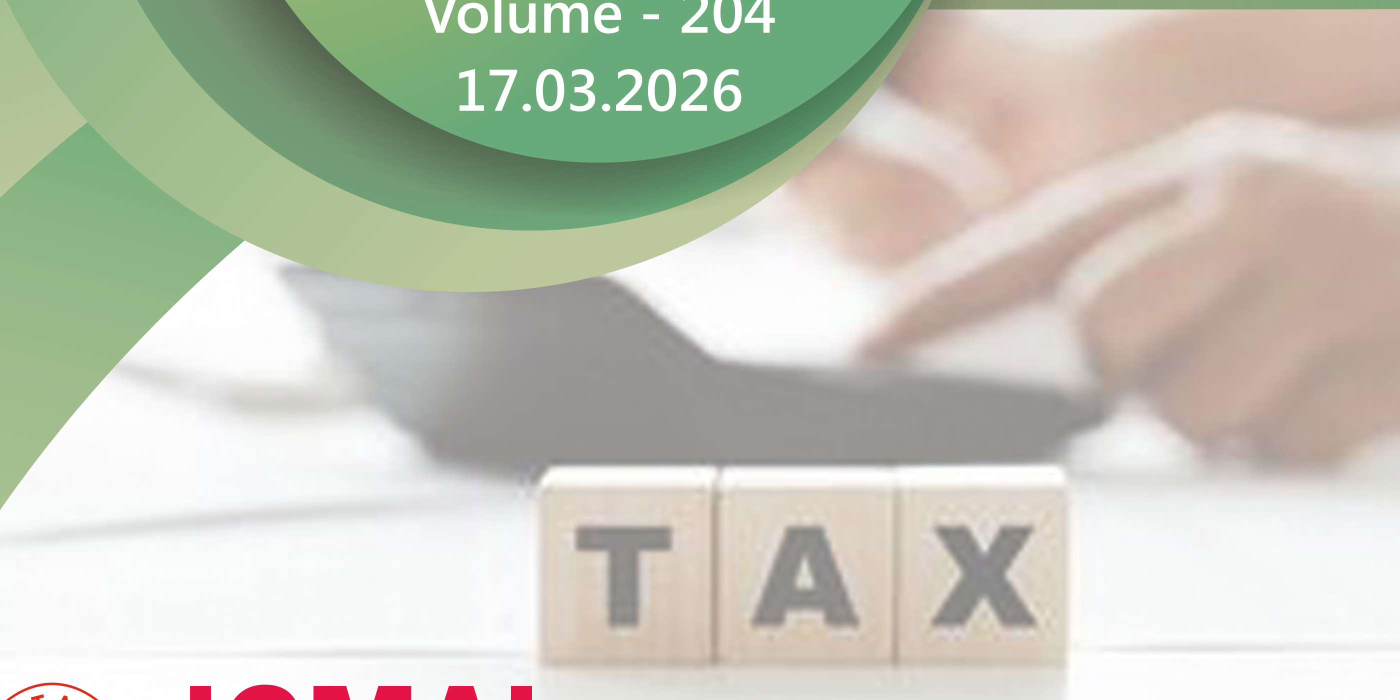
March, 2026

TAX Bulletin

Volume - 204

17.03.2026



ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament

(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Objectives of Taxation Committees:

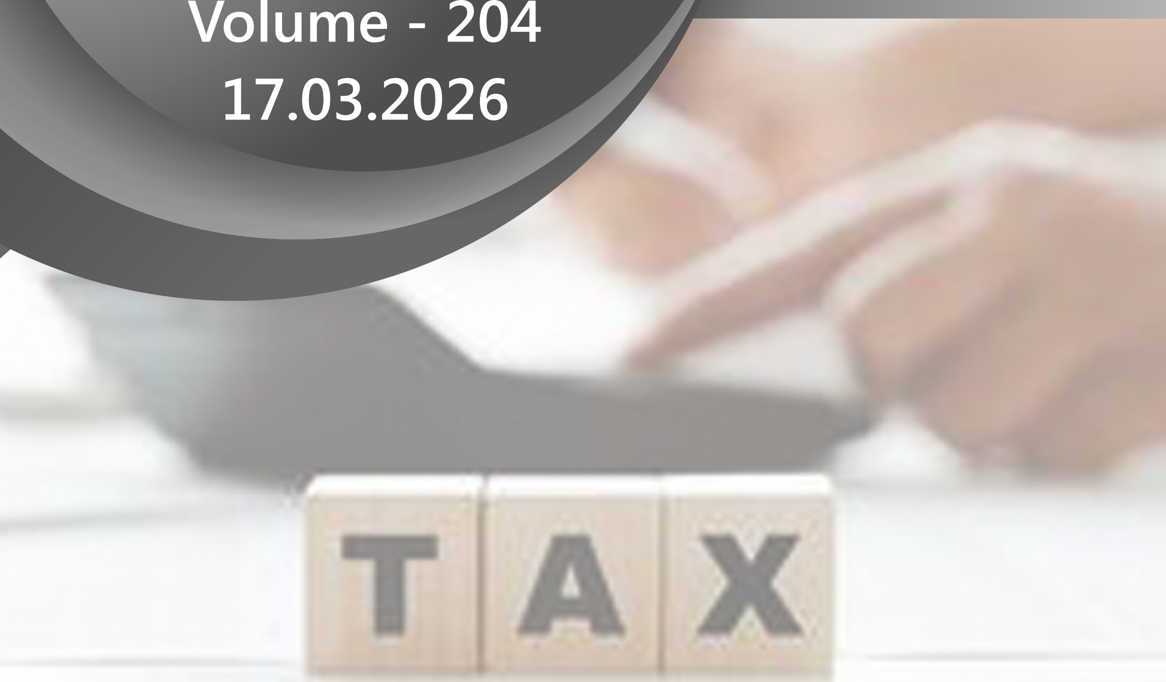
1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

March, 2026

TAX Bulletin

Volume - 204

17.03.2026



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament

(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

The Institute of Cost Accountants of India

Statutory Body under an Act of Parliament

www.icmai.in

Certificate Courses Offered by the Tax Research Department

1. Certificate Course on GST (CCGST)
2. Advanced Certificate Course on GST (ACCGST)
3. Advanced Certificate Course on GST Audit and Assessment Procedure (ACGAA)
4. Certificate Course on TDS (CCTDS)
5. Certificate Course on Filing of Returns (CCFOF)
6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
7. Certificate Course on International Trade (CCIT)

Admission Link - ***https://eicmai.in/advscc/DelegatesApplicationForm-new.aspx***

Modalities

Description	Course Name						
	CCGST	ACCGST	ACGAA	CCTDS	CCFOF	ACIAA	CCIT
Hours	72	40	30	30	30	30	50
Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
Discounts	20% Discount for CMA Members, CMA Qualified and CMA Final Pursuing Students						

**18% GST is applicable on both Course fee and Exam fee*

Eligibility Criteria for Admission

- Members of the Institute of Cost Accountants of India
- Other Professionals (CA, CS, MBA, M.Com, Lawyers)
- Executives from Industries and Tax Practitioners
- Students including CMA Qualified and CMA Pursuing

On passing the examination with 50% marks a Certificate would be awarded to the participant with the signature of the President of the Institute

Course Details

https://icmai.in/TaxationPortal/OnlineCourses/index.php

Courses for Colleges & Universities by the Tax Research Department

Eligibility

- B.Com/ BBA pursuing or completed
- M.Com/ MBA pursuing or completed

Modalities

Description	Courses for Colleges and Universities	
	GST Course	Income Tax
Batch Size	Minimum 50 Students per Batch per course	
Course Fee* (₹)	1,000	1,500
Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: ***trd@icmai.in***

**18% GST is applicable on both Course fee and Exam fee*

Behind every successful business decision, there is always a CMA

Chairman's Message

CMA Rajendra Singh Bhati

Chairman Direct Taxation Committee

On the Income Tax Outreach part, a seminar had been conducted on 13.03.2026 at Rourkela wherein Shri R S Jajoo, Addl. Commissioner, Rourkela and CMA A.K. Sahu, Chief General Manager (Project Commercial), Rourkela Steel Plant, graced the occasion as the Chief Guest, Sri Suman Debray, Assistant Commissioner Income Tax was also present among other eminent dignitaries.

The recent developments in the direct taxation landscape reflect the Government's continued focus on strengthening transparency, widening the tax base, and promoting voluntary compliance through technology-driven administration.

The Income Tax Department's nationwide verification exercise in the restaurant sector clearly demonstrates the Government's unwavering commitment towards curbing tax evasion and ensuring greater financial accountability. The extensive use of AI-enabled analytical tools and data intelligence to identify suppression of turnover reflects the rapid modernization of the tax administration system and its increasing capability to detect complex patterns of under-reporting with precision and efficiency

At the same time, the launch of the SAKSHAM NUDGE campaign represents a progressive and taxpayer-friendly approach, balancing enforcement with guidance and voluntary compliance. By encouraging taxpayers to rectify discrepancies through updated returns, the Department has reinforced the vision of building a transparent, trust-based, and non-adversarial tax regime. Such initiatives are expected to significantly strengthen taxpayer awareness and improve overall compliance culture across sectors.

Further, the amendments to Rule 114F of the Income-tax Rules, 1962 signify India's progressive alignment with evolving global financial reporting standards, particularly in relation to digital financial assets, electronic money products, and central bank digital currencies. The expanded reporting framework reflects the growing importance of monitoring emerging financial ecosystems while ensuring greater accountability and transparency in cross-border financial transactions.

As part of the ongoing Income Tax Series 2025, a series of insightful webinars were conducted to deliberate upon key provisions under the evolving Income-tax framework.

On 3rd March 2026, a webinar on "ITA 2025 – Proposed Rules and Forms – Demystified" was organized under the "Income Tax Act, 2025" series and was delivered by CMA Ajith Sivadas. The session provided participants with a comprehensive understanding of the proposed rules, prescribed forms, and procedural framework envisaged under the new legislation, thereby helping professionals prepare for the evolving compliance landscape.

Further, on 10th March 2026, a technical session on "Finance Bill 2026: Analysis of the Salient Amendments to the

Income Tax Act, 2025" was conducted by CMA Rajagopal V. The speaker deliberated upon the major amendments proposed through the Finance Bill, 2026 and discussed their practical implications on taxpayers, businesses, and tax professionals.

Another insightful webinar was held on 17th March 2026 on the topic "Tax Implications for Immovable Property Transactions – Insights for Buyers and Sellers", which was delivered by CMA Niranjan Swain. The session focused on important taxation and compliance aspects relating to immovable property transactions, while also addressing practical issues faced by buyers and sellers in such transactions.

CMA Rajendra Singh Bhati

Chairman – Direct Taxation Committee

The Institute of Cost Accountants of India

17.03.2026

Chairman's Message

CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee

The recent developments in the indirect taxation landscape reflect the Government's strong commitment towards building a more transparent, technology-driven, and compliance-oriented tax administration. The enforcement actions initiated by the CGST authorities against fraudulent availment of Input Tax Credit through bogus invoicing clearly demonstrate the increasing use of data analytics, intelligence-based investigations, and digital scrutiny mechanisms to curb tax evasion and protect government revenue. Such actions send a strong message against non-genuine transactions and reinforce the importance of maintaining discipline and integrity within the GST ecosystem.

At the same time, the indirect tax administration has continued to adopt a balanced and facilitative approach for genuine taxpayers and businesses. The recent Customs circulars issued in response to disruptions caused by the closure of the Strait of Hormuz and the ongoing geopolitical tensions in the Middle East region highlight the Government's proactive response towards safeguarding trade and minimizing hardships faced by exporters and logistics stakeholders. The simplified procedures for handling returned export cargo and the relaxation in levy of amendment or cancellation fees in force majeure situations are significant measures aimed at ensuring continuity of trade operations during extraordinary circumstances.

