THE CHARTERED ACCOUNTANT WORLD

# THE CHARTERED ACCOUNTANT WORLD

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## EDITORIAL Decriminalise The Black Money Law To Replace

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The Government bought in the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (Black Money Law) with a noble objective to bring back to India the black money of resident Indians outside India. The law has been in force for about 10 years and significant amount of investigations and notices were issued to identify black money owned by the Indian resident..

The HSBC list, Panoma papers,Paradise and Pandora Papers from 2008-11 and 2017-21 investigation and inquiries created adequate fear but there has not been any major recovery. The knowledgeable people believe that in most of the cases adequate justifications were provided.

Indian are very smart and they have decided and implemented an all-white theory of peace and prosperity. Most of the funds of Indians have been brought to India, except the amount which could be legally and gainfully invested outside India. The cases in which guilt is apprehended are still under litigation at various stages.

The tax rates in India are now very reasonable. The Indian economy has grown, multi-fold, providing ample opportunities to earn adequate returns, thereby attracting genuine money being remitted to India completely in a legal manner. An uninformed Indian will only keep his money unused in Swiss banks or elsewhere outside India earning, meagre returns and rather incurring cost to keep money, in most of the countries outside India, as compared to India. The policy of international exchange of information has ensured that none of the illicit money can remain unreported.

The time has come to decriminalise the Black money law. The current requirement to disclose foreign assets by resident Indians in their Income Tax returns is fine, but to

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## Action Plan for Indian CAs: Growing Businesses from Today to 2047

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While the global economy is struggling with high inflation and slow growth, India is in a sweet spot. We have a young population, strong domestic demand, and clean bank balance sheets.

Adding to this, the Government of India has made a massive shift from "rule by fear" to "rule by trust." For example, the recent Jan Vishwas Act of 2026 has decriminalized over 700 minor business offenses. This means honest business owners no longer have to fear jail time for small paperwork mistakes. Combined with our advanced digital systems like UPI, GSTN, and faceless tax assessments, India's foundation is years ahead of many developed nations.

So, how can Indian Chartered Accountants (CAs)—both in practice and in jobs—use this momentum to help Indian businesses grow? Here is a clear, step-by-step action plan for the next 6 months, 2 years, and the long road to 2047.

### Phase 1: The Next 6 Months (Clean Up & Get Digital)

The immediate focus should be on getting businesses financially healthy and fully plugged into India's digital ecosystem.

| For CAs in Practice (Advisors & Compliance Partners) | For CAs in Employment (Corporate Leaders) |
|---|---|
| • **Clear the Backlog:** Use the new Jan Vishwas 2026 rules to help clients close pending, minor compoundable offenses. Remove the fear of legal trouble so founders can focus purely on business growth. | • **Free Up Cash:** Focus intensely on your company's working capital. Use automated tools to collect payments faster and manage inventory better. Cash in hand today is your best shield against market surprises. |

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## Action Plan for Indian CAs ...

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| For CAs in Practice (Advisors & Compliance Partners) | For CAs in Employment (Corporate Leaders) |
|---|---|
| • **Digital Health Check**: Move clients away from traditional bookkeeping. Help them register on the Account Aggregator (AA) network so their financial data is ready for instant, collateral-free business loans. | • **AI in Finance**: Stop spending time on manual data entry. Start implementing basic AI tools to predict your company's future cash flow and catch expenses before they spiral. |

**Phase 2: The Next 1 to 2 Years (Funding & Scaling Up)**

Once the basics are strong, the next two years are about getting money to grow and expanding across borders.

| For CAs in Practice (Advisors & Compliance Partners) | For CAs in Employment (Corporate Leaders) |
|---|---|
| • **Unlock New Funding**: Don't just rely on traditional bank loans. Guide your MSME clients toward alternative options like private placements of equity in known circles, SME IPOs, private and institutional credit, and co-lending platforms. You must become the bridge that connects small businesses to big money.<br>• **Professionalize Family Businesses**: Many Indian businesses are run informally. Start putting proper formal and ethical corporate Governance structures in place so that when they are ready to partner with foreign investors, their books look world-class. | • **Capture the "China Plus One" Wave**: Global companies are looking for backups to China. CAs inside companies must lead the change in meeting global supply chain standards (like data privacy and carbon tracking) so Indian factories can win those huge export contracts.<br>• **Cross-Border Growth**: If your company is doing well locally, create the financial blueprint to acquire smaller to large companies abroad or set up Global Capability Centers (GCCs) to export Indian talent or invent innovate or implement new technology and AI tool kit. |

**Phase 3: The Long Term to 2047 (Wealth Protection & Nation Building)**

To reach the vision of a fully developed India (Viksit Bharat) by 2047, CAs need to shift from just counting wealth to protecting it and helping the government plan better.

