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EDITORIAL World Geo Political Dynamics – Lessons Being Learnt



CA Vinod Jain*

B. Com (H) (SRCC), FCA FCS FCMA LLB.
DISA (ICAI), FAFD (ICAI)

The advent of war between USA – ISRAEL and IRAN have deeply impacted the political and economic fundamentals and a new world order is emerging with each development.

Some of the important points being learnt by India include:

- **Unsecured Mobile Network**: USA and Israel could secretly hack and access mobile network of Iran, enabling

them to locate top Iranian leadership including their Supreme Leader Late Mr. Ayatollah Ali Khamenei and then killed them by bombing exact locations. This poses a bigger question that Indian mobile network supplied by foreign suppliers Indian mobile network supplied by foreign suppliers may be similarly fragile impacting national security, including security of our top political leaders as well as all members of the Indian community.

- **Internet Controlled by world powers** could be another major concern. not only for Government, businesses, trade, industry and commerce but also for each common man. Any invasion or hacking of the internet network may be fatal. In case the internet is disabled across India – communication, work and businesses may all come to a standstill.
- **Indian Fair and balanced Diplomatic policy**: Indian policy of being friendly with all countries in the world is being challenged by certain superpowers for example our oil purchase from Russia & Iran and other sanctioned countries are being subjected to US sanctions
- **Indian economic growth - no need for world power to envy**: The growth of Indian economy by being the 4th largest economy in the world, with projections to reach to the 3rd largest in near future, is not being appreciated by the developed countries including by those who are ahead of us. The countries who are left behind India in size of GDP during last 10 years in recent decade are also in a tight spot. Indian economy and its growth is an important asset even for these countries as large Indian market and

► contd. to page 8

Company law compliance – Amnesty Scheme: A Golden Window



CA Vaibhav Jain

B.Com (Hons), FCA, ACS, LLB, DISA (ICAI), MBF (ICAI), FAFD (ICAI), CCIDT (ICAI), CCCA (ICAI), ID (MCA-IICA)

Registered Valuer (SFA) (IBBI)

+91-97113-10004
vaibhavjain@mehragoelco.com
vaibhavjain@inmacs.com

The Ministry of Corporate Affairs (MCA) has introduced a highly anticipated relief measure aimed at reducing the compliance burden on corporate entities. Promulgated via General Circular No. 01/2026 on 24th February 2026, the **Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)** provides an unprecedented opportunity for defaulting companies to clean up their compliance defaults.

Since the implementation of the ₹100 per day additional fee on delayed filings (effective 1st July 2018), many MSMEs, private companies, and start-ups have faced mounting financial burdens. The CCFS-2026 is designed to mitigate these costs, allowing CAs to help their clients achieve statutory compliance, obtain dormant status, or formally exit the registry at drastically reduced costs.

Here is a comprehensive breakdown of the Scheme to help you advise your clients effectively.

Scheme Tenure

The CCFS-2026 is a one-time opportunity with a strict three-month window.

- **Start Date**: 15th April 2026.
- **End Date**: 15th July 2026.

Key Relief Measures

The Scheme offers three distinct pathways depending on the company's operational status and future intent:

- **Regularization of Pending Annual Filings** For active companies burdened by accumulated late fees, the Scheme allows for the completion of pending annual filings at a fraction of the cost.
 - Companies must pay the normal prescribed filing fees.
 - Companies will only pay **10% of the additional fees** normally applicable for the delay.
 - This applies to a wide array of e-forms, including

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* **CA Vinod Jain**, is Founder & Past President, All India Chartered Accountant Society, Former Member, Central Council, ICAI, Advisor to GST Council, Former Member High Powered Income Tax Simplification Govt. committee. **Email**: vinodjain@inmacs.com, vinodjain@vinodjainca.com **Mobile**: +91 98110 40004

- MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), AOC-4 (XBRL), ADT-1, FC-3, and FC-4.
- Legacy forms under the Companies Act, 1956 (such as Form 20B, 21A, 23AC, etc.) are also covered.
- Obtaining Dormant Status For inactive entities wishing to preserve their corporate status without heavy compliance costs, the Scheme incentivizes formalizing dormancy.
 - Companies can file e-form MSC-1 under section 455 of the Act.
 - The fee is reduced to one-half of the normal filing fees.
- Concessional Strike-Off For defunct companies looking for a clean exit, the Scheme drastically reduces the cost of closure.
 - Companies can file an application for strike-off via e-form STK-2.
 - The required payment is only 25% of the applicable filing fees.

Immunity from Prosecution and Penalties

A major draw of the CCFS-2026 is the conditional immunity it grants, significantly reducing litigation risks for your clients.

