026.  
**[Notification No. 05 / 2026 /F.No. 300195/38/2025-ITA-I] dated 07 Jan 2026]**
7. For Section 10 clause 23EE, the Income Tax Department has announced that the Core Settlement Guarantee Fund (PAN: AAAJA3150B), created by AMC Repo Clearing Limited, will be treated as a recognized clearing corporation starting from Assessment Year 2024–25. This recognition will continue as long as:
  - The fund files its income tax return under Section 139(4C), and
  - AMC Repo Clearing Limited continues to be recognized as a clearing corporation by SEBI.**[Notification No. 06 /2026/F. No. 300197/212/2023-ITA-I] dated 08 Jan 2026]**
8. CBDT has exempted **West Bengal Construction Workers Welfare Board** under Section 10(46) for income from cess, fees, and grants from **AY 2022-23 to 2026-27**, subject to **non-commercial activity**.  
**[Notification No. 7 /2026/F. NO.300196/24/2025-ITA-I], dated 15 Jan 2026]**

9. The Central Government has notified the Aligarh Development Authority as an eligible authority under Section 10(46A)(b) of the Income-tax Act, 1961. Consequently, the Authority will be entitled to the specified income-tax exemption from Assessment Year 2025–26 onwards, provided it continues to operate as a statutory authority under the Uttar Pradesh Urban Planning and Development Act, 1973 and pursues the objectives prescribed under Section 10(46A)(a).  
**[Notification No. S.O. 260(E) [NO. 8 /2026/F. NO. 300195/4/2025-ITA-I], dated 19 Jan 2026]**
10. The Central Government has notified the Barnala Improvement Trust as an eligible authority under Section 10(46A)(b) of the Income-tax Act, 1961. Accordingly, the Trust will be entitled to the specified income-tax exemption with effect from Assessment Year 2024–25, subject to the condition that it continues to function as a local authority under the Punjab Town Improvement Act, 1922 and carries out one or more objectives specified under Section 10(46A)(a).  
**[Notification S.O. 261(E) [NO. 9 /2026/F. NO. 300195/47/2024-ITA-I], dated 19 Jan 2026]**
11. The Central Government has notified the Agra Development Authority as an eligible authority under Section 10(46A)(b) of the Income-tax Act, 1961. Accordingly, the Authority will be eligible for the specified income-tax exemption from Assessment Year 2024–25 onwards, subject to the condition that it continues to operate as a statutory authority under the Uttar Pradesh Urban Planning & Development Act, 1973 and pursues one or more objectives prescribed under Section 10(46A)(a).  
**[Notification S.O. 262(E) [NO. 10 /2026/F. NO. 300195/67/2024-ITA-I], dated 19 Jan 2026]**
12. The Central Government has notified the Karnataka State Rural Livelihood Promotion Society under Section 10(46) of the Income-tax Act, 1961, granting income-tax exemption on specified income, namely Central and State Government grants and interest earned on bank deposits.  
The exemption is conditional, requiring the Society to refrain from commercial activities, maintain unchanged activities and income nature, and file returns under Section 139(4C)(g). Non-compliance may trigger penal action and withdrawal of exemption.  
The notification is retrospectively applicable for AYs 2024–25 and 2025–26, and prospectively valid for AYs 2026–27 to 2028–29  
**[Notification S.O. 332(E) [NO. 11 /2026/F. NO. 300196/65/2024-ITA-I], dated 21 Jan 2026]**

- 13.** The Central Government has notified the Dadra and Nagar Haveli Building and Other Construction Workers Welfare Board under Section 10(46) of the Income-tax Act, 1961, granting income-tax exemption on specified income, namely cess collections, registration fees, and interest on bank deposits.  
The exemption is conditional, requiring the Board to not undertake commercial activities, maintain consistency in its activities and income profile, and file income-tax returns under Section 139(4C)(g). Any non-compliance may lead to penal proceedings and withdrawal of the exemption.  
The notification is retrospectively applicable for Assessment Years 2019–20 to 2023–24, thereby providing tax regularisation and certainty for the covered periods, subject to continued compliance.  
**[Notification S.O. 333(E) [NO. 12/2026/F.No. 300196/52/2019-ITA-I], dated 21-1-2026]**
- 14.** The Central Government has approved Sikshya O Anusandhan, Bhubaneswar (Odisha) as an eligible institution for scientific research under Section 35(1)(ii) of the Income-tax Act, 1961, in the category of a university/college/other institution. The approval is valid for Assessment Years 2026–27 to 2030–31, subject to strict regulatory and reporting compliance, including adherence to Rule 5E, annual donation reporting in Form 10BD, and issuance of donor certificates in Form 10BE within prescribed timelines.  
**[Notification S.O. 386(E) [NO. 14/2026/F. NO. 203/03/2025/ITA-II], dated 27 Jan 2026]**
- 15.** The Central Government has notified the State Legal Services Authority, Union Territory of Chandigarh under Section 10(46) of the Income-tax Act, 1961, granting income-tax exemption on specified income including government and judicial grants, court-ordered receipts, recruitment application fees, and interest on bank deposits.  
The exemption is conditional, requiring the Authority to avoid commercial activities, ensure continuity in its functions and income streams, and file income-tax returns under Section 139(4C)(g). Non-compliance may lead to penal action and withdrawal of the exemption.  
The notification applies retrospectively for AYs 2024–25 and 2025–26 and prospectively for AYs 2026–27 to 2028–29  
**[Notification S.O. 399(E) [NO. 15/2026/F.NO. 300196/64/2025-ITA-I], dated 28 Jan 2026]**

