THE CHARTERED ACCOUNTANT WORLD

THE CHARTERED ACCOUNTANT WORLD

VOLUME XXXIV | NO. 6 | June 2026

ANNUAL SUBSCRIPTION

For Chartered Accountants	For Others	For CA Students
Rs 1500/- (Single Copy Rs 150/-)	Rs 2000/- (Single Copy Rs 200/-)	Rs 1000/- (Single Copy Rs 100/-)

EDITORIAL

Ease Of Doing Business- A Need For Deep Dive Reform

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The pragmatic leadership of Prime Minister Shri Narendra Modi have made significant effort to boost Indian economy. The current geopolitical situation, emerging pressure on Indian Rupee valuation, a need of minimum double-digit growth to achieve target of India to be a developed Country in 2047 and the vision of self-reliant nation requires major deep dive reforms.

To briefly summarize the important initiatives to attract FDI and manufacturing in India the following reforms are needed to Provide a litigation free regime to foreign investors in India

- Substantial reduction in minimum safe harbour rules to enable eradication of litigation arising from TP audit and resultant transfer pricing adjustment.
- Advance pricing arrangements (APAs) to be sanctioned based on transparent liberal rules to be sanctioned automatically on electronic application without any manual intervention
- Income tax assessment or reassessment by International tax division to be completely shifted to faceless regime including by central circle and post search investigations , currently breeding severe harassment and corruption.
- No communication with non-residents should require personal presence of the assessee or his representatives.
- Notice for queries and routine investigation may also be conducted on faceless basis
- Survey, seizures or raids on FDI invested Companies should not be allowed, except in extreme cases approved by CBDT chairman in terms of internal administrative confidential guidelines
- All existing litigations, disputes, demand, pending assessment and appeals against Indian companies with foreign direct investment/portfolio **investment of 20% or more** of equity capital are to be provided an

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Securing Our Professional Legacy: Thoughts on Practice Continuity

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Chartered Accountants are uniquely trained to identify risks, quantify exposures, and build safeguards for clients. Yet, as we navigate the daily demands of our profession, a gentle question often arises: **Have we adequately protected our own practice, our employees, and our families against unforeseen events?** As a fraternity, we share a unique demographic reality. Currently, about 70% of our CA practitioners operate in sole proprietorships, The average age in practice is around 53 years, and nearly a third of our peers are above 60. Considering this, starting a conversation about business continuity feels both timely and relevant. A CA firm today is a business ecosystem built on people, knowledge, technology, and trust. The sudden illness, disability, or demise of a proprietor or key partner can unexpectedly disrupt client services, impact employees, and erode years of goodwill.

The clients dealing with the CA firms continue and increase their scope or number and nature of assignment considering the potential ability of the CA firm to service the client effectively, efficiently and on a sustained basis. **Once the next generation professional (including expert nonfamily partners or employees) join the existing practice, the practice size normally multiplies many times,** once planned and managed with a long term vision, strategically with inflow of latest technique and technology beside offering new products and services.

While financial safety nets are crucial, insurance alone cannot ensure business continuity. Looking beyond financial cover, we might consider exploring the structural side of practice continuity and succession. **The practice built over years of hard work and trust is a big value, it is important not to lose the value but multiply the same and encash the same in an appropriate manner.**

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Securing Our Professional Legacy...

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Exploring Transition Mechanisms

Every practice is unique, and there is no single approach to continuity. However, having a documented contingency plan might be an idea worth exploring for the long-term resilience of the firm.

Proprietorships: The Value of Pre-Agreements For proprietorship concerns, continuity arrangements become even more critical because the entire practice often revolves around a single professional.

- **Successor Identification:** One thought to consider is identifying a potential successor or an aligned peer firm while the practice is thriving. **A next generation will consider joining the firm of parents only when, parents are proud of their profession and present the great potential in practice to their children.**
- **Pre-Agreements:** Exploring a Memorandum of Understanding (MoU) with a trusted colleague could help ensure that, in the event of a sudden loss, the practice transitions smoothly. This could preserve client relationships and gently secure the financial value of the firm's goodwill for the family.
- **Family Integration:** Where feasible, mapping out a structured pathway for a family member who is also a qualified CA to gradually integrate into the firm can be a wonderful way to pass the baton.