- **For Sections 92 and 137 Defaults:** Proceedings will be concluded and no penalty will be levied if filings are completed prior to issuance of an adjudicating officer's notice, or within 30 days of such notice.
- **No impact on Existing Penalties:** Where the 30-day period has expired or an adjudication order has been passed, the liability to pay those penalties remains unchanged.
- **For Other Specified Forms (e.g., ADT-1, Form 20B, etc.):** Immunity against prospective penal action is granted where no prosecution has been filed or adjudication show cause notice issued prior to filing under the Scheme.

Exceptions: Who Cannot Avail the Scheme?

The Scheme is not applicable to:

- Companies issued a final notice for striking off under section 248.
- Companies that have filed an application for strike off.
- Companies that applied for Dormant Status prior to the Scheme.
- Companies dissolved via amalgamation.
- Vanishing companies.

Action Plan for Professionals

CCFS-2026 places CAs and professionals in a position to deliver value. Immediate steps:

Client Audits: Conduct compliance gap assessment for all clients.

Cost-Benefit Analysis: Present savings of regularizing vs. striking off.

Preparation: Compile financials, audit reports, and signatures for timely filing.

As warned by MCA, penal action will be taken against companies failing to utilize the Scheme. Timely action is critical.

Oil Price Surge Raises Global Inflation Risks

Global oil prices have surged following escalating geopolitical tensions in the Middle East, raising concerns about renewed inflationary pressures across major economies. Brent crude prices rose above \$115-\$119 per barrel, disrupting global energy supply routes and increasing transportation and production costs worldwide. Economists have warned that sustained high energy prices could raise global inflation and delay expected interest rate cuts by several central banks.

Institute of International Finance warns rising global debt may pressure financial stability

Global debt has reached a record level of over \$313 trillion, according to the Institute of International Finance (IIF). The increase has been driven by higher government borrowing, corporate debt expansion and rising interest costs across advanced and emerging economies.

RBI Conducts Large Forex Intervention to Stabilise Rupee

The Reserve Bank of India intervened in the foreign-exchange market to stabilise the rupee amid global financial volatility and rising crude oil prices. Market participants estimated that around \$12 billion was deployed through spot and derivatives markets, including non-deliverable forwards. The intervention helped prevent sharp depreciation of the rupee during a period of foreign portfolio outflows and geopolitical uncertainty. **India's strong foreign exchange reserves exceeding \$720 billion** enabled the central bank to manage currency volatility effectively.

Debt management exercise launched

The Reserve Bank of India announced a ₹20,000-crore government securities switch auction as part of the government's debt management strategy. Under this mechanism, investors exchange short-term government bonds for longer-maturity securities. The move helps reduce near-term redemption pressure and improves the maturity profile of public debt. Such operations are used to manage refinancing risk and maintain stability in the government securities market.

New Disclosure Requirements for Bank Financial Statements to report lending against securities and exposure to capital market entities

RBI has amended the Commercial Banks – Financial Statements Presentation and Disclosure Directions requiring banks to provide enhanced disclosures relating to lending against securities and exposure to capital market entities. The revised reporting format improves transparency in financial statements and enables better monitoring of risks arising from capital market financing activities.

Lending Rules for NBFCs Strengthened

RBI has amended the Non-Banking Financial Companies – Credit Facilities Directions to strengthen prudential oversight of lending practices in the NBFC sector. The revised framework introduces enhanced monitoring of related Party Lending, NBFCs are divided into four layers (Base, Middle, Upper, and Top), all NBFCs must achieve a Net Owned Fund (NOF) of ₹10 crore by March 31, 2027. Non fund based credit exposures norms, credit exposures and governance

standards for lending operations. The amendments aim to align NBFC regulatory practices with broader financial system risk management requirements.

urban cooperative banks funding strengthened

The National Urban Cooperative Finance and Development Corporation allowed to raise equity capital through **private placement from more than 200 investors**. The change addresses structural constraints faced by the umbrella organisation established to support the urban cooperative banking sector. Professionals advising cooperative banks must review implications for capital raising and regulatory compliance.

Government introduces risk-sharing support to improve trade finance access for MSME exporters

As per DGFT Trade Notice, the "Support for Emerging Export Opportunities" initiative has been launched under the Export Promotion Mission (NIRYAT PROSAHAN). Under the initiative, the Government will provide risk-sharing support through Export-Import Bank of India (Exim Bank) to enable banks to extend non-recourse trade finance instruments such as letters of credit and risk participation mechanisms for exports to under-served or high-risk markets.