Further, the facilitation measures introduced for stranded Indians returning from war-affected regions with their pet animals also reflect a compassionate and practical administrative approach. Such initiatives indicate that while the administration remains firm against tax fraud and revenue leakages, it is equally focused on providing timely support and procedural relief in exceptional situations affecting trade and citizens.

Overall, the present indirect taxation environment signifies a decisive shift towards a smarter, digitally empowered, and globally responsive tax administration. The combined emphasis on stronger enforcement, trade facilitation, ease of compliance, and responsive governance is expected to further strengthen confidence among taxpayers, exporters, and industry stakeholders while contributing towards a more robust and efficient indirect tax framework in the country.

On 11th March 2026, a webinar under the "Kar Kranti" series on the topic "GST Refund – Critical Issues and Case Studies" was conducted by CMA Shiba Prasad Padhi. The session provided valuable insights into the practical challenges and procedural aspects involved in GST refund claims, along with a detailed discussion on important case studies and critical issues frequently faced by taxpayers and professionals. The webinar was highly informative and helped participants gain a better understanding of refund-related compliances and litigation aspects under GST.

Examinations for the Taxation Courses were conducted on 8th of March, 2026. We wish all the successful participants the best for their future endeavours.

Ashish Thatte

CMA (Dr) Ashish P Thatte
Chairman – Indirect Taxation Committee
The Institute of Cost Accountants of India
17.03.2026

TAXATION COMMITTEES 2025 - 2026

Indirect Taxation Committee

Permanent Invitees

CMA T C A Srinivasa Prasad - President
CMA Neeraj Dhananjay Joshi - Vice-President

Chairman

1. CMA (Dr.) Ashish Prakash Thatte

Members

2. CMA Bibhuti Bhusan Nayak
3. CMA (Dr.) V. Murali
4. CMA (Dr.) K Ch A V S N Murthy
5. CMA Avijit Goswami
6. CMA Manoj Kumar Anand
7. CMA Rajendra Singh Bhati
8. CMA (Dr.) Sanjay Bhargave, Co-opted
9. CMA Anil Sharma, Co-opted
10. CMA Bhogavalli Mallikarjun Gupta, Co-opted

Secretary

CMA Kushal Sengupta, Director

Direct Taxation Committee

Permanent Invitees

CMA T C A Srinivasa Prasad - President
CMA Neeraj Dhananjay Joshi - Vice-President

Chairman

1. CMA Rajendra Singh Bhati

Members

2. CMA Bibhuti Bhusan Nayak
3. CMA (Dr.) Ashish Prakash Thatte
4. CMA Suresh Rachappa Gunjalli
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittranjan Chattopadhyay
7. CMA Manoj Kumar Anand
8. CMA Rajagopal Viswanathan, Co-opted
9. CMA Mrityunjay Acharjee, Co-opted
10. CMA Sachin Kumar Kathuria, Co-opted

Secretary

CMA Kushal Sengupta, Director

ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee
CMA Amit Sarker
CMA Vishwanath Bhat
CMA Bhogavalli Mallikarjuna Gupta
CMA T K Jagannathan
CMA Shiba Prasad Padhi
CMA Niranjan Swain
CMA Anil Sharma
CMA Arindam Goswami
CMA Manmohan Daga
CMA K.S. Kamalakara

TEAM TAX RESEARCH DEPARTMENT

CMA Kushal Sengupta	-	Director - Tax Research
CMA Priyanka Roy	-	Deputy Director - Tax Research
CMA Debosmita Sengupta	-	Assistant Director - Tax Research
Ms. Mukulika Dey Poddar	-	Senior Officer - Tax Research
CMA Bhawna Yadav	-	Officer - Tax Research
CMA Ganesh Muduli	-	CMA Professional

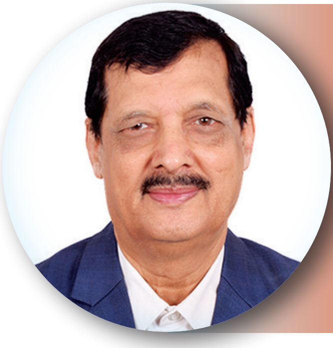
CONTENTS

"Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in /trd.dd2@icmai.in

FEMA 2026: Transformation of India's Export – Import Regulatory Framework - A Critical Analysis with GST Interplay



CMA K.S. Kamalakara
FCMA M,Com.

Introduction

The Reserve Bank of India (RBI), exercising powers u/s 7, 8, 10(6), and 47(2) of the Foreign Exchange Management Act, 1999 (FEMA), has notified the Foreign Exchange Management (Export and Import of Goods & Services) Regulations, 2026 vide Notification No. FEMA 23(R)/2026-RB dated January 13, 2026. These regulations represent the most comprehensive overhaul of India's Foreign Trade Exchange Control framework in over a decade. These regulations supersede all the previous notifications. This is a consolidated and comprehensive regulatory document covering Export and Import of Goods & Services. This article provides a detailed analysis of the new regulatory framework, its structural changes, substantive provisions, and comparison with the previous master circular/direction regime, with a view to guide the Exporters, Importers, Authorised Dealers (AD) and Legal Practitioners.

Structural Transformation - Fragmented to Consolidated:

One of the most significant departures of the 2026 regulations from the erstwhile framework is its scope. The 2015 regulations and accompanying master directions dealt exclusively with exports. Import provisions were scattered across separate master directions, numerous circulars, and ad-hoc communications from the RBI. The 2026 Regulations bring both export and import under a single notification.

Key Structural Changes at a Glance:

- **Single Notification:** Replaces the old FEMA 23(R)/2015 + two Master Directions + 167 circulars.
- **Unified EDF:** The Export Declaration Form (EDF) replaces both the older EDF (for goods) and the SOFTEX Form (for software exports), creating a single declaration instrument.
- **Integration of Import Provisions:** For the first time, import monitoring, advance payments and IDPMS obligations are codified in the same notification as export provisions.
- **Effective Date:** The existing framework continues to be in effect upto September 30, 2026, providing a transition window for AD banks and businesses to align systems. The new regulations come in to force w.e.f. October 1, 2026.

Key Definitions Under the 2026 Regulations: (Regulation 2):

The definitions in the 2026 Regulations are simple but more precisely drafted. Key definitions include:

- **Export Declaration Form (EDF):** The Annexure to the notification replaces the erstwhile SOFTEX form for Software and prescribes a comprehensive EDF applicable for Goods, Services and Software.

- **Software:** Defined broadly to mean any computer programme, database, drawing, design, audio/video signals, or any information by whatever name called, in or on any medium other than in a physical medium. This definition captures intangible digital exports comprehensively.
- **Specified Authority:** Defined differently for Goods (Commissioner of Customs / Development Commissioner of SEZ), Services other than Software (Authorised Dealer / Development Commissioner of SEZ), and Software (Authorised Dealer or STPI / Development Commissioner of SEZ).
- **Project Export:** Retains the same meaning as defined in the Foreign Trade Policy, ensuring alignment with MoCI norms.
- Importantly, the new regulations clarify through an Explanation that 'Services' also includes 'Software', removing the need for a separate regulatory category for Software exports at the notification level.

Declaration of Exports (Regulation 3):

(a) Export of Goods:

Exporters of goods must furnish an EDF to the specified authority at the time of export, specifying the full export value. For exports through EDI ports, the EDF is deemed submitted as part of the Shipping Bill, retaining the current practice. Notably, travellers moving personal effects from India are explicitly excluded from the definition of 'Exporter' for EDF purposes — a clarification absent in the erstwhile regulations.

(b) Export of Services:

Significant change for service exporters is consolidation of the declaration process:

- EDF must be submitted within 30 days from the end of the month in which the invoice is raised — Specific timeline was absent earlier.
- A single EDF may cover all the exports to multiple recipients in a month, reducing compliance burden for IT companies and Service providers.
- For exporters other than Software, EDF may, alternatively be submitted on or before the date of receipt of consideration.
- SOFTEX Form under the old Master Direction is replaced by the unified EDF.

(c) Non-EDI Ports and Non-AD Specified Authorities:

Where the specified authority is other than AD (e.g., Customs or SEZ Authorities), they must forward the duly authenticated EDF to the respective AD. This maintains the oversight chain while streamlining the document flow.

Time Limit for realisation of Export Proceeds (Regulation 5):

Perhaps the most significant change in the new regulations is overhaul of the export realisation timeline. Under the 2015 Regulations (as they existed prior to November 2025), exporters were required to realise and repatriate full export proceeds within 9 months from the date of shipment/invoice. This was found to be restrictive, particularly for engineering goods, project exports, and trades involving extended credit terms. The RBI had extended this period to 15 months w.e.f. November 13, 2025. Comparative timelines are provided here below:

Aspect	FEMA 23(R)/2015 (Old)	FEMA 23(R)/2026 (New)
Standard Goods	9 months from the date of Shipment (pre-Nov 2025)	15 months from date of Shipment

Aspect	FEMA 23(R)/2015 (Old)	FEMA 23(R)/2026 (New)
Standard Services	9 months from the date of Invoice	15 months from the date of Invoice
Warehouse Exports	9 months from date of Shipment	15 months from date of sale from foreign Warehouse
INR-invoiced Exports	Not explicitly mentioned	18 months from the date of Shipment / Invoice
Project Exports	As per terms of the Contract (RBI approval often required)	As per terms of the Contract (AD-level oversight)
Import Payments	6 months from the date of remittance (fixed)	As per the terms of the Commercial Contract.

Shift from a date-of-shipment trigger to a date-of-sale trigger for Overseas Warehouse Exports is particularly significant for traders who operate warehouse models in foreign markets. Under the old regime, traders risked non-realisation default even before goods were sold, because the 9-month limit was from the date of export and not from the date of sale.

Introduction of an 18-month window for INR-denominated and INR-settled exports reflects RBI's push to promote the internationalisation of the Indian Rupee in trade, incentivising use of INR in cross-border transactions.

Manner of Receipt and Payment (Regulation 4):

The 2026 Regulations defer the manner of receipt and payment to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023. The following two new simplified closure mechanisms are introduced:

- **Small Value Exports:** For Shipping Bills or Invoices up to ₹. 10 Lakh (or equivalent in foreign currency), EDPMS entries may be closed on the basis of a simple declaration from the Exporter confirming realisation (full or partial). Alternatively, such declarations may be submitted on a quarterly basis for bulk closure — a significant easing of administrative burden for MSME exporters and small service providers.
- **Small Value Imports:** Similarly, IDPMS entries up to ₹.10 Lakh may be closed based on an Importer's declaration that payment has been made.

This threshold-based simplification is a marked departure from the erstwhile regime, where EDPMS/IDPMS entries required documentary evidence and bank-level verification regardless of the transaction value.

Reduction in Export Realisation [Regulation 6]

The 2026 Regulations continue to permit ADs to allow reduction in export realisation on a case-by-case basis. The key addition is a specific threshold-based simplified treatment, where the export value per Shipping Bill or Invoice is up to ₹.10 Lakh, the AD may permit reduction (including non-realisation) based purely on the Exporter's declaration, without requiring detailed documentation or internal credit approvals. This mirrors the simplification seen in the EDPMS closure mechanism.

Set-Off of Export Receivables and Third-Party Payments (Regulations 7 and 8):

Set-off of Export Receivables against Import Payables from / to the same Foreign Buyer/Supplier or their overseas group/associate companies is explicitly permitted. The AD must ensure that the set-off falls within the stipulated realisation period.

