

## Indirect & Direct Taxes updates March-2026



### Indirect Taxes Updates

#### GST Compliance Calendar – Returns to be filed in the M/O March, 2026

GST Return Form Name	Filing Period	Due Dates in April 2026
GSTR-1 (Outward return)	Monthly (March 2026)	11 <sup>th</sup> April 2026
GSTR 3B (Tax summary return)	March 2026	20 <sup>th</sup> April 2026 (In case Aggregate turnover more than Rs. 5 crore in the previous Year). 22 <sup>nd</sup> / 24 <sup>th</sup> April 2026 (in case Aggregate turnover less than or equal to Rs 5 crore in the previous financial year registered in X /Y category respectively).
GSTR 5A (online information & data access)	March 2026	20 <sup>th</sup> April 2026
GSTR 05 (by non-taxable resident persons )	March 2026	20 <sup>th</sup> April 2026
GSTR 06 (ISD)	March 2026	13 <sup>th</sup> April 2026
GSTR 07 (TDS)	March 2026	10 <sup>th</sup> April 2026
GSTR 08 (TCS)	March 2026	10 <sup>th</sup> April 2026
ITC-04 (Job Work)	October 2025 – March 2026	25 <sup>th</sup> April 2026

### Important News update

#### Major GST Compliance Changes w.e.f. 1<sup>st</sup> April 2026

- LUT Filing for FY 2026-27** - A new Letter of Undertaking (LUT) is required for FY 2026-27 for businesses engaged in exports or supplies to SEZ units without payment of IGST, as the previous LUT for FY 2025-26 expired on 31 March 2026.
- Export Refund Threshold Removed** - The condition that refund applications below Rs. 1,000 would not be processed has been removed from 1st April 2026. Every valid export refund claim, regardless of amount, will now be processed. Small claims that were earlier ignored can now be filed and recovered.
- Start a New Invoice Series for FY26-27** - All enterprises must start a fresh document series from 1st April 2026 for invoices, debit notes, and credit notes.

- **E-Invoice Compliance** - E-Invoicing becomes mandatory from 1st April 2026 if the aggregate annual turnover (AATO) of GSTIN/branch/unit exceeds Rs. 5 crore.
- **Enhanced ITD Monitoring** - Implementation of improved input tax credit monitoring mechanism, including enhanced reconciliation tools such as Electronic Credit Reversal and Reclaimed statement.

**Payment of pre-deposit while filing of appeal before First Appellate authority** - The GSTN issued an important advisory regarding payment of the mandatory pre-deposit while filing an appeal before the First Appellate Authority under GST. It was observed that sometimes taxpayers voluntarily pay amounts during the investigation stage using Form GST DRC-03. Later, when filing an appeal against a demand order such as Form GST DRC-07, the GST portal may still require payment of the pre-deposit because payments made through DRC-03 are not automatically linked to the Demand ID in the Electronic Liability Register. The system calculates the required payment for appeal based on the admitted amount and mandatory pre-deposit recorded against the Demand ID. If payments made through the portal's "Payment towards Demand" function are reflected against the Demand ID, they are considered for the pre-deposit requirement. However, payments through DRC-03 must first be linked to the demand by filing Form GST DRC-03A. Once linked, the system recognizes the payment and adjusts it while calculating the required pre-deposit for appeal. (Advisory No. 652 dated March 14, 2026, regarding payment of pre-deposit while filing appeals before the First Appellate Authority.)



**Confirmation of "Tax Liability Breakup, As Applicable" in GSTR-3B** - The GSTN issued an important advisory regarding confirmation of the "Tax Liability Breakup, As Applicable" tab in Form GSTR-3B. Under Section 50 of the CGST Act, 2017, interest is payable when tax liability relating to a previous tax period is discharged in a subsequent tax period. The "Tax Liability Breakup" tab in GSTR-3B is designed to capture such liabilities where supplies of earlier periods are reported and paid in the current tax period. From the February 2026 tax period onwards, the GST portal auto-populates this breakup based on document dates of supplies reported in GSTR-1, GSTR-1A, or the Invoice Furnishing Facility (IFF). After offsetting liability in GSTR-3B, taxpayers must open the tab on the payment page and confirm the breakup by clicking "SAVE" or editing it if required before filing the return through EVC or DSC.

GSTN acknowledged feedback that confirmation is currently required even where no prior-period liability exists and stated that the issue is under resolution. (Advisory No. 653 dated 16th March, 2026, regarding confirmation of "Tax Liability Breakup, As Applicable" in GSTR-3B).

