

DEVMANTRA TIMES

Issue No.61, Dated 1st April, 2026

DEAR READERS,

We welcome you to the Sixty First Edition of DevMantra Times for the month of April 2026.

As the New Financial Year 2026–27 begins, may it bring fresh opportunities, stronger milestones, and boundless prosperity to all our readers.

With DevMantra Times, we bring you the latest developments shaping India's dynamic business, innovation, and regulatory landscape. Recent developments across India's financial, regulatory, and startup landscape reflect a mix of policy recalibration, compliance tightening, and evolving market dynamics.

The Government is likely to restart the privatisation of IDBI Bank to ensure better valuation, while confirming no further PSB mergers, as stated by Pankaj Chaudhary. Meanwhile, ICICI Bank faces a ₹768.6 crore GST demand, and Bank of Baroda is addressing EMI discrepancies due to system errors.

Globally, Japan has extended \$1.73 billion funding to India, while tensions in West Asia have led to rising yields and stalled overseas fundraising.

On the regulatory front, new audit networking norms are impacting the Big Four accounting firms, alongside a push for gig worker protection. In the startup space, Zetwerk is gearing up for an IPO, Delhivery is expanding global logistics, and Ola Electric is revising IPO fund allocation.

Additionally, the rise of the "startup mafia", \$1.1 billion funding for women-led startups, and innovations by Jio Payments Bank underscore continued momentum in entrepreneurship and financial inclusion.

Here's to a year filled with meaningful milestones, shared achievements, and inspiring moments that move us forward. May April 2026 usher in renewed energy, good health, joy, and lasting prosperity for you and your loved ones.

We are deeply grateful to have you as an integral part of our community — your trust, support, and engagement continually strengthen and uplift us. As we step into the year ahead, let's continue to learn, grow, innovate, and shape new possibilities together, making the journey not only successful but truly extraordinary in every way.

INDUSTRY & ECONOMIC UPDATES

Government likely to restart IDBI Bank privatisation process from scratch

EDITORIAL NOTE:

The Government is likely to revisit the privatisation process of IDBI Bank after financial bids received in the earlier round reportedly fell below the reserve price, resulting in the cancellation of the process.

A panel of ministers is expected to evaluate the situation and take a final decision on the future course of action, with preliminary discussions suggesting a preference for initiating the disinvestment process afresh.

This approach underscores the Government's focus on achieving fair valuation and ensuring that the strategic objectives of the stake sale are effectively met before proceeding further

ICICI Bank gets Rs 769 cr GST DEMAND NOTICE

EDITORIAL NOTE:

ICICI Bank has received a significant Goods and Services Tax (GST) demand notice from tax authorities amounting to ₹768.6 crore, alleging short payment of GST on certain services provided to customers.

The development is part of an ongoing pattern of disputes, as the bank is already engaged in litigation over similar issues from prior periods.

The bank has indicated that it will contest the demand through appropriate legal channels within the prescribed timelines, and the matter is expected to undergo adjudication before the relevant authorities.

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No proposal under consideration on merger of PSU banks: MoS Finance

EDITORIAL NOTE:

The Government has clarified that there are currently no proposals for further mergers among public sector banks (PSBs), as stated by Pankaj Chaudhary, Minister of State for Finance. He emphasised the success of past bank amalgamations, noting that the merged entities have demonstrated significant growth in business and operational efficiency. Additionally, the Government continues to focus on strengthening the banking sector through the EASE 9.0 Reforms Agenda, which is aimed at building globally competitive and robust PSBs by the year 2047, aligning with India's long-term economic vision.

Bank of Baroda system error inflates EMIs, hits borrower scores

EDITORIAL NOTE:

Bank of Baroda has reportedly identified discrepancies in the application of interest rates on certain loan accounts, wherein in some cases a higher rate was mistakenly charged, resulting in excess deduction over the scheduled equated monthly instalment (EMI). Conversely, the bank also acknowledged instances where a lower rate of interest was applied than prescribed. The issue appears to have arisen due to operational or system-related errors, and the bank is expected to take corrective measures to rectify the discrepancies and address any customer impact arising from such miscalculations.

Japan commits \$1.73 billion in loans for four projects in India

EDITORIAL NOTE:

Japan has extended an Official Development Assistance (ODA) loan of 275.86 billion yen (approximately \$1.73 billion) to India for four key projects across urban transport, healthcare, and agriculture sectors.