Partnerships: Clarity in Exit Formulas For partnerships and LLPs, succession provisions should be periodically reviewed.

- **Safeguarding Inheritance:** It may be beneficial to review partnership deeds to ensure they include clear, unambiguous exit formulas for unexpected transitions including provision of payment of Goodwill or pension or admission of a successor (value of the share in the firm) on retirement or to payment to successors. This can be secured by a Bank signing authority to the spouse or successor family member.
- **Seamless Transfer:** These provisions can help facilitate the seamless transfer of capital balances, accumulated profits, and a fair valuation of goodwill, thereby securing a partner's legacy and their family's inheritance without unnecessary complexity.

A Moment for Reflection

The ideas shared here are merely starting points for personal reflection. The ultimate decisions regarding succession and risk management will naturally depend on each practitioner's individual circumstances, family dynamics, and professional aspirations.

A well-managed practice is not one that avoids every risk; it is one that remains resilient when risks inevitably materialise. As professionals, we regularly encourage our clients to prepare for uncertainty. Perhaps taking a quiet moment to map out our own continuity can ensure that the goodwill we've spent a lifetime building continues to support the people who depend on it most.

LATEST IN FINANCE

India Maintains Strong Growth Momentum Amid Fiscal Discipline and Inflation Risks

India remained the world's fastest-growing major economy in FY26, supported by strong domestic demand, investment activity and infrastructure spending. While growth remained robust, policymakers continued to balance fiscal consolidation and inflation management. The Government retained its focus on reducing the fiscal deficit, while the RBI maintained a cautious monetary stance amid concerns relating to crude oil prices, geopolitical developments and exchange-rate volatility

Indicator	Position
GDP Growth FY26	7.7%
Q4 GDP Growth	7.8%
Repo Rate	5.25%
GST Collection	₹2.43 lakh crore
Fiscal Deficit Target	4.3% of GDP

Currency-Risk Cover by RBI Gives FCNR(B) Deposits a Fresh Push

The Reserve Bank of India (RBI) has offered to bear the full hedging costs of mobilising medium- to long-term Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits, providing significant relief to banks raising overseas funds. The move is aimed at encouraging foreign currency inflows by reducing banks' funding costs and making FCNR(B) deposits more attractive.

- 3%–7%: SBI's interest rates on domestic fixed deposits (FDs).
- 3%–4.5%: SBI's interest rates on Foreign Currency Non Resident(B) FDs.
- Foreign currency deposits do not carry currency conversion risk at the time of redemption.
- RBI's special facility is aimed at encouraging the mobilisation of foreign currency deposits.
- The facility is expected to lower banks' funding costs and support higher foreign currency inflows.

PSUs to Get Concessional Forex Swaps to Boost External Borrowings

The Reserve Bank of India (RBI) will introduce a concessional foreign exchange swap facility, valid until September 30,2026 to encourage Public Sector Undertakings (PSUs) to raise funds through External Commercial Borrowings (ECBs) in currency swap of their existing borrowing.The measure aims to incentivise PSUs to access overseas debt markets.

Increased ECB activity is expected to result in higher foreign currency inflows into India. RBI will shortly issue a detailed circular outlining the operational framework of the scheme.

Gold loans drove FY26 retail credit growth

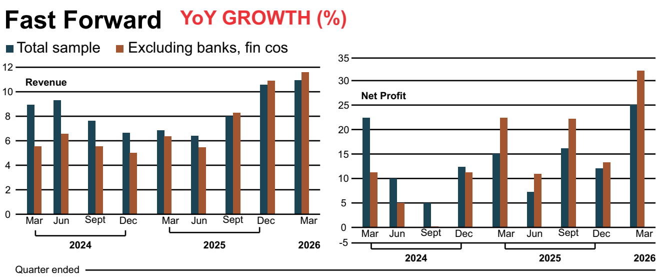
Leading the Uptick (Retail Credit Growth)

Product Category	Portfolio as of Mar'26 (₹ tn)	Growth % Y-o-Y	Growth % Q-o-Q
Gold loan	18.6	50.4	15.0
Home loan	44.4	9.4	3.4
Personal loan	16.5	12.9	3.7
Auto loan	9.3	13.9	3.4
Credit card	3.4	0.0	1.1
Two-wheeler loan	1.9	15.1	2.7
CD loan	1.0	20.8	4.3
Others	23.4	10.7	1.0
Total consumption loans	118.6	15.3	4.5
Sole-proprietor loans*	51.6	19.7	4.9
Total retail loans	170.2	16.6	4.6