**16.** The Central Government has approved Sikshya O Anusandhan, Bhubaneswar (Odisha) as an eligible institution for scientific research under Section 35(1)(ii) of the Income-tax Act, 1961, in the category of a university/college/other institution. The approval is valid for Assessment Years 2026–27 to 2030–31, subject to strict regulatory and reporting compliance, including adherence to Rule 5E, annual donation reporting in Form 10BD, and issuance of donor certificates in Form 10BE within prescribed timelines.

**[Notification S.O. 386(E) [NO. 14/2026/F. NO. 203/03/2025/ITA-II], dated 27 Jan 2026]**

**17.** The Central Government has notified the State Legal Services Authority, Union Territory of Chandigarh under Section 10(46) of the Income-tax Act, 1961, granting income-tax exemption on specified income including government and judicial grants, court-ordered receipts, recruitment application fees, and interest on bank deposits.

The exemption is conditional, requiring the Authority to avoid commercial activities, ensure continuity in its functions and income streams, and file income-tax returns under Section 139(4C)(g). Non-compliance may lead to penal action and withdrawal of the exemption.

The notification applies retrospectively for AYs 2024–25 and 2025–26 and prospectively for AYs 2026–27 to 2028–29

**[Notification S.O. 399(E) [NO. 15/2026/F.NO. 300196/64/2025-ITA-I], dated 28 Jan 2026]**

**18.** The Central Government has approved Rajalakshmi University Trust, Chennai, as an eligible institution for “Scientific Research” under Section 35(1)(ii) of the Income-tax Act, 1961, for assessment years 2026-27 to 2030-31.

**Key Conditions:**

- Form 10BD: The Trust must file an annual statement of donations received for each financial year by May 31st.
- Form 10BE: Donor certificates must be furnished specifying the donation amount and other prescribed particulars.
- Compliance: Strict adherence to regulatory conditions under Rule 5E is mandatory to maintain tax-deduction eligibility for donors.

**[Notification No. 16/2026 [F.No. 203/04/2025/ITA-II] Dated 30 Jan 2026]**

## Notification:

1. RBI is basically telling Prepaid Payment Instrument (PPI) players (wallets, prepaid cards etc.) to submit their required regulatory returns through CIMS (RBI's reporting portal). This is more about standardising and tracking reporting in one place. For customers, it doesn't change day-to-day usage, but it improves RBI's visibility on compliance. For companies, it means process change + timely filing discipline.  
**[RBI/2025-2026/172 dated 01 Jan 2026]**
2. RBI asks White Label ATM Operators to file their regulatory returns via CIMS (RBI's reporting portal). It helps RBI monitor ATM-network operations and compliance more efficiently. No direct action is needed from the public, but it strengthens oversight of ATM services  
**[RBI/2025-2026/171 dated 01 Jan 2026]**
3. RBI directs Money Transfer Service Scheme (MTSS) overseas principals (international money transfer partners) to submit returns via CIMS (RBI's reporting portal). The goal is smoother tracking of cross-border remittance related reporting and faster regulatory checks. For companies, the key is accurate, timely online reporting of such transactions.  
**[RBI/2025-2026/170 dated 01 Jan 2026]**
4. RBI has updated the rules around concentration risk for NBFCs (i.e., not putting "too much exposure" in one borrower/group/sector). RBI wants NBFCs to avoid a situation where one big default can shake the whole company. This improves stability and protects depositors/investors indirectly. It's mainly compliance-focused for NBFC management and risk teams.  
**[RBI/2025-2026/169 dated 01 Jan 2026]**
5. This circular update capital adequacy requirements for NBFCs, NBFCs must maintain the "financial cushion" to absorb losses. RBI regularly tweaks these norms so NBFCs stay resilient in stress situations. For NBFCs, it means checking capital ratios and adjusting plans if needed.  
**[RBI/2025-2026/168 dated 01st Jan 2026]**
6. RBI has amended, how commercial banks present and disclose items in their financial statements. This is about clearer, more consistent reporting, so stakeholders can compare banks better and spot risks earlier.  
**[RBI/2025-2026/167 dated 01st Jan 2026]**