- **Protecting Generational Wealth:** As Indian founders get richer, CAs must help set up Family Offices and Private Trusts. This ensures that the wealth created today is protected from future risks and smoothly passed down to the next generation.
- **Green Finance (ESG):** In the coming years, companies that pollute will not get loans, or they will pay very high interest. CAs need to start tracking environmental and social impact (ESG) so their clients can get access to cheaper, green global funds, while ensuring health and wealth maximisation for all stake holders.
- **Partnering with the Government:** CAs should not wait for the budget to just read the new laws. We need to work with local and state governments. By running data simulations, CAs can tell lawmakers exactly how a new tax or policy will impact a specific industry before it becomes law. Furthermore, CAs can help local governments adopt transparent accounting, ensuring public money actually reaches the ground and drives financial inclusion.

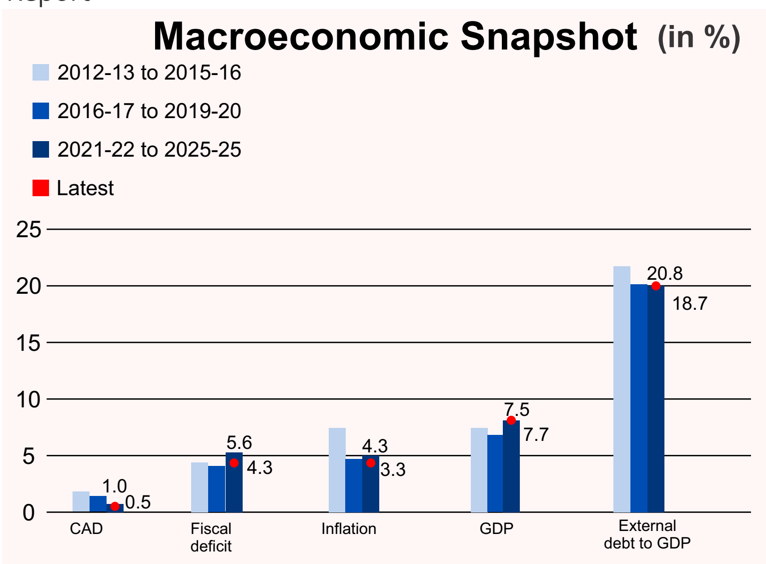
**The Bottom Line**

The days of the CA just being a "tax filer" are over. Whether you are consulting for a small trader or a corporate or leading finance in a multinational company, your new job is to be a growth architect. The government has cleared the road; it is now up to the CAs to drive Indian businesses to the 2047 target line.

## LATEST IN FINANCE

**Economy Remains Resilient Despite Global Uncertainties: RBI**

The economy and the financial system continue to remain susceptible to geopolitical tensions and associated shocks despite headwinds from the West Asia conflict receding, cautioned the Reserve Bank of India's Financial Stability Report




Source: RBI

**India–UK Trade Agreement Take Effect from 15 July 2026**

India and the United Kingdom have operationalised the Comprehensive Economic and Trade Agreement (CETA) from 15 July 2026. The agreement eliminates or reduces tariffs on over 90% of tariff lines, with nearly 99% of Indian exports by value expected to receive duty-free access to the UK. In return, India will reduce customs duties on selected UK products, including whisky, gin, automobiles, cosmetics, automobiles and medical devices, over a phased period.

## LATEST IN FINANCE

### Foreign Outflows Ease Amid Improving Market Sentiment

Cooling crude oil prices, RBI's liquidity support, and easing market rallies across Asian peers have boosted investor confidence in the Indian market. As a result, foreign portfolio investor (FPI) outflows moderated during June, while domestic institutional investors (DIIs) continued to provide strong support through sustained inflows.