Sole-proprietor loans include commercial vehicles, construction equipment loans, business loans and loans against property.Source: CRIF

Q4 Profit Surge Masks Underlying Margin Stress Across Sectors

For a common sample of 2,956 companies that reported financial results in each of the past 13 quarters, aggregate net profit grew by 25.3% year-on-year in Q4 FY26, marking the highest growth in at least nine quarters. Revenue growth stood at 10.8%, remaining in the low double digits for the second consecutive quarter. In the corresponding quarter of the previous year, revenue and net profit had grown by 7.2% and 15.2%, respectively



Export Credit Loan Guarantee Scheme (CLGS 5.0)- Strong Uptake

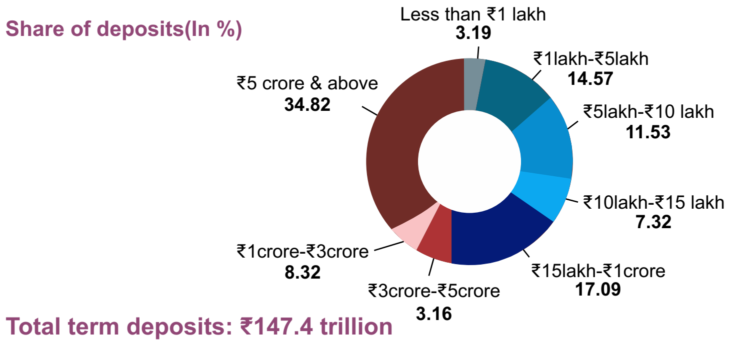
The Centre has received over 2.63 lakh loan applications worth ₹1.71 lakh crore under ECLGS 5.0, launched to support businesses impacted by the West Asia crisis. So far, 79,950 applications have been sanctioned, with loans worth ₹35,194 crore approved and guarantees worth ₹15,720 crore issued.**The scheme covers MSMEs, non-MSMEs and scheduled passenger airlines** with standard loan accounts as of March 31, 2026. Eligible businesses can avail additional credit of up to 20% of peak working capital utilisation in Q4 FY26, subject to a cap of ₹100 crore per borrower. Scheduled passenger airlines can access additional credit of up to 100% of peak credit utilisation, capped at ₹1,500 crore per borrower. The scheme carries no guarantee fee and aims to ease liquidity pressures, sustain business operations, protect jobs and maintain supply chains.

Enhanced Flexibility in Utilisation of Borrowings by Highly Leveraged InvITs

InvITs with net borrowings exceeding 49% of asset value are now permitted to use fresh borrowings for additional purposes such as capacity expansion, major maintenance of infrastructure assets, and refinancing of eligible debt.

Share of ₹5-Crore-Plus Term Deposits Crosses One-Third Mark

India's banking system is becoming increasingly dependent on large-ticket fixed deposits, with term deposit accounts of ₹5 crore and above now accounting for more than one-third of the total value of term deposits, according to the latest data released by the Reserve Bank of India (RBI).



Commercial Banks Exempted from Maintaining Investment Fluctuation Reserve

RBI has withdrawn the Investment Fluctuation Reserve (IFR) framework applicable to commercial banks in view of developments in prudential regulations relating to investments and market risk. Banks will no longer be required to maintain IFR from May 18, 2026 onwards. The existing IFR balance as on May 17, 2026 is required to be transferred to Statutory Reserve, General Reserve or the Balance of Profit & Loss Account, as applicable. *[RBI/2026-27/83 – DOR.MRG.REC.No.71/00-00-001/2026-27]*

Govt Defends Yes Bank AT1 Bond Write-Down

The Centre defended the ₹8,415-crore write-down of Yes Bank's Additional Tier-1 (AT1) bonds before the Supreme Court (SC), arguing that the decision was necessary to protect depositors and ensure the lender's survival during the bank's reconstruction in 2020.

Editorial Comment: The write down of bonds could have been justified only after complete write down of Equity not otherwise.