Third-party receipts and payments for export and import transactions — where the actual receipt or payment is made by or to an entity other than the transacting exporter/importer — are expressly codified. ADs may permit such arrangements after satisfying themselves of the bona fides of the transactions. While such third-party payments were permitted under earlier circulars, the 2026 Regulations give them a clear statutory footing within the principal notification.

Import Payment Provisions (Regulations 9–12) – Key aspects:

(a) General Import Payment Timeline

Departure from the erstwhile 6-month fixed timeline to a contract-aligned approach: ADs must monitor IDPMS entries and follow up with Importers to ensure payment within the period specified in the underlying commercial contract. Extensions can be taken on application to the AD. This provides higher flexibility in negotiating payment terms with the foreign suppliers.

(b) Advance Payments for Imports

Advance remittances for imports are permitted subject to the AD satisfying itself of the genuineness of the requirement. ADs may specify internal thresholds for advance payments, beyond which a standby Letter of Credit or Guarantee may be required. For gold and silver imports, advance remittances are expressly prohibited.

(c) Consequences of Import Non-Materialisation

If an Importer cannot import within the contract period, advance payments must be repatriated. If repatriation is not achieved and the IDPMS entry remains open, future advance payments by the Importer require an unconditional, irrevocable standby Letter of Credit or Guarantee from a reputed international bank (or a counter-guarantee thereof); a significant penalty-type restriction.

Unrealised Exports (Regulation 13):

The 2026 Regulations continue the penal restriction on Exporters with persistent non-realisation. If export proceeds remain unrealised beyond one year from the due date of realisation (or extended period allowed by the AD), the Exporter may make future exports only against:

- Full advance payment from the overseas Customer; or
- An irrevocable Letter of Credit.

This provision existed in substance under the Master Direction framework but was spread across multiple circulars. Now it is clearly codified in a single regulation, ensuring ease of compliance.

Merchanting Trade Transactions (MTT) [Regulation 16]

Aspect	FEMA 23(R)/2015 (Old)	FEMA 23(R)/2026 (New)
Outer Time Limit	9 months for entire MTT Cycle	Removed; AD can extend on satisfactory reasons
Outlay Period	6 months (gap between import payment & export receipt)	6 months retained; AD can extend
Third-Party Payments	Generally, not permitted	Permitted with the approval of AD
MTT Profits	Mandatory minimum profit requirement	No mandatory profit requirement
Documentation	Specified documents to AD	Documents evidencing genuineness to AD (more flexible)

Removal of the fixed 9-month outer ceiling for MTT completion is a commercially significant change. Previously, complex supply chains involving multiple legs of documentation could breach the 9-month limit due to delays in certification, shipping logistics, or banking processing times. The AD now has flexibility to permit extensions based on commercially justified reasons, while the 6-month outlay period continues as a guard against round-tripping.

Project Exports (Regulation 15):

The 2026 Regulations retain the broad framework for project exports with enhanced AD-level authority:

- ADs may permit receipts and payments for project exports as per the project contract, after satisfying themselves of the genuineness of the project — without necessarily requiring RBI approval.
- Project Exporters may now invest temporary cash surpluses generated outside India (from such exports) in short-term instruments with original or residual maturity of one year or less, including Treasury Bills and Bank Deposits outside India. This explicit permission was not available under the 2015 framework.

Reporting Obligations (Regulation 18)

The 2026 Regulations consolidate and strengthen the EDPMS/IDPMS reporting obligations for AD Banks. Key duties include:

- EDF details (for non-EDI exports and services) and import documents must be entered into EDPMS/IDPMS within 5 working days of receipt.
- Entries must be marked off upon realisation of export value or payment for imports. Specific circumstances for closure on application are codified — including where no import materialised, where advance cannot be repatriated, and where import settled at reduced value.
- Both legs of MTT must be reflected in EDPMS and IDPMS simultaneously upon completion.
- All the foreign trade transactions should also be reported in the Foreign Exchange Transaction Electronic Reporting System (FETERS) per extant RBI guidelines.

Internal Policy and SOP Requirements for AD Banks (Regulation 19)

Regulation 19 is a new provision that mandates AD banks to put in place a separate, comprehensive, well-documented internal policy and Standard Operating Procedure (SOP) for handling all export, import, and MTT transactions. The policy must cover the following aspects:

- List of documents, timelines, and charges for each process and approval.
- Extension of time period for export realisation/repatriation and import payments.
- Adjustment (under, over, and non-realisation) of export proceeds.
- Advance receipts for exports and advance payments for imports.
- Delegation of powers for internal approvals.
- Export and import factoring.

The regulations also require a customer grievance and escalation mechanism, with appeals to be handled at a higher internal level. AD banks must disclose the policy and main features of the SOP on their official website — a transparency obligation that was absent previously.

Regulation 19(3) prohibits ADs from levying charges or penalties on the Exporters or the Importers for regulatory delays or violations by themselves. Banks cannot use compliance failures of their customers as a revenue opportunity.

Summary Comparative Table

Points	FEMA 23(R)/2015 (Old)	FEMA 23(R)/2026 (New)
Scope	Export of Goods & Services	Export and Import of Goods & Services
Documents Replaced	Superseded FEMA 23/2000	Supersedes FEMA 2015 + 2 Master Directions + 167 Circulars
Export Declaration Form	EDF for Goods; SOFTEX for Software	Unified EDF for Goods, Services & Software
Service EDF Timeline	No specific timeline	Within 30 days from end of invoice month
Realisation Period	9 months (extended to 15 months in Nov 2025)	15 months (codified); 18 months for INR trades
Warehouse Export Timeline	9 months from date of Shipment	15 months from date of sale from Warehouse
Import Payment Timeline	6 months (fixed)	As per Contract (flexible)
Small Value EDPMS Closure	Not available; documentary proof required	Declaration-based closure for transactions up to ₹.10 Lakh
MTT Outer Limit	9 Months	Removed; AD may extend on merit
MTT Third-Party Payments	Not permitted	Permitted with AD's approval
MTT Profit Requirement	Mandatory minimum profit	Removed
Gold/Silver Import Advance	Not explicitly addressed in principal notification	Expressly prohibited
Project Export Investment	Not explicitly permitted	Short-term instruments abroad up to 1 year maturity permitted
AD Bank SOP Mandate	Mandatory; must be published on bank website	Mandatory; must be published on bank website
INR Trade Incentive	Not provided	18-month realisation period for INR-invoiced trades
International Trade in INR	Separate RBI guidelines	Regulation 17 references extant RBI framework
Reporting (FETERS)	Per Master Direction	Codified in principal notification

Impact Analysis for Key Stakeholders:

(a) Exporters of Goods

Extension of the realisation period to 15 months (and 18 months for INR trades) directly addresses the pain point faced by exporters of capital goods, engineering items, and project-based exports where buyer-side payment timelines routinely exceeded the erstwhile 9-month window. The simplified EDPMS closure for small-value transactions provides relief to MSME exporters who are short of resources for detailed documentation. The warehouse export timeline reform, linking realisation to the date of sale rather than date of shipment, is particularly significant for Indian traders operating distribution hubs in the UAE, Singapore or Europe.

(b) Service Exporters and IT Companies:

Replacement of SOFTEX unified EDF will reduce compliance burden significantly. IT and BPO entities dealing with multiple overseas clients can now submit a single monthly EDF covering all service invoices. The 30-day filing deadline, while a new obligation, is a reasonable and predictable timeline. For software exporters specifically, the combined role of STPI and Authorised Dealers as specified authorities provides flexibility in choosing the compliance gateway.

(c) Importers:

Replacement of the rigid 6-month import payment timeline with a contract-aligned approach provides importers, the ability to negotiate longer credit terms with overseas suppliers without automatically triggering a FEMA violation. The small-value IDPMS closure mechanism mirrors the export simplification and reduces compliance overhead for frequent small-ticket importers. The explicit prohibition on advance remittance for gold and silver imports, while not a new substantive restriction, now has a clear mention in the principal notification.

(d) Authorised Dealer Banks:

AD banks bear the heaviest responsibility under the 2026 Regulations. They are now explicitly required to: monitor EDPMS and IDPMS proactively; follow up with Exporters and Importers; publish their internal SOP; handle customer grievances through an escalation mechanism; and bear responsibility for ensuring the genuineness of transactions before crediting or debiting accounts. Prohibition on charging customers for regulatory violations and the mandate to keep charges proportional to services rendered addresses a long-standing grievance in trade circles.

(e) Merchants / Traders (Merchanting Trade):

Liberalization of the MTT framework — removal of mandatory profit requirements, scrapping of the 9-month outer limit, and express permission of 3rd party payments — is a commercially transformative change. Indian traders involved in commodity trade, petroleum product trading, or manufacturing supply chains can now structure transactions more flexibly. The retention of the 6-month outlay period ensures that the RBI retains a check against currency speculation while giving genuine traders the operational room they need.

Transition Period and Compliance Implications:

Actions taken or omitted under the erstwhile framework before October 1, 2026, are protected from retrospective application of the new regulations. However, open EDPMS/IDPMS entries, unresolved extensions, and pending advance payment obligations are areas where businesses and banks must actively assess their exposure before the transition date.

Business entities and AD banks should prioritize the following during the transition period:

- Audit of open EDPMS/IDPMS entries for regularisation before October 1, 2026.
- Review and update of export and import contracts to align payment terms with the new regulatory framework.
- Drafting and publication of the internal policy and SOP by AD banks, including the mandatory grievance redressal mechanism
- Staff training on the unified EDF and the abolition of SOFTEX Form.
- Assessment of MTT transactions to determine if 3rd party payment structures previously avoided can now be adopted.

GST Implications for Export of Services — e-BRC, EDF, and the Case for Regulatory Convergence

The 2026 Regulations introduce a unified EDF that covers

Goods, Software and Service exports. This structural convergence at the FEMA level creates a compelling opportunity — and indeed a regulatory imperative — to address a long-standing gap in the GST framework: the absence of a robust, authenticated documentary proof of export for services other than software. Without this, exporters of non-software services have faced persistent difficulties in substantiating their claims for GST refunds and Zero-rate benefits under the IGST Act, 2017.

Documentary Vacuum for Service Export Refunds under GST:

Under the GST law, export of services qualifies as a "Zero-rated Supply" u/s of the IGST Act, 2017. Exporters may either export services under a Letter of Undertaking (LUT) without payment of IGST and subsequently claim a refund of accumulated Input Tax Credit (ITC), or pay IGST and claim a refund of the GST paid. Both refund routes — governed by Rule 89 of the CGST Rules, 2017 — require the exporter to substantiate that the export of service has actually taken place and that foreign exchange has been received.

For export of Goods Shipping Bill or Airway Bill serves as the primary proof of export. For software exports, the SOFTEX Form provided an authenticated record issued or verified by the STPI or Authorised Dealer was the proof of export. However, for all other categories of service exports no equivalent statutory document has existed at the FEMA or GST level. The exporter's own Commercial Invoice, while necessary, is a self-generated instrument lacking the authentication of an independent regulatory body. This asymmetry has left service exporters exposed to refund rejections, audit objections, and protracted adjudication proceedings.

The e-BRC and EDF as Authenticated Proof of Service Export:

The Electronic Bank Realisation Certificate (e-BRC), issued on the DGFT portal, and the Export Declaration Form (EDF), mandated under the 2026 Regulations, together constitute a two-document chain that effectively proves both the performance of the service export and the receipt of foreign exchange consideration. The e-BRC, generated through the self-certification mechanism introduced by the DGFT vide Trade Notice No. 33/2023-24 and further refined by Trade Notice No. 02/2025-26 (which introduced the "Mode of Export of Services" field aligned with WTO GATS classification), contains the Inward Remittance Message (IRM) details, the invoice number, the foreign currency amount realised, the exporter's IEC, and the SAC Code applicable to the service exported. The EDF, submitted to the Authorised Dealer within 30 days of the invoice month under Regulation 3 of the 2026 Regulations, bears the same invoice number and is authenticated by the AD Bank.