**Undelivered welcome kit can lead to suspension of GST Registration** - Businesses that have recently obtained a goods and services tax (GST) registration should ensure that their registered business address is correct and accessible. Tax experts warn that GST registrations may be suspended if the physical "welcome kit" sent by the tax department is returned undelivered. "In many instances, in the case of new GST registrations, the welcome letter returns unserved. This is due to the fact that premises may be locked or the entity, being a new entity, may not yet be located at the premises. In such cases, many times a show-cause notice is served for cancellation of registration, as the department is of the view that such entities are fake or fictitious entities," an tax expert said. The issue surfaced after the introduction of a faster GST registration process under Rule 14A of the CGST Rules, which allows low-risk applicants to receive registration quickly through PAN and Aadhaar authentication. In many cases, GST numbers are issued within hours. However, after registration is granted, the GST department sends a welcome kit through India Post to the declared business address as part of the verification process. If the postal department fails to deliver the welcome kit and is returned to the authorities, the GST system may interpret it as a sign that the business is not operating from the declared address. "In such cases, officials may suspend the GST registration under Section 29. The provisions empowering the cancellation of GST registration are contained in Section 29 of the CGST Act.

**Bombay HC cancels ₹400 crore GST penalties on Shemaroo execs, limits personal liability, bars retrospective enforcement** - The Bombay High Court on Wednesday set aside personal penalties exceeding ₹400 crore imposed on three senior executives of Shemaroo Entertainment Ltd., holding that the proceedings were without jurisdiction and violated both statutory requirements and constitutional safeguards. The Division Bench of Justices G.S. Kulkarni and Aarti Sathe allowed writ petitions filed by Amit Haria, Hiren Gada and Atul Maru, quashing penalties of about ₹133.61 crore each imposed on them under Section 122(1A) of the Central Goods and Services Tax (CGST) Act. The judgment clarifies the scope of personal liability under GST and raises broader questions about how enforcement actions against company officials are structured.

**Hookah served in restaurants to attract up to 40% GST: West Bengal AAR** - The West Bengal Authority for Advance Ruling (AAR) has ruled that hookah served in restaurants along with food will no longer attract the concessional 5% GST rate applicable to restaurant services. This effectively increases the tax incidence on such supplies to 18% in the case of non-tobacco variants and 40% plus applicable compensation cess in the case of tobacco-based products.

**India's GST collections rise 8.1% YoY to Rs 1.83 lakh crore in February 2026** - India's gross Goods and Services Tax (GST) collection rose to Rs 1.83 lakh crore in February 2026, reporting a rise of by 8.1% as compared to the same period last month, as per official data released on 1<sup>st</sup> March, 2026. The total gross GST revenue for FY26 as on February 28 stood at Rs 20.27 lakh crore, up 8.3% YoY. Total refunds stood at Rs 22,595 crore, up by 10.2% YoY, resulting in net GST revenue of Rs 1.61 lakh crore in February.

**India's GST collections rise 8.2% in March 2026 to hit Rs. 1.78 lakh crore** - Net GST collection climbed 8.2 per cent to Rs 1.78 lakh crore, supported by higher inflows across central, state and integrated GST. For the full financial year, GST collections stood at Rs 22.27 lakh crore in FY26, marking an 8.3 per cent increase over the previous year.

**GST registrations rose over 5 lacs in 4 months** - With ease of process, number of GST registrations has seen monthly average growth of over 1.25 lakh between November and February, data from GST portal showed. While Uttar Pradesh continues to have maximum number of GST registrations, Maharashtra recorded maximum addition in the four months period.

According to the GST portal, total number of GST identification number was over 1.56 crore on 31<sup>st</sup> October, 2025, which rose to over 1.61 crore on 28<sup>th</sup> February, 2026 showing an increase of over 5.16 lakh.

## Recent Circulars/ Notifications

**Government of Maharashtra waives requirement of e-way bill for motor vehicles transported for road testing** - The Maharashtra State Tax Department issued a notification granting conditional exemption from generating an e-way bill for motor vehicles transported for road testing purposes, where such movement is not considered a supply. The relief was provided after recognizing genuine operational difficulties faced by the taxpayer and is valid for FY 2025-26. Instead of an e-way bill, vehicles may be moved under a delivery challan, subject to strict compliance conditions, including execution of a bond covering vehicle value, maintenance of detailed records, use of trade plates, and submission of monthly reports to authorities. The exemption applies strictly to non-supply movement for testing purposes and requires accountability for all vehicles dispatched and returned. Any breach of conditions may lead to withdrawal of the permission without prior notice. (Notification No. SGST/e-way bill/03/2025-26 dated 13th March, 2026)

**GSTAT Clarifies Mandatory Documents in Appeals to Avoid Filing Defects** - The GST Appellate Tribunal (GSTAT) has issued procedural instructions governing the filing of appeals under Section 112 of the GST law. It mandates that Form APL-05 must include soft copies of key documents such as the Show Cause Notice (SCN), Order-in-Original (OIO), Order-in-Appeal (OIA), statement of facts, and grounds of appeal. Payment of pre-deposit and court fees is compulsory for taxpayers unless exempted by higher court orders, in which case no defect should be flagged.