The funding is aimed at strengthening infrastructure, enhancing public service delivery, and promoting sustainable development. This assistance is expected to support critical initiatives such as improving urban mobility systems, expanding healthcare capacity, and advancing agricultural productivity, thereby contributing to long-term economic growth and development.

Jio Payments Bank introduces UPI-based cash withdrawal services

EDITORIAL NOTE:

Jio Payments Bank has introduced a facility enabling UPI-based cash withdrawals, allowing customers to access cash by simply scanning a UPI QR code at designated business correspondent points.

This innovation removes the need for debit cards or ATM visits, making cash access more convenient and seamless. The initiative is particularly significant for rural and semi-urban areas, where access to traditional banking infrastructure may be limited.

By leveraging the widespread adoption of UPI, the move is expected to deepen digital payment penetration, enhance ease of transactions, and further promote financial inclusion across India.

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West Asia war, rising global yields stall India Inc's overseas fundraising plans

EDITORIAL NOTE:

Overseas fundraising plans of India Inc have slowed amid heightened geopolitical tensions in West Asia, which have led to a rise in global bond yields and borrowing costs.

As uncertainty persists, lenders and corporates are adopting a cautious approach, preferring to wait for greater clarity before proceeding with issuances. The increase in bond and loan rates has made external financing less attractive, particularly for companies with significant exposure to revenues from the Middle East, as perceived risk has increased.

Consequently, financiers are exercising greater scrutiny in evaluating such borrowers, leading to a temporary pause or delay in offshore fundraising activities.

ICAI's new global networking rules unsettle Big 4, tighten compliance for audit affiliates

EDITORIAL NOTE:

India has introduced new global networking norms for audit firms with the objective of strengthening domestic players while permitting participation in international networks.

The framework imposes stringent compliance and disclosure requirements, including mandatory registration of network arrangements, appointment of a nodal officer, and adherence to arm's length principles in dealings with affiliated entities.

While the move is intended to enhance transparency, accountability, and independence in the audit ecosystem, it has led to concerns among large multinational firms, including the Big Four accounting firms and consulting networks, particularly regarding increased regulatory oversight and operational constraints.

STARTUP UPDATES

B2B firm Zetwerk eyes Rs 500 crore pre-IPO round at \$3 billion valuation

EDITORIAL NOTE:

Zetwerk is reportedly in advanced discussions to raise approximately ₹500 crore in pre-IPO funding from investors including Bharat Value Fund and high-net-worth individuals (HNIs), at a valuation in the range of ₹25,000–26,000 crore.

In parallel, the company is preparing to confidentially file its draft IPO papers with the Securities and Exchange Board of India (SEBI) for a proposed public issue estimated at around ₹5,000 crore.

The move reflects the company's strategic intent to strengthen its capital base ahead of listing and capitalise on favourable market conditions.

Ola Electric reallocates IPO proceeds again, diverts Rs 575 crore from R&D to debt, growth

EDITORIAL NOTE:

This development marks yet another revision in the utilisation of IPO proceeds by the Bengaluru-based company, following an earlier reallocation approved by shareholders in August 2025.

In that instance, the company had reduced the allocation towards research and development (R&D) while increasing the portion earmarked for debt repayment and organic growth initiatives, reflecting a strategic shift in capital deployment priorities.

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Delhivery announces economy air parcel service to UK, Canada, Australia

EDITORIAL NOTE:

Delhivery has expanded its international air parcel service to key markets including the United Kingdom, Canada, and Australia, with a focus on boosting exports by Indian MSMEs. The initiative is expected to particularly benefit sectors such as apparel and electronics by enabling faster and more reliable cross-border delivery. The expansion is also aligned with emerging trade opportunities driven by new bilateral agreements. Through its platform, the company offers simplified shipping solutions along with streamlined customs documentation, thereby reducing complexities for small exporters and enhancing their access to global markets.