Eligible exporters must hold a valid Importer-Exporter Code (IEC) and Udyam registration, and applications must be submitted through the DGFT portal where a unique identification number (UIN) will be generated for accessing the support.

Lending Norms Tightened for Financing Linked to Securities Markets

Updated directions governing credit facilities for commercial banks introduce revised safeguards for lending connected with capital market activities. The framework covers acquisition financing, loans secured by shares, and exposure to capital market intermediaries such as brokers and investment entities. Banks are now required to carry out stronger due diligence before sanctioning loans backed by financial instruments and ensure proper valuation and monitoring of securities used as collateral. The directions also emphasise improved internal risk monitoring of such exposures so that banks do not accumulate excessive credit linked to fluctuations in share prices. **Takeaway for professionals:** Bank auditors, corporate finance advisors and compliance professionals should review loan appraisal processes, collateral valuation practices and exposure monitoring systems for loans secured by securities or linked to capital market activities.

SBI in discussion with Japanese lenders for acquisition financing

A week after the Reserve Bank of India (RBI) issued the final guidelines on acquisition financing, State Bank of India (SBI) is in discussions with Japanese lenders to fund large acquisition deals as such transactions cannot be undertaken independently, SBI Chairman CS Setty said on Friday. He added that the country's largest lender will initially assess the transactions available to determine whether they fit its risk appetite and will begin with plain vanilla structures wherein it will provide debt funding while the acquirer brings in the equity.

ECB rules relaxed by RBI significantly:

Key Takeaways of the New RBI ECB Directions (2026):

- **Expanded Borrowing Limits:** The automatic route limit has been increased to the higher of USD 1 billion or 300% of the net worth of the borrower (previously USD 750 million).
- **Removal of Cost Ceilings:** The rigid "all-in-cost" ceiling (formerly benchmark + 500 bps) has been removed, allowing interest rates to be market-driven. However, ECBs with a maturity of less than 3 years must comply with trade credit cost limits.
- **Standardized Maturity (MAMP):** A uniform Minimum Average Maturity Period (MAMP) of 3 years applies to all ECBs. A special window of 1-3 years is available for manufacturing companies for up to USD 150 million.
- **Expanded Lenders & Borrowers:** Almost any entity resident in India (except individuals) can borrow, and any non-resident person (including individuals) can lend.
- **Liberalized End-Use Restrictions:**
 - **Acquisition Finance:** Use of ECB proceeds for strategic acquisitions (controlling stake) is now permitted.
 - **Real Estate/Land:** Use for construction and development of real estate is permitted under specific conditions.
 - **Refinancing:** Refinancing of existing ECBs is permitted without the prior constraint of lower cost.
- **Flexible Currency Options:** Borrowings can be in foreign currency (FCY) or INR. Conversion from INR to foreign currency is now allowed.
- **Removal of Mandatory Hedging:** Mandatory hedging requirements for infrastructure finance companies have been removed, shifting the decision to a commercial choice for the borrower.
- **Simplified Reporting:** The process has shifted to event-based reporting (Form ECB 1 for LRN, Revised Form ECB 1 for changes, Form ECB 2 for returns) rather than fixed periodic filings.
- **"Untraceable" Borrower Rules:** The RBI introduced penalties and strict reporting for borrowers who miss reporting for four consecutive quarters.

Banks must report derivative Over the counter trades to Clearing Corporation -Mandatory transaction identifier introduced to track derivative trades

A new reporting framework requires every over-the-counter derivative transaction to be assigned a Unique Transaction Identifier (UTI) before being reported to the trade repository maintained by the Clearing Corporation of India Ltd. The rule applies to instruments such as rupee interest-rate derivatives, government securities forwards, foreign currency derivatives and credit derivatives. The identifier may contain up to 52 characters and must incorporate the Legal Entity Identifier (LEI) of the reporting entity. The measure aims to strengthen monitoring of derivative exposures and reduce duplication or misreporting in financial markets.

Offshore Rupee Derivative Transactions Proposed to Be Reported

Draft reporting directions propose that authorised dealer banks must report all over-the-counter foreign exchange derivative contracts involving the Indian rupee executed by their offshore related entities. These transactions must be reported to the trade repository operated by CCIL. Earlier reporting requirements mainly covered domestic market-makers, leaving offshore rupee derivatives outside regulatory visibility. The proposal aims to close this gap and strengthen monitoring of global rupee derivative exposures. Reporting will not apply to back-to-back transactions or contracts below USD 1 million.

CAPITAL MARKET

Valuation Method for Gold and Silver ETFs Revised

The valuation framework for physical gold and silver held by exchange-traded fund schemes has been revised. The revised framework allows valuation using **polled spot prices published by recognized stock exchanges**, enabling more accurate domestic price discovery and operational efficiency for bullion-backed ETF schemes.