NBFC Equity Investments Set to Gain from Regulatory Easing

The Reserve Bank of India's (RBI's) decision to exempt certain smaller non-banking financial companies (NBFCs) from registration requirements may encourage greater participation in equity markets. Previously, these entities faced the possibility of breaching income thresholds linked to financial assets, potentially triggering mandatory NBFC registration requirements.Under the RBI's exemption framework, entities that neither accept public funds nor have a customer interface will qualify for relief.

LATEST IN FINANCE

₹9,585-Crore Vehicle Replacement Scheme for Delhi-NCR

The Union Cabinet approved a two-year incentive scheme with an outlay of ₹9,585 crore aimed at replacing older, polluting trucks and buses in the Delhi-NCR area. The scheme will provide incentives to owners of BS-IV and older .To qualify for financial benefits, vehicle owners must purchase and register a BS-VI-compliant or electric replacement vehicle within NCR. In Delhi, however, light goods vehicles purchased under the scheme must be electric.

CAPITAL MARKET

Consultation Paper Proposes GARUDA Mechanism for Faster AIF Launches

SEBI has proposed the GARUDA mechanism to fast-track AIF launches. The proposal would reduce launch timelines for regular AIF schemes from 30 days to 10 working days and permit immediate launch of certain schemes upon filing. The move aims to simplify compliance and improve ease of doing business for fund managers.

SEBI Fines Suzlon, Executives ₹29 Cr for Financial Misreporting

SEBI has imposed penalties totaling ₹29 crore on Suzlon Energy, its senior executives, and others for alleged lapses in financial disclosures. The regulator found that certain transactions were not reflected in their true substance, leading to a misleading presentation of profitability, net worth, leverage, and risk exposure.

FEMA

Simplified FPI Investment Framework for Government Securities

The Reserve Bank of India has liberalised the regulatory framework governing Foreign Portfolio Investor (FPI) investments in Government Securities to enhance ease of investment and deepen India's debt markets. **The circular removes the short-term investment limit, security-wise limit and concentration limit applicable to FPIs investing under the General Route.** Further, the distinction between 'general' and 'long-term' investment limits has been abolished and merged into a single investment limit for Central Government Securities and State Government Securities. The RBI has also expanded the scope of the Fully Accessible Route (FAR) by including all new issuances of 15-year, 30-year and 40-year Government Securities, along with Sovereign Green Bonds across multiple tenors. These measures are expected to improve market liquidity, attract greater foreign capital and support the development of India's government bond market. **The investment by FII, FPIs. Banks for international settlements have been made fully exempt from Income Tax on interest and capital gain tax in India with effect from 1st April 2026.**

[RBI/2026-27/97 – A.P. (DIR Series) Circular No. 11 dated June 05, 2026 &. Ordinance]

RBI Shortens Export Realisation Timeline Under FEMA

RBI has amended the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 by reducing the time limit for realisation and repatriation of export proceeds **from 15 months to 9 months.** The amendment applies to both general export transactions and specified cases covered under Regulation 9. The change is expected to strengthen export proceeds monitoring, improve foreign exchange inflows and align export realisation timelines with evolving regulatory objectives. Exporters and authorised dealer banks will need to ensure quicker recovery and repatriation of export receivables.

Editorial Comment: The liberalised framework in respect of payment in respect of Import and export delegating powers of time extension and other relaxations with effect from 1st October 2026 as notified by RBI is keenly awaited. The banks need to notify their SOP and internal guidelines while granting extensions of time, write off of international Debtors, Creditors, advances and credit notes beside offsetting of export receivables with import payables.

Cross-Border Merger Rules Aligned with Broader Corporate Approval Framework

The Cross-Border Merger Regulations have been amended to replace references to the NCLT with the broader term "Competent Authority". The change aligns FEMA regulations with the Companies Act framework by recognising that merger and amalgamation schemes may be approved by authorities other than the NCLT where permitted by law. The amendment is largely clarificatory and does not materially alter the substantive requirements governing cross-border mergers

DIRECT TAX

CBDT Expands Nudge 2.0, Targets Low-Value Accounts and Flags Foreign Assets via E-Portal Alerts

Disclosure of Income from Foreign Assets

Jurisdiction	Number of Returns (in lakh)	Disclosure of Foreign Assets (₹ crore)	Average Disclosure per Return (₹ lakh)
Bengaluru	22,193	17,771.3	801.17
Mumbai	20,188	15,101.4	748.22
Delhi	14,477	13,548.7	936.04
Chennai	17,456	10,515.4	602.26
Hyderabad	17,256	9,855.5	570.24
Total	**91,570**	**66,792.3**	**729.35**

Transfer Pricing Back on MNC Agenda

The new safe harbour margin of 15.5% for IT and ITeS services is significantly lower than prevailing APA margins of 16.5% to 18.5%, prompting comparisons by both multinationals and foreign tax authorities involved in bilateral APA negotiations.