Critically, the invoice number recorded in the EDF — which must match the exporter's commercial invoice issued to the foreign recipient — is the same invoice number declared in the self-certified e-BRC on the DGFT portal. This creates an audit-grade, cross-verifiable documentary nexus between the service invoice, the foreign exchange inflow (IRM), the e-BRC, and the EDF. For the first time, service exports other than software have a comparable authentication chain to the shipping bill-e-BRC chain available for goods exports.

GST Rule 96B and the e-BRC - Strengthening the Realisation Link:

Rule 96B of the CGST Rules, 2017 introduced a critical safeguard: where an Exporter has received a GST refund in respect of export of services and the foreign exchange is subsequently not received within the period prescribed under FEMA (or such extended period as permitted by RBI), the refund amount becomes recoverable with interest. This rule operationalises the conditionality embedded in Section 2(6) of the IGST Act, which requires receipt of payment in convertible foreign exchange as an essential element of the definition of "export of services."

The e-BRC directly evidences the receipt of foreign exchange realisation against a specific invoice. The

FEMA 2026 Regulations, by specifying the period of realisation (15 months from the date of invoice) and requiring EDF filing within 30 days of the invoice month, provide the precise regulatory timestamps against which Rule 96B recovery can be assessed or defended. In other words, a service exporter who holds a valid e-BRC for an invoice and has complied with the EDF filing under the 2026 Regulations is in a significantly stronger position to: (a) substantiate a refund claim at the time of filing, and (b) resist a Rule 96B recovery notice if challenged, by demonstrating timely realisation within the FEMA-permitted period. The e-BRC is thus not merely a trade facilitation instrument — it is a GST compliance shield.

Conclusion

The Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 represent a landmark consolidation and modernization of India's foreign trade exchange control framework. With this, the RBI has taken a decisive step toward ease of doing business objective. The 15-month / 18-month INR realisation window, the contract-based import payment approach, the unified EDF, the MTT liberalization and the small-value declaration-based EDPMS/IDPMS closure collectively reflect a shift in the RBI's regulatory philosophy; from prescriptive, one-size-fits-all timelines to flexible, risk-proportionate oversight anchored in the good judgment of authorised dealer banks.

At the same time, the new regulations are clear about the consequences of non-compliance: unrealised exporters face restrictions to advance or LC-backed trade; importers who fail to repatriate advances face stringent future advance conditions; and AD banks face mandatory publication of SOPs and are prohibited from monetising customer regulatory breaches.

Challenges Ahead:

Notwithstanding its considerable merits, the 2026 Regulations will face real-world implementation headwinds that deserve candid acknowledgement. Four challenges in particular are likely to test the resilience of the new framework in the near future.

1. Regulation 19 mandates each AD bank to formulate and publish its own internal policy and Standard Operating Procedure. It will result in a multiplicity of bank-specific SOPs varying in scope, timelines, documentation requirements, and approval thresholds. Exporters and importers dealing with multiple banks — a common feature of large corporate treasury operations — will face the practical burden of navigating differing procedural expectations for ostensibly identical regulatory obligations. The absence of a model or minimum standard SOP prescribed by the RBI leaves a gap that industry bodies and trade associations will need to flag actively during the transition period.

2. Different branches within a single AD bank may interpret the issues differently — whether to permit third-party payments, extend export realisation timelines, allow reduction in export proceeds, or close EDPMS entries on declaration — is exercised at the branch or regional treasury level. Historically, divergent interpretations by different branches of the same bank have been a persistent source of compliance friction. The 2026 Regulations, by expanding AD-level discretion considerably compared to the 2015 framework, risk amplifying this inconsistency unless banks invest in robust internal training, circular dissemination, and centralised oversight of discretionary decisions.

3. The 2026 Regulations introduce several new documentary obligations that, while individually justified, cumulatively add to the compliance burden on Exporters and Importers. Service Exporters must now file EDFs within 30 days of the invoice month — a new hard deadline. The unified EDF covers all service categories, requiring more granular data than the SOFTEX Form it replaces. The self-certification e-BRC mechanism, while reducing bank visits, requires exporters to maintain accurate IRM-to-invoice linkage records on the DGFT portal, a new system-level obligation. For smaller exporters and MSMEs without dedicated compliance teams, these layered obligations — spanning the DGFT portal, AD bank interactions, EDPMS/IDPMS entries, and GST portal filings — may prove operationally challenging despite the overall liberalisation intent of the regulations.

4. The October 1, 2026 effective date creates a dual-regime period during which transactions initiated before October 1, 2026 remain governed by the 2015 framework while new transactions attract the 2026 Regulations. For long-cycle export contracts, multi-year project exports, open EDPMS entries, and pending MTT cycles, the precise cut-off between the two regimes may not always be clear. Questions will inevitably arise as to which regulation governs time extensions, advance payment conditions, and EDPMS closure for transactions that straddle the transition date. The RBI should issue transitional guidance — in the form of FAQs, Circulars, or a formal savings clause — to prevent the transition window itself from becoming a source of enforcement disputes.

For practitioners, the October 2026 effective date provides a meaningful but finite window to prepare. Proactive compliance audit, contract renegotiation, and system alignment will determine which businesses enter the new regime ready — and which face the risk of inheriting old regulatory vulnerabilities into a new, stricter framework.

Role of Cost and Management Accountants (CMAs) in Implementation:

The regulatory obligations introduced under Regulation 19 of FEMA 23(R)/2026-RB present a significant and structured professional opportunity for CMAs. As Exporters, Importers, and Merchant Traders are now required to align their foreign trade operations with a comprehensive and dynamic regulatory framework, the demand for qualified professionals capable of bridging the gap between regulatory intent and operational compliance has grown considerably. CMAs, by virtue of their training in Cost Management, Internal Controls, Process Documentation, and Financial Reporting, are well-positioned to serve as trusted advisors and implementation specialists for their clients navigating this transition.

From a client advisory perspective, CMAs can take ownership of end-to-end implementation support, including - conducting a diagnostic review of a client's existing export and import processes against the requirements of the 2026 Regulations; identifying gaps in EDPMS/IDPMS compliance, EDF filing practices, realisation tracking; and advising on contractual amendments needed to align payment terms with the revised 15 / 18-month realisation windows. Importantly, CMAs can assist business entities in preparing their own internal SOPs — modelled on the SOP mandate imposed on AD banks under Regulation 19, thereby instilling discipline and auditability in trade finance operations at the enterprise level. This SOP preparation responsibility, which involves documenting process flows, timelines, escalation hierarchies, and exception-handling protocols across the full export-import transaction lifecycle, falls squarely within the professional competence of CMAs and constitutes a high-value, recurring engagement that can be offered to MSME exporters, mid-sized trading companies, and large corporate treasury departments alike.

The professional opportunity for CMAs extends beyond advisory roles. With the 2026 Regulations significantly expanding AD bank discretion — on matters such as permitting reductions in export proceeds, approving third-party payments, extending realisation timelines, and closing EDPMS/IDPMS entries — businesses will increasingly need professionals who can prepare well-documented applications, cost-benefit analyses, and compliance submissions for submission to their respective authorised dealers. CMAs can serve in a representative capacity for clients before AD banks and, where required, before the Reserve Bank of India. Furthermore, the convergence of FEMA obligations with GST compliance — particularly the linkage between EDF filing, e-BRC generation, and GST refund claims explored — creates a multi-disciplinary compliance requirement that CMAs are uniquely suited to address, given their working knowledge of both indirect taxation and regulatory financial reporting. In sum, the FEMA 23(R)/2026-RB framework is not merely a compliance event for businesses: it is a professional inflection point for CMAs who choose to develop expertise in foreign trade exchange compliance, positioning themselves as indispensable partners in India's evolving cross-border trade regulatory landscape.

Reference:

(a) RBI Notification No. FEMA 23(R)/2026-RB dated 13.01.2026 — Forex Dept.

(b) RBI Notification No. FEMA 23(R)/2015-RB dated 12.01.2016.

(c) RBI Master Direction on Export of Goods and Services — RBI/FED/2015-16/11, FED Master Direction No. 16/2015-16 dated 01.01.2016.

(d) RBI Notification No. FEMA 23(R)/(7)/2025-RB dated 13.11.2025 — Second Amendment Regulations, 2025.

(e) Foreign Exchange Management Act, 1999.

(f) DGFT Trade Notice No. 02/2025-26 dated 11.04.2025.

"Section 74 under GST: Litigation Strategy to Establish Absence of Mens Rea and Shift to Section 73 (with BNS Perspective)"

CMA Vishwanath Bhat
Cost Accountant

Introduction

Under the CGST Act, 2017, demand proceedings are mainly initiated under Section 73 and Section 74. While Section 73 deals with cases of non-payment or short payment of tax without fraud, Section 74 is invoked in cases involving fraud, wilful misstatement, or suppression of facts. In practice, however, it is often seen that the department directly issues notices under Section 74 by alleging suppression or intention to evade tax, even in cases where such intent is not present. This becomes more significant when viewed along with the provisions of the Bharatiya Nyaya Sanhita, 2023 (BNS), as cases involving fraud may also lead to criminal consequences. Therefore, understanding how Section 74 notices are issued and how they can be converted into Section 73 becomes very important from a litigation perspective.

Issuance of Notice under Section 74 by the Department

The department generally initiates proceedings based on discrepancies noticed during scrutiny, audit, or investigation. Once a difference is identified, the officer tends to form an opinion that there is suppression of facts or wilful misstatement. Based on this, a pre-show cause notice in Form DRC-01A is issued, followed by a detailed show cause notice under Section 74. In many cases, the language used in such notices is standard and includes phrases like "with intent to evade tax" or "suppression of facts" without providing concrete evidence.

As highlighted in your presentation, the key factor for invoking fraud-related provisions is **mens rea (intention)**. Section 74 cannot be invoked merely because tax is short paid; it requires a clear establishment of intent to evade. However, in practice, the department often assumes intent based on differences in returns, ITC mismatches, or classification disputes. This approach is legally weak because intention cannot be presumed; it must be proved with supporting evidence.

Link between Section 74 and BNS

The importance of correctly classifying a case under Section 73 or Section 74 becomes even more critical when we consider the applicability of the Bharatiya Nyaya Sanhita, 2023. As per the latest development, cases involving fake invoices, suppression, or fraudulent ITC may not only result in tax demand under GST but may also attract criminal prosecution under BNS for offences such as cheating or forgery.

This means that once a case is wrongly pushed into Section 74 by alleging fraud, it opens the door for parallel criminal proceedings. Therefore, from a defence strategy perspective, it is essential to challenge the very foundation of Section 74, i.e., the existence of mens rea. If mens rea is not established, the case should remain purely a tax matter under Section 73 and should not escalate into criminal exposure under BNS.

Why Department Prefers Section 74

The department generally prefers to issue notices under Section 74 because it allows a longer time limit and imposes a higher penalty of up to 100%. More importantly, by alleging fraud, the department strengthens its position for recovery and possible prosecution. However, this does not mean that every case qualifies for Section 74. Courts have consistently held that mere non-payment or incorrect claim of ITC does not automatically amount to fraud or suppression.

Strategy to Convert Section 74 into Section 73

The primary defence strategy is to demonstrate that the essential ingredient of Section 74, i.e., intention to evade tax, is absent, Men's rea is the deciding factor. If the transaction is recorded in books, reflected in returns, and supported by documents, it cannot be treated as suppression.

