



# Just 5 Minutes

TAXCON<sup>®</sup> INDIA PRIVATE LIMITED

# INCOME TAX

The Income Tax Act, 1961 stands repealed effective 01.04.2026, pursuant to Section 536 of the Income Tax Act, 2025.

## 1. *Reg. revision of TDS returns*

Submit TDS/TCS correction statements for FY 2018 19 (Q4) to FY 2023 24 (Q3) by March 31, 2026. From April 01, 2026, filings are time barred due to repeal of the Income Tax Act, 1961. Under Sec. 397(3) of the New Income Tax Act, 2025, corrections are allowed within two years from the end of the relevant tax year.

# INCOME TAX

## 2. *Government tightens tax framework for foreign digital entities*

Government has proposed to tighten the tax and reporting framework for the digital entities by sharpening the definition of significant economic presence (SEP), mandating localised electronic record-keeping for professionals, and formally bringing the Central Bank Digital Currency (CBDC) within the Income Tax framework. Non-resident entities are considered to have a taxable presence in India if they have 3 lakh (300,000) or more users, or if payments from India exceed ₹2 crore in a tax year.

# COMPANIES ACT

## 1. Restructuring of ROC & RD

The Ministry of Corporate Affairs (MCA) has restructured its regulatory framework effective February 16, 2026, by adding 3 new Regional Directorates (RDs) and 6 new Registrar of Companies (ROCs) to improve governance, reduce compliance bottlenecks, and enhance the "Ease of Doing Business".

### ► New RDs & Reorganization:

*Northern Region (NR):* Split into RD (NR-I) in New Delhi (Delhi, UP) and RD (NR-II) in Chandigarh (Haryana, Punjab, HP, UK, UTs).

*Western Region (WR):* Split into RD (WR-I) in Mumbai and RD (WR-II) in Navi Mumbai.

*South-Western Region (SWR):* A new RD is established in Bengaluru, covering Karnataka, Kerala, and Lakshadweep.

### ► New & Reorganized RoCs:

*Delhi:* Split into RoC Delhi-I (South Delhi) and RoC Delhi-II (Central Delhi).

*Mumbai:* Split into 3 RoCs: RoC Mumbai-I (Mumbai/Goa/Daman & Diu), RoC Mumbai-II (Navi Mumbai), and a new RoC at Nagpur.

*Kolkata:* Split into RoC Kolkata-I (Kolkata/Sikkim) and RoC Kolkata-II (Rest of West Bengal).

*UP/Haryana:* New RoC for UP (Noida) and a separate RoC for Haryana (Chandigarh).

# GST

## 1. *Flexibility to claim ITC*

From February 2026, taxpayers can utilize CGST and SGST Input Tax Credit (ITC) in any order to pay IGST liability, after fully exhausting IGST credit. This change brings flexibility to manage cash flow and optimize ITC utilization.

# LABOUR LAW

Haryana Shops and Commercial Establishments (Amendment) Act, 2025 received assent of Haryana Governor and effective from November 12, 2025

- ▶ Applicable :- twenty or more workers.
- ▶ Working Ours - Increased from "nine hours", to "ten hours"
- ▶ Overtime – Increased from "fifty" hours, to "one hundred fifty-six"
- ▶ Registration of establishments - with in one month from the date of commencement of business.
- ▶ Appointment letter.- Every employer to furnish letter of appointment, having affixed the photograph of employee and obtain acknowledgement thereto.
- ▶ Identity card.- Every employer to furnish every worker an identity card containing such particulars, as may be prescribed.”.

# FEMA / RBI

## 1. *ECB guidelines liberalized*

The Reserve Bank of India released the final guidelines on external commercial borrowings (ECBs), rationalizing fundraising through the route. The amended regulations have rationalized the ECB framework by expansion of eligible borrowers and recognized lender base, rationalization of borrowing limits and restrictions on average maturity period, removal of restrictions on the cost of borrowing for ECBs, review of end-use restrictions and simplification of reporting requirements.

# CASE LAWS - INCOME TAX

## 1. *Canon India (P.) Ltd. v. DCIT*

It has been held that claim of FTC cannot be denied merely because it pertains to receipts which are either exempt under section 10A or neutralised by brought forward business losses.

## 2. *Edgeverve Systems Ltd. v. ACIT*

It has been held that where assessee incurred expenditure on application software licences with short useful lives, requiring frequent renewal, with no ownership or proprietary rights acquired and only a right of use granted for its business, such expenditure facilitating efficient business operations does not create any enduring capital asset and is allowable as revenue expenditure under section 37(1).

# CASE LAWS - INCOME TAX

## 3. *ITO v. Rajeev Kumar Kapoor*

It has been held that where assessee, engaged in trading of gold, silver and bullion, paid interest on late deposit of TDS, such interest was compensatory and not penal in nature and Explanation 1 to section 37(1) did not apply and thus, disallowance of interest expenditure was unsustainable.

## 4. *Advaya Charitable Foundation v. CIT (Exemptions)*

It has been held that where assessee's application for approval u/s 80G was rejected only because registration u/s 12AB stood rejected, since issue of registration was remanded, rejection u/s 80G was also to be set aside for fresh adjudication.

# CASE LAWS - INCOME TAX

## 5. *Nakoda Developers v. DCIT*

It has been held that where assessee purchased an immovable property and executed a conveyance deed with vendor for paying certain amount and subsequently a supplementary deed was executed whereby consideration was revised and fixed at higher amount, since difference between stamp duty value and revised consideration was less than 10 per cent, no addition could be made under section 56(2)(x)(b)(B).

# CASE LAWS - INDIRECT TAX

## 1. *DHL Express (India) P. Ltd. v. UOI*

It has been held by Delhi High Court that where under Network Agreement with a foreign entity, assessee provided courier/ shipment delivery services both in India and in Germany without receipt of any consideration, said service would not be covered under export of service as one of the conditions for constituting 'Zero Rated Supply' is receipt of consideration in convertible foreign exchange which was absent in instant cases.

# 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 tCO<sub>2</sub>e/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](mailto: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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