7. RBI has updated credit risk management rules for commercial banks, so as to know how banks assess and manage the risk of borrowers not repaying. The intent is stronger underwriting, better monitoring, and fewer bad-loan surprises. This is good for overall banking health.  
**[RBI/2025-2026/173 dated 05th Jan 2026]**
8. RBI has updated credit risk management rules for Small Finance Banks (SFBs). RBI wants lending decisions and monitoring to be more robust, so these banks stay stable while serving underserved segments.  
**[RBI/2025-2026/174 dated 05th Jan 2026]**
9. RBI updated credit risk management norms for Local Area Banks. The overall message is: manage lending risk carefully, track exposures, and keep controls strong. This reduces the chance of sudden financial stress at these banks.  
**[RBI/2025-2026/175 dated 05th Jan 2026]**
10. RBI has refined how RRBs (Regional Rural Banks) manage credit risk. Since RRBs deal heavily with rural and priority sector lending, RBI's focus is to keep lending healthy while supporting communities. Better risk tracking means fewer future shocks and more stable service.  
**[RBI/2025-2026/176 dated 05th Jan 2026]**
11. RBI updates credit risk management rules for Urban Co-operative Banks. RBI's push is for stronger internal systems to manage loan quality and reduce bad debts. It helps make co-operative banks safer and more consistent in lending practices.  
**[RBI/2025-2026/177 dated 05th Jan 2026]**
12. RBI updates credit risk management rules for Rural Co-operative Banks. RBI wants better discipline in lending, especially important where agriculture and rural businesses depend on timely credit. Stronger risk management reduces the odds of sudden disruptions.  
**[RBI/2025-2026/178 dated 05th Jan 2026]**
13. RBI updated credit risk management norms for NBFCs as well. This helps ensure NBFCs don't grow lending too fast without proper checks.  
**[RBI/2025-2026/179 dated 05th Jan 2026]**
14. This update covers All India Financial Institutions (AIFIs) and their credit risk management framework. RBI's goal is uniformity and prudence so large institutions remain stable and predictable.  
**[RBI/2025-2026/180 dated 05th Jan 2026]**

14. This update covers All India Financial Institutions (AIFIs) and their credit risk management framework. RBI's goal is uniformity and prudence so large institutions remain stable and predictable.  
**[RBI/2025-2026/180 dated 05th Jan 2026]**
15. RBI updated how commercial banks present and disclose financial statements (this one is marked as a further/second amendment). The focus is cleaner disclosures and stronger comparability.  
**[RBI/2025-2026/181 dated 05th Jan 2026]**
16. This update is for the SFB version of the financial-statement disclosure updates. RBI is trying to keep reporting standards consistent across institutions. This makes it easier to understand an SFB's health and risks through its published accounts. Operationally, SFBs will adjust templates, disclosures and internal reporting checks.  
**[RBI/2025-2026/182 dated 05th Jan 2026]**
17. RBI updates financial statement presentation/disclosure norms for Local Area Banks. The goal is better transparency and uniform reporting.  
**[RBI/2025-2026/183 dated 05th Jan 2026]**
18. This update extends financial statement presentation/disclosure to RRBs (Regional Rural Banks). RBI is tightening and standardising how RRBs show their financial position. It supports better governance and comparability across banks.  
**[RBI/2025-2026/184 dated 05th Jan 2026]**
19. RBI has amended financial statement presentation and disclosures for Urban Co-operative Banks. This aims at clearer disclosures and stronger oversight.  
**[RBI/2025-2026/185 dated 05th Jan 2026]**
20. RBI amended financial statement presentation and disclosures for Rural Co-operative Banks. RBI is pushing uniform reporting standards and more meaningful disclosures. It supports stability and better supervision. Institutions will update formats, notes, and internal reporting controls.  
**[RBI/2025-2026/186 dated 05th Jan 2026]**
21. RBI amended financial statement presentation and disclosures for NBFCs. RBI wants NBFC reporting to be clear, consistent, and transparent. That helps regulators and stakeholders spot stress early. NBFCs will need to adjust disclosures and reporting formats accordingly.  
**[RBI/2025-2026/187 dated 05th Jan 2026]**