Editorial Comment: A significant reduction in safe harbour Rates will ensure larger inflow of FDI and will reduce TP litigation to NIL, achieving ease of doing business

DIRECT TAX CASE LAWS

Whether the amendment increasing tax under Section 115BBE from 30% to 60% (and the related penalty under Section 271AAC) could be applied to income relating to FY 2016-17, particularly demonetization-period deposits-

The Rajasthan High Court held that the enhanced tax rate under Section 115BBE is prospective and not retrospective. The amendment expressly stated that it would take effect from 01.04.2017, which reflects legislative intent. Tax laws imposing a heavier burden cannot be applied retrospectively unless Parliament clearly says so. Since Section 271AAC penalty depends upon valid application of Section 115BBE, the penalty also cannot apply to FY 2016-17. The Court directed that the pending appeal be decided in accordance with this legal position.*[ITO v. Girdhari Lal Jangid, Rajasthan High Court]*

The Rajasthan High Court expressly disagreed with the reasoning in Maruthi Babu Rao (Kerala HC) which held that the increase from 30% to 60% was merely an enhancement of rate and not a new liability. The Rajasthan HC held that doubling the tax burden from 30% to an effective 83.25% is a substantive and onerous change, not a mere procedural amendment.

SC Denies AOP Tax Pass-Through Benefit on Upfront Revenue Sharing Arrangement

The taxpayer contended that the amount received from an Association of Persons (AOP) represented its share of profit and was therefore exempt from tax in the hands of the member. Under the arrangement, however, the taxpayer had a contractual right to receive 35% of the gross sale proceeds upfront, while project expenses were to be met from the remaining 65%.

Decision

The Supreme Court held that the arrangement created an overriding title in favour of the taxpayer over a portion of the gross receipts. Since the amount was diverted at source before determination of profits, it could not be treated as an exempt share of profit from the AOP. The receipt was held taxable as business income in the hands of the taxpayer.

Sanand Properties Pvt. Ltd. v. Joint Commissioner of Income Tax, Supreme Court, Judgment.

SC Allows Interest Deduction on Borrowings Routed Through Group Concerns

The Supreme Court held that the allow-ability of interest under Section 36(1)(iii) depends on the purpose of the borrowing and not on the route through which the funds are deployed. Since the borrowing was undertaken for business purposes, the interest expenditure remained deductible even though the funds passed through a group concern before being utilised.

[LK Trust v. Commissioner of Income Tax, Supreme Court, Judgment dated 7 May 2026]

GST

SC upholds 28% GST levy on online gaming firms

In a ruling with significant implications for the gaming industry, the Supreme Court upheld the constitutional validity of the Centre's retrospective levy of 28% Goods and Services Tax (GST) on the full face value of bets placed on online gaming platforms, rather than on gross gaming revenue alone.

GSTAT Constitutes Benches Across India and Classifies GST Appeals into Three Categories

The GST Appellate Tribunal (GSTAT) has operationalized its appellate framework by constituting benches across the country and classifying GST appeals into three broad categories for streamlined case allocation. The order clarifies that all appeals will initially be placed before a Division Bench, and only cases involving disputes below ₹50 lakh and not involving any question of law may subsequently be assigned to a Single Bench.

Category	Coverage
Category I	Classification disputes, applicability of notifications, time and value of supply, ITC eligibility, tax liability, registration-related determinations, demands under Sections 73 & 74 and fraud/suppression cases
Category II	Registration, cancellation/revocation, composition scheme disputes, recovery proceedings, assessments, refunds, re-credit matters and provisional assessments
Category III	Seizure, confiscation, penalties, provisional attachment, rectification orders, compounding of offences and other residual matters

GSTN Enhances e-Way Bill Portal with Mandatory Ship-To GSTIN and EWB Closure Facility GSTN has introduced key enhancements to the e-Way Bill Portal, including mandatory capture of "Ship-To GSTIN" in Bill-To/Ship-To transactions and a voluntary e-Way Bill Closure facility. The closure can be completed through the portal, mobile functionality and APIs. Stakeholders and software providers have been advised to update their systems before implementation.