Appeals can also be filed with scanned certified copies of orders, provided their authenticity is verified by the scrutiny officer. Additionally, appellants must upload authorization documents or vakalatnama for representation. For departmental appeals, submission of specified documents including the Commissioner's opinion is required, but no court fee or pre-deposit applies. A single verification and digital signature by the appellant is mandatory. These guidelines aim to streamline appeal filing and reduce procedural defects. (Instructions - F. No-GSTAT/ Pr. Bench/Portal/125/2025-26/3368 dated: -10th March, 2026)



**CGST Issues Advisory Warning Against Fake GST Officers Impersonating Tax Officials** - The Office of the Principal Chief Commissioner of Central Tax, Bengaluru Zone issued Trade Notice warning trade and industry about incidents of individuals impersonating Central GST officers. The notice clarifies that CGST officers do not demand payments in cash or through personal bank accounts, UPI IDs, wallets, or other unofficial channels, and they do not seek personal or sensitive information through phone calls, SMS, WhatsApp, or personal email. Official communications are made only through the GST portal, government email IDs ending with "@gov.in," or notices and summons bearing a valid Document Identification Number (DIN). Inspection, search, and seizure proceedings are conducted under Section 67 of the CGST Act, 2017 only by properly authorized officers carrying government photo identification and written authorization specifying details of the premises and taxpayer. Taxpayers are advised to verify officers' identity cards, written authorization, and DIN before allowing entry. (Trade Notice No. 02/2026 dated 17th March, 2026)

**Indore SEZ Advises Units Not to Avail IGST Exemption on Canteen Services provided for employees** - The Office of the Development Commissioner, Indore Special Economic Zone (SEZ) has issued a circular advising SEZ units not to avail Integrated Goods and Services Tax (IGST) exemption on canteen services provided for employees. The direction has been issued in light of audit observations and the decision taken by the Board of Approval (BoA) for SEZs. According to Circular issued, several SEZ units were found to be availing IGST exemption on canteen services procured from Domestic Tariff Area (DTA) service providers for their employees. During audits conducted under Rule 79 of the SEZ Rules, 2006 by the Office of the Commissioner of Customs, Indore,

it was observed that such services were being treated as part of authorized operations by certain units. However, audit findings indicated that canteen services for employees do not qualify as authorized services eligible for GST exemption. In view of this decision, all SEZ units have been advised not to avail IGST exemption on canteen services. (Circular issued vide F. No. A-55/ISEZ/OC/2009-10/20/4 dated 11th March 2026)

## Important Cases

**Clerical Mistakes in GST Returns Not a Valid Reason to Deny Export Refunds: SC** - The Hon'ble Supreme Court held that genuine refund claims should not be denied due to minor clerical errors when tax has actually been paid. (M/s Shree Nanak Ferro Alloys Pvt. Ltd. Vs Union of India and others dated 16th March 2026)

**Refund Rejection without due procedure invalid** - The Hon'ble Allahabad High Court quashed the refund rejection order and held that tax authorities must follow statutory procedures before denying refunds or adjusting tax liabilities. (M/s Nutech Jetting Equipment India Pvt. Ltd. Vs Union of India)

**Limitation period for GST Refund claims** - The Hon'ble Karnataka Court held that the two-year limitation under Section 54 of the Central Goods and Services Tax Act, 2017 is mandatory, and tax authorities cannot entertain belated refund claims, as GST is a strict, time-bound statutory scheme linked to Sections 73 and 74. While the CGST Act provides no power to condone delay, constitutional courts under Article 226 can grant relief, especially where tax was collected without authority of law (Article 265), and statutory remedies are inadequate. High Courts can condone delay on a case-by-case basis, but must preserve Revenue rights by granting corresponding extensions for departmental proceedings, treating the claim as within limitation, while generally refraining from deciding refund merits unless entitlement is undisputed. (Assistant Commissioner Of Central Taxes Bengaluru, Central Board Of Indirect Taxes And Customs, New Delhi Versus M/s Merck Life Science Private Limited. dated 17<sup>th</sup> March.2026)



**Distribution of Credit by ISD in Same Month** - The Hon'ble Madras High Court held that the distribution of Input Tax Credit (ITC) by an Input Service Distributor ("ISD") is triggered only upon fulfilment of conditions under Section 16(2) of the Central Goods and Services Tax Act, 2017 ("the CGST Act") and not merely upon receipt or issuance of a tax invoice by supplier(s).