Startup Mafia 2.0 Continues to Gain Momentum: Zomato, Freshworks, Zoho Alumni Launch 360 Firms

EDITORIAL NOTE:

In 2023, the second generation of India's startup ecosystem—often referred to as the "startup mafia"—was credited with the creation of nearly 253 companies. As of March 2026, that number has grown substantially, with founders and early team members from these ventures collectively launching around 360 startups. The development underscores the multiplier effect of entrepreneurial experience, where individuals shaped by successful startups continue to fuel innovation, mentorship, and new business creation across the broader ecosystem.

India parliamentary panel calls for stronger protections for gig and platform workers

EDITORIAL NOTE:

A parliamentary panel has recommended the mandatory registration of gig and platform workers on a national database, with the objective of bringing millions of such workers into the formal economic framework. It has also proposed that digital platforms and aggregators be required to contribute towards their social security, thereby creating clearer legal and financial responsibilities for such entities. These recommendations are aimed at improving access to essential benefits such as insurance and welfare support, while also enhancing transparency and accountability within the gig economy. If implemented, the move could mark a significant step towards strengthening worker protection and formalisation in India's rapidly expanding platform-based employment sector.

India's Women-Led Tech Startups Secure \$1.1 Billion in Funding in 2025: Report

EDITORIAL NOTE:

Funding for women co-founded tech startups in India remained stable at approximately USD 1.1 billion in 2025, reflecting a more measured yet resilient investment environment. Although the overall number of deals declined during the year, the average deal size increased, indicating a shift in investor focus towards more mature startups with stronger business fundamentals, established revenue models, and clearer paths to profitability. In terms of geography, Bengaluru emerged as the leading funding hub, followed by Gurugram and Mumbai, reinforcing the continued dominance of India's key startup ecosystems in attracting growth capital.

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Why Is This Edition of the Newsletter Important for Readers?

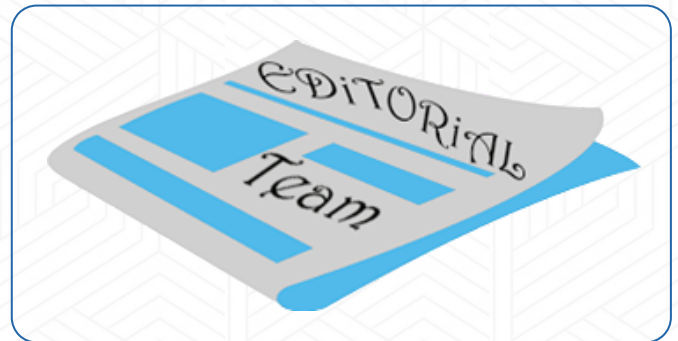
Regards & Best Wishes,
 Editorial Team

EDITORIAL NOTE:

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At **DevMantra**, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery. These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavor with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.



GST

JUDICIAL UPDATES

ITC denial under Section 16(4) cannot survive if claim is covered by extended time under Section 16(5): HC

EDITORIAL NOTE:

The High Court held that denial of input tax credit (ITC) merely on the ground of limitation under Section 16(4) is unsustainable where the assessee's claim falls within the extended time period prescribed under Section 16(5). Once the claim is found to be within the legally permissible extended period, the very foundation for denying ITC on limitation disappears.

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Accordingly, the Court ruled that the recovery action initiated solely on this ground was invalid in law. The tax authorities were directed to de-freeze the bank account, refund the amount already recovered, and drop the proceedings to the extent they were based only on the limitation objection.

This ruling reinforces that a valid ITC claim cannot be denied where the statute itself permits an extended timeline.

GST payable on full sale value of used car sold by non-dealer; margin scheme not available: AAR

JUDICIAL UPDATES

Where the applicant sold a used car that had been purchased for the personal use of the proprietor, and was not engaged in the business of dealing in second-hand goods in the normal course of business, it was held that the margin scheme for valuation was not available.

The benefit of valuation based on the difference between sale price and purchase price is restricted to persons who are regularly engaged in trading in second-hand goods and satisfy the prescribed conditions. Since the applicant did not qualify as such a dealer, GST was held to be payable on the entire sale consideration and not merely on the margin.

