



Just 5 Minutes

TAXCON® INDIA PRIVATE LIMITED

INCOME TAX

1. *New Act & Rules to be effective April 01, 2026*

The new Income Tax Act, 2025, along with the Income Tax Rules, 2026, will come into force on April 1, 2026. On February 8, this year, the tax department released a set of corresponding draft 'Income Tax Rules, 2026, and related Forms' for stakeholder. All the suggestions received are now under review and will be adopted in the final rules, if found appropriate.

2. *India-France DTAC*

The Indian Government and the Government of the French Republic have signed a Protocol amending the India-France Double Taxation Avoidance Convention. The Amending Protocol provides full taxing rights in respect of capital gains arising from sale of shares of a company, to the jurisdiction where such company is a resident.

COMPANIES ACT

1. MCA introduced CCFS-2026

The Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) provides a one-time opportunity for companies to regularise pending annual filings and reduce the burden of additional fees.

- a) The period of the scheme is April 15, 2026 to July 15, 2026
- b) Allows filing of pending annual return and financial statements by paying only 10% of the applicable additional fees.
- c) Application for Dormant Status (e-Form MSC-1) at 50% of normal filing fees.
- d) Application for Strike Off (e-Form STK-2) at 25% of applicable filing fees.
- e) The forms covered are:-
 - ▶ MGT-7 / MGT-7A - Annual Return;
 - ▶ AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), AOC-4 XBRL) - Financial Statements
 - ▶ ADT-1 - Auditor Appointment
- f) FC-3, FC-4 - Foreign Company filings

COMPANIES ACT

2. *No more using "SD" instead of actual Signatures*

For years, "SD/" was treated by many as a convenient shorthand, the ICAI Disciplinary Committee has officially categorized this practice as Professional Misconduct.

The Committee held that uploading documents with "SD" instead of actual Signatures of directors and Auditor is a direct breach of Section 134(1) of the Companies Act, 2013, and Rule 8 of the Companies (Registration Offices & Fees) Rules, 2014.

Professionals certifying these forms are being held Guilty of Professional Misconduct.

INDIRECT TAX

1. CBIC launched EMI Scheme

The Central Board of Indirect Taxes and Customs (CBIC) has launched the Eligible Manufacturer Importer (EMI) Scheme, a trust-based facilitation measure to improve cash flow, promote compliance, and boost domestic manufacturing.

Key highlights of the Scheme are:-

- a) Deferred Customs Duty Payment - Clear imported goods without paying duty at the time of clearance; pay on a monthly basis instead
- b) Eligibility - Manufacturers meeting Customs and GST compliance, turnover, financial standing, and past track record criteria
- c) Application Process - Submit online applications on the AEO portal (aero.india.gov.in) under "Eligible Manufacturer Importer"
- d) Validity - April 1, 2026, to March 31, 2028
- e) Benefits - Enhanced liquidity management, optimized working capital, and simplified procedures
- f) Who Can Apply - Existing AEO-T1 entities, including MSMEs, fulfilling eligibility conditions, Manufacturers looking to improve cash flow and compliance

FEMA / RBI

The Reserve Bank of India, has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, which shall come into effect from October 01, 2026. The new framework introduces several significant changes, including:

- a) Consolidation of export and import provisions under a unified regulation.
- b) Introduction of standardized reporting requirements for export of services through submission of the Export Declaration Form (EDF).
- c) Relaxation for closure of small-value transactions (up to ₹10 lakh) on the basis of self-declaration.
- d) Greater flexibility in import payment timelines in line with contractual terms.

CASE LAWS - INCOME TAX

1. *Orbit Resorts Ltd. v. ACIT - [2026]*

It has been held that where assessee deducted TDS at 2% u/s 194C on payments for AMC of computers, DG set, elevators and telecommunication services involving routine and periodic maintenance, such payments constituted 'work' under section 194C and not fees for technical services under section 194J; hence assessee could not be treated as an assessee in default under section 201(1) of the Act.

2. *Bain & Company, Inc v. DCIT - [2026]*

It has been held that where assessee provided professional support services to Indian affiliate, consideration received could not be taxed as FIS under article 12(4)(b) of India-USA DTAA in absence of fulfillment of 'make available' condition.

CASE LAWS - INCOME TAX

3. *Cherie Tandon Saldahna v. DCIT - [2026]*

It has been held that where assessee had booked residential flat in 2011 and paid entire consideration through banking channels prior to allotment, and agreement for sale executed in 2017 merely recorded earlier payments without altering agreed terms, allotment letter was to be treated as 'agreement to sell' for purposes of section 56(2)(x)(b) and stamp duty value as on date of allotment letter was liable to be adopted for purposes of section 56(2)(x), and consequently addition made by adopting registration-date valuation was to be deleted.

4. *Varun Beverages Ltd. v. ACIT - [2026]*

It has been held that where assessee did not charge interest from both AEs and non-AEs on outstanding receivables, no adjustment could be made to ALP on account of notional interest on outstanding receivables from AEs

COMPANIES ACT

1. *Abhishek Maheshchand Khandelwal v. Khandelwal Finstock (P) Ltd.*

It has been held that where audited balance sheet of respondent company reflects shareholding of deceased shareholder and legal heirs of deceased had produced death certificate of their late father, no-objection affidavit of daughter, and indemnity affidavits, requirements u/s 56 was substantially complied with by Appellants and, thus, company was to be directed to transmit shares to legal heirs of deceased shareholder without insisting on probate.

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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