### RBI eyes demat route for retail G-Sec investments

In a bid to attract more retail investors to invest in government securities (G-Secs), the Reserve Bank of India plans to allow them to transact in these securities through demat accounts. The minimum transaction amount through this route will be ₹10,000.Currently, retail investors participate in the G-Sec market by opening and maintaining a **Retail Direct Gilt (RDG) Account** with the RBI.

As per the Draft Master Direction issued by the Reserve Bank of India, an individual maintaining a demat account with a depository participant bank that is a direct member of the NDS-OM (Negotiated Dealing System – Order Matching) platform may undertake transactions on NDS-OM through the depository participant bank. Further, an individual maintaining a demat account with a SEBI-registered depository may undertake transactions on NDS-OM through the stock broker connect facility. Transactions in G-Secs may be undertaken on either a price basis or a yield basis.

### RBI Launches USD-INR Swap Facility to Boost Foreign Currency Inflows

The Reserve Bank of India has introduced a USD-INR Swap Facility to encourage banks to mobilise Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs). Under the scheme, eligible banks can swap the foreign currency mobilised with RBI for Indian Rupees at a predetermined rate for a specified period. What are FCNR(B) Deposits?Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits are fixed deposits maintained by Non-Resident Indians (NRIs) in designated foreign currencies with banks in India. The interest earned on these deposits is exempt from income tax in India if the depositor qualifies as a non-resident under Indian tax laws. Banks generally offer interest rates linked to internationally accepted benchmark rates.The RBI has temporarily removed the interest rate ceiling on select FCNR(B) deposits until September 30, 2026, allowing banks greater flexibility to attract foreign currency deposits from NRIs and strengthen foreign exchange inflows. The Reserve Bank of India has allowed banks to mobilise Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits through their branches in GIFT City and offer leverage facilities against such deposits.

### Bank of Baroda Agrees to $600 Million NMC Settlement

Bank of Baroda (BoB) has agreed to a settlement of $600 million (around ₹5,700 crore) with the administrators of the insolvent UAE-based NMC Health Plc and its affiliates. The bank was made a party to the case over allegations that it allowed transactions without adequate due diligence and failed to follow proper anti-money laundering (AML) and know your customer (KYC) procedures in relation to the fraud involving the NMC group and its founder, B.R. Shetty.

### RBI Overhauls Credit Derivatives Framework with New 2026 Directions

The Reserve Bank of India has issued the Credit Derivatives Directions, 2026, replacing the 2022 framework. The new Directions expand India's credit derivatives market by introducing a comprehensive regulatory framework for Credit Default Swaps (CDS), Total Return Swaps (TRS), Exchange-Traded Credit Derivatives (ETCDs) and Credit Index Futures (CIFs). The Directions also prescribe detailed eligibility, reporting, settlement and risk management requirements for market participants.

**What's New?**

- *Credit Default Swap (CDS):* A financial contract that allows an investor to transfer the credit risk of a bond or loan to another party in exchange for a premium. If the borrower defaults, the protection seller compensates the buyer.
- *Total Return Swap (TRS):* Enables one party to receive the total economic return (interest, coupons and capital gains/losses) of a reference asset without owning it, while transferring both credit and market risk to the counterparty.
- *Exchange-Traded Credit Derivatives (ETCDs):* Standardised credit derivative contracts traded on recognised stock exchanges, improving transparency and liquidity.
- *Credit Index Futures (CIFs):* Futures contracts linked to a basket or index of corporate debt securities, allowing investors to hedge or take exposure to overall credit market movements rather than individual issuers.

The new framework expands the range of credit risk management tools, enhances liquidity in the corporate bond market and strengthens India's credit derivatives ecosystem.

## CORPORATE DEALS IN FOCUS

### Persistent Systems Acquires Nagarro for €1.27 Billion

Persistent Systems announced an all-cash acquisition of Germany's Nagarro SE for €1.27 billion, creating a combined entity with over US$2.9 billion in revenue and 46,000+ employees. The transaction significantly expands Persistent's European footprint and AI-led digital engineering capabilities. The real value lies in post-merger integration, purchase price allocation under Ind AS 103, and valuation of goodwill and intangible assets.