Order set aside as proceedings were concluded in undue haste without hearing petitioner despite pending writ: HC

JUDICIAL UPDATES

Where the authority, despite being aware of the pendency of a writ petition and a specific request by the assessee to keep the proceedings

in abeyance, proceeded to pass the Order-in-Original in undue haste without granting an effective opportunity of personal hearing, it was held that such action amounted to a clear violation of the principles of natural justice. Since the assessee was denied a reasonable opportunity of being heard, the adjudication process was rendered arbitrary and procedurally unfair. Accordingly, the impugned order was set aside as unsustainable in law, with a direction to the authority to undertake fresh adjudication after affording the petitioner a proper opportunity of personal hearing and strictly complying with the principles of natural justice.

Non-speaking order ignoring reply set aside for breach of natural justice; matter remanded for fresh hearing: HC

JUDICIAL UPDATES

Where the petitioner challenged the adjudication order on the ground that its detailed reply had not been considered and that the impugned order was non-speaking in nature, despite specifically contending that the purchases were supported by valid tax invoices and that the suppliers had duly furnished their GST returns, it was held that such non-consideration of material submissions constituted a clear violation of the principles of natural justice. The failure of the adjudicating authority to pass a reasoned and speaking order reflecting due application of mind rendered the adjudication legally unsustainable. Accordingly, the impugned order was set aside and the matter was remanded to the authority for fresh consideration, with a direction to afford the petitioner a proper opportunity of hearing and to pass a speaking order after duly examining the submissions and supporting documentary evidence.

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GSTN issues advisory on pre-deposit payment for filing appeal before Appellate Authority

JUDICIAL UPDATES

The GSTN has clarified that any payment made through Form GST DRC-03 during investigation is not automatically mapped to the corresponding Demand ID on the portal. As a result, such payment may not be considered by the system toward the mandatory pre-deposit required at the time of filing an appeal before the First Appellate Authority. To ensure proper recognition of the amount already paid, the taxpayer must file Form GST DRC-03A and link the earlier DRC-03 payment with the relevant demand order. Only after this linkage is completed will the system reflect the payment appropriately in the liability records and account for it while computing the pre-deposit requirement for appeal filing. Taxpayers should therefore complete this step in advance to avoid duplication of payment, portal mismatch, or rejection-related complications during the appeal process.

Manually filed appeal once heard can't be rejected for non-electronic filing; matter remanded for decision on merits: HC

JUDICIAL UPDATES

Where the registered dealer, after making the prescribed pre-deposit, filed a manual appeal against the assessment order and the same was entertained by the Appellate Authority, which proceeded to hear the matter on merits, it was held that the appeal could not subsequently be dismissed solely on the ground that it had not been filed electronically in terms of Rule 108 of

the CGST / SGST Rules. Once the Appellate Authority had accepted the appeal, taken it on record, and examined the matter on merits, it was not open to it to later reject the appeal on the basis of a procedural defect relating only to the mode of filing. Such rejection was held to be arbitrary, hyper-technical, and contrary to settled principles of fairness and natural justice. The dismissal order was therefore set aside, and the matter was remanded to the Appellate Authority for fresh adjudication on merits, without being influenced by the procedural lapse concerning manual filing.

GST registration cancellation for non-filing returns can be restored on full compliance as no fraud alleged: HC

JUDICIAL UPDATES

Where the GST registration of a registered person was cancelled solely on the ground of non-filing of returns, and there was no allegation of fraud, wilful misstatement, suppression of facts, or tax evasion, it was held that the cancellation was liable to be set aside subject to statutory compliance by the assessee. The registered person was permitted to seek restoration of registration upon filing all pending returns and clearing the entire outstanding dues, including tax, interest, late fee, fine, and penalty, within the time granted by the Court / Authority. It was further directed that upon such compliance, the order cancelling the registration shall stand quashed or treated as revoked, thereby enabling the taxpayer to regularise its GST status and continue business operations in accordance with law

Healthcare disposables like gloves and sheets are plastic goods, not appliances; 18% GST applies: AAR

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JUDICIAL UPDATES

Where a CDSCO-licensed manufacturer supplied sterile EVA gloves, being non-latex and polymer-based and intended exclusively for healthcare use, it was held that such products do not qualify as medical instruments or appliances but are appropriately classifiable as articles of plastics under HSN 3926 20 11. The classification was determined based on the material composition and essential character of the goods, rather than their end use in the medical field. Accordingly, such supplies were held liable to GST at the rate of 18 per cent, and not eligible for any concessional rate applicable to medical devices.