22. RBI amended financial statement presentation and disclosures for AIFIs (All India Financial Institutions). RBI is ensuring big financial institutions follow strong and consistent reporting practices. It strengthens governance and the quality of publicly reported numbers. Mostly technical for institutions, beneficial for overall system trust.  
**[RBI/2025-2026/188 dated 05th Jan 2026]**
23. RBI updated the capital adequacy rules for commercial banks, i.e., the “safety buffer” banks must keep. This helps ensure banks can handle losses without harming depositors and customers. It’s a core stability measure and usually aligns with evolving risk standards. Banks will recalibrate capital computations and internal compliance checks.  
**[RBI/2025-2026/189 dated 09th Jan 2026]**
24. RBI updated the capital adequacy rules for SFBs (Small Finance Banks). RBI is making sure SFBs keep adequate buffers while expanding banking access. This supports stable lending and reliable deposit safety. SFBs will review their capital ratios and related reporting.  
**[RBI/2025-2026/190 dated 09th Jan 2026]**
25. RBI updates capital adequacy norms for AIFIs. Since these institutions often deal with large-scale or specialised lending, RBI wants strong capital discipline. It reduces systemic risk and improves confidence in long-term financing institutions. Operationally, AIFIs need to ensure compliance in capital calculation and reporting.  
**[RBI/2025-2026/191 dated 09th Jan 2026]**
26. RBI has issued regulations under FEMA relating to guarantees in foreign exchange context. In plain terms, these regulations guide how guarantees involving cross-border parties should be handled and complied with. It matters for businesses and banks dealing in overseas contracts, guarantees, and obligations. The goal is clarity, compliance, and better monitoring of cross-border guarantee transactions.  
**[RBI/2025-2026/192 dated 12 Jan 2026]**
27. This circular is about the interest subvention (interest support) scheme for short-term agriculture loans taken through Kisan Credit Card (KCC). In simple terms, it explains/updates how eligible farmers can get loans at reduced effective interest cost, subject to conditions. Banks must implement the scheme as per the modified terms and operational instructions.  
**[RBI/2025-2026/193 dated 13 Jan 2026]**

- 28.** RBI has issued instructions on export/import of goods and services from the foreign exchange compliance angle. This typically covers how payments/receipts should be handled, timelines, and documentation norms for trade transactions. For businesses, it's a compliance "do's and don'ts" list to avoid issues in remittances and realisation of export proceeds. These regulations will be effective w.e.f. 01st October 2026.  
**[RBI/2025-2026/194 dated 16 Jan 2026]**
- 29.** Interest Subvention under EPM (Niryat Prothsahan): Operationalizes a pilot scheme for MSME exporters. It provides an interest subvention of 2.75% per annum on pre- and post-shipment rupee export credit, capped at ₹50 lakh per financial year, to lower borrowing costs and boost export competitiveness.  
**[RBI/2025-2026/195 dated 19 Jan 2026]**
- 30.** Priority Sector Lending (PSL) Amendment: Updates the calculation of Adjusted Net Bank Credit (ANBC). It refines how off-balance sheet exposures are treated and provides specific "grandfathering" rules for Small Finance Banks transitioning from NBFC/MFI status to ensure they meet PSL targets without double-counting assets.  
**[RBI/2025-2026/196 dated 19 Jan 2026]**
- 31.** Interest Subvention under EPM (Niryat Prothsahan): Operationalizes a pilot scheme for MSME exporters. It provides an interest subvention of 2.75% per annum on pre- and post-shipment rupee export credit, capped at ₹50 lakh per financial year, to lower borrowing costs and boost export competitiveness.
- 32.** The RBI issued seven separate Amendment Directions (2026) to update the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) framework across all banking categories. The amendments primarily align reporting with the new "Fortnight" definition (1st–15th and 16th–end of month) and modify Forms A and VIII for electronic submission via the CIMS portal.  
The specific notifications cover:
1. Rural Co-operative Banks
  2. Urban Co-operative Banks
  3. Local Area Banks
  4. Regional Rural Banks (RRBs)
  5. Payments Banks
  6. Small Finance Banks (SFBs)
  7. Commercial Banks
- \* Note: Key change includes reporting Standing Deposit Facility (SDF) balances as eligible assets for SLR maintenance.  
**[RBI/2025-2026/197 to 203 dated 22 Jan 2026]**

## Circular: -

1. SEBI has introduced new rules to make Merchant Bankers stronger, more qualified, and more transparent in how they operate. The circular lays out phased increases in net worth and liquid net worth requirements, mandatory NISM certifications for key employees, limits on underwriting exposure, and stricter independence norms for compliance officers. It also requires merchant bankers to avoid outsourcing core work, disclose conflicts when only marketing an issue, and maintain clear separation for any non-SEBI-regulated activities. Overall, the aim is to ensure that only well-capitalized, professionally competent, and responsibly governed Merchant Bankers continue to operate in the market.

**[Circular No. HO/49/11/11(106)2025-CFD-RAC-DIL3/1/1796/2026 dated 02nd Jan 2026]**

2. SEBI has decided to give more time to mutual funds and distributors to implement the new incentive scheme meant to encourage investments from new individual investors in B-30 cities and women investors across all cities. The industry shared that they were facing operational challenges in setting up systems and processes, so SEBI has pushed the start date from February 1, 2026, to March 1, 2026. This extension is meant to ensure smoother rollout, better preparedness, and ultimately a better investor-experience for new entrants into the mutual fund space.