### Kotak Mahindra Bank Acquires Deutsche Bank's India Retail Business

Kotak Mahindra Bank will acquire Deutsche Bank's India retail banking, wealth management and private banking business, including a **₹29,000 crore loan book** and **₹16,000 crore deposits**. The deal marks one of the largest banking portfolio acquisitions in recent years. Portfolio acquisitions are increasingly replacing organic expansion, making business transfer accounting, RBI approvals and integration planning critical.

### Zepto Files ₹10,000 Crore IPO

**Zepto filed its DRHP for a** ₹10,000 crore IPO, with proceeds earmarked for expansion, technology and AI investments. The company reported FY26 revenue of ₹22,623 crore while continuing aggressive growth. Investors are now valuing start-ups based on profitability, unit economics and cash flows—not just revenue growth.

## CAPITAL MARKET

### Uniform Consent Norms Proposed for AIFs

The regulator has proposed replacing the existing mix of two thirds and 75% investor approval requirements with a single threshold of 7**5% consent by value of unit holders** across AIF regulations wherever investor approval is mandated.

### Easing Disclosure Norms for FPIs

The regulator is considering easing disclosure requirements for Foreign Portfolio Investors (FPIs). FPIs may be allowed to invest in a single stock instead of the current three-stock stipulation. It is also holding discussions on a possible change in the ownership threshold for identifying ultimate beneficial owners (UBOs). The granular disclosure norms for UBOs, introduced in 2023, are also being re-evaluated.

### Open Market Buyback Route Revived

The open market buyback framework will come into effect from **August 1, 2026,** providing companies with an additional route to buy back shares.

- Currently, companies undertake buybacks through the tender offer route and open market purchases under the book-building mechanism. Under the revised framework, open market buybacks will be treated as regular market transactions.
- Promoters will not be permitted to participate in such buybacks.
- The buyback process must be completed within **66 working days** from the opening date, with companies required to utilise at least 40% of the earmarked funds during the first half of the buyback period.
- To reduce compliance costs, the appointment of a merchant banker has been made optional. Companies choosing not to appoint one may assign the related responsibilities to internal stakeholders, including the compliance officer, statutory auditor, secretarial auditor, and stock exchanges.
- The open market buyback route had been discontinued in **April 2025** due to concerns over unequal treatment of shareholders. It will be reintroduced from August 1, 2026.

### Auto-Pledge Norms Introduced for Unpaid Securities-SEBI

Under the framework, if trades executed outside the Margin Trading Facility (MTF) remain unpaid after the prescribed period, the securities will be credited directly to the client's demat account. The pledge will be created with the reason 'unpaid' in favour of a separate account called the Client Unpaid Securities Pledge Account (CUSPA), opened by the broker.

Once the pledge is created, it shall be governed by the guidelines of the stock exchange. In the event of invocation of the pledge, the securities will be blocked in the investor's demat account and sold in the market after verification of the blocked securities against the investor's obligation by the depositories. Any surplus funds will be credited back to the investor's ledger.

If the investor fulfils the payment obligation, the broker may request the release of the pledge within the next five trading days. The pledge will then be released automatically by the depositories.

### Banks Clear RBI Stress Test, but NPAs Tick Up in Tough Scenarios

The Reserve Bank of India's stress tests covering 46 commercial banks indicate that the banking system remains resilient even under severe stress scenarios.

- The Liquidity Coverage Ratio (LCR) may fall to 116.7%, and further to 110.8% under severe stress.
- The Core Equity Tier 1 (CET1) capital ratio stood at 15.2% as of March 2026, remaining well above the regulatory minimum.
- Gross Non-Performing Assets (GNPA) stood at 1.8% in March 2026, but are projected to rise under adverse stress scenarios.

### Easier TReDS Access for Small Businesses

The Reserve Bank of India has issued revised guidelines to facilitate easier access to the **Trade Receivables Discounting System (TReDS)**, a platform that enables small businesses to sell their invoices or trade receivables to banks and financial institutions to access working capital.

The RBI said the platform must implement necessary validation checks to confirm that the seller is an MSME and ensure that funds due to the seller are credited only to the seller's bank account. Applicants seeking to operate a TReDS platform must have a minimum net worth of ₹25 crore. Existing entities have been given time until March 31, 2028, to meet this requirement.