The Court further held that Rule 39(1)(a) of the Central Goods and Services Tax Rules, 2017 ("the CGST Rules"), which mandates distribution of ITC in the same month as the underlying invoice, cannot be interpreted to require distribution before the conditions of Section 16(2) are satisfied, and remanded the show cause notices back to the Adjudicating Authority for fresh consideration in light of this interpretation. (Reliance Jio Infocomm Ltd. v. Union of India [W.P. Nos. 27038 & 28371 of 2025 dated 5th March, 2026])

**Karnataka HC : GST Refund Cannot Be Denied for Failure to File LUT Before Export** - The Hon'ble Karnataka High Court held that the refund was rejected solely on the ground that the Petitioner did not submit LUT/Bond prior to export. Circular F. No.349/47/2017-GST dated 15<sup>th</sup> March, 2018 clarifies that substantive benefits of zero-rated exports should not be denied and delay in furnishing LUT may be condoned with ex post facto permission. Non-furnishing of LUT/Bond under Rule 96-A is not an incurable defect nor mandatory, particularly when authorities themselves permit subsequent filing. Court directed that, the refund rejection order dated 31<sup>st</sup> January, 2024 be set aside and the matter be remitted for fresh reconsideration of the refund claim after permitting the Petitioner to furnish LUT/Bond along with condonation application in terms of the Circular. (Prime Perfumery Works vs Assistant Commissioner of Central Tax [Writ Petition No. 11076 OF 2024 (T-RES), order dated 2nd December, 2025])

**Section 74 proceedings without specific fraud/suppression allegation liable to be quashed** - The Hon'ble Allahabad High Court held that the proceedings were initiated under Section 74 of the SGST Act based on survey; for initiation under Section 74, authorities are duty bound to show reasons of fraud, wilful misstatement, suppression of fact for wrongful availment of ITC or excessive ITC claim; adjudicating authority must expressly state in SCN that assessee wrongly availed/used ITC due to fraud, wilful misstatement or suppression; if such basic ingredient is missing in SCN under Section 74, proceedings become without jurisdiction as assessing authority derives jurisdiction to proceed u/s 74 only when basic ingredients are present. Court held that, in present case, authorities at no stage recorded findings of fraud, wilful misstatement or suppression to evade tax. Therefore, proceedings under Section 74 ought not to have been initiated against Petitioner; impugned orders dated 10<sup>th</sup> January, 2025 and 31<sup>st</sup> May, 2023 cannot be sustained and are quashed. (M/s Raghuvansh Agro Farms Ltd. v. State of U.P. and 2 others [WRIT TAX No. 3829 of 2025, order dated 17th December, 2025]).

**Uploading Order on GST Portal Alone Does Not Constitute 'Communication'** - The Hon'ble Allahabad High Court held that the word "communicated" used in Section 107 is not defined, and effective communication must be examined with reference to Section 169 and the scheme of service of notices and orders. It would be over-simplistic and unacceptable in law to infer that a notice or order uploaded on the common portal may be equated with "tendering" or "publication"

so as to deem service in the absence of a statutory deeming fiction to that effect. Court noted that, there is no electronic trail in GSTN to show when an assessee actually retrieved, opened, downloaded or viewed an uploaded order, and there is no statutory obligation requiring taxpayers to access the portal daily; hence no presumption of service can be drawn. Court directed that, the writ tax petitions were allowed and the individual adjudication orders were set aside subject to deposit of 10% of the disputed tax within four weeks. (**Bambino Agro Industries Ltd. v. State of Uttar Pradesh and another** [Writ Tax No. 2707 of 2025, order dated 19th December, 2025])

**ITC Cannot Be Denied to a Bona Fide Purchaser Merely for Supplier's GST Default in Absence of Fraud** - The Hon'ble High Court of Tripura set aside the demand order and held that Input Tax Credit ("ITC") cannot be denied to a bona fide purchasing dealer solely on the ground that the supplier has failed to deposit the GST collected from such purchaser, where there is no finding of fraud, collusion or non-bona fide conduct on the part of the purchaser. Court directed that, the impugned order dated 17<sup>th</sup> February, 2022 be set aside and the respondents forthwith allow the petitioner ITC to the extent of Rs. 22,09,964/-. (**M/s Malaya Rub-Tech Industries v. Union of India** [WP (C) No. 849 of 2022 dated 10th February, 2026]).

**Police Cannot Debit-Freeze Bank Account of taxpayers Without Magistrate's Order** - The Hon'ble Calcutta High Court held that a police officer does not have power to debit-freeze a bank account directly without prior sanction or order of a jurisdictional Magistrate under the provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023 ("BNS"), and that a writ petition is maintainable where the debit freeze and resulting injury occur within the territorial jurisdiction of the Court. (**Kirti Deora, Proprietor of M/s Tirupati Trading v. State of West Bengal & Ors.** [WPA 1785 of 2025 With CAN 1 of 2026, order dated 13th February, 2026])