GSTAT Extends Relaxed Appeal Filing Conditions Until 31 December 2026 The Government has extended the relaxed filing norms for appeals before GSTAT until 31 December 2026. The move provides additional time and procedural relief to taxpayers and is intended to support a smoother transition while GSTAT benches become fully operational.

GSTN Mandates Annexure-B Utility for Automated ITC Refund Verification

GSTN has made the use of a standardized **Annexure-B Offline Utility mandatory** for refund applications involving accumulated ITC under exports without payment of tax, supplies to SEZs, inverted duty structure cases and export of electricity. **Taxpayers must now furnish invoice-wise inward supply details in Excel format, reported HSN/SAC-wise and segregated by Inputs, Input Services and Capital Goods.** The system will validate uploaded

GST

invoices against GSTR-2B data, generate valid and invalid document reports, and automate refund verification. The utility allows up to 10,000-line items per file and 2.5 lakh line items per refund application, while requiring detailed reporting of ITC reversals and blocked credits. The move is aimed at reducing manual scrutiny, improving refund accuracy and enabling faster, system-driven processing of ITC refund claims.

CBIC Notifies GSTAT Principal Bench as Appellate Authority for Section 101B Appeals

CBIC has empowered the Principal Bench of the Goods and Services Tax Appellate Tribunal (GSTAT) to hear appeals under Section 101B of the CGST Act, which relates to orders passed by the National Appellate Authority for Advance Ruling (NAAAR). The notification provides a dedicated appellate mechanism for challenging NAAAR decisions, thereby strengthening the GST dispute resolution framework and ensuring greater judicial oversight in advance ruling matters.

GST CASE LAW

AAAR Denies Export Benefits on Intermediary Services; Refund of ITC Not Available

The Haryana AAAR upheld the advance ruling and held that the appellant was acting as an intermediary between parties rather than supplying services on its own account. Since intermediary services are deemed to be supplied in India, the transaction did not qualify as an export of services or a zero-rated supply. Accordingly, the services were held taxable at 18% IGST, and the appellant was denied the benefit of export treatment and refund of accumulated ITC. The appeal was dismissed. *[Maithani Enterprises (GST AAAR Haryana Appeal Number: HAAAR Order-In-Appeal No: HAR/2022-23/01]*

GST Payable on Foreign Director Commission Under Reverse Charge

AAR held that commission paid to a foreign director for marketing and procuring orders qualifies as import of services and is liable to GST under the Reverse Charge Mechanism (RCM). The ruling distinguishes such payments from commissions paid to independent foreign marketing agents.

OTHER LAWS

Company Law

MCA Enables CSR Spending Through Social Stock Exchange Instruments The Ministry of Corporate Affairs has amended both Schedule VII of the Companies Act, 2013 and the CSR Rules to permit companies to undertake CSR activities through subscription to Zero Coupon Zero Principal (ZCZP) Instruments issued by Not-for-Profit Organisations (NPOs) registered on the Social Stock Exchange. Companies can utilize up to 10% of their annual CSR expenditure through this route.

Indian IT Companies Face Growing Trade Secret Lawsuits

Legal disputes escalating as firms pursue litigation over client access, employee movement. Slowing growth, rising AI adoption and the increasing value of proprietary enterprise knowledge are driving a structural rise in litigation across the Indian IT industry, as firms become more aggressive in pursuing more aggressed rivals and former executives over trade secrets, client access and employee movement. Most of these disputes are being fought in US courts.

Parties involved	Primary dispute
Infosys vs. Cognizant	Trade secrets & Anti-competitive poaching
Wipro vs. Jatin Dalal	Non-compete breach (joined Cognizant)
Mphasis vs. Coforge	Poaching & Client data access
TCS vs. Epic	Trade secret theft

Labour Laws

Labour Law Transition Gets Legal Clarity

Parliament has passed the Industrial Relations Code (Amendment) Bill, 2026 to remove ambiguity regarding the repeal of three legacy labour laws replaced by the Industrial Relations Code, 2020. The amendment expressly states that the Trade Unions Act, 1926, Industrial Employment (Standing Orders) Act, 1946, and Industrial Disputes Act, 1947 stand repealed with effect from 21 November 2025.