## CAPITAL MARKET

The platform should enable quick and seamless settlement of transactions between the financier and the seller for trade receivable financing, and between the buyer and the financier on the due date, using any authorised payment system.

### Greater Transparency in Forex Rates for Small Customers

The RBI has directed banks to disclose the number of customers using the FX-Retail platform. Developed by the Clearing Corporation of India (CCIL), the platform enables resident individuals and micro, small and medium enterprises (MSMEs) to buy and sell USD/INR directly at real-time inter-bank market rates.Typically, due to the convenience and familiarity of transacting with bank tellers, and to avoid the registration process for logging into the platform, small-ticket customers purchase foreign exchange directly from banks. As a result, they often pay ₹1.50–₹2 more per US dollar than the prevailing inter-bank rate.

### Term Money Market Opened to AIFIs and Housing Finance Companies

AIFIs, including the Export-Import Bank of India (EXIM Bank), National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB), Small Industries Development Bank of India (SIDBI), and National Bank for Financing Infrastructure and Development (NaBFID), will be eligible to participate in the term money market as both borrowers and lenders. Housing finance companies (HFCs), except Base Layer NBFCs, will also be eligible to participate. HFCs may borrow term money up to 200% of their Net Owned Funds (NOF) as at the end of the previous financial year, while the borrowing limit for AIFIs will be based on internal board-approved limits, within the limits prescribed by the RBI's Department of Regulation.The Reserve Bank of India has invited comments from stakeholders on the draft directions by July 17. The borrowing limit for standalone primary dealers for term money borrowings of two to 14 days and inter-corporate deposits has also been enhanced to 400% of Net Owned Funds (NOF), as at the end of the previous financial year, from 225% earlier.

### GARUDA Mechanism Cuts AIF Scheme Launch Timeline

- A new Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) mechanism has been approved to accelerate the launch of Alternative Investment Fund (AIF) schemes. Under the revised framework, the launch timeline for regular AIF schemes has been reduced to 10 working days, while Accredited Investor-only schemes and Angel Funds can now be launched immediately after registration or filing of the Private Placement Memorandum, without requiring merchant banker certification.



## DIRECT TAX

### Govt Scraps TDS on GIFT City Aircraft Lease Rentals

The government has exempted airlines from deducting tax at source (TDS) on lease rentals paid to eligible aircraft leasing companies opera- ting from GIFT City,

## GST

### GSTN to Hard-Lock ITC Fields in GSTR-3B

Pursuant to the GSTN Advisory issued on 17 October 2024, the GST Portal has commenced implementation of the hard-locking of auto-populated tax liability in GSTR-3B. Any correction to outward tax liability must first be made in GSTR-1, GSTR-1A or IFF, after which the revised figures will automatically flow into GSTR-3B. GSTN has also clarified that hard-locking of auto-populated ITC will be implemented separately after the Invoice Management System (IMS) is fully stabilised .Impact - Businesses will no longer be able to rectify tax liability directly in GSTR-3B. Accurate reporting in GSTR-1 and timely amendments through GSTR-1A will become critical to avoid filing incorrect returns.

**What Should Businesses Do?**

- Review outward supplies before filing GSTR-1 to minimise errors.
- Use GSTR-1A to correct mistakes before filing GSTR-3B.
- Reconcile GSTR-1 with books of accounts on a monthly basis.
- Monitor supplier compliance and GSTR-2B, as GSTN has indicated that ITC fields may also become system-driven in the future.
- Strengthen monthly GST review processes, as manual adjustments in GSTR-3B will become increasingly limited.

### New GST Jurisdiction to Handle Cases After Business Shift

The Central Board of Indirect Taxes and Customs (CBIC) has clarified that when a registered taxpayer shifts or transfers its principal place of business from one tax jurisdiction to another, the new jurisdictional authority will take over all pending proceedings relating to the taxpayer.

However, any action or proceeding—such as an investigation, audit, show cause notice, or adjudication — initiated under the Central GST law by the tax officer having jurisdiction on the date the action was undertaken (transferor jurisdictional authority) will remain valid even if the taxpayer subsequently shifts to another tax jurisdiction (transferee jurisdictional authority). The transferee jurisdictional authority will thereafter continue and complete the pending proceedings.