Professionals involved in mutual fund audits and valuation oversight must ensure bullion ETF portfolios follow the updated valuation methodology.

Mutual Fund Scheme Categorization Framework Revised

A revised framework has been introduced for classification of mutual fund schemes to bring greater clarity and standardisation in the mutual fund industry. Under the updated structure, schemes are classified into **five broad categories — Equity, Debt, Hybrid, Life-Cycle Funds and Other Schemes**.

Voluntary Debit Freeze Facility Introduced for Mutual Fund Folios

A facility has been introduced allowing investors to voluntarily place a lock-in or debit freeze on their mutual fund folios, preventing redemption or transfer of units until the folio is unlocked. The feature will be available for both demat and statement-of-account (non-demat) folios and will be implemented through the MF Central platform operated by registrars and transfer agents (RTAs). The objective is to enhance investor protection against unauthorised transactions or fraud. The facility will be available only to KYC-compliant investors with a registered mobile number and email ID to ensure secure authentication of requests.

Reporting of AIF Unit Values to Depositories

Caption: Mandatory reporting of AIF NAV to improve market transparency

Alternative Investment Funds are required to report the Net Asset Value of their units to depositories through their registrars and transfer agents. The NAV must be uploaded for each ISIN either by 1 March 2026 or within 30 days from the valuation date, whichever is later. The requirement improves transparency and operational efficiency in the AIF ecosystem, particularly where units are issued in dematerialised form.

Revision in Algorithmic Trading Order-to-Trade Ratio Framework

Revisions have been introduced to the Order-to-Trade Ratio framework applicable to algorithmic trading. Orders placed within $\pm 40\%$ of the last traded premium or $\pm ₹20$ in equity options are now excluded from OTR penalty calculations. Additionally, orders placed by designated market makers for market-making activities are also excluded from OTR computation. The revision aims to reduce unnecessary penalties and improve liquidity in derivatives markets.

Revised Framework for Pledge Creation and Invocation of Securities

Depositories must ensure that pledge request forms include undertakings from the pledgee confirming that reasonable notice will be provided before selling pledged securities. Upon invocation of a pledge, depositories must send immediate intimation to both the pledger and pledgee confirming the change in beneficial ownership. The measure strengthens investor protection and transparency in pledge enforcement processes.

Editorial comment: Depository should be allowed to change the beneficial ownership only after an appropriate court order. As per legal framework, the pledgee cannot be allowed to dispose of the pledged securities without a legal process through a commercial court.

Disclosure of Registration Details on Social Media Platforms

A circular requires all market intermediaries and their agents to prominently display their registered name and registration number when publishing securities-related content on social media platforms. The disclosure must appear on the homepage of the social media handle and at the beginning of each video or post. The requirement applies to brokers, research analysts, investment advisers, mutual funds, portfolio managers, AIF managers and other registered entities and becomes effective 1 May 2026.

DIRECT TAX

India-France Tax Treaty Protocol Signed

India and France have signed a protocol amending provisions of the India-France Double Taxation Avoidance Agreement (DTAA) to update rules governing cross-border taxation. The protocol grants taxing rights on capital gains arising from the sale of shares to the country where the company is resident, clarifying jurisdiction over such gains. It also removes the Most-Favoured-Nation (MFN) clause, which had earlier created interpretational disputes regarding applicability of treaty benefits based on provisions in other tax treaties. The protocol revises dividend taxation, prescribing a 5% withholding tax where the beneficial owner holds at least 10% of the capital, and 15% in other cases. The definition of Fees for Technical Services (FTS) has been aligned with the definition used in the India-US tax treaty, ensuring consistency in taxation of technical service payments. In addition, the scope of Permanent Establishment (PE) has been expanded by introducing the concept of a Service PE, allowing taxation where services are provided in the source country for a specified duration

Digital Assets Included in Tax Reporting Framework

The updated framework broadens the definition of reportable financial assets to include crypto-assets, central bank digital currencies (CBDC) and specified electronic money products. Financial institutions are now required to collect additional information from account holders and report such accounts

DIRECT TAX CASE LAW

Foreign Tax Credit Cannot Be Denied for Delay in Filing Form 67

The Delhi High Court held that FTC cannot be denied solely due to delay in filing Form 67 if the substantive conditions for claiming the credit are satisfied. The Court observed that the Principal Commissioner of Income Tax has powers under Section 264 to condone such procedural delays instead of rejecting the claim on technical grounds. Citation: Real Time Data Services Pvt. Ltd. vs PCIT, Delhi High Court, Judgment dated 13 February 2026.

