



Just 5 Minutes

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INCOME TAX

1. *FAQs issued for changes suggested in Finance Bill*

The Income Tax Department has released a set of FAQs explaining the scope, timelines and additional tax payable relating to the filing of Updated Income Tax Returns (ITR-U) under the Income-tax Act, 2025. Clarified an updated return is a return that may be furnished by a person, whether or not an original, revised, or belated return has been earlier furnished, to voluntarily disclose any income that was not reported or was inaccurately reported before, as long as certain conditions specified in the Income-tax Act, 2025 are met.

INCOME TAX

2. *Rationalization of Income Tax Regime for Provident Funds*

The Union Budget (2026-27) has updated the income-tax framework for recognized Provident Funds to align it with the provisions of the EPFO & ESI Acts.

- ▶ Under the Income Tax Act, 2025, only provident funds that have received exemption under Section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, will be eligible for recognition.
- ▶ Investment norms will continue to be governed by the EPF framework and related rules, with the previous 50% statutory ceiling on government securities now removed.
- ▶ Employer contributions to provident funds will be capped at Rs. 7.5 lakhs, with any excess treated as a taxable perquisite.

GST

1. *Impact of change in provisions of intermediary services*

The Union Budget 2026 and the 56th GST Council meeting have introduced a transformative shift in the taxation of **intermediary services** by proposing the deletion of Section 13(8)(b) of the IGST Act, 2017 *(to take effect upon the enactment of the Finance Bill 2026, generally from April 1, 2026)*

Key Changes in GST Taxation upon this deletion are:-

- a) *Shift in Place of Supply:* The place of supply for intermediary services moves from the location of the supplier to **the location of the recipient**.
- b) *Zero-Rating for Exports:* Services provided by Indian intermediaries to foreign clients will **now qualify as "export of services,"** allowing them to be zero-rated GST provided other export conditions are met.

GST

- c) *Improved Liquidity*: Businesses can now **claim refunds of accumulated ITC** (Input Tax Credit) on operational costs, which was previously blocked due to domestic taxation.
- d) *Reduced Litigation*: The amendment aims to end years of legal disputes over whether services were "intermediary" or "main supplies" on a principal-to-principal basis.
- e) *New Liability on Imports*: Conversely, intermediary services provided by a non-resident to an Indian recipient will now be taxable under the Reverse Charge Mechanism (RCM).

Accordingly, company can issue invoices with 0% GST (under LUT) to entity outside India and will be eligible to claim refund of ITC utilised in providing export services (subject to other specified conditions considering services as export under GST), without department arguing and trying to categorise the services under Intermediary Services and seeking payment of GST instead.

LABOUR LAW

1. *Due date for filing Haryana POSH Return extended*

The due date for filing annual return under Protection of Sexual Harassment (POSH) Act for the calendar year 2025 which is due for filing by Jan 31, 2026, has been extended upto February 28, 2026 for the state in Haryana.

2. *Revision in wage ceiling for persons employed in supervisory capacity*

The Ministry of Labour and Employment has issued a notification revising the wage ceiling for a person employed in a supervisory capacity for the purposes of sub-clause (d) of clause (z) of section 2 of the Code on Wages, 2019 ("Code"), from Rs. 15,000 per month to Rs. 18,000 per month. Accordingly, any person employed in a supervisory capacity and drawing wages exceeding Rs.18,000 per month must be excluded from the definition of "worker" as prescribed under the Code

CASE LAWS - INCOME TAX

1. *CIT (International Taxation)-1 vs. Amazon Web Services, Inc.*

It has been held by Delhi High Court that the Cloud Computing Receipts are not taxable as Royalty or FTS in Absence of PE

2. *Plant Lipids (P.) Ltd. vs. Deputy Commissioner of Income-tax*

The ITAT has held that mandatory CSR expenditure does not bar section 80G deduction for eligible donations. Where mandatory nature of CSR expenditure did not dilute eligibility for deduction under section 80G, as deduction depends on nature of recipient and fulfilment of prescribed conditions, donations forming part of CSR expenditure were allowable.

CASE LAWS - INDIRECT TAX

1. *Gameloft Software Private Limited vs. Assistant Commissioner of Central Tax & Anr. (W.P.(C) 16315/2025)*

Delhi High Court has directed GST Authorities to decide an export refund claim within 4 weeks which was pending for one year, while underscoring that delays beyond the statutory 60-day period from the date of filing claim under Section 54 of CGST Act will attract 6% interest liability under Section 56

2. *Infodesk India (P) Ltd. v. UOI*

It has been held that where assessee, a WOS of US company established exclusively for the purpose of providing services fulfilling company's technical requirements by assisting US entity in carrying on business of software development and providing advisory services for expansion of business, marketing, advertisement, publicity, personnel accounting, services being provided to parent company in independent capacity, and not in the capacity of agent or broker, claim of refund of unutilised ITC used in making zero-rated supplies was to be allowed.

Greenhouse gas Emission Intensity (GEI) reduction targets for two years, beginning 2025-26

India's Ministry of Environment, Forest and Climate Change recently came out with a draft notification setting greenhouse gas emission intensity (GEI) reduction targets for two years, beginning 2025-26, covering 282 obligated entities in various sectors such as aluminium, cement, pulp & paper and chlor-alkali. GEI means Greenhouse Gases Emission Intensity in tCO₂e/equivalent output or product.

Key Highlights of the Rules

GEI Targets Calculation: As per Bureau of Energy Efficiency's methodology, specific to each obligated entity as listed in the Schedule.

Compliance Requirements for Obligated Entities: They must meet GEI targets annually as per the Carbon Credit Trading Scheme, 2023.

May also purchase carbon credit certificates from the Indian Carbon Market (ICM) to offset shortfalls.

Environmental Compensation: To be imposed by the Central Pollution Control Board (CPCB), equal to twice of the average price at which carbon credit certificate is traded in the compliance year, payable within 90 days.

Legal Backing: Non-compliance or rule violations is addressed under the Environmental Protection Act, 1986. Objections or suggestions to the draft notification, if any, may be addressed to the Joint Secretary, Ministry of Environment,

Forest and Climate Change, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi - 110003, and may be sent to e-mail id: ccts.hsm-moefcc@gov.in

It may be noted that the said notification shall be taken into consideration on or after the expiry of a period of sixty (60) days from the date of publication of the draft in the official Gazette.



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