Provision of BESS-based support to electricity transmission classifiable under HSN 998631, GST at 18% applies: AAR

JUDICIAL UPDATES

Where the applicant, not registered in Tamil Nadu, proposed to develop and operate standalone Battery Energy Storage Systems (BESS) under contractual arrangements that provided for payment of fixed / capacity-based tariffs, without any independent sale or purchase of electricity as such, it was held that the activity could not be treated as supply of "electrical energy" so as to claim exemption under Notification No. 02/2017-CT (Rate). The Authority observed that a BESS merely stores electrical energy and releases the same when required; it does not generate, transmit, or distribute electricity in its own right. Therefore, the true substance of the transaction was not sale of electrical energy, but provision of a storage / support facility made available for consideration. Accordingly, the exemption available to "electrical energy" was held to be inapplicable,

and the activity was held liable to GST as a taxable supply of service,

Board treated as educational institution for exams; related services exempt from GST: AAR

JUDICIAL UPDATES

Where the Board of Secondary Education, Rajasthan, a statutory body entrusted with conducting school examinations, received services such as printing of examination-related materials, online examination form processing, annual maintenance of computer systems used exclusively for examination purposes, result processing, and deployment of computer operators for examination work, it was held that such services, being directly related to the conduct of examinations, are eligible for exemption under Entry 66(b)(iv) of Notification No. 12/2017-CT (Rate) dated 28.06.2017. The Board was treated as an "educational institution" for the limited purpose of conducting examinations, and the exemption was held applicable

Transport of goods by road with consignment note qualifies as GTA service and exempted if recipient is unregistered: AAR

JUDICIAL UPDATES

Where the applicant transported goods by road for customers placing orders through e-commerce operator (ECO) platforms, issued a single consignment note, retained responsibility for custody of goods, and bore transit insurance risk until delivery, with transportation charges ultimately borne by the end-customer, it was held that such activity satisfies all essential conditions of a Goods Transport Agency (GTA)

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under GST law. The issuance of a consignment note and assumption of responsibility for safe delivery are determinative factors establishing the applicant's status as a GTA. Accordingly, the services were held to be classifiable as GTA services and liable to GST in accordance with the provisions applicable to such services.



INCOME TAX REGULATORY UPDATES

AO can't issue further notice after passing order on modified return : HC

JUDICIAL UPDATES

In a recent ruling, it has been clarified that where an assessee, pursuant to a business reorganisation, files a modified return under Section 170A during the pendency of assessment proceedings, and the Assessing Officer completes the assessment after duly considering such modified return, any subsequent initiation of reassessment proceedings on the same basis is without jurisdiction and contrary to Section 170A(2)(b). The said provision mandates that the modified return shall form the basis of assessment in such cases, thereby effectively

substituting the original or revised return to the extent warranted by the reorganisation. Accordingly, once the assessment is concluded after taking into account the modified return, the Assessing Officer cannot reopen the matter merely to review or revisit the very same position in the absence of any fresh or tangible material. This legal position reinforces that Section 170A constitutes a complete code for giving effect to business reorganisations and ensures finality in assessments, thereby preventing unwarranted reassessment proceedings.

Exemption u/s 11 available to housing board if it wasn't making profit from construction activities: ITAT

JUDICIAL UPDATES

Where the assessee, being a registered statutory housing board, claimed exemption under Section 11 in respect of income arising from sale or allotment of housing units and execution of related works, it was held that the availability of such exemption depends upon the nature of the consideration charged for such activities. If the consideration is fixed at cost or at cost with only a nominal mark-up, and the activity is carried on without any profit motive, the same would be regarded as being in furtherance of charitable purposes and eligible for exemption under Section 11. On the other hand, where the pricing structure discloses a clear profit element, the claim for exemption may not be sustainable. Therefore, the determining test is whether the transactions are undertaken on a no-profit or minimal-surplus basis in furtherance of public welfare.

TDS on AMCs deductible u/s 194C, not 194J, as services not technical or consultancy: ITAT

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JUDICIAL UPDATES

Where the assessee deducted tax at source at 2 per cent under Section 194C on payments made towards Annual Maintenance Contracts (AMC) for computers, DG sets, elevators and telecommunication services involving routine and periodic maintenance, it was held that such services fall within the ambit of "work" under Section 194C and do not constitute fees for technical services within the meaning of Section 194J. Since the contracts were essentially for maintenance and upkeep and did not involve specialised or professional technical services of the kind contemplated under Section 194J, deduction of tax under Section 194C was held to be proper. Accordingly, the assessee could not be treated as an assessee in default under Section 201(1) on account of alleged short deduction of tax.

