

Note for Trade & Industry : Major Changes Effectuated from October 2026

Kindly note important changes which need your immediate attention :

Trade and Industry should take the note of major changes effectuated and made applicable and need focus in the month of October :

❖ Provident Fund :

Salary needs to be calculated for the month of Sept 2026 to be paid on or before 7th October 2026 calculating PF as follows:

- **1st Sept to 15th September :** PF deduction to be made on the basic salary actual or Rs 15,000/- whichever is lower.
- **16th Sept to 30th September :** PF deduction to be made on the basic salary actual or Rs 25,000/- whichever is lower.

Thereafter it should be combined and one ECR to be filed before the due date i.e. 15th October 2026.

Each one is advised to read and understand the FAQ published by PF department which is enclosed.

❖ FEMA for Export & Import provisions :

1. Export Declaration Form (EDF):

Exporter needs to file Export Declaration Form (EDF) , which is mandatory FEMA reporting for all export of service invoices raised on overseas customers and to be filed with AD Bank w.e.f. 1st October 2026. This will be applicable to all service exports provider including and not limiting to freight forwarder, logistics, NVOCC operators, shipping agents, applies to third party, / cross trade movements (e.g. China – Germany) where the Indian entity invoices the overseas customer. STPI Authority can certify value of software even for DTA / STPI unit. EDF to be filled in within 30 days from the end of the month in which export invoice is raised. Single consolidated EDF can be submitted for exports made to one or more recipient during the month.

EDF will be deemed to be submitted as part of shipping bill for goods exported through Electronic Data Interchange (EDI) port.

In the case of a non-EDI port for export of goods; or where the specified authority for export of services is other than an Authorised Dealer, the duly authenticated EDF, shall be forwarded by the specified authority to the respective Authorised Dealer.

2. EDPMS / IDPMS Closure :

Export Value less than Rs 10 lacs will have normal and simplified method for EDPMS closure.

An Authorised Dealer shall make a credit or debit to the account of an exporter or an importer, for receipt of export or payment for import, only after having satisfied itself of the genuineness of the transaction, and shall, simultaneously close or update the respective entry in Export Data Processing and Monitoring System or Import Data Processing and Monitoring System (EDPMS or IDPMS).

in the case of export where the shipping bill (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in EDPMS may be closed based on a declaration from the exporter to the effect that the payment against the shipping bill / invoice has been realised either in full or otherwise. Alternatively, such declaration may be submitted by an exporter to the Authorised Dealer on a quarterly basis for bulk closure of entries in EDPMS.

In the case of import where the Bill of Entry (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS may be closed based on a declaration from the importer to the effect that the payment for import has been made either in full or otherwise. Alternatively, such declaration may be submitted by an importer to the Authorised Dealer on a quarterly basis for bulk closure of entries in IDPMS.

Exports from warehouse outside India : Realisation should be 9 months from the date of invoice from the warehouse outside India.

Authorised dealers have been granted powers to extend the period of limitation on correct justification for delay in realization of export proceeds.

3. Realization of Export Proceeds:

Realization of Export Proceeds for services will be within 9 months from the date of invoice. However, if invoice is in INR then realization has to be within 12 months.

Realization of Export Proceeds for goods will be within 9 months from the date of invoice. However, if invoice is in INR then realization has to be within 12 months.

4. Reduction in Export Realisation :

An Authorised Dealer may, on request from the exporter citing reasons for under-realisation or non-realisation of full export value, allow reduction in realisation of export value, provided the Authorised Dealer is satisfied of the reasons cited:

Note for Trade & Industry : Major Changes Effected from October 2026

Provided that where the export value is up to ₹10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including non-realisation of full export value) may be permitted based on a declaration from the exporter.

5. Set off of export receivables against import payables:

An Authorised Dealer may allow set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associate companies, within the stipulated period for realisation of export proceeds or extended period, if any, allowed by the Authorised Dealer.

6. Third party receipts and payments:

An Authorised Dealer may permit third party (other than the parties undertaking export and import) receipts and payments for export and import transactions provided that the Authorised Dealer is satisfied with the bonafides of the transactions.

7. Unrealised exports:

If the export proceeds of an exporter remain unrealised for a period beyond one year from the due date of realisation or extended period, if any, allowed by an Authorised Dealer, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit.

Provided that the exporters in the Caution List, as on September 30, 2026, as per orders issued by the Reserve Bank under Regulation 16 of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, shall continue to be governed by the said order till such time the exporter is removed from the Caution List.

8. Freight / reimbursement distinction

Do not automatically treat every amount on a freight invoice as export-service value. Where freight charges are true pass-through reimbursements, examine the contract and accounting treatment (principal vs agent). EDF must reflect only the correct service value.

❖ Income Tax :**1. Purchase from NRI :**

CBDT has addressed the Form 141 reporting gap for immovable property purchases from non-resident sellers.

Where a resident individual/HUF pays consideration for the transfer of immovable property to a non-resident [Section 393(2) – Table Sl. No. 17], TDS details will now be reported through the new Schedule E of Form 141. Form 132 has also been correspondingly amended.

Schedule B will continue to apply only where the seller is a resident [Section 393(1) – Table Sl. No. 3(i)].

• Key Details Required in Schedule E:

- Property address and type — non-agricultural land / building / both
- Details of all buyers — PAN, name and percentage of consideration (total: 100%)
- Details of all non-resident sellers — PAN, if available; name; status code; contact details; email; overseas address; TRC number; TIN/unique foreign identification number; and percentage share (total: 100%)
- Agreement/registration dates, Stamp Duty Value (SDV) and total consideration
- Payment details — lump-sum or instalment basis, including the previous Form 141 acknowledgement for subsequent instalments
- Seller-wise details — Section 202(1) option, LTCG/STCG character, amounts paid earlier and currently, date of credit, amount liable to TDS, applicable rate, Section 395 certificate details and tax deducted, including surcharge and cess.

• Action Points :

- From 01.10.2026: Do not report transactions involving a non-resident seller under Schedule B.
- TDS rate: The applicable rate is not a flat 1%. Deduct tax at the rates in force or as specified in the relevant Section 395 certificate, as applicable.
- Non-resident details: Overseas address, email and contact details of the non-resident deductee are required even where PAN is available.

Note for Trade & Industry : Major Changes Effected from October 2026

- PAN not available: TRC and TIN/unique foreign identification details are required; otherwise, higher-rate TDS provisions under Rule 217 may apply.
- Before the first payment on or after 01.10.2026: Collect the required TRC, TIN/foreign identification details, overseas address and Section 395 certificate, wherever applicable.

Please feel free to contact us in case of any clarification needed.