Further, if the issue arises due to interpretation of law, classification, or procedural lapses, it clearly falls under Section 73. In such cases, it must be argued that there is no fraud but only a difference in understanding of law. It is also important to highlight that all relevant details were disclosed to the department, and there was no attempt to hide any information.

Another important argument is based on the burden of proof. Under GST, the department must establish fraud with reasonable evidence, while under BNS, the standard is even higher, i.e., beyond reasonable doubt. Therefore, unless there is strong evidence such as fake invoices, non-existent suppliers, or fabricated transactions, invoking Section 74 is not justified.

Section 75 of the CGST Act provides the procedural framework for determination of tax and plays a crucial role when contesting a notice under Section 74. It mandates that the proper officer must give the taxpayer a reasonable opportunity of being heard and that the burden of proving fraud or suppression lies squarely on the department. This means that unless the adjudicating authority can establish mens rea with credible evidence, the proceedings cannot sustain under Section 74 and must be reclassified under Section 73. The taxpayer can therefore rely on Section 75 to argue that mere discrepancies or interpretational differences do not amount to fraud, and that the extended limitation period and higher penalties of Section 74 cannot apply in the absence of intent.

Further, Section 75 also prescribes strict timelines for issuance of orders—three years for cases under Section 73 and five years for those under Section 74. By invoking these provisions, taxpayers can highlight that wrongful classification under Section 74 not only exposes them to harsher penalties but also unlawfully extends the limitation period. Importantly, Section 75 ensures that adjudication must follow principles of natural justice, preventing arbitrary exercise of power. Thus, in litigation strategy, Section 75 becomes a powerful tool to press for conversion of proceedings from Section 74 to Section 73, safeguarding the taxpayer from both excessive penalty exposure and potential criminal consequences under the Bharatiya Nyaya Sanhita.

Practical Litigation Approach

In replying to a Section 74 notice, the focus should be on removing the allegation of fraud at the initial stage itself. The reply should clearly state that the case involves either a bona fide mistake or an interpretational issue. Care must be taken not to admit any element of intention or suppression. It should also be argued that invoking Section 74 without proper evidence is arbitrary and against the principles of natural justice.

Additionally, reliance can be placed on judicial principles that fraud must be proved and cannot be assumed. If the department fails to establish mens rea, the proceedings must automatically fall under Section 73. This approach not only reduces the penalty exposure but also prevents the matter from escalating into criminal proceedings under BNS.

Conclusion

In conclusion, although the department may issue notices under Section 74 as a standard practice, it is essential to carefully examine whether the ingredients of fraud are actually present. The presence or absence of mens rea is the key factor that determines whether a case falls under Section 73 or Section 74. With the added dimension of the Bharatiya Nyaya Sanhita, incorrect classification under Section 74 can lead to serious consequences, including criminal prosecution.

Therefore, the primary objective of the taxpayer should be to **contest the invocation of Section 74 and bring the case within the scope of Section 73** by demonstrating absence of intent, full disclosure of facts, and bona fide conduct. A well-structured reply at the notice stage itself can significantly change the course of litigation and protect the taxpayer from unnecessary penalties and prosecution.

"***Only the proper officer designated under GST law has the authority to issue and adjudicate notices; however, conversion of proceedings from Section 74 to Section 73 can ultimately be directed by the appellate authority after examining the taxpayer's reply, evidence, and the merits of the case once the notice is issued.***"

PRESS RELEASE

Indirect Tax

CGST Delhi South Commissionerate arrests director of a company for fraudulent availment of Input Tax Credit (ITC) amounting to ₹60.59 crore through bogus invoices of ₹397.23 crore

Posted On: 09 MAR 2026 7:49PM by PIB Delhi

As part of its ongoing enforcement drive against fraudulent Input Tax Credit (ITC) claims, the Anti-Evasion Branch of the Central Goods & Services Tax (CGST), Delhi South Commissionerate, has arrested a Director of a private limited company engaged in trading of Smartphones for fraudulent availment of Input Tax Credit (ITC) amounting to ₹60.59 crore through bogus invoices of ₹397.23 crore. This violates Section 16 of the CGST Act, 2017 and is punishable under Section 132.

Analysis of GST return data and verification of the declared place of business of the supplier entity revealed that the premises was merely a coworking space and no books of accounts, stock, invoices or any evidence of genuine business activity was found.

During the course of investigation, the director failed to provide satisfactory explanation regarding the operations of the said firm and the mode of payment for the alleged transactions. No verifiable trail of payment corresponding to the purported supply of goods has been established so far, which further indicates that the transactions are nongenuine paper transactions created solely for fraudulent passing and utilisation of Input Tax Credit.

The arrested director was found to be direct benefactor of this evasion. The offence is covered under Section 132(1)(c) and is punishable under Section 132(1)(i) of the CGST Act, 2017. The person arrested was produced before the Duty Magistrate and has been remanded to judicial custody for 14 days.

Further, CGST Delhi South Commissionerate, in the current fiscal year, has already launched prosecutions against 45 fraudsters under the CGST Act, 2017.

DIRECT Tax

Income Tax Department carries out nation-wide verification exercise on restaurants suppressing turnover

IT Department conducted a nationwide survey on 8th March 2026 on 62 restaurants across 46 cities in 22 States, revealing suppression of sales of around ₹. 408 crore

IT Department continues to emphasise voluntary compliance and a trust-based approach, and has commenced the SAKSHAM NUDGE campaign to guide and advise taxpayers to correct their mistakes

In the first phase of SAKSHAM NUDGE campaign, emails and messages will be sent to identified 63,000 restaurants, requesting them to update their returns before 31 March 2026

Posted On: 09 MAR 2026 9:25PM by PIB Delhi

The Income tax Department carried out investigation relating to tax evasion pattern in Food & Beverage sector in November 2025. During the exercise, it was found that several restaurants were engaged in deletion of bulk bills and other modifications to suppress the actual sales.

Advanced analytics of transactional data from about 1.77 lakh restaurants in the F&B sector was carried out using

AI-enabled analytical tools. The data was compared with the turnover declared in their Income Tax Returns. The analysis revealed large-scale under-reporting of income. In some cases, recorded sales were not fully reflected in financial accounts or tax filings, and certain transactions were excluded from reported sales.

Consequently, on 8 March 2026, a nationwide survey was conducted on 62 restaurants across 46 cities in 22 States. On a preliminary basis, the exercise revealed suppression of sales amounting to around ₹. 408 crore. Investigations in this regard are underway.

The Department continues to emphasise voluntary compliance and a trust-based approach. It has commenced the SAKSHAM NUDGE campaign to guide and advise taxpayers to correct their mistakes. Taxpayers are encouraged to file updated returns under Section 139(8A) of the Income Tax Act. In the first phase, emails and messages will be sent to the identified 63,000 restaurants, requesting them to update their returns before 31 March 2026.

NOTIFICATION

INDIRECT TAX

Notification No. 06/2026-Customs

New Delhi, the 12th March, 2026

G.S.R. …(E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 45/2025-Customs, dated the 24th October, 2025, published in the Gazette of India , Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 781 (E), dated the 24th October, 2025, namely:-

In the said notification, in the LISTS appended to TABLE I, in List 14, after item number 2 and the entries relating thereto, the following item number and the entries shall be inserted, namely :-

"3. SBER Bank*

(* with effect from 25.06.2025 till 31.03.2026. Import allowed for domestic consumption only)".

DIRECT TAX

Notification

New Delhi, the 5th March, 2026

G.S.R. 158(E).— In exercise of the powers conferred by section 295 read with section 285BA of the Incometax Act, 1961 (43 of 1961), the Central Government herebymakes the following rules further to amend the Income-tax Rules, 1962, namely: —

1. (1) These rules may be called the Income-tax _________ (Amendment) Rules, 2026.

   (2) They shall come into force on the 1st day of January, 2026.

2. In the Income-tax Rules, 1 962 (hereinafter referred to as the said rules), in Rule 114F,— (a) in clause (1),—

   (A) after sub-clause (v), in the Explanation,—

   (I) in clause (a), the following provisos shall be inserted, namely:–

   "Provided that for an account other than a U.S. reportable account, the provision of this clause shall apply with the effect that the phrase "financial Institution in the ordinary course of a banking or similar business" shall be substituted by the phrase "depository institution":

   Provided further that for an account other than a U.S. reportable account, a "depository account" shall also include —

   (i) an account or notional account that represents all specified electronic money products held for the benefit of a customer; and

   (ii) an account that holds one or more central bank digital currencies for the benefit of a customer';

   (II) after clause (a), the following clause shall be inserted, namely:– '(aa) "central bank digital currencies" means any digital fiat currency issued by a Central Bank;';

   (III) in clause (h),—

   (i) in sub-clause (vi), after item (D), the following shall be inserted, namely:—

   "(E) a foundation or capital increase of a company provided that the account satisfies the following requirements, namely: —

(i) the account is used exclusively to deposit capital that is to be used for the purpose of the foundation or capital increase of a company, as prescribed by law;

(ii) any amounts held in the account are blocked until the Reporting Financial Institution obtains an independent confirmation regarding the foundation or capital increase; \

(iii) the account is closed or transformed into an account in the name of the company after the foundation or capital increase;

(iv) any repayments resulting from a failed foundation or capital increase, net of service provider and similar fees, are made solely to the persons who contributed the amounts; and

(v) the account has not been established more than 12 months ago: 10 THE GAZETTE OF INDIA : EXTRAORDINARY [PART II—SEC. 3(i)] Provided that the provisions of item (E) shall apply in respect of an account other than a U.S. reportable account;";

(ii) after sub-clause (vii), the following sub-clause shall be inserted, namely:—

"(viii) a depository account, other than U.S. reportable account, which represents all specified electronic money products held for the benefit of a customer, if the rolling average ninety-day end-of-day aggregate account balance or value during any period of ninety consecutive days did not exceed USD 10,000 at any day during the calendar year or other appropriate reporting period;";

(b) in clause (2), after the proviso, the following proviso shall be inserted, namely:–

"Provided further that for an account other than a U.S. reportable account, "financial asset" shall also include any interest (including a futures or forward contract or option) in a relevant crypto-asset;";

(c) in clause (3), in the Explanation,—

(i) in clause (b), the following proviso shall be inserted namely:—

'Provided that for an account other than a U.S. reportable account, "depository institution" shall also include an entity that holds specified electronic money products or central bank digital currencies for the benefit of customers;';

(ii) in clause (c),—

(I) in sub-clause (A), in item (iii), the following shall be inserted, namely:—

'Provided that for an account other than U.S. reportable account, the provisions of item (iii) shall apply with the effect that the phrase "financial assets" shall be substituted by the phrase "financial assets or relevant crypto-assets".

Provided further that for an account other than U.S. reportable account, the item (iii) shall not include the provision of services effectuating exchange transactions for or on behalf of customers.