Excise Duty Refund under Incentive Scheme Treated as Capital Receipt

The assessee received ₹59.68 crore as excise duty refund under an incentive scheme aimed at encouraging industrial investment in the Kutch district. The tax authorities treated the amount as revenue income and also sought to reduce the subsidy from the block of assets while computing depreciation. The Delhi High Court held that the refund constituted a capital receipt since it was linked to promotion of capital investment and industrial development, not operational profits. The Court also ruled that the subsidy cannot be reduced from the cost of assets as it was not directly linked to acquisition of specific assets.

PCIT vs Jindal Saw Ltd., Delhi High Court, Judgment dated 12 February 2026.

Delhi HC rules tax authorities cannot ignore ITAT findings in Section 197 proceedings

A UK-based company applied for a lower withholding certificate under Section 197. Despite earlier ITAT rulings in favour of the assessee, the tax authorities issued a certificate prescribing 15% tax withholding. The assessee challenged the decision before the High Court.

Decision: The Delhi High Court held that the tax authorities cannot disregard binding findings of the ITAT from earlier years while issuing withholding certificates under Section 197. The Court directed that earlier judicial determinations must be considered to ensure consistency in tax administration. *Financial and Risk Organisation Ltd. vs ITO, Delhi High Court, Judgment dated 10 February 2026.*

Charitable Trust Cannot Lose Exemption Due to Technical Error in Return

The assessee, a registered charitable trust, mistakenly reported interest income from bank deposits under "Income from Other Sources" instead of claiming it as exempt income. The error resulted in a tax demand raised by the department.

Decision: The Delhi High Court held that tax exemptions available to registered charitable trusts cannot be denied merely because of clerical or technical mistakes in the income-tax return. The Court emphasised that substantive

eligibility for exemption must prevail over procedural errors.

International Buddhist Confederation vs ITO, Delhi High Court, Judgment dated 22 January 2026.

Addition under Section 68 Cannot Be Made Solely Due to High Share Premium

The assessee received share capital and share premium from fifteen corporate investors and submitted PAN details, income-tax returns, audited financial statements, bank statements and confirmations from all investors. The investors also responded to notices issued under Section 133(6). Despite this, the tax authorities made an addition under Section 68 alleging lack of creditworthiness and questioning the high share premium. The High Court held that once the assessee has furnished complete documentary evidence and the investors are identifiable, traceable and active taxpayers, the addition cannot be sustained merely on suspicion or the perceived commercial improbability of the investment. The Court further observed that share valuation is a matter of commercial judgment, and the Assessing Officer cannot substitute subjective assumptions for verifiable evidence. Accordingly, the addition under Section 68 was held unsustainable. *PCIT-1 Kolkata vs Shipra Enclave Pvt Ltd, Calcutta High Court, Judgment dated 04.02.2026.*

ITAT quashes reassessment where Section 151 approval taken from incompetent authority

The reassessment proceedings for AY 2017-18 were initiated under the new reassessment regime introduced from 1 April 2021. The Assessing Officer obtained approval for passing an order under Section 148A(d) and issuing notice under Section 148 from the Principal Commissioner of Income Tax (PCIT). However, under the amended Section 151, cases beyond three years require approval from the Principal Chief Commissioner of Income Tax or Principal Director General of Income Tax. The Tribunal held that approval from PCIT, which was valid under the old regime, does not satisfy the requirement under the new law. Since the approval was obtained from an incompetent authority, the reassessment proceedings were held void ab initio, and the assessment was quashed without examining the merits. *Galax Minerals Pvt Ltd v ITO, ITAT Delhi, Order dated 30.01.2026.*

Assessment by Non-Jurisdictional Officer Held Invalid

The Tribunal examined a case where the statutory notice under Section 143(2) was issued by one Assessing Officer, but the final assessment order was passed by another officer without a valid transfer of jurisdiction under Section 127 of the Income-tax Act. The Tribunal held that jurisdiction to frame an assessment flows from the officer who validly issues the notice, and such jurisdiction cannot be assumed merely through participation in proceedings. It was also clarified that Section 292BB does not cure a complete lack of jurisdiction where the notice itself is issued by an officer who does not have authority. Consequently, the assessment was held invalid and quashed. *Vivek Mann v ITO, ITAT Delhi, Order dated 30.01.2026.*