**[Circular No. HO/(83)2025-IMD-POD-1/I/2027/2026 dated 07th Jan 2026]**

3. SEBI has introduced standardized compliance reporting formats for Specialized Investment Funds (SIFs) to ensure consistent and transparent reporting across the industry. Mutual Funds and AMCs managing SIFs must now provide extra disclosures in their existing Compliance Test Reports (CTR) and Half-Yearly Trustee Reports (HYTR). These added sections cover key checks such as minimum investment thresholds, investment restrictions, fees, disclosures, branding rules, and risk-management requirements. Essentially, SEBI wants SIFs to follow the same disciplined reporting structure as mutual funds, with some additional SIF-specific checkpoints. The goal is to strengthen oversight, improve investor protection, and ensure smooth functioning of SIF operations.

**[Circular No. HO/24/13/12(4)2025 IMD POD 1/I/2062/2026 dated 08th Jan 2026]**

4. SEBI has simplified the process for investors to get accredited for investing in Alternative Investment Funds (AIFs). It now allows investment managers to go ahead with agreements and related formalities based on their own assessment of an investor's eligibility, even before the official accreditation certificate arrives—though funds can be accepted only after the certificate is issued. SEBI has also removed the earlier requirement of giving a detailed breakup of net worth and has made it optional for chartered accountants to mention the exact net-worth figure in the certificate. These steps aim to reduce paperwork, speed up onboarding, and make the accreditation process more investor-friendly while still maintaining necessary safeguards.

**[Circular No. HO/19/34/11(9)2025-AFD-POD-1/I/2286/2026 dated 09th Jan 2026]**

5. SEBI has revamped the rules for handling technical glitches in stock brokers' trading systems to make the framework fairer, simpler, and more practical. The new approach eases compliance for smaller brokers, exempts glitches that occur outside a broker's own systems, and doubles the reporting time from one hour to two hours. Reporting has also been simplified through a common reporting portal, and penalties will now depend on the severity and frequency of glitches. SEBI has further rationalized requirements on capacity planning, software testing, and disaster-recovery drills so they scale according to the broker's size and tech dependency. Overall, the new framework aims to reduce unnecessary burden while ensuring brokers provide smooth, stable trading services to investors.

**[Circular No. HO/38/44/12(1)2026-MIRSD-TPD1 dated 09th Jan 2026]**

6. SEBI has further eased and streamlined the process for Foreign Venture Capital Investors (FVCIs) under the new SWAGAT-FI framework, making onboarding quicker and more convenient. Now, an eligible foreign investor can apply for FVCI and FPI registrations together without submitting duplicate forms or documents, as long as the same custodian and DDP are used. Existing FVCIs can also shift to the SWAGAT-FI category with a simple request. Renewal timelines have been relaxed, with SWAGAT-FI entities now getting 10-year validity blocks instead of five. Additionally, KYC reviews for SWAGAT-FI FVCIs will now occur only once every 10 years, reducing repetitive compliance. These measures are aimed at creating a smoother, faster, and more investor-friendly entry route into India's markets.

**[Circular No. HO/19/34/14(5)2025-AFD-POD2/I/199/2025 dated 16 Jan 2026]**

7. SEBI has made the SWAGAT-FI framework even more seamless for trusted foreign investors such as global pension funds, insurance firms, sovereign investors, and regulated public retail funds. The circular simplifies who can register as a SWAGAT-FI FPI, allows eligible FPIs to convert easily, and enables a unified investment account for all their FPI and FVCI holdings. Renewal cycles and KYC reviews have been relaxed to a 10-year frequency, reducing repetitive paperwork. Resident Indians contributing to such funds can invest only through RBI's LRS route, and only in global funds with less than 50% India exposure. Overall, the changes aim to make India's markets more welcoming and easier to access for long-term, reputable global investors.

**[Circular No. HO/19/34/14(5)2025-AFD-POD2/I/2703/2026 dated 16 Jan 2026]**

8. SEBI has introduced a Closing Auction Session (CAS) to decide stock closing prices more transparently and in line with global standards. Instead of relying on the last 30 minutes of trading, the new auction-based mechanism gathers all buy-sell interest into one place, helping discover a fair closing price and improving execution for large and passive funds. CAS will run daily from 3:15 pm to 3:35 pm, initially for derivative-eligible stocks, with a clear rule-based process for order entry, matching, and price discovery. SEBI has also aligned the pre-open session with similar auction principles for consistency. These changes aim to make closing prices fairer, more stable, and more reflective of true market sentiment.