### GSTAT Appeal Deadline Extended for Pending Cases

The Government has extended the last date for filing appeals before the GST Appellate Tribunal (GSTAT) to 31 July 2026 for cases where the order was communicated to the taxpayer before 1 May 2026 or, in the case of departmental appeals, where the order was passed before 1 February 2026.For newer orders, the normal time limits under the CGST Act will apply:

- Taxpayer appeals: Must be filed within 3 months from the date the order is communicated.
- Departmental appeals: Must be filed within 6 months from the date of the order.

In simple terms, older cases get time up to 31 July 2026, whereas new cases will follow the regular statutory timelines.

## FEMA

### PIS Route Opened to All Non-Resident Investors

The Government has widened access to the Indian equity markets by allowing all non-resident individuals, and not just Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs), to invest in listed companies under the Portfolio Investment Scheme (PIS).A June 12 amendment to the Foreign Exchange Management (Non-Debt Instruments) Rules removes the long-standing restriction that limited PIS investments to NRIs and OCIs. The move is aimed at deepening capital markets and attracting a broader pool of global investors.

## FCRA

### FCRA Rules Tightened: Key Compliance Changes

- **Purpose & State-Specific Registration:** Associations must specify approved purpose categories and geographical areas of operation. Existing FCRA-registered entities must align their registrations within one year through Form FC-6F.
- **Expanded Accountability through "Key Functionary" Definition:** Directors, trustees, partners, office-bearers, karta, and other persons exercising control over management are now expressly responsible for FCRA compliance.
- **Enhanced Annual Reporting Requirements:** Form FC-4 must be accompanied by a detailed activity report, Income & Expenditure Statement, Receipt & Payment Account, Balance Sheet, Bank Statements, and a Chartered Accountant's certificate
- **Stricter Governance Norms:** Associations with foreign nationals (other than persons of Indian origin) as key functionaries may face eligibility restrictions, subject to notified exceptions.
- **Phased Release of Large Foreign Contributions:** Grants exceeding ₹1 crore may be released in instalments, with subsequent releases contingent upon utilization of at least 75% of previous instalments and verification through field inquiries.
- **"Reasonable Activity" Threshold Introduced:** For renewal and cancellation purposes, organisations must demonstrate utilization of at least ₹10 lakh of foreign contribution during the preceding two financial years.
- **Change in Registration Scope Permitted:** Associations may apply to add or remove approved purposes and States/UTs from their registration as operational requirements evolve.
- **CA/CS Action Point:** Review constitutional documents, identify key functionaries, update registration scope, ensure timely filings, and strengthen governance and compliance.

## DIRECT TAX CASE LAWS

### Meaningful Opportunity of Hearing Is Mandatory

A meaningful opportunity of hearing is an indispensable requirement of a valid assessment, particularly where substantial additions are proposed.Issuing a show-cause notice and passing the assessment order on the same day as the reply generally fails to satisfy the requirements of natural justice, unless the facts justify such urgency.Availability of an appellate remedy does not bar a writ petition where there is a gross violation of natural justice or fundamental procedural defects.Once an assessment order is quashed for breach of natural justice, the consequential demand and penalty proceedings automatically fall, as they have no independent existence.*[Pricewaterhouse Coopers Private Limited v. ACIT , Circle-1(1), Aayakar Bhawan & Ors. (Calcutta HC)]*

**Assessment Becomes Void if Order Giving Effect Is Delayed** If the tax department fails to pass an "Order Giving Effect" (OGE) to a CIT(A)/Tribunal appellate order within the limitation period prescribed under Section 153 of the Income-tax Act, the assessment abates by operation of law and any penalty proceedings tied to that assessment automatically collapse, regardless of how minor or "administrative" the pending step (rate change, TDS verification) may seem. *[Global Hospitality Licensing SARL v. The Assistant/DCIT (International Taxation) – Ward 2(3)(2), Mumbai (Bombay HC)}*

**Cash Deposits Cannot Be Taxed Without Establishing Ownership** Entire cash deposits should not automatically be assessed under Section 69A merely because they appear in the assessee's bank account; the true ownership of the funds must be examined.In cases involving alleged accommodation entry operators or misuse of bank accounts, the surrounding facts, evidence, and the assessee's role are crucial in determining the extent of taxable income.Where factual verification is inadequate, the appropriate course is to restore the matter to the Assessing Officer for fresh examination, rather than sustaining the full addition.Peak credit is a valid alternative plea that may be considered where repetitive deposits and withdrawals indicate circulation of the same funds rather than independent unexplained investments.*Rameshbhai Mangalbhai Patel v. Income Tax Officer, Ward-1(3)(1), Ahmedabad (ITAT Ahmedabad)*