Explanation.— For the purposes of item(iii), the term "exchange transaction" means any –

(i) exchange between relevant crypto-assets and fiat currencies; and

(ii) exchange between one or more forms of relevant crypto-assets;"

(II) in sub-clause (B), below Explanation 2, the following proviso shall be inserted, namely:— "Provided that for an account other than a U.S. reportable account, the provisions of subclause (B) and Explanation 1 shall apply with the effect that the phrase "financial assets" shall be substituted by the phrase "financial assets or relevant crypto-assets".";

(d) in clause (5),—

(i) in sub-clause (a), in item (i), for the words "depository institution;", the following shall be substituted, namely:—

"depository institution; or

(ii) with respect to the activity of maintaining central bank digital currencies for account holders which are not financial institutions, governmental entities, international organizations or central banks:

Provided that the provisions of item(ii) shall apply in respect of an account other than a U.S. reportable account

(ii) after sub-clause (h), the following sub-clause shall be inserted, namely:–

"(ha) a qualified non-profit entity in respect of an account other than a U.S. reportable account;";

(iii) in the Explanation, after clause (M), the following clause shall be inserted namely:–

– "(MA) "Qualified Non-Profit Entity" means an entity resident in India that has obtained confirmation by the Income-tax Department or other governmental authority of India that such entity meets all of the following conditions, namely: --

(i) it is established and operated in India exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in India and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

(ii) it is exempted from income tax in India;

(iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(iv) the applicable laws of India or the entity's formation documents do not permit any income or assets of the entity to be distributed to, or applied for the benefit of, a private person or a noncharitable entity other than pursuant to the conduct of the entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the entity has purchased; and

(v) the applicable laws of India or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets be distributed to a Governmental entity or other entity that meets the conditions set out in (i) to (v), or escheat to the Government of India or any political sub-division thereof;";

Entire notification can be read at : *https://www.incometaxindia.gov.in/documents/d/guest/notification-19-2026-pdf*

CORRIGENDUM

New Delhi, the 16th March, 2026

INCOME-TAX

G.S.R. 189(E).— In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes), published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), vide number G.S.R. 158(E), dated 5th march, 2026:—

(i) at page number 9, in item 1, for the bracket, figures and words "(1) These rules may be called the Income-tax (Amendment) Rules, 2026.", the bracket, figures and words "(1) These rules may be called the Income-tax (First Amendment) Rules, 2026." shall be substituted.

CIRCULAR

INDIRECT TAXATION

Circular No. 09/2026-Customs

Subject: Return of export cargo from international waters due to closure of the Strait of Hormuz – Section 143AA of the Customs Act, 1962 – reg.

Representations have been received from field formations indicating that, due to the closure of the Strait of Hormuz and the consequent disruption in maritime routes, certain vessels carrying export cargo from India are unable to reach their destination ports and are returning to Indian ports. It has been requested to prescribe a simplified procedure for handling of such cargo.

2. The matter has been examined by the Board. It is noted that the present circumstances constitute an exceptional situation affecting international shipping routes and export logistics. Accordingly, Board in exercise of the powers conferred under Section 143AA of the Customs Act, 1962, prescribes the following procedures in order to facilitate trade and ensure expeditious handling of such cargo, where export cargo is brought back to Indian ports due to the closure of the Strait of Hormuz or similar disruptions. In all such cases the vessel shall be permitted to berth only at the same India port from which it was departed except in case of transhipment. The procedures to be followed in different situations are prescribed as below:

(a) Cargo loaded on vessel and vessel is within Indian territorial waters and EGM or SDM not filed

(i) The master of the vessel/Captain shall submit an undertaking stating that the vessel has not crossed territorial waters of India. In such cases, the vessels may be permitted to berth at the Indian port without filing Sea Arrival Manifest (SAM) where the vessel had earlier departed from an Indian port and has not called at any foreign port.

(ii) The containers may be offloaded at the port terminal without filing a Bill of Entry, subject to verification of related shipping documents.

(iii) The container particulars shall be verified with the corresponding Shipping Bills. During such verification, the integrity of container seals shall also be checked and matched with seal details declared in the Shipping Bills.If the seal is found tampered or not intact, the container shall be subjected to 100% examination.

(iv) The proper officer shall ensure that the Shipping Bills and Let Export Order is cancelled.

(v) Where requested by the exporter, Back to Town facility may be permitted by the proper officer.

(b) Cargo loaded on vessel and vessel is within Indian territorial waters and EGM or SDM filed OR Vessel is beyond Indian territorial waters and is in International waters and returning without calling any foreign ports.

(i) The master of the vessel/Captain shall submit an undertaking stating that the vessel has not crossed territorial waters of India or has returned without calling any foreign port if it has crossed territorial water of India.In such cases, the vessels may be permitted to berth at the Indian port without filing Sea Arrival Manifest (SAM) where the vessel had earlier departed from an Indian port and has not called at any foreign port.

(ii) The containers may be offloaded at the port terminal without filing a Bill of Entry, subject to verification of SDM and related shipping documents.

(iii) The container particulars shall be verified with the corresponding Shipping Bills. During such verification, the integrity of container seals shall also be checked and matched with seal details declared in the Shipping Bills.If the seal is found tampered or not intact, the container shall be subjected to 100% examination.

(iv) A new option will be provided by DG System to cancel such Shipping Bills post EGM in ICES system, wherever applicable.The entry of Shipping Bill in new facility for cancellation post EGM will also ensure that export incentives are not disbursed in cases where such benefits have not yet been granted.

(v) Details of such cancelled Shipping Bills shall be shared with RBI, DGFT and other concerned agencies by ICEGATE.

(vi) Till the new system as mentioned above is developed, the field formations shall maintain all the records manually and shall enter the details in system, once its operationalised.

(c) Vessel is beyond Indian territorial waters and is in International waters and returning to India after calling any foreign port without discharge of any container.

(i) Such consignments shall be treated as Exported out of India.

(ii) SAM should be filed by the Shipping line or the authorised representative.

(iii) Procedures mentioned at (ii) to (vi) of para (b) above should be followed in these cases.

3. The field formations to ensure the recovery of all export incentives including IGST, Drawback etc manually, if the same is already disbursed. The transhipment of cargo shall be dealt as per the existing provisions.

4. The above relaxation shall remain in force till 15 days from issuance of this circular.

5. Difficulties, if any, in implementation of this circular may be brought to the notice of the Board.

Circular No. 10/2026-Customs

Subject: Levy of fee for amendment or cancellation of export documents in cases of withdrawal of export consignments due to force majeure circumstances - Section 143AA of the Customs Act, 1962- reg.

Representations have been received from trade and industry regarding levy of fee for amendment or cancellation of export documents in cases where export consignments are required to be withdrawn from the Customs area due to circumstances beyond the control of exporters.

2. The Levy of Fees (Customs Documents) Regulations, 1970, notified under clause (a) of sub-section (2) of section 157, read with clause (1) of sub-section (2) of section 158 of the Customs Act, 1962, prescribe fees for amendment or cancellation of customs documents, under which a fee has been prescribed for amendment or cancellation of customs documents including Shipping Bills and related documents.

3. The Board has taken note of the prevailing disruptions in international shipping and logistics routes arising from the ongoing Crisis in the Middle East region. It has been brought to the notice of the Board that due to the closure of the Strait of Hormuz and the consequent disruption in maritime routes, vessels carrying export cargo from India may be unable to reach their destination ports or may be required to alter their voyage plans. As a result, sailings may be cancelled or postponed by shipping lines and cargo movements through affected routes may be disrupted. The present Circumstances constitute an exceptional situation affecting international shipping routes and export logistics. In such circumstances, exporters may be required to seek amendment or cancellation of export documents or withdrawal of export consignments from the Customs area due to cancellation or reschedulin9 of vessels or flights, suspension of cargo services by carriers, or operational disruptions in ports or airports. The requirement for amendment or cancellation of documents in such cases arises due to these exceptional circumstances or other force majeure

and not due to any lapse on the part of the exporter or the Customs Broker.

4. In view of the exceptional situation affecting international shipping routes and export logistics arising from the closure of the Strait of Hormuz, and in exercise of the powers conferred under sub-clauses (c) and (d) of section 143AA of the Customs Act, 1962, it is clarified that where amendment or cancellation of export documents becomes necessary solely due to force majeure circumstances, the propeF officer may allow such amendment or cancellation without insisting on payment of the fee prescribed under the Levy of Fees (Customs Documents) Regulations, 1970, as amended.

5. Such cases may include situations where export consignments are required to be withdrawn from the Customs area or export documents require amendment on account of cancellation or non-operation of flights, withdrawal or rescheduling of vessels, disruption of cargo services by carriers, closure or Qperational disruption of ports or airports, natural disasters, government-mandated restrictions affecting transport operations, or other comparable circumstances beyond the control of the exporter.

6. Exporters or authorised Customs BFoker shall submit requests to the jurisdictional Deputy/ Assistant Commissioner of Customs, supported by evidence such as airline/shipping line communications, port/airport notices, or other relevant documents. The proper officer may, after being satisfied that the amendment or cancellation arises solely due to such circumstances and not on account of avoidable errors or omissions on the part of the exporter. allow the amendment or cancellation without levying the prescribed fee under the Levy of Fees{Customs Documents) Regulations, 1970, as amended.

7. The above instructions shall apply to export consignments handled at all Customs stations including sea ports, air cargo complexes, Inland Container Depots (lCDs) and Container Freight Stations (CFSs). All Principal Chief Commissioners/Chief Commissioners of Customs are requested to bring these instructions to the notice of all officers and staff under their jurisdiction for uniform implementation and strict compliance.

8. The above relaxation shall remain in force till 15 days from issuance of this circular.

9. Difficulty, if any, in implementation of this Circular may be brought to the notice of the Board.

Circular No. 11/2026-Customs

Subject: Facilitation in import of pet dogs and pet cats along with stranded Indians in war-hit Middle East countries - regarding.

Attention is invited to the Ministry of Fisheries, Animal Husbandry & Dairying, Department of Animal Husbandry & Dairying (DAHD) Office Memorandum dated 12.03.2026, issued from File No. L- 110102(1)/222/2021-trade (E-20510), on the above cited subject (Copy enclosed).

2. The DAHD has informed that considering the unique and extraordinary situations in war-hit Middle East countries wherein pre-export requisite formalities to expon of pets into India may not be fulfilled, the import of pet dops and / or pet cats along with stranded Indians, is being facilitated as one time relaxation measure. The Relevant portion of the O.M. is reproduced for ease of reference:

(1). Pre - Import conditions:

(i) The declaration of the owner that the pet dogs and / or pet cats is residing with him / her at least for the past one month.

(ii) The owner should produce the pet vaccination certificate / pet book / pet passport indicating the history of the vaccination. The requisite vaccinations due / delayed shall also be considered.

(iii) In case the pet dog and / or pet cat is lifted from nearby neighboring countries, then the owners are advised to get the pet animals checked from the veterinary authorities of respective country, in case available at airport or nearby.

4OJ / 2] / 2020-CUT. III

(2) Post• Import conditions:

(i) The pet dog and / or pet cat which are being imported with proper official veterinary health certificate with vaccination details issued by nearby neighbouring countries shall be given final Animal quarantine and certification Services (AOCS) clearance from the airport, after examination of documents and clinical examination by AOCS.

(ii) The pet dog and or pet cat which are being imported with proper updated vaccination certificate shall be given final Animal Quarantine and Certification Services (AOCS) clearance from the airport, after examination of documents and clinical examination by AQCS.

(iii) The pet dog and / or pet cal which are being imported with vaccination certificate /pet book/passport and the lasi vaccination is not completed and is due / delayed by 15 days, or the pet dog and / or pet cat which are being imported without any veterinary health certificate or vaccination certificate, shall be vaccinated for rabies (cost to be borne by the owners as per actual) at the port of entry and be given final Animal Quarantine and Certification Services (AQCS) clearance from the airport, after examination of documents and clinical examination by AQCS.

(3) Cost of quarantine:

In case of any abnormal findings during clinical examination by AOCS, the pet to be quarantined ai concerned AOCS and all the expenditures towards post-import quarantine of pet dog and/or pet cat including quarantine charges, vaccinations, medications etc. shall be borne by the owners as per actua//prevailing applicable charges by AOCS at minimal.

3. Further, the OM has mentioned that this facilitation will not be considered and quoted as a precedent in future as this circular is issued for facilitating entry of pet dogs and/or pet cats belonging to stranded Indian nationals from the war zone by the Government of India. It is also mentioned that for applicable requirements of other Departments or agencies such as DGFT, Customs etc for import of pet dogs and/or pet cats into India, the concerned Department or agency may consider to take appropriate action in this regard.