**[Circular No. HO/47/11/11(3)2025-MRD-POD2/I/2765/2026 dated 16 Jan 2026]**

9. Direct Credit of Securities: SEBI has abolished the requirement for a Letter of Confirmation (LOC). Listed companies and RTAs will now directly credit securities to an investor's demat account, reducing the processing timeline from 150 days to approximately 30 days. Effective Date: April 2, 2026.

**[Circular No. HO/38/13/(3)2026-MIRSD-POD/I/3763/2026 dated 30 Jan 2026]**

10. Special Window for Physical Shares: A one-year special window (from Feb 5, 2026, to Feb 4, 2027) has been opened to allow the transfer and dematerialization of physical securities that were stuck due to procedural issues before the 2019 deadline.

**[Circular No. HO/38/13/11(2)2026-MIRSD-POD/ I/3750/2026 dated 30 Jan 2026]**

## **Notifications:**

1. SEBI has issued a fresh, all-in-one rulebook for stock brokers and clearing members so investors get safer, cleaner, and more transparent service. It clearly sets out how to get registered, what records to keep, and the do's & don'ts—from protecting client money/securities and avoiding cash dealings, to having strong risk, cyber-security, and grievance-redress systems. Brokers must appoint a Compliance Officer, follow a stricter Code of Conduct, and cooperate with SEBI/exchange inspections. Bigger brokers (by clients/volumes) can be tagged as “Qualified Stock Brokers” and will have extra governance and tech controls. A dedicated fees chapter pegs SEBI fees mainly to turnover (e.g., ₹10 per crore in cash & most derivatives; ₹5 per crore for interest-rate derivatives), bringing uniformity. In short, this replaces and modernizes the old regime to better protect investors and market integrity.

**[Notification No. 16 / SEBI/LAD-NRO/GN/2026/291, dated 07th Jan 2026]**

2. SEBI has granted a one-year renewal to AMC Repo Clearing Limited. It is authorized solely for the clearing and settlement of repo/reverse repo transactions in debt securities.

**[Notification F. No. SEBI/LAD-NRO/GN/2026/292 dated 13th Jan 2026]**

## **Insolvency & Bankruptcy Code**

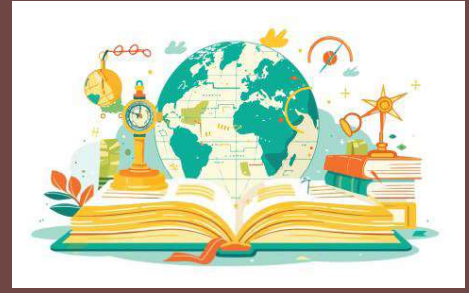
1. IBBI has issued amendments to the “IBBI (Liquidation Process) Regulations, 2016” with the intent of simplifying the process and enabling faster filing of liquidation forms.

**[Regulation issued dated 02nd Jan 2026]**

2. IBBI has introduced new liquidation forms LIQ-1 to LIQ-4 to simplify and speed up filings by reducing duplication and enabling auto-filled data on its portal. The forms cover the entire liquidation lifecycle with defined timelines and will be effective from 1 January 2026 (LIQ-2 from 1 February 2026). A penalty-free transition period from January to March 2026 and a free modification facility before due dates have been provided, though non-compliance may still invite regulatory action.

**[Circular No. IBBI/LIQ/91/2026 Dated 05th Jan 2026]**

# Beyond The Obvious



## GST

- Rejection of refiled appeal under sec. 107 solely on limitation unsustainable as CBIC notification allowed extended window  
{ [2026] 182 taxmann.com 722 (Calcutta)}
- In adjudication, Dept. Ignored reconciliation statement submitted matter remanded to reconsider merits  
{ [2026] 182 taxmann.com 642 (Gujarat)}
- Refund can't be denied for portal upload limits shipping bill size issue won't defeat substantive compliance  
{ [2026] 182 taxmann.com 630 (Gujarat)}
- Delay in GST appeal condoned on equity as hearing denial deprives appellate remedy deposit required  
{ [2026] 182 taxmann.com 525 (Calcutta)}
- Ex-parte rejection of GST refund on land portion in composite sale quashed as adjournment sought in response to SCN ignored  
{ [2026] 182 taxmann.com 597 (Gujarat)}
- Appeal against a Section 73 order was dismissed due to the absence of counsel on medical grounds, and the penalty was enhanced without issuing any show cause notice. The enhancement of penalty without granting a hearing violated the principles of natural justice, and the entire matter was remanded for a fresh decision on merits.  
{ [2026] 182 taxmann.com 517 (Calcutta)}
- There is no scope for consolidating various financial years/tax period while issuing show cause notice under Section 74 of CGST Act  
{ [2026] 182 taxmann.com 664 (Bombay)}