**GST Registration Restoration Cannot Be Denied Once Dues Are Cleared** - The Hon'ble Bombay High Court held that where there is no outstanding GST liability and all government dues stand cleared, the Petitioner is entitled to restoration of GST registration, and failure to revoke cancellation of registration is contrary to Section 30 read with Rule 23 of the CGST Rules, 2017. Court directed that, the writ petition is allowed and the Petitioner's application for revocation of cancellation of registration is required to be allowed in terms of Section 30 read with Rule 23 of the CGST Rules. (**Kishore Nichani v. Union of India & Ors.** [Writ Petition no 4211 of 2025, order dated 27th January, 2026])

## Notifications / Circulars

**Simplified Customs Procedure for Return of Export Cargo due to Strait of Hormuz Disruption** - The CBIC issued Circular prescribes a temporary simplified procedure for export cargo returning to Indian ports due to the closure of the Strait of Hormuz. Vessels may berth only at the same departure port (except transshipment).

If vessels remain within territorial waters and EGM/SDM is not filed, containers can be offloaded without a Bill of Entry after document and seal verification, and Shipping Bills will be cancelled. Where EGM/SDM is filed or vessels returned from international waters without foreign port calls, a new ICES facility will allow post-EGM cancellation. If a foreign port was visited, cargo is treated as exported. Export incentives must be recovered if already granted. These relaxations apply for 15 days.

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. 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 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. (**Circular No. 09/2026-Customs** dated 8th March, 2026)



**CBIC waives fee for amendment or cancellation of export documents in force majeure cases** - The Central Board of Indirect Taxes and Customs (CBIC), through Circular clarified that fees for amendment or cancellation of export documents may be waived in cases where export consignments are withdrawn due to force majeure circumstances. The clarification was issued after representations from trade and industry regarding the levy of fees under the Levy of Fees (Customs Documents) Regulations, 1970. CBIC noted that disruptions in international shipping routes, particularly due to the closure of the Strait of Hormuz and the resulting logistical challenges, may prevent vessels or cargo from reaching destination ports. In such situations, exporters may need to amend or cancel shipping bills or withdraw consignments from customs areas. Since these circumstances arise beyond the control of exporters or customs brokers, officers may permit amendment or cancellation without charging the prescribed fee. Exporters must submit supporting evidence to the jurisdictional customs authority. The relaxation applies to all customs stations and remains valid for 15 days. (**Circular No. 10/2026-Customs** dated 10th March 2026)

**CBIC Issues Procedure for Export Cargo Returned Due to Strait of Hormuz Closure** - The Central Board of Indirect Taxes and Customs issued Circular to clarify procedures for handling export cargo that returned to Indian ports due to the closure of the Strait of Hormuz and related maritime disruptions. Exercising powers under Customs Act, 1962 Section 143AA, the Board prescribed procedures where vessels return to a port different from the original port of export. Shipping lines must file Sea Arrival Manifests, containers must be verified and seals checked, and tampered containers require full examination. Customs authorities must verify and cancel Shipping Bills and Let Export Orders while ensuring reversal or recovery of export incentives. Back to Town (BTT) clearance may be allowed after verification. Temporary international transshipment of LCL cargo from notified ports and airports is permitted until 31<sup>st</sup> March 2026. For liquid or break-bulk cargo diverted to India, temporary unloading and bonded storage may be allowed under Customs supervision solely for re-export or onward transshipment. (Circular No. 12/2026-Customs dated 17<sup>th</sup> March 2026)

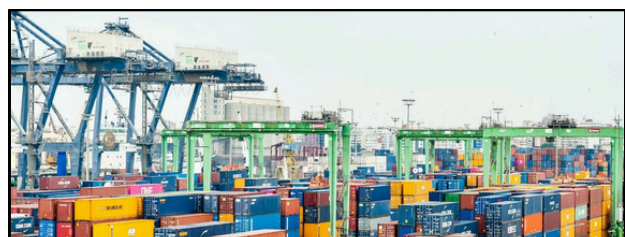


**Government Allows Electronic Submission of Bond-cum-Legal Undertaking for SEZ Developers and Units** - The Ministry of Commerce & Industry, Department of Commerce, has issued Instruction, introducing a major procedural reform for Special Economic Zone (SEZ) Developers and Units. The instruction provides clarification on the execution of Bond-cum-Legal Undertaking (BLUT) under the SEZ Act, 2005 and SEZ Rules, 2006. As per the new instruction, SEZ Developers and Units may now submit the BLUT electronically, replacing the previously mandatory physical submission process. According to the instruction issued from Vanijya Bhawan, New Delhi, electronic submission may be made in any format or manner specified from time to time, including mechanisms such as e-stamp or approved digital platforms that are already operational—such as ICEGATE, where electronic bonds are accepted. The Ministry has also dispensed with the requirement of non-judicial stamp paper and notarization by a Notary Public for executing the BLUT. This measure supersedes the earlier Instruction No. 2 dated 24.03.2006. The step is expected to enhance ease of doing business, streamline compliance processes for SEZ stakeholders, and align documentation procedures with the Government's broader digital governance initiatives. (Instruction No. 123 dated 23<sup>rd</sup> February 2026)

