SUPPLEMENTARY FOR DECEMBER 2026 TERM OF EXAMINATION

PAPER – 15

DIRECT TAX LAWS AND INTERNATIONAL TAXATION

SYLLABUS 2022

Mandatory Quoting of Document Identification Number (DIN) [Circular No. 4/2026 dated 31-03-2026]

1. **Objective and General Rule**

   To maintain a proper audit trail, the CBDT has mandated that any communication (notice, letter, order, draft order, summons, etc.) issued by an income-tax authority to any person must be referenced by a computer-generated Document Identification Number (DIN).

   - **Mode of Compliance:** The DIN can be mentioned in the email body, or a separate document containing the DIN can be attached to the communication.
   - **Page Requirement:** It is not necessary to quote the DIN on every single page of the communication.
   - **Exclusion for Public Content:** General public communications, such as guidelines or FAQs, are exempt from the DIN requirement.

2. **Exceptional Circumstances (Issuance Without DIN)**

   In specific unavoidable situations, communications may be issued without a DIN. The following may be illustrative exceptions:

   - Technical difficulties in generating a DIN or issuing the document electronically.
   - The officer is outside the office discharging official duties (e.g., enquiry/verification) and lacks access to the electronic system.
   - The assessee's Permanent Account Number (PAN) is not available.
   - The PAN is resting with a non-jurisdictional Assessing Officer due to migration delays.
   - The required functionality to issue the communication is currently unavailable on the ITBA/System.

3. **Compliance and Regularization for Exceptional Cases**

   If a communication is issued without a DIN under the above exceptions, the following statutory procedures must be followed:

   - **Mandatory Disclosure:** The communication must explicitly state that it is being issued without a DIN due to the specific exceptional circumstance.
   - **Post-Facto Approval:** The issuing authority must record the reasons in writing and obtain post-facto approval within **15 days** of issuance.
     - *Competent Authority for approval:* Joint/Additional Commissioner or Director (for officers below this rank), and Chief Commissioner or Director General in all other cases.
   - **System Upload:** For cases involving technical difficulties, field duties, or PAN migration delays, the communication must be uploaded onto the system and properly referenced with a DIN within **15 working days** of its original issuance.

   Effect: Replaces earlier Circular No. 19/2019

Statutory Alignment: Sec. 292B, 292BA of the Income-tax Act, 1961

Income Tax (First Amendment) Rules, 2026 [Notification No. 19/2026, dated 05-03-2026]

The amendments come into force on January 1, 2026, and primarily update Rules 114F, 114G, and 114H to integrate digital assets and modify reporting standards for non-U.S. reportable accounts.

Key Definitions Introduced (Rule 114F)

The amendments expand the scope of financial assets and depository institutions by introducing several new terms:

- **Central Bank Digital Currencies (CBDC):** Defined as any digital fiat currency issued by a Central Bank.
- **Relevant Crypto-Asset:** Refers to crypto-assets that are neither CBDCs nor specified electronic money products, provided they can be used for payment or investment purposes.
- **Specified Electronic Money Product:** A digital representation of a single fiat currency issued to make payment transactions, which is redeemable at par value upon request.
- **Qualified Non-Profit Entity:** An Indian resident entity that is tax-exempt, operates exclusively for charitable, religious, scientific, or educational purposes, and holds no shareholders with beneficial interests.

Updated Reporting Requirements (Rule 114G)

Financial institutions face new reporting mandates for accounts other than U.S. reportable accounts:

- Institutions must maintain and report whether the account holder has provided a valid self-certification.
- Reports must explicitly state if an account is a joint account and include the total number of joint account holders.
- Institutions must obtain the taxpayer identification number and date of birth when updating pre-existing account information as required by the Prevention of Money-Laundering Act, 2002.
- Gross proceeds from financial assets already reported under the Crypto-Asset Reporting Framework are exempt from duplicate reporting under these specific rules.

Due Diligence Procedures (Rule 114H)

- If an institution cannot obtain a self-certification for a new account in time for a reporting period, it must temporarily apply the due diligence procedures meant for pre-existing accounts until the certification is validated.
- The exchange of any information regarding transactions involving relevant crypto-assets is strictly limited to the administration of taxes by the relevant jurisdiction.

Income Tax (Second Amendment) Rules, 2026 [Notification No. 45/2026, dated 30-03-2026]

The Income-tax (Second Amendment) Rules, 2026, notified on 30 March 2026, amend Rule 12 of the Income-tax Rules, 1962. The amendments will be applicable for income-tax returns filed for A.Y. 2026–27.

ITR 1 (Sahaj) and ITR 4 (Sugam): The limit for claiming the relevant house-property benefit under Rule 12 is increased from one house property to two house properties. Now in ITR 1, the assessee can provide details of 2 house properties.

Income Tax (Tenth Amendment) Rules, 2026 [Notification No. 54/2026, dated 30-03-2026]

The Income-tax (Tenth Amendment) Rules, 2026, notified on 31 March 2026, amend Rule 10U of the Income-tax Rules, 1962, relating to the applicability of Chapter X-A (General Anti-Avoidance Rules/GAAR). The amendment clarifies that income arising from the transfer of investments made before 1 April 2017 is excluded from the specified provision, even where the income accrues, arises or is received on or after 1 April 2017.

In effect, the amendment provides that Chapter X-A will not be invoked in respect of income arising from the transfer of investments made before 1 April 2017, irrespective of when the arrangement was entered into.