Assessment in Name of Non-Existent Company After Amalgamation Invalid

The assessee company had amalgamated with another entity under a scheme approved by the National Company Law Tribunal (NCLT). The fact of amalgamation was duly

communicated to the tax authorities during assessment proceedings. Despite this, the Assessing Officer issued and completed the final assessment order in the name of the amalgamating company that had ceased to exist. The Tribunal held that once a company ceases to exist due to amalgamation, any assessment passed in its name is void ab initio and without jurisdiction. Relying on the Supreme Court decision in Maruti Suzuki Ltd., the Tribunal held that such jurisdictional defects cannot be cured under Section 292B or by participation of the successor company. *Kadimi Special Steels Pvt Ltd v ACIT, ITAT Delhi, Order dated 23.01.2026.*

Rental Income from IT Park Treated as Business Income

The assessee earned income from leasing an IT Park along with integrated infrastructure and operational services such as maintenance and facility management. The tax authorities treated the income as income from house property, while the assessee claimed it as business income. The Tribunal held that the decisive factor is the nature of activity and intention of the assessee, not mere ownership of property. Since the assessee was engaged in systematic commercial exploitation of the property with multiple services, the income constituted business income. The Tribunal also applied the principle of consistency, noting that similar income had been accepted as business income in earlier years. *DCIT vs Advant IT Park Pvt Ltd, ITAT Delhi, Order dated 22.01.2026.*

Deduction Allowed for Interest on Borrowed Funds Used to Earn Interest Income

The assessee borrowed funds and advanced loans to another company, earning interest income. The assessee claimed deduction of the interest paid on borrowings under Section 57(iii). The tax authorities disallowed the claim alleging lack of nexus between borrowing and lending. The Tribunal held that once a direct nexus between borrowed funds and interest-earning advances is established, the expenditure is allowable. Relying on the Supreme Court decision in CIT v Rajendra Prasad Moody, the Tribunal allowed the deduction and deleted the disallowance. *Ankur Chandulal Shah v ACIT, ITAT Mumbai, Order dated 27.01.2026.*

Turnover Mismatch with Service Tax Data Not Sufficient for Addition

The tax authorities made additions based on differences between turnover reported in service tax records and turnover shown in the books of account. The assessee explained that differences arose due to advances, timing of revenue recognition and reverse charge transactions. The Tribunal held that service tax figures cannot be mechanically adopted for income-tax purposes without independent verification. Once the books of account maintained under Section 145 are not rejected, additions cannot be made solely on the basis of third-party data mismatch. *Deepsons (India) Pvt Ltd v ACIT, ITAT Delhi, Order dated 23.01.2026.*

Investment in Agricultural Land in Wife's Name Not Eligible for Section 54B Deduction

The assessee claimed deduction under Section 54B after selling agricultural land and investing the proceeds in new agricultural land purchased in the name of his wife. The

Tribunal held that the section specifically requires the assessee himself to purchase the land to claim the exemption. Since the new property was not purchased in the assessee's name, the statutory condition was not satisfied. Relying on precedents of the Punjab & Haryana High Court, the Tribunal upheld denial of the deduction. *Adel Saini v ITO, ITAT Delhi, Order dated 21.01.2026.*

Same Fair Market Value Must Be Used for Capital Gains and Business Income after Conversion of Asset

The assessee converted land held as a capital asset into stock-in-trade. While computing tax, the Assessing Officer adopted fair market value (FMV) for capital gains under Section 45(2) but used the original cost for computing business income on sale of the land. The Tribunal held that Section 45(2) forms a complete mechanism, and once FMV is adopted for capital gains, the same value must be treated as the cost of stock-in-trade for business income computation. The AO's approach of applying two different values for the same asset was held legally incorrect. *DCIT v Cyberwalk Tech Park Pvt Ltd, ITAT Delhi, Order dated 06.02.2026.*

Tribunal empowered to adjudicate substantive issues once delay in appeal is condoned

The Tribunal clarified that where the Commissioner (Appeals) dismisses an appeal solely on limitation grounds, the Tribunal may condone the delay and proceed to examine the merits of the case. The power arises from the plenary jurisdiction under Section 254(1), which authorises the Tribunal to pass orders as it thinks fit. The Tribunal relied on the **Supreme Court decision in Collector, Land Acquisition v Mst. Katiji, which emphasised liberal interpretation in condoning delays to advance substantial justice.**

GST

GST portal allows taxpayers to opt out of simplified registration scheme

A facility has been introduced on the GST portal allowing taxpayers to withdraw from registration obtained under Rule 14A of the CGST Rules. Rule 14A, effective from 1 November 2025, provides a voluntary simplified and fast-track GST registration process for small taxpayers whose monthly B2B output tax liability does not exceed ₹2.5 lakh. Eligible taxpayers who earlier opted for this simplified registration can now apply to exit the scheme by filing Form GST REG-32 on the GST portal. Once the request is approved through Form GST REG-33, the taxpayer will be permitted to report full output tax liability on supplies made to registered persons exceeding the specified limit. The revised reporting will apply from the first day of the month following the approval order. The facility provides flexibility for taxpayers whose business transactions grow beyond the limits prescribed under the simplified registration framework.