TDS required on year-end provisions for expenses where vendors/parties are identifiable: ITAT

JUDICIAL UPDATES

Where year-end provisions for expenses were made in respect of ascertained liabilities and the vendors or parties were identifiable, it was held that the obligation to deduct tax at source arises at the time of credit itself, even if such amounts are credited to a 'provision for expenses' account rather than to the account of the payee. Accordingly, the assessee cannot defer or avoid TDS merely on the ground that the liability is booked as a provision. Further, it was clarified that disallowance of such expenditure under Section 40(a)(ia) does not absolve the assessee from being treated as an assessee in default under Section 201 for failure to deduct tax at source, as both provisions operate independently and serve distinct purposes under the Ac

substituting the original or revised return to the extent warranted by the reorganisation. Accordingly, once the assessment is concluded after taking into account the modified return, the Assessing Officer cannot reopen the matter merely to review or revisit the very same position in the absence of any fresh or tangible material. This legal position reinforces that Section 170A constitutes a complete code for giving effect to business reorganisations and ensures finality in assessments, thereby preventing unwarranted reassessment proceedings.

Royalty on global deals cannot be taxed under Article 12 of India-USA DTAA as assessee had no right to receive such royalty: ITAT

JUDICIAL UPDATES

Where the assessee offered to tax only 56 per cent of revenue transfers received from its Indian subsidiary as royalty under a software support agreement, and the Assessing Officer sought to tax the entire compensation including revenue from global deals as royalty, it was held that only the amounts contractually receivable by the assessee could be brought to tax as royalty. The inclusion of additional income on a notional basis, in respect of global deals not covered by the agreement or not accruing to the assessee, was held to be unsustainable in law. Accordingly, taxation must be confined to real income arising under the terms of the contract, and any attempt to tax hypothetical or notional royalty beyond such agreed consideration is not permissible.

CBDT amends Rules 114F-114H to align reporting obligations with crypto-asset & digital currency framework

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JUDICIAL UPDATES

The Central Board of Direct Taxes (CBDT) has amended Rule 114F of the Income-tax Rules, 1962, to expand the scope of reportable accounts by including 'Central Bank Digital Currencies' and 'Specified Electronic Money Products'. This amendment aims to align India's reporting framework with global standards such as the Common Reporting Standard (CRS) and FATCA, thereby strengthening transparency and enabling more effective exchange of financial information between jurisdictions. As a result, institutions dealing with such digital assets and e-money products will now be subject to enhanced reporting obligations, ensuring that transactions involving these instruments are adequately captured within the tax information reporting ecosystem.

No interest for late TDS payment if assessee tendered cheque within due date and it was duly certified by bank: HC

JUDICIAL UPDATES

Where the assessee deposited TDS by tendering cheques to an authorised banker within the prescribed due dates and such cheques were subsequently honoured, it was held that the date of tendering the cheque to the bank would constitute the date of payment. Accordingly, once the payment is deemed to have been made within time, the demand raised by the department on account of alleged delay was unjustified. Further, any amount recovered from the assessee under protest pursuant to such demand was directed to be refunded along with applicable interest under Section 244A, reinforcing that no adverse consequence can arise where the statutory payment obligation has been duly complied with in substance.

Sales-linked payments to group cos. not reimbursements but contractual payments attracting TDS u/s 194C: HC

JUDICIAL UPDATES

Where the assessee made payments to its group companies towards advertisement, marketing and handling services, computed as fixed percentages of sales and claimed them as mere reimbursements without deduction of tax at source, it was held that such payments could not be regarded as pure reimbursements. Since the amounts were not linked to actual expenses supported by underlying bills and were instead determined on a contractual basis, they assumed the character of consideration for services. Accordingly, the payments were liable for deduction of tax at source under Section 194C, and the failure to deduct tax justified disallowance under Section 40(a)(ia).