**Registration for Eligible Manufacturer Importer (EMI) Scheme Now Live on AEO Portal** - The Central Board of Indirect Taxes & Customs (CBIC) on 3<sup>rd</sup> March, 2026 announced that registration for the Eligible Manufacturer Importer (EMI) Scheme has been made live on the AEO Portal (<https://aeoindia.gov.in>) with effect from 1<sup>st</sup> March, 2026. Applicants may now proceed to complete their online registration. Filing of EMI applications will be enabled once the registration is approved by the Directorate of International Customs (DIC). As per the EMI Registration User Guide issued on the AEO Portal, applicants must ensure that their registration details exactly match those available in the DGFT's IEC Profile. The registration process requires uploading a single merged PDF containing the IEC Certificate and a screenshot of the DGFT 'View IEC Profile' page, clearly displaying the registered email ID and mobile number.

## Important Cases

- **Incomplete Description Not Misdeclaration; Confiscation & Penalty Set Aside:** CESTAT - Case Name: VGS Enterprises Vs Principal Commissioner of Customs (Imports) (CESTAT Delhi) Dated: 11<sup>th</sup> March 2026.
- **Accused Must Be Arrested Immediately After Airport Contraband Seizure:** Delhi HC - Case Name : Maria Nuemia Albertina Vs Customs (Delhi High Court) Dated 17<sup>th</sup> March 2026.
- **Dashcams Not Eligible for Nil Duty as They Function as Video Recorders:** CAAR Mumbai - Case Name: In re BPIN Private Limited (CAAR Mumbai) Dated 20<sup>th</sup> February 2026.
- **DEPB benefit cannot be denied unilaterally by Customs Authority** - Case Name : Ganges Internationale Private Limited Vs Commissioner of Customs (CESTAT Chennai) Dated 26<sup>th</sup> February 2026.
- **Reassessment of Imported Goods Set Aside Because Customs Valuation Rules Were Not Followed** - Case Name : Chandan Steel Limited Vs Commissioner of Customs (Import) (CESTAT Mumbai) Dated 27<sup>th</sup> February 2026.
- **Imported Medical Imaging Printers was classifiable under CTH 9018 and not under CTH 8443: Differential Customs Duty Demand was set aside** - Case Name: AGFA Healthcare India Pvt. Ltd. Vs Additional Director General (Adjudication) (CESTAT Delhi) Dated 20<sup>th</sup> February 2026.
- **Customs Cannot Replace Declared Export Value with Higher Market Price Without Justification** - Case Name: S.K. Sarawagi & Co. Pvt Ltd Vs Commissioner of Customs (CESTAT Hyderabad) Dated 6<sup>th</sup> February 2026.





## Direct Taxes Updates

**CBDT Notifies Sovereign Wealth Fund Tax Exemption Rules & Procedure.** Circular No. 03/2026-Income Tax dated:-30/03/2026.

Circular No. 03 of 2026 issued by the Central Board of Direct Taxes prescribes the procedure for notification and compliance of Sovereign Wealth Funds (SWFs) under Schedule V of the Income-tax Act, 2025. The circular facilitates tax exemption benefits for specified income such as dividends, interest, and capital gains arising from investments in notified infrastructure sectors, subject to conditions like investment period (2020-2030) and minimum holding of three years. It introduces Form I for SWFs seeking notification and Form II for quarterly reporting of investments. Existing SWFs notified under earlier provisions are exempt from reapplying but must comply with reporting requirements. The circular mandates filing of returns, audit reports, and periodic disclosures to ensure transparency and monitoring. Effective from 1 April 2026, the framework strengthens compliance, standardizes procedures, and ensures that only eligible SWFs benefit from tax exemptions while promoting infrastructure investment in India.

**CBDT Extended TDS Certificate Deadline as E-Filing Portal Glitches Caused Delays.** Circular No. 02/2026-Income Tax dated:-25/03/2026.

The Central Board of Direct Taxes issued Circular No. 02/2026 under Section 119 of the Income-tax Act, 1961, extending the due date for issuance of TDS certificates under Section 203 for the quarter ending 31 December 2025. The extension was granted in response to representations highlighting technical glitches on the e-filing portal, which caused difficulties for deductors in generating and issuing TDS certificates within the prescribed timeline under Rule 31 of the Income-tax Rules, 1962. Considering the genuine hardship faced by taxpayers, the Board extended the deadline to 31 March 2026. It clarified that TDS certificates issued within this extended period would be treated as having been issued within the prescribed time. The circular aims to provide relief to deductors impacted by system-related issues and ensures compliance without penal consequences due to delays caused by technical constraints.