DISCIPLINE
अनुशासन के लिए हम प्रतिबद्ध हैं



GST Not Payable on DMF Contribution Linked to Mining Royalty (Prospectively)

The applicant, a mining company, was required under the Mines and Minerals (Development and Regulation) Act, 1957 to pay royalty to the State Government based on minerals extracted. In addition to royalty, the law requires miners to contribute 30% of royalty to the District Mineral Foundation (DMF) under Section 9B and 2% to the National Mineral Exploration Trust (NMET) under Section 9C. The Authority for Advance Ruling held that royalty paid for mining rights falls under tariff entry 997337 and attracts GST at 18%, and also held that DMF and NMET contributions are linked to mining rights and therefore taxable. On appeal, the appellate authority examined CBIC Circular No. 206/18/2023-GST dated 31 October 2023, which clarified that DMF qualifies as a Governmental Authority eligible for GST exemption. Based on this clarification, the appellate authority partly allowed the appeal and ruled that GST will not apply to contributions made to DMF prospectively from the date of the order, though the levy on mining royalty continues. *Singareni Collieries Company Limited, AAR Telangana, Order dated 2 January 2026.*

Consultancy Services to Foreign Universities Treated as Export of Services

The applicant provided consultancy services to foreign universities by facilitating admission of Indian students and received commission from those universities. The tax authorities examined whether such services should be treated as intermediary services taxable in India or as export of services. The Authority for Advance Ruling held that the applicant was providing services directly to foreign universities, and therefore the commission received qualifies as export of services, making the applicant eligible for refund of accumulated input tax credit (ITC). However, fees charged from students in India for counselling services would remain taxable under GST. The authority also clarified that where services are provided to students free of cost under promotional schemes, such services would not qualify as a supply and therefore would not attract GST. *Eduguide Overseas Studies Pvt. Ltd., AAR Maharashtra, Order dated 30 December 2025.*

No Separate GST Registration Required Without Fixed Establishment

The applicant, a company based in Lucknow, was awarded a contract by NTPC for installation and commissioning of a solar photovoltaic project in Bikaner, Rajasthan. The contract involved supply of goods as well as installation services. The issue before the authority was whether the company needed to obtain a separate GST registration in Rajasthan. The Authority for Advance Ruling held that if the company does not maintain a fixed establishment or place of business in the state, a separate registration is not required. The project supplies can be treated as interstate supply from Uttar Pradesh to Rajasthan, and GST should be paid as IGST from the registered office in Uttar Pradesh. *Safety Controls & Devices Limited, AAR Rajasthan, Order dated 17 December 2025.*

Registrars of Companies Empowered to Adjudicate Penalties

Registrars of Companies have been authorised to act as adjudicating officers under Section 454 of the Companies Act, 2013 for imposing penalties for statutory non-compliance. Earlier, certain enforcement actions required approval at higher administrative levels. The new framework decentralises enforcement by allowing regional registry offices to conduct adjudication proceedings, determine penalties, and enforce compliance for violations under the Act. The change is intended to speed up enforcement actions and improve administrative efficiency in handling corporate compliance matters.

Editorial Note: The delegation of judicial powers of adjudication to Registrar of Companies is completely illegal and improper. The registrar of Companies can at best bring out non-compliances as alleged by them, same office can not levy penalty after adjudication. The decision of Honourable Delhi High court rejecting all orders of NFRA on a similar basis restrict ROC to start imposing penalties, in the absence of an independent adjudication by a judicial forum.

Updated DIR-3 KYC framework relaxed

The annual requirement for DIR-3 KYC or DIR-3-KYC-Web is replaced. Directors now submit a simplified KYC intimation via Form No. DIR-3-KYC-Web once every three consecutive financial years. If there is any change in the personal mobile number, email address, or residential address, the form must be updated within 30 days of the change.

Separate ROC offices created for Central and South Delhi

The corporate registry structure for the Delhi region has been reorganised to improve administrative efficiency. The earlier unified jurisdiction has been divided into ROC Central Delhi and ROC South Delhi, while companies located in Haryana will now fall under ROC Chandigarh.