4. The above facilitation measure by DAHD may be brought to the notice of the trade / airlines / carriers by issuing suitable Trade / Public Notices. Suitable Standing order / instructions may be issued for the guidance of the field officers.

5. Difficulties faced, if any, may be brought to the notice of the Board immediately.

Circular No.12/2026-Customs

Subject: Return of export cargo from international waters due to closure of the Strait of Hormuz – Section 143AA of the Customs Act, 1962 – reg.

Kind reference is invited to Circular No.09/2026-Customs dated 08.03.2026 issued by the Board in the context of disruption in maritime routes due to the closure of the Strait of Hormuz and the consequential return of export cargo from international waters to Indian ports. Representations have been received from field formations regarding the procedure for transhipments and Back to Toms (BTT) to be followed in all such cases where the vessel has landed at an Indian port which is different from the original port of departure. Clarification has also been sought regarding the procedures to be followed in case of International Transhipment to be follow'ed at Indian port for such affected consignments.

2. The matter has been examined by the Board. Accordingly, Board in exercise of the powers conferred under Section 143AA of the Customs Act, 1962, prescribes the following procedures in order to facilitate trade and ensure expeditious handling of such cargo, where export cargo is brought back to Indian ports due to the closure of the Strait of Hormuz or similar disruptions. The

following procedures are to be followed in case where the vessel has landed at an Indian port other than the original port of departure:-

(a) Vessel departed from any Indian port and landed at a different Indian port:-

i. The Shipping Line or its authorised agent shall tile the Sea Arrival Manifest (SAM) at the port of landing accordance with the provisions of the Customs Act, 1962. DG System shall provide dummy port code for the vessels returning to India with/ withoutcallling on any foreign port.

ii. The containers discharged at the port of landing shall be verified by the proper officer with reference to the SAM and other available documents.

iii. During such verification, the integrity of container seals shall be checked and matched with the seal details declared in the export documents. If the seal is found tampered or not intact, the container(s) shall be subjected to 100% examination at the port of landing.

iv. On request of the exporter, the Customs formation at the port of landing shall communicate with the Customs formation at the port of export to verify whether any export incentives such as IGST refund. drawback or other benefits have been disbursed and also to cancel the Shipping Bill and Let Export Order (LEO).

v. The port of export shall also take necessary steps to ensure rev-ersal or recovery of export incentives, if the same have already been disbursed.

vi. The Customs formation at the port of export shall initiate action for cancellation of the Shipping Bill and Let Export Order (LEO) in the ICES system.

vii. Upon completion of the aboi e verificatlon and confirmation from the port of export, the proper officer at the port w here the containers are presently located may permit Back to Town (BTT) facility, subject to compliance with applicable documentation and procedures.

viii. A new option will be provided by DG System to cancel such Shipping Bills post EGM in ICES system. wherever applicable. The entry ot Shipping Bill in new lacility for cancellation post EGM 1ill also ensure that export incentives are not disbursed in cases there such benefits have not yet been granted.

ix. Details of such cancelled Shipping Bills shall be shared with RBI. DGFT and other concerned agencies by 1CEGATE.

x. Till the new system as mentioned above is developed, the field formations(Port of Export) shall maintain all the records manually and shall enter the details in system, once its operationalised.

(b) International transshipment

i. Reference is incited to CBIC Circular No. 14/2007-Cus dated 16* March 2007 regarding the international transshipment of LCL cargo at specific Indian port i.e Cochin, Chennai. Tuticorin and Nava Sheva.It has been decided to permit the international transhipment of LCL cargo mom all the notified ports and International Airports till 31 March 2026 subject to the procedure mentioned in the said Circular.

ii. The Pr. Chief Commissioner/ Chief Commissioner of the respective zone may decide to extend this facility of the international transhipment based on the availability of sufficient safe and secure storage space for the EXIM cargo, availability of adequate infrastructure including cargo handling equipment and other logistic requirement.

(c) Liquid bulk/break bulk cargo

i. In case of vessels carrying liquid bulk/ break bulk cargo, destined for foreign ports are compelled to divert to an Indian port due to maritime security concerns, disruption of international shipping routes, or other logistical exigencies, the jurisdictional Principal Commissioner/ Commissioner of Customs may permit temporary unloading and storage of such cargo within a Customs area and Customs approved bonded warehouses or bonded tank facilities, for the limited purpose of onward international transshipment or re-export.

ii. Such permission may be granted on a case-to-case basis subject to Customs supervision during discharge, ullage survey and quantity determination, storage under the custody of an approved custodian under Section 45 of the Customs Act, 1962, maintenance of proper inventory records, execution of suitable bond or undertaking, testing of the cargo and ensuring that the cargo remains under Customs control at all times and is not cleared for home consumption or diverted into the Domestic Tariff Area.

3. The above relaxation, the relaxation provided under Circular No 09/2026-Customs dated 08* March, 2026 and Circular 10/2026-Customs dated 10* March, 2026 shall remain in force till 31s' March, 2026.

4. Difficulties, if any, in implementation of this circular may be brought to the notice of the Board.

JUDGEMENT

INDIRECT TAXATION

Oilfield contract supplying mud-engineering services with drilling chemicals held composite supply being naturally bundled & in conjunction:HC

Facts of the Case : Halliburton Offshore Services Inc. vs. Union of India [2026] (Andhra Pradesh)

The petitioner, a foreign oilfield services company operating through its project office, executed a contract with Oil India Limited for provision of mud engineering services along with supply of drilling/completion fluid chemicals, laboratory/testing equipment, and related tools, with a condition that leftover chemicals would not be purchased by Oil India Limited. It sought an advance ruling on whether such supplies constituted a composite supply, however, the Authority for Advance Ruling (AAR) and the Appellate Authority for Advance Ruling (AAAR) held that the supplies were not composite citing separate invoicing and absence of a single price. It was contended that the supplies were naturally bundled and supplied in conjunction as part of a single contractual obligation for efficient drilling. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that Section 2(30) of the CGST Act requires natural bundling and conjoint supply, and read with Sections 8 and 9, mandates taxation based on the principal supply. It was observed that mud engineering services and supply of specially prepared chemicals were intrinsically linked and inseparable for achieving safe and efficient drilling, and that separate invoicing or pricing would not alter the composite nature. Therefore, the Court held that the supply was a composite supply, set aside the rulings of the AAR and AAAR, and allowed the petitioner to seek a determination of the applicable rate.

Bank account attachment quashed as orders lacked reasons despite detailed objections in housing redevelopment GST dispute:HC

Facts of the Case : Bajaj International Realty (P.) Ltd. vs. State of Maharashtra [2026] (Bombay)

The petitioner, a real estate developer undertaking redevelopment of a co-operative housing society, executed a project involving free handover of flats to members and sale of remaining flats. During the investigation into alleged tax evasion on such free handovers, it denied liability, accepted minor discrepancies, and filed detailed objections to the pre-show cause notice; however, the jurisdictional officer under the GST provisionally attached its bank accounts and rejected objections filed in Form DRC-22A without assigning reasons, followed by a subsequent attachment. It was contended that such non-speaking rejection violated statutory requirements and principles of natural justice. The matter was accordingly placed before High Court.

Decision of the Case : The High Court held that Section 83 of the CGST Act, read with Rule 159 of the CGST Rules, mandates a reasoned order while dealing with objections to provisional attachment. It was observed that failure to record reasons, despite detailed objections, amounted to a breach of a statutory duty and a denial of effective hearing, rendering the action unsustainable. The Court held that the jurisdictional officer under GST must apply mind and provide cogent reasons while confirming or rejecting attachment. Accordingly, the impugned attachment and rejection orders were quashed, and the matter was remanded for a fresh decision after granting a proper hearing.

Non-speaking order alleging excess availment of ITC quashed as no finding on utilization; matter remanded for fresh adjudication: HC

Facts of the Case : Hoscar System (P.) Ltd. vs. Assistant Commissioner (ST) [2026] (Madras)

The petitioner, a registered taxpayer, faced retrospective cancellation of GST registration pursuant to issuance of a show cause notice (SCN). Subsequently, a SCN in Form GST DRC-01 was issued proposing the demand on account of alleged excess availment of ITC. In the absence of any reply from the petitioner, an order in Form GST DRC-07 was passed determining the liability and noting the non-response. It was contended that the impugned order failed to specify whether the alleged excess IGST ITC had been utilised or remained unutilized, and lacked a clear factual determination on this point, rendering it unsustainable. The matter was accordingly placed before the High Court.

Decision of the Case: The High Court held that a valid demand under Section 16 read with Section 73 of the CGST Act requires a clear finding regarding the nature and utilisation of ITC. It was observed that the impugned order did not disclose whether the excess IGST ITC had been utilised, which is a material factor in determining liability. The Court further noted that the absence of a speaking order and the lack of specific factual findings vitiated the adjudication process. Accordingly, the impugned order was quashed, the matter was remanded for fresh adjudication on merits within a stipulated period, and all recovery proceedings were directed to remain in abeyance pending such de novo proceedings.

Regular bail granted in ITC fraud case as investigation completed and liberty principles favoured applicant: HC

Facts of the Case : Jaydeep Mukeshbhai Virani vs. State of Gujarat - [2026] (Gujarat)

The applicant filed an application for regular bail in connection with proceedings. The allegations recorded by the investigating authorities, including the Directorate General of GST Intelligence (DGGI) were that the applicant, being an active partner, had availed fraudulent ITC on inward supplies from 38 firms whose GST registrations had been cancelled ab initio on the ground of being non-existent. It was submitted that the applicant had been arrested and remained in judicial custody, and that the investigation had been completed and a complaint had already been filed before the competent authority. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that since the investigation had been completed and the complaint had already been filed, no reasonable grounds existed to justify continued custody of the applicant. It was observed that the maximum punishment prescribed under Section 132 of the CGST Act had been taken into consideration. The Court analysed the principles governing bail, including the principles of personal liberty and the presumption of innocence, and found that these considerations weighed in favour of the applicant. Accordingly, the Court exercised its discretion to grant regular bail to the applicant, subject to prescribed conditions.

Order on delayed IGST refund interest set aside as reduction lacked reason; officer to recompute strictly under sec. 56: HC

Facts of the Case : Jindal Drugs (P.) Ltd. vs. Union of India - [2026] (Bombay)

The petitioner filed a writ petition challenging the determination of interest on delayed refund of IGST. It was submitted that the authorities were directed to sanction IGST refund along with statutory interest. The petitioner contended that although interest was initially sanctioned, it was subsequently reduced by a corrigendum without assigning any reasons. It was submitted that such reduction and computation of interest were contrary to the statutory mandate, which prescribes the rate and period of interest on delayed refunds. The matter was accordingly placed before the High Court.

Decision of the Case: The High Court held that the impugned orders determining interest were unsustainable as they failed to provide any reasons or basis for reduction and did not adhere to the mandate of Section 56 read with Section 54 of the CGST Act. It was observed that Section 56 specifically governs the liability to pay interest on delayed refunds while Section 54 lays down the statutory framework for claiming refunds. It analysed the actions of the jurisdictional officer under CGST and found that the reduction of interest through a corrigendum and the grant of nominal interest lacked legal justification. It declined to undertake the computation of interest itself and instead emphasised adherence to the statutory provisions. Accordingly, the orders were set aside to the extent of the interest component, and the designated officer was directed to re-determine the interest.

