Just 5 Minutes

TAXCON® INDIA PRIVATE LIMITED

INCOME TAX

1. *Taxation and Other Laws (Amendment) Bill, 2026*

The Lok Sabha has passed the Taxation and Other Laws (Amendment) Bill, 2026, replacing the Income-tax (Amendment) Ordinance, 2026. The Bill amends the Income-tax Act, 2025, the Finance Act, 2026, and the Payment and Settlement Systems Act, 2007, to introduce tax incentives for fund management, electronics manufacturing, data centers and foreign investors, while also streamlining and rationalising various tax provisions.

2. India – Srilanka Treaty tightened by introducing anti-abuse rule

India has tightened the tax treaty framework with Sri Lanka by introducing an anti-abuse rule that allows authorities to deny treaty benefits where obtaining such benefits was one of the principal purposes of an arrangement or transaction. The Ministry of Finance notified the Protocol amending the India-Sri Lanka tax treaty, after the amendment entered into force on June 19, 2026, following completion of legal procedures by both countries.

INCOME TAX

3. Display of information on foreign assets and income

The Central Board of Direct Taxes (CBDT) has started displaying information on taxpayers' foreign assets and income on the Income Tax e-filing portal, in a move aimed at improving voluntary compliance. The CBDT is showing foreign assets and income information received under the Automatic Exchange of Information (AEOI) framework, in the Annual Information Statement (AIS) of eligible taxpayers. Until now, this information was only available with the tax department

GST

1. *ITC relief for companies on staff cars, insurance likely*

Companies may soon be allowed to claim input tax credit (ITC) on vehicles purchased in the company's name for employees' use and on group health and life insurance policies bought for employees. The proposals are part of the committee's ease of doing business review and are expected to be considered at the next GST Council meeting.

CASE LAWS - INCOME TAX

1. *Ankit Bharat Sheth v. Income Tax Officer - [2026]*

It has been held that where assessee purchased a flat via an allotment letter that fixed consideration and substantial payment was made through banking channels but sale deed registration occurred later, allotment letter can constitute an agreement under first proviso to section 56(2)(x) if statutory conditions are met, and stamp duty valuation on allotment date may be adopted after verifying consideration and payments.

2. *High Vista Buildcon (P.) Ltd. v. National Faceless Appeal Centre (NFAC) Delhi*

It has been held that where assessee in faceless appellate proceedings under section 250 had sought opportunity of virtual hearing but appellate authority failed to provide video conference link or virtual hearing, such denial amounted to miscarriage of justice and impugned appellate and connected penalty orders were to be set aside with direction to restore appeal and provide virtual hearing facility.

CASE LAWS - INCOME TAX

3. *Globizz Synergy (P.) Ltd. v. Income-tax Officer - [2026]*

It has been held that where assessee's claim of marketing expenses was disallowed solely due to lack of third-party supporting evidence and not on account of misrepresentation, suppression of facts, or false entries, penalty under section 270A for misreporting of income was not sustainable in law.

4. *Usha Devi v. ITO - [2026]*

It has been held that where reassessment was initiated solely on AIR information of property sale without Assessing Officer recording independent reasons to believe income had escaped assessment and approval by JCIT was given mechanically, such assessment was liable to be annulled.

CASE LAWS - INCOME TAX

5. Shiwangi Shah v. DCIT ACIT - [2026]

It has been held that where assessee claimed foreign tax credit for taxes paid in USA but it was denied due to procedural non-compliance and change in residential status, as per section 90 and article 22(2) of DTAA, such credit is a vested right and cannot be disallowed merely for failure to meet procedural or directory requirements like Form No. 67, thus credit for foreign taxes paid must be allowed as per substantive law.

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_2e/equivalent output or product.

Key Highlights of the Rules

<u>GEI Targets Calculation</u>: As per Bureau of Energy Efficiency's methodology, specific to each obligated entity as listed in the Schedule.
<u>Compliance Requirements for Obligated Entities</u>: 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.
<u>Environmental Compensation</u>: 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.
<u>Legal Backing</u>: 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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