- Refund of GST paid on the land portion of a composite sale was rejected ex-parte despite the petitioner seeking adjournment within the prescribed time in response to the show cause notice proposing rejection of the refund application. The order passed by ignoring the petitioner's request was liable to be quashed.  
**{ [2026] 182 taxmann.com 597 (Gujarat) }**
- The show cause notice alleged a mismatch in GSTR-3B turnover, but the adjudication order confirmed tax on an entirely new ground of forward charge liability. Such an order went beyond the scope of the SCN in violation of section 75(7). Further, reliance on GST Back Office portal data without granting a fair opportunity rendered the proceedings unsustainable, and accordingly, the adjudication as well as appellate orders were set aside.  
**{ [2026] 182 taxmann.com 495 (Calcutta) }**
- In the adjudication proceedings, no issue was raised regarding the assessee's turnover of taxable supply. However, in the appeal against the adjudication order, the Appellate Authority enhanced the assessee's tax burden on that issue. Since the issue was not considered by the Adjudicating Authority, the Appellate Authority was directed to reconsider the matter after granting the assessee an opportunity of being heard.  
**{ [2026] 182 taxmann.com 341 (Calcutta) }**
- ITC was denied on the ground of excess avilment of credit on import of goods, and such denial was confirmed by the appellate order. However, in view of the fact that, pursuant to the High Court's directions, relevant reports of the Customs authorities regarding payment of IGST were produced, the matter was remanded to the Appellate Authority for reconsideration in light of those reports.  
**{ [2026] 182 taxmann.com 433 (Calcutta) }**
- The GST Tribunal was not constituted at the time the writ petition was filed. Since the Tribunal has now been constituted, the assessee was permitted to file an appeal before the Tribunal, and the same was directed to be heard on merits without reference to limitation, subject to compliance with the pre-deposit requirement.  
**{ [2026] 182 taxmann.com 522 (Allahabad) }**
- The assessee filed a writ petition challenging the order of the Appellate Authority. Since the statutory remedy of appeal before the Appellate Tribunal was available and the timeline for filing such appeal had been notified, the writ petition was disposed of with a direction to the assessee to file an appeal after making the pre-deposit as required under section 112(8).  
**{ [2026] 182 taxmann.com 298 (Orissa) }**

- Refund of statutory pre-deposit made for filing appeal is a right vested on assessee after appeal is allowed in its favour; refund governed by section 107(6) read with section 115 and not section 54 interpretation of section 54 unnecessary amount refundable with interest  
**{[2026] 182 taxmann.com 405 (SC)}**
- Goods in transit were accompanied by all prescribed documents, including a valid e-way bill, and were detained solely on the ground of alleged misclassification or discrepancy in description. Such detention and proceedings under section 129 were unwarranted, as disputes relating to classification could be examined only in regular assessment proceedings and not through detention of goods.  
**{[2026] 182 taxmann.com 519 (Kerala)}**

## INCOME TAX

- SC set aside HC's direction to modify software to prevent future TDS-mismatch demands  
**{ [2026] 182 taxmann.com 555 (SC)}**
- SLP dismissed against order of High Court that where assessee-bank purchased securities to hold them as stock-in-trade, broken period interest paid by assessee on such purchase was to be allowed as deduction.  
**{[2026] 182 taxmann.com 654 (SC)}**
- Reassessment made without a valid notice under section 143(2), and based on unregularised manual notices not reflected on ITBA, renders the assumption of jurisdiction under section 148 invalid; hence, the reassessment order is liable to be quashed.  
**{[2026] 182 taxmann.com 386 (Delhi - Trib.)}**
- The Assessing Officer added the share application money to income under section 68 however, since the Commissioner (Appeals) thoroughly examined the matter and found no merit in the addition, the order deleting the addition was rightly upheld.  
**{[2026] 182 taxmann.com 466 (Delhi - Trib.)}**
- The High Court held that once TDS was deducted by the employer, recovery of demand from the assessee was barred under sections 205 and 199 however, the directions issued to CBDT for software modifications, being unrelated to the merits of the case, were liable to be set aside.  
**{ [2026] 182 taxmann.com 555 (SC)}**

- Addition for alleged on-money, based solely on seized loose papers without any corroborative evidence, unaccounted cash, books, utilisation trail, or buyer enquiries under section 133(6), was unsustainable and liable to be deleted.  
**{[2026] 182 taxmann.com 296 (Ahmedabad - Trib.)}**
- Denial of condonation despite genuine audit-related hardship in co-op's case was erroneous  
**{[2026] 182 taxmann.com 745 (Orissa)}**