Govt Links Labour Law Compliance to Public Contract Eligibility

The government has amended Rule 151 of the GFR, 2017, allowing firms to be barred from public procurement contracts for up to three years for non-payment of wages or statutory social security contributions, in addition to corruption and integrity-related violations.

CCI

CCI Proposes More Time for Firms to Offer Corrective Measures

CCI has proposed easing procedures for businesses under investigation by extending the deadline for filing commitment applications from 45 to 60 days. The draft norms also allow time to rectify incomplete applications and extend the overall commitment proceedings timeline from 130 to 180 working days, providing greater flexibility to avoid penalties and prolonged litigation.

Benami Law

SC Ruling Raises Tax Risks for Pre-2016 Benami Transactions

Old benami transactions could face renewed scrutiny after the Supreme Court ruled that procedural and enforcement provisions of the amended benami law can be applied retrospectively to attach and confiscate assets linked to transactions undertaken before the 2016 amendments. The ruling also allows tax authorities to examine succession structures and arrangements used to conceal benami holdings. Under the Prohibition of Benami Property Transactions Act, 1988, benami properties are liable for confiscation, penalties of up to 25% of fair market value, and

OTHER LAWS

imprisonment of up to seven years. The Supreme Court clarified that while procedural, curative, and machinery-related provisions can operate retrospectively, penal provisions creating new offences or enhancing punishment can apply only prospectively.

OTHER IMPORTANT CASE LAWS

Administrative law

Union Cabinet Approves Expansion of Supreme Court Judges:

The Union Cabinet has approved a proposal to increase the sanctioned strength of the Supreme Court from 34 to 38 judges, including the Chief Justice of India, marking the first expansion since 2019.

Supreme Court Directs High Courts to Deliver Judgments Faster:

The Supreme Court, issued binding directions to all High Courts to mandate that reserved judgments should ordinarily be pronounced within three months, while bail orders must be delivered on the same day of hearing or the next day if reserved.

IBC

Successful Resolution Applicant Cannot Reopen or Renegotiate Terms After CoC Approval

The Supreme Court held that the appellant could not "approbate and reprobate" by reneging on the plan, as he had expressly agreed to the disputed terms during CoC meetings. The Court further affirmed that a CoC-approved resolution plan is binding and irrevocable, and the CoC's "commercial wisdom" in deciding to liquidate the company following the applicant's default is non-justiciable. *[Sanjay Dave ...Vs. Andhra Bank Ltd. & Ors.]*

NCLT Rejects EPFO's Post-CIRP PF Assessment Claim, Upholds Priority Only for Admitted Dues:

The NCLT, Kochi Bench, held that assessment proceedings conducted after the commencement of the moratorium under Section 14 of the IBC were impermissible, rendering the EPFO's post-CIRP assessment-based claim inadmissible *[Regional Provident Fund Commissioner-II Vs Furnace Fabrica (India) Limited.*

Settlement-Based Withdrawal Not Permitted After Liquidation Commences

NCLAT has clarified that Section 12A of the IBC, which permits withdrawal of insolvency proceedings upon settlement, can be invoked only during the Corporate Insolvency Resolution Process (CIRP). Once liquidation has been ordered, the provision cannot be used to terminate proceedings based on a subsequent settlement between parties. The ruling draws a clear distinction between the CIRP and liquidation stages under the Code.

[Gokul Aggarwal v. Bank of India, NCLAT Delhi]

Termination of Lease During CIRP

The High Court ruled that under Section 14 of the Insolvency and Bankruptcy Code (IBC), a landlord cannot recover property currently in the possession of a company during insolvency proceedings. This protection acts as a "shield" to keep the company running as a "going concern" while it settles its debts. Finally, the Court confirmed that the IBC overrides local eviction laws and that any attempt to take back the land during this period is completely invalid.*[Gujarat Industrial Development Corporation v. Gujarat Hydrocarbons and Power SEZ Ltd. & Ors.]*