**Delay in Form 10A Filing Now Condonable by Commissioner Due to CBDT Clarification.** Circular No. 01/2026-Income Tax (F.No.300173/26/2026-ITA-I) Dated:-23/03/2026.

CBDT Circular No. 01/2026 clarifies the authority to condone delay in filing Form No. 10A for registration under section 12A(1)(ac)(i) of the Income Tax Act, 1961. While earlier provisions required trusts or institutions to file Form 10A within prescribed timelines, an amendment effective 01.10.2024 empowered the Principal Commissioner or Commissioner of Income-tax to condone delays where reasonable cause exists. However, confusion arose because the Director of Income-tax (Centralized Processing Centre), Bengaluru, is the statutory authority for processing such registrations under Rule 17A. To resolve this, the Board clarified that the jurisdictional Principal Commissioner or Commissioner alone has the power to condone delays. This clarification aims to prevent denial of registration benefits due to procedural delays and reduce hardship for eligible trusts. The circular applies to all delayed applications where condonation requests are pending or filed on or after its issuance.

**CBDT revises Mandatory DIN Requirement to align with Finance Act 2026.** Circular No. 4/2026-Income Tax Circular No. 4/2026-Income Tax Dated 31/03/2026.

The Central Board of Direct Taxes (CBDT), through Circular No. 4/2026, has revised the framework for mandatory use of Document Identification Number (DIN) in income-tax communications, superseding Circular No. 19/2019. Exercising powers under Section 119 of the Income-tax Act, 1961 and incorporating amendments including Section 292BA introduced by the Finance Act, 2026, the circular.

mandates that all communications such as notices, orders, summons, and letters issued to taxpayers must carry a DIN or be appropriately referenced. DIN may be included directly, via attachment, or through electronic correspondence, and need not appear on every page. Exceptions are permitted in specific situations like technical issues or lack of PAN, subject to recording reasons and obtaining post-facto approval within 15 days. Such communications must also be uploaded with DIN subsequently. Public communications are exempt. The revised framework enhances transparency, accountability, and traceability in tax administration.

**CBDT Notifies Income-tax Rules 2026 and Income Tax Forms.** Notification No. 22/2026-Income Tax [G.S.R. 198(E)] Dated:- 20/03/2026.

The Central Board of Direct Taxes (CBDT) has notified the Income-tax Rules, 2026 through Notification No. G.S.R. 198(E) dated 20 March 2026 to operationalise the provisions of the Income-tax Act, 2025. The rules will come into force from 1 April 2026 and provide the procedural framework for implementation of the new tax law, including valuation methods, reporting requirements, administrative procedures, and compliance mechanisms. The rules cover several important areas of tax administration. They prescribe conditions for recognition of stock exchanges for derivative trading, including maintenance of client identification data, transaction audit trails for seven tax years, and reporting of modified transactions.

They also provide procedures for notification of zero coupon bonds issued by infrastructure companies and funds, including eligibility conditions, credit rating requirements, and timelines for utilisation of funds. The rules clarify the determination of holding period of capital assets in specific cases such as conversion of securities or restructuring of foreign branches.



**CBDT Amends Income-tax Rules & Forms to Include Crypto-Assets & Digital Currency Reporting.** Notification No. 19/2026-Income Tax [G.S.R. 158(E)] Dated: -05/03/2026.

The Central Government, through Notification No. 19/2026 dated 5 March 2026, amended the Income-tax Rules, 1962 by modifying Rules 114F, 114G and 114H under the powers granted by Sections 295 and 285BA of the Income-tax Act, 1961. The amendments, effective from 1 January 2026, introduce new definitions and reporting requirements concerning digital financial instruments and certain entities. Rule 114F has been expanded to include provisions relating to central bank digital currencies, specified electronic money products, and relevant crypto-assets. Depository accounts are now defined to include accounts representing electronic money products or central bank digital currencies held for customers. The amendment also recognizes "qualified non-profit entities" and prescribes conditions for their classification. Further, financial assets for reporting purposes may include interests in relevant crypto-assets for accounts other than U.S. reportable accounts. Additional provisions also clarify the treatment of accounts related to company formation or capital increase and small electronic money accounts with limited balances.