## CENTRAL EXCISE

- Mere endorsement by a Superintendent on returns does not make an assessment provisional under the Central Excise Act, 1944 — Supreme Court set aside CESTAT's order.  
**{2025 INSC 578}**
- Transaction value' under Section 4 of the Central Excise Act serves only for computing the quantum of duty payable and not to determine excisability of goods.  
**{2025 INSC 1297}**
- Supreme Court clarified that transaction value under Section 4 of the Central Excise Act is only for computing duty and not for determining excisability. It also held that extended limitation could not be invoked where there was no evidence of suppression or wilful misstatement by the assessee, and set aside excise demands based on such invocation  
**{2025 INSC 1297}**
- Tribunal set aside a central excise duty demand (~₹3.9 crore) along with interest and penalty imposed on Sun Pharma, holding that the department's denial of concessional duty benefits under Notification No. 23/2003-CE was unsustainable and remitted the matter for fresh adjudication in light of settled legal principles on DTA sale entitlement.  
**{ Final Order No: 11445/2025 dated 26 Dec 2025}**
- Cenvat credit denial solely on procedural lapses is unsustainable. Where input services were substantively used and documentary requirements met, credit must be allowed  
**{TaxCorp IDT 137246} (Jan 16, 2026)}**
- Assessee's entitled to cenvat credit on insurance for FOR sales post-2014; extended period demands unsustainable without suppression, and penalties not attracted in purely interpretative disputes  
**{ (TaxCorp IDT 137245) (Jan 22, 2026)}**

# CUSTOMS

- Delhi High Court emphasised that standard pre-printed waivers of Show-Cause Notice and personal hearing are not valid under Section 124 of the Customs Act. The court clarified that an oral SCN waiver without proper signed declaration cannot be assumed, and detained imported goods must be released where no valid SCN is issued within statutory time limits.  
**{W.P.(C) 18552/2025 (Delhi High Court)}**
- CESTAT upheld the doctrine of merger and held that the Indian Limitation Act is not applicable to customs proceedings before quasi-judicial authorities. This means once a customs adjudication order is passed and merged in a higher order, extraneous limitation provisions outside the Customs Act cannot be invoked to challenge it.  
**{Customs Appeal No. 87408 of 2025}**
- In a penalty appeal under Section 112(a) of the Customs Act, CESTAT clarified that penalties imposed for alleged smuggling/abetment require clear evidence of intentional acts or abetment. Merely acting as a customs broker without direct involvement in smuggling cannot sustain penalty under Section 112(a).  
**{ Customs Appeal No. 40675 of 2025 (CESTAT Chennai)}**

# SERVICE TAX

- Tribunal dealt with procedural reversal/appeal jurisdiction issues arising from a long-pending Service Tax appeal originally filed in 2016 and updated jurisdiction due to GST transition. The appellants' miscellaneous application for updating the departmental respondent's name/address due to change in jurisdiction was allowed and appeals proceeded on that basis  
**{ Final Order No. A/86892-86894/2025 dated 03 Dec 2025}**
- Appellate authority confirmed service tax liability for short payment under Section 73 of the Finance Act, 1994, along with interest under Section 75, but set aside penalties under Section 77 where full penalty was already imposed under Section 78. The case emphasised principles on imposing multiple penalties.  
**{ Service Tax Appeal No.70625 of 2025}**
- The Tribunal allowed the appeal and held that service tax is not leviable on construction of railway siding for Public Sector Undertaking/Corporations, as such services are treated as public usage  
**{ 2025 SCC OnLine CESTAT 3991}**

# RERA

- The High Court held that seeking relief under RERA does not bar a party (homebuyer) from simultaneously seeking interim protection under the Arbitration and Conciliation Act, 1996 (Sec 9). Relief under RERA and arbitration are contemporaneous and not mutually exclusive, and Commercial Courts erred in applying the doctrine of election.  
**{ FAO (COMM) 210/2025 }**
- The Karnataka HC clarified that orders passed by RERA or the RERA Appellate Tribunal are not “decrees” under the Code of Civil Procedure (CPC) and therefore cannot be executed under civil court execution proceedings (Order XXI CPC). RERA orders must be enforced only through the statutory recovery mechanism under the RERA Act.  
**{ W.P. No. 17821/2025 }**

# BIZSOL CORNER



**Event -As a part of Onboarding Initiatives, we have organized “Coffee with Founder and Director”**



**Event:- 30th Foundation Day Celebrated at Office on 14th Jan 2026.**



# BIZSOL CORNER



## Training Session on EOU Scheme by CS Anita Patil



## Training Session on GST- RCM by CMA Amit Devdhe



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## Event :- January Birthday Celebration



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## Webinar on Budget 2026



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## Training session on Year end Activities for Accounting and Compliances



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## Event- Games Activity Act on Words



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Adjudication matters up to CESTAT & VAT Audit.

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Practicing Chartered Accountants, Statutory  
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R. Venkitachalam,  
Company Secretary

Practicing Company Secretary.

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