Direct Taxation

Second reassessment on same cash deposits invalid as prior section 147 assessment attained finality with nil income: HC

Facts of the Case : Sanjay Kumar Bijay Kumar vs. Principal Commissioner of Income-tax-I - [2026] 184 taxmann.com 475 (Orissa)

The petitioner, a partnership firm, has been carrying on its business dealing in cattle feed and building material on a wholesale and retail basis since 1985-86. It has been furnishing returns under the provisions of the Income Tax Act, 1961, disclosing PAN-2, since Assessment Year 2003-04, but it has never utilised PAN-1 in connection with its business activities. However, due to inadvertence, it disclosed PAN-1 in certain banking transactions with Canara Bank; nonetheless, it requested the Bank to make corrections in its records, listing PAN-2.

On collecting information regarding deposits made with the said Bank, the Deputy Commissioner of Income Tax (DCIT) issued a notice under Section 148 for the assessment of escaped income under Section 147 in respect of PAN-1. Further intimation was also issued in this regard.

The matter reached the Orissa High Court.

Decision of the case : The High Court held that the DCIT, while passing an order under Section 148A(3), recorded that the assessee had been filing its returns using PAN AATFS3658P from the Assessment Year 2007-08 onwards. However, the assessee used PAN ABAFS4271L for the bank accounts maintained by it with Canara Bank during the Financial Year 2018-19. It was pertinent to mention that, for a similar ground, the ITO passed an Order under Section 147 read with Section 144, computing the total income of the assessee as nil.

Hence, the reason assigned by the DCIT for initiating the proceeding for assessment was found to be self-contradictory. The DCIT cannot sit over the view expressed on the facts in earlier assessment proceedings on the same subject matter, adjudicated by another quasi-judicial authority. The ITO's factual narration clearly stated that the assessee had been filing returns using PAN AATFS3658P, but not PAN ABAFS4271L. Thus, the DCIT, while attempting to protect the revenue's interest, should not be allowed to proceed with the assessment again under Section 147 of the IT Act.

Assessee barred from disputing admitted income before Tribunal as no retraction or revised return filed: HC

Facts of the Case : Narayan Rao Hebri vs. Assistant Commissioner of Income-tax - [2026] (Karnataka)

The assessee was engaged in real estate business. A survey under section 133A was conducted, and the assessee, by letter dated 29.09.2016, volunteered to offer a sum of ₹. 1,14,20,100 as additional income. The assessee filed the return of income for the relevant year and paid the corresponding taxes.

The return of income was selected for scrutiny to examine the payment of ₹. 24,00,000 made in cash during November 2016 towards income tax and the source thereof. The Assessing Officer (AO) treated both the unexplained cash and the sum declared during the survey as income from other sources and subjected them to tax at a rate of 60%.On appeal, the CIT(A) confirmed the additions made by the AO, and the Tribunal upheld the CIT(A)'s order. The matter then reached the Karnataka High Court.

Decision of the Case : The High Court held that the assessee contended that the additional income was admitted in the return on account of coercion exercised during the survey and based on the letter dated 29.09.2016, which, according to the assessee, was forcibly obtained by the Assessing Officer.

The assessee filed the return of income under section 139(1) and had the statutory opportunity to revise the return under section 139(5). Admittedly, the assessee neither retracted the letter dated 29.09.2016 admitting the additional income nor revised the return of income. The assessee also paid tax on the income so admitted.

Further, when the assessment was completed by adding the additional income and subjecting it to tax at the rate of 60%, the assessee, in the appeal before the CIT(A), challenged only the applicability of Section 115BBE, not the taxability of the additional income itself. For the first time before the Tribunal, the assessee contended that the additional income declared was based solely on a statement recorded during the survey and was unsupported by any evidence. The Tribunal rejected the said contention.

The issue sought to be raised was not a pure question of law but involved mixed questions of fact and law. In the absence of foundational facts on record, the Tribunal could not have adjudicated upon such issues. The Tribunal's findings were based on the facts of the case, and no perversity was demonstrated.

Tribunal's grant of sec. 12A registration without evidence or notice to revenue held unsustainable; matter remanded: HC

Facts of the Case : Commissioner of Income-tax (Exemptions) vs. Society for the Study of Liver Diseases - [2026] (Punjab & Haryana)

The assessee-society applied for registration under section 12A, claiming charitable objects relating to liver disease awareness, treatment, and education. The Commissioner (Exemptions) found that receipts were largely from pharmaceutical company donations and expenditure was primarily on conferences. There was no evidence of activities such as helping poor patients or conducting research, and registration under section 12A was rejected.

The Tribunal, relying on submissions regarding additional activities, including the implementation of the ECHO project and related outreach, set aside the Commissioner (Exemptions) 's order and directed the grant of registration. Aggrieved by the order, the revenue filed an appeal to the Punjab & Haryana High Court.

Decision of the Case : The High Court held that the Tribunal granted section 12A registration solely on oral submissions, without pleadings, evidence, or notice to the revenue; such an order was unsustainable, and the matter was remanded for a fresh decision. It was fairly admitted before the Court that no evidence in support of the implementation of the ECHO project by the assessee in the prisons of the State of Punjab was placed before the Tribunal by the assessee. No application for additional evidence was also filed.

Therefore, it was clear that the Tribunal set aside the Commissioner (Exemptions)'s order only based on oral submissions made before it, unsupported by any pleadings or evidence, and this is legally impermissible. The fact that the assessee has been granted registration under section 12A for the financial years, which are subsequent to the financial years in question, cannot be made the reason to grant it registration under the same section for the financial years in question, because for registration under section 12A, its activities for the relevant financial years would be relevant.

Therefore, the matter was to be remanded to the CIT(E) for fresh consideration.

Absence of irrevocability/dissolution clause in trust deed not a valid ground to deny Sec. 12AB registration: HC

Facts of the Case : Chamber of Tax Consultants vs. Commissioner of Income-tax (Exemptions) [2026] (Bombay)

The petitioners were public charitable trusts registered under the applicable laws and had either applied for fresh registration or renewal of registration under section 12AB. The Commissioner (Exemptions) rejected their applications primarily on the ground that the trust deeds did not contain explicit irrevocability and/or dissolution clauses.

Further, while filing Form 10AB, the trusts were required to answer whether the trust deed contained a clause stating that the trust is irrevocable. The e-filing utility did not permit submission of the form unless the applicant selected "Yes." Accordingly, the petitioners selected "Yes," even though their trust deeds did not expressly contain such a clause. The Department treated this as furnishing false or incorrect information, constituting a specified violation under section 12AB.

The matter reached before the High Court.

Decision of the Case : The Bombay High Court held that a public charitable trust is inherently irrevocable by operation of law, unless the trust deed expressly provides a power of revocation. The Court observed that under the Maharashtra Public Trusts Act (MPT Act), even where a trust is revoked, the trust property does not revert to the settlor but is dealt with in accordance with statutory provisions, such as vesting in the Public Trusts Administration Fund or being applied to similar charitable purposes. Thus, the fundamental condition of revocability, as contemplated under section 63 of the Income-tax Act, can never be satisfied merely due to the absence of an explicit clause.

The Court categorically ruled that the absence of an irrevocability clause or dissolution clause in the trust deed is not a valid ground for rejecting registration under section 12AB. It emphasised that neither section 12AA nor section 12AB prescribes such a requirement. The statute only requires satisfaction regarding the genuineness of activities and the charitable nature of objects, and not the presence of specific drafting clauses in the trust deed.

The Court also relied on statutory safeguards already embedded in law. It noted that provisions such as section 13(1)(c) prevent misuse of income or property for the benefit of specified persons, including the settlor, while section 115TD imposes exit tax on dissolution or conversion of trusts. Additionally, section 55 of the MPT Act incorporates the doctrine of cy-pres, ensuring that trust assets are applied to similar charitable purposes rather than reverting to the settlor. These safeguards adequately address the Revenue's concerns.

With respect to Form 10AB, the Court strongly criticised the design of the e-filing utility. It held that the system compelled applicants to select "Yes" to proceed with filing, thereby forcing them to make a declaration that may not strictly align with the wording of the trust deed. The Court ruled that such compelled responses cannot be treated as false or incorrect information, and the Department cannot penalise applicants for deficiencies in its own system.

The Court further directed the Revenue to modify the utility of Form 10A/10AB and replace the existing question with a more appropriate formulation: "Is the trust/institution revocable?".

Disallowance of salary and other expenses unjustified as business continued despite expiry of service agreement: ITAT

Facts of the Case : Rajeev Khanna vs. Deputy Commissioner of Income-tax [2026] (Delhi - Trib.)

The assessee, a sole proprietor, was engaged in providing assistance, advisory, and commercial information services to Canpotex for the sale of Canadian Muriate of Potash under an exclusive market service agreement, later amended to include delivery of 25,000 MT.

For AY 2023–24, the assessee executed the delivery in April 2022 and received commission in May 2022, as reflected in the bank statement. The return of income, later revised, declared a total income of about ₹. 10.63 crores, and the case was selected for scrutiny under CASS with notice under section 143(2).

During the assessment, the AO held that the assessee's business had ceased upon expiry of the agreement and, on that basis, treated the employees' salaries as personal expenditure and disallowed them. The AO also made an ad hoc disallowance of 50% of other expenses and disallowed audit fees, citing the expiry of the agreement on 31-12-2022. The Commissioner (Appeals) upheld the AO's view, against which the assessee appealed to the Tribunal.

Decision of the Case : The Tribunal held that the AO failed to apply the fundamental accounting principle of going concern, under which a business is presumed to continue unless proven otherwise. The assessee had maintained the business setup and continued efforts to generate business, and there was no cogent evidence of closure. It was further observed that expenses had declined compared to earlier years, were under ordinary heads accepted in past assessments, and books were consistently maintained on a cash basis. The auditors' invoices were disregarded on mere assumptions.

Accordingly, the Tribunal held that the disallowances were based on an erroneous assumption that the business had ceased. The disallowance of salary and other expenses, earlier accepted, was unjustified. The appeal was allowed, and the additions were deleted.

Tax Calendar

Indirect Tax

20th March 2026	GSTR-3B (Feb '26)
25th March 2026	PMT -06 (Feb '26)

Direct Tax

Due Date.	Return.
March 17th, 2026	Due date for issue of TDS Certificate for tax deducted under sections 194-IA, 194-IB, 194M and 194S (by specified person) in the month of January 2026.
March 30th, 2026	Due date for furnishing challan-cum-statement in respect of tax deducted under sections 194-IA, 194-IB, 194M and 194S (by specified person) in the month of February 2026.
March 31th, 2026	Country-By-Country Report in Form No. Form 3CEAD for the previous year 2024-25 by a parent entity or the alternate reporting entity, resident in India, in respect of the international group of which it is a constituent of such group
	Furnishing of an updated return of income for the Assessment Year 2021-22
	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2025

E-PUBLICATIONS

Of

TAX RESEARCH DEPARTMENT

- Guide Book for GST Professionals
- Handbook for Certification for difference between GSTR-2A & GSTR - 3B
- Impact of GST on Real Estate
- Insight into Customs-Procedure & Practice
- Input Tax Credit and In depth Discussion
- Taxation on Co-operative Sector
- Guidance notes on Preparation and Filing of Form GSTR 9 and 9C
- Guidance Note on Anti Profiteering
- Handbook on GST on Service Sector
- Handbook on Works Contract under GST
- Handbook on Impact of GST on MSME Sector
- Assessment under the Income Tax Law
- Impact on GST on Education Sector
- International Taxation and Transfer Pricing
- Handbook on E-Way Bill
- Handbook on Filing of Returns
- Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal
https://icmai.in/TaxationPortal/

TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/ registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

Contact Details:

Tax Research Department

12, Sudder Street, KolKata - 700016

Phone: +91 33 40364714/ +91 33 40364798

E-mail: trd@icmai.in

ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament

(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492