SEBI Cases

SC Holds Reliance Guilty of Manipulation The case concerned SEBI's allegation that Reliance Industries Ltd. (RIL), while planning to offload 22.5 crore shares of Reliance Petroleum Ltd. (RPL) in 2007, simultaneously took large short positions in RPL futures through 12 entities and sold 1.95 crore shares in the cash market during the final minutes of the futures settlement day, thereby depressing the settlement price and earning profits in the futures segment. The Supreme Court held that these transactions were not bona fide hedging arrangements but formed part of a manipulative and fraudulent scheme to influence market prices, corner futures positions, and gain unlawful profits. Accordingly, the Court upheld SEBI's findings of violations under Section 12A of the SEBI Act and the PFUTP Regulations

Intellectual Property Rights Cases

BlackBerry Patent Denied for Colour-Coded Messages

The Delhi High Court upheld the rejection of BlackBerry's patent application for a colour-coded messaging feature, holding that it lacked an inventive step and was merely an obvious combination of existing technologies. The Court further ruled that the invention was a software-based method for presenting information, falling within the exclusion under Section 3(k) of the Patents Act, as it did not provide any technical advancement or improve hardware functionality. Consequently, the Court held that the feature lacked both technical contribution and patentable inventiveness.

Will cannot override Bar on Benami Transactions:

The plaintiff claimed that the properties were actually bought with his money, but were registered in the name of K. Raghunath because he could not legally purchase agricultural land himself. After Raghunath's death, the plaintiff relied on a Will to claim ownership of the properties. The Supreme Court found that, despite the way the suit was drafted, the plaintiff was essentially trying to enforce a benami transaction (where property is purchased in another person's name). The Court held that an employer-employee relationship is not a fiduciary relationship that would exempt the transaction from the Benami Act. Therefore, the suit was barred by law, the plaint was rejected, and the property was held liable for confiscation under the Benami Act.*[Manjula and Others Versus D.A. Srinivas]*

Date of Printing : 13 June 2026
R.N.I. No. 50796/90
Posting Date: 14/15 June 2026
Registration No. : DL(C)-17/1438/2025-27

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EDITORIAL Ease of doing business- A need for deep dive reform

immediate relief from payment of demands and be processed based on a positive judicial review .

- A message to international investors that India is committed to a decriminalized legal framework, free from penalties, fines, and prosecution and arrest except in exceptional cases of terrorism, drug trafficking, matters adversely impacting large public interest and anti-national elements. PMLA to be limited accordingly
- Banami law, Black money and Income tax laws as well as GST law to limit power of officers to initiate litigation penalty, prosecution and arrest against foreign investors and FDI invested Companies only in exceptional cases.
- GST law to be amended to ensure that GST audit, assessment, investigation, and enquiries are all made faceless like the income tax faceless assessment scheme
- Faceless procedures need to be extended to all investigations, enquiries, as well as reviews, seeking information and all similar processes by all Government departments and officers with clear directions to be fair and just. **The system need to have faith in people and to not to reject their submissions just based on suspicion.**
- Income tax on manufacturing units set up in India be subjected to , concessional tax rate by reduction of tax rate by 30% from currently applicable tax rates .
- Dividend to be taxed at maximum rate of 10%.
- Long-term capital gain tax on shares or securities to be restricted to 5% in case of listed and 7.5% in case of unlisted entities to incentivize investment .
- Corruption and harassment are to be reduced by withdrawal of discretion and powers of officers to arrest the subjects, without judicial determination of guilt.

The aforesaid deep dive reforms need to be debated in next 4-8 weeks and may be implemented in a well-structured manner to achieve the objective of better India, moving sharply and swiftly towards growth and prosperity

AI

India Introduces Stricter Rules for AI-Generated Content

The Government has amended the IT Rules to regulate AI-generated content and deepfakes. Effective 20 February 2026, platforms must label AI-generated content, identify synthetic media, and remove unlawful content within 3 hours of notification.

AI Begins Reshaping Tax Advisory

AI adoption is rising rapidly among tax professionals, with many CA firms developing proprietary AI systems trained on internal tax knowledge and legal databases. By automating routine research and drafting, AI significantly reduces turnaround times, allowing tax associates to prepare comprehensive analyses faster while enabling partners to focus on complex interpretations, risk assessment and professional judgment."

Editorial Comment: AI is not replacing expertise; it is amplifying it. The combination of deep domain knowledge and AI-driven intelligence is enabling consultants to deliver sharper insights, faster turnaround times and more tailored outcomes for clients.

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