### Form 26AS Is Not Conclusive Evidence of Taxable Income

Entries in Form 26AS are only informational and do not conclusively determine taxable income.A mismatch between Form 26AS and the books of account does not automatically justify an addition, particularly where the assessee explains the differences through accepted accounting principles.Timing differences in revenue recognition are a valid explanation for discrepancies between Form 26AS and the books. Where the income recorded in the books exceeds the receipts reflected in Form 26AS, no addition is warranted, as it would result in taxing the same income twice.An Assessing Officer cannot make large extrapolated additions based on a small unreconciled variance without cogent evidence.*[DCIT, Circle 1(1), Pune v. Honeywell Automation India Ltd. (ITAT Pune)]*

**AO Must Consider Assessee's Reply Before Issuing Section 148 Notice**

An order under Section 148A(3) is unsustainable if the Assessing Officer fails to meaningfully consider the assessee's reply and supporting evidence. Compliance with the principles of natural justice requires a reasoned order demonstrating due application of mind before issuing a notice under Section 148. *ORPL & Another v. Union of India & Others (Calcutta High Court)*

**High Court Declines Writ Where Statutory Appeal Is Available**

The Chhattisgarh High Court held that where an effective statutory appellate remedy is available under the Income-tax Act, the High Court should ordinarily not entertain writ petitions under Article 226 of the Constitution. Taxpayers are expected to exhaust the prescribed appellate mechanism before invoking writ jurisdiction, unless exceptional circumstances warrant direct judicial intervention. *Gurvinderjeet Singh Oberoi v. Principal Commissioner of Income Tax & Others, Chhattisgarh High Court, Bilaspur.*

**Bombay HC Clarifies Taxability of Refunded Royalty and PE under India–USA DTAA**

:The Bombay High Court held that only the real income retained by a taxpayer is taxable where excess royalty is refunded pursuant to a valid Advance Pricing Agreement (APA). The Court further ruled that an Indian subsidiary does not automatically constitute a Permanent Establishment (PE) of its foreign parent merely because it is an associated enterprise. Control, technical support, or inter-company transactions by themselves are insufficient to establish a PE under the India–USA Double Taxation Avoidance Agreement (DTAA).*Commissioner of Income Tax v. Gemological Institute of America Inc., Bombay High Court.*

**Kerala HC Directs Consideration of CBDT Relief for Wrong Registration**

The Kerala High Court held that where an assessee was inadvertently granted registration under the wrong provision of the Income-tax Act and later surrendered it to seek registration under Section 12A, the competent authority must consider whether the benefit of CBDT Circular No. 7/2024 granting rectification relief is available. The Court observed that retrospective benefit should not be denied mechanically without examining the applicability of the Circular. *(Atma Bodhodaya Sangham Sree Subhananda Trust v. Commissioner of Income Tax, Kerala High Court.)*



## GST CASE LAW

**Delhi HC Holds 2019 GST Refund Limitation Amendment is Prospective**

Kanika Exports filed GST refund applications on 29 March 2020 for accumulated ITC. The department rejected the claims by applying the amended Explanation 2(e) to Section 54, introduced in 2019, retrospectively.

The Delhi High Court held that the 2019 amendment to Explanation 2(e) is prospective and cannot apply to refund claims arising before its introduction. It directed the GST authorities to process the refund applications on merits within three months*[M/S Kanika Exports v. Union of India & Ors. W.P.(C) 12512/2021]*

## OTHER IMPORTANT CASE LAWS

**IBC**

**IBBI Fourth Amendment Regulations, 2026**

The IBBI (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2026 on June 8, 2026 introduces:

- Regulation 16-E, which requires the Resolution Professional to invite the five largest unrelated operational creditors (including the top three government/statutory authorities) as non-voting observers to Committee of Creditors (CoC) meetings if non-bank or non-public financial institution creditors hold over 66% of the voting power.
- Regulation 31-B mandates strict CoC oversight for insolvency costs, requiring a comprehensive business operation report at the very first meeting and subsequent approval for all future costs.
- Regulation 39 enforces greater accountability by requiring the CoC to formally record explicit assessments regarding the feasibility of resolution plans, expected creditor recovery values against fair/liquidation metrics, and whether maximum effort was made to secure the best plan possible. *[IBBI (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2026]*

**NCLT Upholds Mandatory Liquidation After CIRP Timeline Expiry**

The NCLT Hyderabad Bench ruled that liquidation was mandatory under Section 33(1)(a) of the IBC because the statutory 330-day CIRP timeline had expired without an approved resolution plan.  Tribunal held that the Applicant's classification as a wilful defaulter rendered him ineligible for resolution or compromise under Section 29A(b), a disqualification that remains regardless of the company's MSME status*[Vidyasagar Parchuri v. Madasa Kumar, RP of Vibha Agrotech Ltd. & Anr., IA (IBC) No. 493/2026 in IA (LIQ) No. 01/2026 in CP(IB) No. 645/7/HDB/2018 (NCLT Hyderabad Bench)]*

**CONSTITUTIONAL LAW**

**Supreme Court Upholds Equal Right of Married Daughters to Compassionate Appointment**

The SC has held that a married daughter cannot be excluded from consideration for compassionate appointment solely on the ground of her marital status. Setting aside contrary

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## OTHER IMPORTANT CASE LAWS

rulings of the Allahabad High Court, the Court observed that factors such as dependency, financial need, residence, and eligibility are relevant, whereas marriage has no connection with the object of providing financial relief to a deceased employee's family. It further ruled that denying compassionate appointment to an otherwise eligible daughter merely because she is married violates the constitutional guarantees of equality and non-discrimination under Articles 14 and 15(1).

*[Kulsum Nisha v. State of Uttar Pradesh & Ors., MANU/SC/0608/2026; 2026 INSC 617 (SC).]*

## AUDIT AND ACCOUNTS

### ICAI Partners with Sarvam AI for CA-Focused LLM

The Institute of Chartered Accountants of India (ICAI) has partnered with homegrown startup Sarvam AI to develop a dedicated large language model (LLM) tailored specifically for chartered accountants. The initiative aims to create a domain-specific, sovereign AI platform that enables CAs to leverage AI while safeguarding confidential client information.

### ICAI to Strengthen Tirupati Temple's Accounting System

The Tirumala Tirupati Devasthanams (TTD), one of India's richest religious trusts, has partnered with the Institute of Chartered Accountants of India (ICAI) to strengthen the record-keeping of donations and contributions received from devotees and various entities.



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## EDITORIAL Decriminalise the Black Money...

levy rupees 10,00,000 as penalty, is highly unjust for non-disclosure of assets on which taxes have been duly paid, in the right jurisdiction.

The assets acquired by an Indians out of the income earned during his stay outside India, as a non- resident, ESOPs granted with full tax paid, the income or assets held for last more than six years acquired from genuine income or sources outside India or out of money earned in India, without any default or income escaping assessment in India, cannot be subject matter of inquiry or investigation or penalty. The tax department is undertaking roving enquiry and initiating penalty proceedings even on Non residents who became residents in recent years, in respect of assets acquired by them several years ago ( in some cases even 10 to 20 years ago) when they were non -resident. Seeking invoices, bank account statements, source confirmations even for time barred period , in the absence of any reason to believe that income has escaped assessment is creating harassment and corruption.

The FAQ issued under the black money law and the legal provisions need reconsideration in a genuine manner. The Black Money Law cannot be permitted to question assets acquired in last several decades as the owner or successor of such assets may be able to provide the source of the income or assets earned and acquired only within a reasonable period of maximum up to seven to 7-10 years.

The consequences of black money law may be restricted to only cases where the sources or acquisitions is within limitation period as per Income tax law. In such cases the Government may consider imposition of tax at maximum marginal rate of 30% plus up to 30% additional tax on such tax once voluntarily declared. In that case, where the disclosure is not voluntary an additional tax of 30% may be imposed.

The acquisitions of assets or income, with proof of holding beyond the limitation period may be considered for exemption. More Indians in such cases can be mandated to invest such money in India.



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