Just 5 Minutes

TAXCON® INDIA PRIVATE LIMITED

INCOME TAX

1. *Rules for merger of NPOs*

CBDT has notified the Income-tax (Eighth Amendment) Rules, 2026, vide Notification No. 139/2026 dated 30 October 2026, introducing Rule 189A and new Form 112A for intimating the merger of registered non-profit organisations (NPOs) having the same or similar objects under the Income-tax Act, 2025.

2. *Electronic filing of ITAT Appeals*

With effect from October 1, 2026, Income Tax Appellate Tribunal (ITAT) appeals must be filed electronically through the designated ITAT e-Filing Portal, and appeals not filed, signed or verified in the prescribed manner will not be registered.

GST

1. E-Invoicing Mandatory for RCM Self-Invoices from January 01, 2027.

From Jan 01, 2027, eligible registered taxpayers will be required to generate e-Invoice with Invoice Reference Number (IRN) for recipient-generated self-invoices covered under RCM DOM (Reverse Charge Mechanism for domestic supplies) and RCMP (Reverse Charge Mechanism for import of services).

2. *CBIC Clarifications on Demo Vehicle ITC and Export Refunds*

CBIC has withdrawn paragraph 4.6 of Circular No. 231/25/2024-GST dated 10 September 2024 and clarified that ITC on demo vehicles is not blocked under Section 17(5)(a) of the CGST Act for authorised dealers operating under the dealer-agency model.

The demo vehicles serve the same purpose in both the traditional dealership and dealer-agency models. Further, the expression "such motor vehicles" in Section 17(5)(a)(A) covers vehicles used for further supply of similar motor vehicles.

GST

2. *Clarification on Receipt of Export Proceeds*

CBIC has issued clarification on receipt of payment for export of goods and services:-

Export of Services: Receipt of payment in convertible foreign exchange or through repatriable INR accounts, including SNRR, INR Nostro or similar accounts used for repatriation of foreign exchange, shall be considered to fulfil the receipt-of-payment condition under Section 2(6)(iv) of the IGST Act

Set-off of Receivables and Payables: Export receivables set off against import payables shall be considered to fulfil the condition, provided the set-off is in accordance with RBI directions.

Export of Goods: The period for realisation of export proceeds under Rule 96B shall be the period prescribed under RBI. It is also clarified that recovery of refund under Rule 96B shall not be made where the realisation requirement has been written off, wholly or partly, by the AD Bank

LABOUR LAWS

1. *Clarified Apprentice not a Worker*

In a clarification issued by the Ministry of Skill Development and Entrepreneurship ("MSDE"), all the establishments engaging apprentices have been informed that an apprentice is to be treated as a trainee and not a worker, basis section 18 of the Apprentices Act, 1961. Therefore, it has been clarified, the laws related to regular employees do not apply to apprentices.

Further, as per section 2(26) of the Code on Social Security, 2020 ("Code"), the word "employee" does not include an apprentice. So, the apprentices engaged under the Apprentices Act, 1961, including under-

- NAPS- National Apprenticeship Promotion Scheme; and
- NATS- National Apprenticeship Training Scheme

are not "employees" within the meaning of the Code.

The provisions of the Code relating to PF and ESI are therefore not applicable to them, and no enrolment or contribution is required in respect of the stipend during the period of apprenticeship.

LABOUR LAWS

2. *Goa Code on Wages Rules, 2026, made effective from Oct 23, 2026*

a) Prescribes normal working day, wherein in any establishment, no employee must be compelled or permitted to work for more than 8 hours a day and 48 hours a week.

b) Mandates weekly rest days for employees. In 6 day working week, the rest day should ordinarily be Sunday, while in a working week of less than 6 days, the rest days must include Saturday and Sunday. The employer may, however, fix another day as the rest day for an employee or class of employees.

c) Maintenance of wage and employment-related registers by employers to whom the Code on Wages, 2019 applies, including:

(i) Register containing details of wages, advance recovery, overtime, fine, deduction for damage and loss in **Form-I**;
(ii) Employee register in **Form-VI**;
(iii) Attendance Register-cum- Muster Roll in **Form-VII.**

LABOUR LAWS

3. *Goa Government notifies Social Security Rules, 2026, effect from November 12, 2026*

a) Employers of establishments employing women are required to prepare and maintain a Register of Women Employees in **Form XXXI**

b) Where an employer sells, abandons or discontinues the working of an establishment, a further Unified Annual Return in **Form XXXII** is required to be uploaded on the Labour Department's web portal covering the period between the end of the preceding year and the date of such event

c) Employees who have completed one year of service must submit their gratuity nominations in **Form XI** within 90 days from the commencement of the Rules

d) Gratuity must be paid through demand draft or by crediting the bank account of the eligible employee, nominee or legal heir, as applicable

e) In the event of a fatal employment injury, the employer is additionally required to deposit Rs.15,000, or such other amount as may be notified by the State Government, with the competent authority towards funeral expenses

CASE LAWS - INCOME TAX

1. *Novel Sidharth English Medium Educational Trust v. CBDT*

It has been held that where assessee charitable trust delayed filing audit report for exemption under section 12A due to Covid-19 related hardship and application for condonation was rejected for not showing sufficient cause, such benefit of exemption could not be denied merely for delay as genuine hardship existed, so refusal to condone was arbitrary and order was to be set aside.

2. *Vatjat Pharma Foods (P.) Ltd. v. DCIT*

It has been held that where assessee engaged in chemicals and fertilizers business received cash deposit in its bank account directly from a customer without its consent or direction, and this amount was a small fraction of total sales, such circumstances constituted good and sufficient reasons under proviso to section 271DA and warranted deletion of penalty imposed for contravention of section 269ST.

CASE LAWS - INCOME TAX

3. *Sun Life Assurance Company of Canada v. ACIT, Intl Taxation*

It has been held where assessee, a Canadian company, provided consulting, IT support and HR-related services to its Indian subsidiary under a Master Service Agreement on a cost-to-cost basis without markup, and Assessing Officer failed to establish that service recipient had acquired any right to use software, exploit copyright therein or access source code, receipts could not be treated as royalty; further, services did not satisfy make-available condition for fees for included services under Article 12 of India-Canada DTAA read with section 9

4. Pramod Surendra Kumar Mehta v. ACIT

It has been held that where assessee director claimed interest on unsecured loan from a company, and in remand lender's director appeared, confirmed loan, produced all relevant documents, and interest paid was through banking channels with TDS, in absence of finding that payment originated from unexplained sources, disallowance of interest expenditure under section 69C was not justified and stood deleted.

CASE LAWS - INDIRECT TAX

1. *Sterlite Power Transmission Limited & Ors. v. Union of India & Ors.*

The Delhi High Court has held that a corporate guarantee furnished by a holding or group company to a bank or financial institution for the borrowings of a related person is a supply of services under the Central Goods and Services Tax Act (CGST) 2017, and hence taxable, even where no consideration is charged

2. *Commissioner, CGST Appeal-1 v. Bharti Airtel Ltd.*

It has been held that telecommunication towers does not qualify test of permanency as they are "not attached to earth", they can be dismantled and moved and are never erected with an intent of conferring permanency and their placement on concrete bases was only to enable those towers to overcome vagaries of nature, they can be considered as movable property eligible for ITC.

CASE LAWS - INDIRECT TAX

3. *Sri Shib Das Kangsa Bnaik v. UOI*

It has been held that where purchasing dealer procured goods from registered suppliers, paid tax via banking channels, filed returns, and availed ITC, denial of ITC solely on ground that supplier failed to deposit GST, without evidence of collusion or lack of bona fide, was unjustified and remedy for recovery of tax lay against supplier, not bonafide purchaser.

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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