### Income Tax Compliance calendar – May 2026.

Things to remember	
Due Date	Particulars
07th May 2026. (Thursday)	<ul style="list-style-type: none"> <li>-Due date for deposit of Tax deducted/collected for the month of April, 2026. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of a challan.</li> <li>-Declaration under section 394(2) of the Income-tax Act 2025 to be made by a buyer for obtaining goods without collection of tax in the month of April, 2026.</li> </ul>
15th May 2026. (Friday)	<ul style="list-style-type: none"> <li>-Due date for furnishing statement by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of April, 2026.</li> <li>-Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M and (Income-tax Act, 1961) in the month of March, 2026.</li> <li>-Quarterly statement of TCS deposited for the quarter ending March 31, 2026.</li> <li>-Due date for furnishing of Form 24G (Income-tax Rules, 1962) by an office of the Government where TDS/TCS for the month of April, 2026 has been paid without the production of a challan.</li> <li>-Monthly statement in prescribed Form by stock exchange in respect of transactions in which client codes been modified after registering in system for the month of April, 2026.</li> </ul>
30th May 2026 (Saturday)	<ul style="list-style-type: none"> <li>-Issue of TCS certificates for the 4th Quarter of the Financial Year 2025-26.</li> <li>-Challan-cum-statement of deduction of tax under section 393(1) of the Income-tax Act 2025 [Table Sl. No. 2(i), 3(i), 6(ii) &amp; 8(vi) in the month of April, 2026.</li> <li>-Furnishing of statement required under Section 285B (Income-tax Act 1961) for the previous year 2025-26.</li> </ul>

Things to remember	
Due Date	Particulars
31th May 2026 (Sunday)	<ul style="list-style-type: none"> <li>-Return of tax deduction from contributions paid by the trustees of an approved superannuation fund.</li> <li>-Due date for furnishing of statement of financial transaction (in Form No. 61A) as required to be furnished under sub-section (1) of section 285BA (Income-tax Act, 1961) with respect to the financial year 2025-26.</li> <li>-Due date for e-filing of annual statement of reportable accounts as required to be furnished under section 285BA(1)(k) (Income-tax Act, 1961) (in Form No. 61B) for calendar year 2025 by reporting financial institutions.</li> <li>-Application in Form 9A (Income-tax Rules, 1962) for exercising the option available under Explanation to Section 11(1) (Income-tax Act 1961) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on or before July 31, 2026).</li> <li>-Application for allotment of PAN where a person's total income exceeds the maximum amount not chargeable to income-tax during any Financial Year and no PAN has been allotted to him.</li> <li>-Furnishing of the certificate from a Chartered Accountant specifying the amount invested in each year by the company or fund making application under Section 2(48) (Income-tax Act 1961) for notification of zero-coupon bond.</li> <li>-Statement of donation in Form 10BD (Income-tax Rules, 1962) to be furnished by reporting person under Section 80G(5)(iii) or section Section 35(1A)(i) (Income-tax Act 1961) in respect of the financial year 2025-26</li> <li>-Statement in Form no. 10 (Income-tax Rules, 1962) to be furnished to accumulate income for future application under Section 10(21) or Section 11(1) (Income-tax Act 1961) (if the assessee is required to submit return of income on or before July 31, 2026).</li> <li>-Certificate of donation in Form no. 10BE (Income-tax Rules, 1962) as referred to in Section 80G(5)(ix) or Section 35(1A)(ii) (Income-tax Act 1961) to the donor specifying the amount of donation received during the financial year 2025-26.</li> <li>-Quarterly statement of TDS deposited for the quarter ending March 31, 2026.</li> </ul>

**Reassessment Notice Invalid Due to Absence of PCCIT Approval Beyond Three Years** Case Name : Javitri Devi Vs ITO (ITAT Delhi) Dated:-31/03/2026.

**Section 271(1)(c) Penalty Deleted Due to Pending HC Decision on Section 10(26BBB) Exemption Claim.** Case Name : ITO Vs Uttarkhand Poorv Sainik Kalyan Nigam Ltd. (ITAT Dehradun) Dated:-31/03/2026.

**Section 80P Deduction Claim Restored for Failure to Examine Assessee's Legal Status & Activities.** Case Name : Ganna Vikas Parishad Vs Assessment Unit (ITAT Delhi) Dated:- 31/03/2026.

**No TDS Default on LFC Payment as Bank Followed Binding HC Interim Orders.** Case Name : State Bank of India Vs ITO (ITAT Mumbai) Dated: 31/03/2026.

**ITAT Mumbai Quashed Reassessment Due to Wrong Assessment Year in Recorded Reasons.** Case Name : Vagad Visha Oswal Chovisi Mahajan Charitable Vs ADIT (ITAT Mumbai) Dated:-31/03/2026.

**SC Set Aside Reassessment Notice Due to Non-Disclosure of Material Facts by Revenue.** Case Name : ACIT Vs Vivo Mobile India Private Limited (Supreme Court of India) Dated:-31/03/2026.

**No Capital Gains Tax on Sale of Agricultural Land Beyond Municipal Limits:** ITAT Ahmedabad. Case Name : ACIT Vs Ahmed Mahomed Pandor (ITAT Ahmedabad) Dated:-31/03/2026.

**Section 80P Deduction Allowed on FDR Interest Due to Investment with Cooperative Banks.** Case Name : Deoband Cooperative Cane Development Union Ltd. Vs AO (ITAT Delhi) Dated:-31/03/2026.



**CMA Rakesh Bhalla**

Former Vice President, ICAI