Insolvency law

Two-valuer system introduced to improve reliability of insolvency valuations

Amendments to the Insolvency Resolution Process for Corporate Persons (CIRP) Regulations strengthen the valuation framework used during insolvency proceedings. The revised rules clarify that fair value represents the estimated realizable value of the corporate debtor and its assets, including tangible and intangible assets and underlying business synergies. Insolvency professionals must appoint two sets of registered valuers within specified timelines, each including a coordinating valuer responsible for enterprise-level valuation. If valuation estimates differ by 25% or more, a third set of valuers may be appointed. The amendments also introduce structured documentation requirements and expand disclosures in the Information Memorandum, including details of receivables, unclaimed allotments, joint development agreements and attached assets.

OTHER IMPORTANT CASELAWS

Supreme Court allows CIRP despite pending but non-operational scheme of arrangement

The Supreme Court examined whether insolvency proceedings could be stalled due to a previously proposed Scheme of Arrangement (SOA) under company law. The appellant argued that since a restructuring scheme had already been proposed, the Corporate Insolvency Resolution Process (CIRP) should not proceed. The Court held that the Insolvency and Bankruptcy Code is a special statute that overrides other laws under Section 238, and insolvency proceedings under Sections 7 or 9 operate independently of earlier restructuring proposals. The Court observed that the scheme had become ineffective due to failure to comply with statutory timelines and procedural requirements, and therefore could not prevent initiation of CIRP. The interim resolution professional was permitted to continue the insolvency process. *Omkara Assets Reconstruction Pvt Ltd vs Amit Chaturvedi, Supreme Court Judgment dated 24 February 2026.*

Settlement Proposal Cannot Delay Insolvency Without CoC Approval

The Supreme Court examined whether insolvency proceedings could be delayed based on a settlement proposal submitted by the corporate debtor without approval of the Committee of Creditors (CoC). The Court held that once CIRP has commenced, the commercial wisdom of the Committee of Creditors is paramount and cannot be substituted by judicial intervention. The tribunal cannot halt or delay the insolvency process merely because a settlement proposal has been placed before it unless the proposal has been approved by the CoC in accordance with the statutory framework. The Court reaffirmed that insolvency proceedings must proceed strictly under the framework of the Insolvency and Bankruptcy Code, and settlement proposals outside that framework cannot justify delaying CIRP. *Power Trust vs Bhuvan Madav, SC Judgment*

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investments in and from India are all going to benefit all such developed countries as well.

Other key challenges include:

- Energy insecurity and inflation
- Safety of Indian Diaspora, especially in middle east countries like UAE, Qatar, Bahrain, Saudi Arabia, Oman, Iraq and Iran – to name a few. The number of Indians in these countries is ~9 million.
- Disrupted international trade and logistics.
- Diplomatic balancing becoming increasingly challenging.
- Economic impact on foreign currency remittances and investment from gulf region
- Impact on the prices of gold, silver and import items
- Capital market volatility adversely impacting capital raising
- Adverse impact on foreign exchange rates – Rupee becoming cheaper and many more similar challenges....

The real silver lining being seen by each Indian- as we watch Indian Government strategic and diplomatic approach to all economic and geopolitical issues. The current leadership of India is having very good friendly relations with all countries involved in the act of war. Still, it is a catch 22 position.

The opposition political parties are fully supportive to Indian stand, which is a very welcome move. Their caution on certain aspects is only supporting the Government to take adequate care of areas of concern. India is united together in these times of crises. May good wisdom prevails in the world.

We pray that **non-violence** (अहिंसा परमो धर्मः) and **world is one family** (वसुधैव कुटुम्बकम्) guide the world order. Some thought leaders and intellectuals in different parts of the world need to initiate a long-term therapy to eradicate Greed, Hatred, anger, violence and above all self-interest.

Dialogue should continue, to arrive at consensus on all issues and matters of concern.

Let us be alert, vigilant and safe!

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Contact details : Dharampal (9013363257) All India Chartered Accountants' Society - CFO World 503, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019. Ph: 26223712, 26228410, 26226933 E-mail: aicas.cfo@gmail.com / cfoworld@gmail.com **EDITOR: Pankaj Gupta**, LLB, FCS E-mail: pankajguptafcs@gmail.com **PUBLISHED & PRINTED:** At New Delhi by Satish Chandra, Administrative Officer, on behalf of All India Chartered Accountants' Society, 4696, Brij Bhawan, 21A, Ansari Road, Darya Ganj, New Delhi-110 002 Phone 23265320, 23288101 E-mail : aicas.cfo@gmail.com Printed at: EIH Ltd., Unit : Printing Press, No. 7, Sham Nath Marg, Delhi-110054. Views expressed by contributors are their own and the Society does not accept any responsibility.

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