CPC's 30% tax on royalty without sec. 143(1) intimation or reasons invalid; intimation set aside: ITAT

JUDICIAL UPDATES

Where the assessee had duly offered royalty income to tax at the concessional rate of 10 per cent under Section 115BBF, the Centralized Processing Centre (CPC), while processing the return under Section 143(1), unilaterally applied a higher tax rate of 30 per cent on such income without issuing any prior intimation as mandated under the first proviso to Section 143(1) and without assigning reasons for such adjustment. It was held that such action was in clear violation of the statutory procedural safeguards, which require that any proposed adjustment prejudicial to the assessee must be communicated in advance and an opportunity be afforded to

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respond. In the absence of such prior intimation and reasoning, the adjustment was held to be legally untenable and in breach of the principles of natural justice. Accordingly, the intimation order passed under Section 143(1) held to be unsustainable and liable to be set aside.

CBDT notifies Income-tax Rules 2026, effective from 01-04-2026

JUDICIAL UPDATES

The Central Board of Direct Taxes (CBDT) has notified the Income-tax Rules, 2026 vide Notification No. G.S.R. 198(E) dated 20 March 2026, which are set to come into force from 1 April 2026. These Rules have been framed under Section 533 of the Income-tax Act, 2025 and are intended to operationalize the provisions of the newly enacted legislation. They lay down a comprehensive procedural framework covering aspects such as return filing, assessment procedures, tax deduction and collection mechanisms, reporting obligations, and compliance requirements. The notification of these Rules is a critical step towards ensuring effective implementation of the new tax regime, as they provide the necessary administrative and functional guidance to taxpayers as well as tax authorities. Overall, the Rules aim to facilitate a seamless transition from the Income-tax Act, 1961 to the Income-tax Act, 2025 by bringing clarity, standardization, and certainty in the application of the law from the upcoming financial year.

CBDT extends due date for issuance of TDS certificate for Q3 of FY 2025-26 to March 31st 2026

JUDICIAL UPDATES

In view of representations received highlighting delays in issuance of TDS certificates for the quarter ending 31st December 2025 due to technical glitches on the e-filing portal, the Board has acknowledged the genuine hardship faced by deductors in meeting the prescribed timelines. Accordingly, in exercise of its powers under Section 119 of the Income-tax Act, 1961, the due date for issuance of TDS certificates for the said quarter has been extended to 31st March 2026. This relaxation provides relief to deductors impacted by system-related issues and ensures that procedural non-compliance arising from circumstances beyond their control does not attract penal consequences.



CORPORATE LAW UPDATES

IFSCA specifies a fee structure for entities undertaking or intending to undertake permissible activities in IFSC

JUDICIAL UPDATES

The International Financial Services Centers Authority (IFSCA) has prescribed a detailed fee structure for entities undertaking or proposing to undertake permissible activities in an IFSC, as

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well as for applicants seeking clarifications under the Informal Guidance Scheme. It has been clarified that every application made for grant of license, registration, recognition, or authorization shall be treated as a distinct application and will attract separate prescribed fees for each such request. Accordingly, entities cannot consolidate multiple approvals under a single application for fee purposes. The applicable fees are required to be remitted to the designated bank account of the Authority in the manner specified, ensuring proper processing and consideration of each application independently.

SEBI revises regulatory reporting framework for Alternative Investment Funds (AIFs)

JUDICIAL UPDATES

The Securities and Exchange Board of India (SEBI) has revised the regulatory reporting framework for Alternative Investment Funds (AIFs) with the objective of streamlining compliance and enhancing ease of doing business. Under the updated framework, AIFs are now required to submit a comprehensive Annual Activity Report through the SEBI Intermediary Portal within 30 days from the end of each financial year, capturing key operational, financial, and compliance-related information. In addition, a limited-scope Quarterly Activity Report in a revised format has been introduced to ensure periodic monitoring with reduced reporting burden. The revised framework replaces and supersedes the earlier reporting requirements, thereby bringing greater clarity, standardisation, and efficiency in regulatory reporting for AIFs.

SEBI introduces 'Voluntary Debit Freeze' facility to secure mutual fund units from unauthorized redemption or transfer

Securities and Exchange Board of India (SEBI) has introduced a voluntary debit freeze facility aimed at enhancing the security of mutual fund investments. This facility enables investors to place a restriction on their demat or non-demat folios, thereby preventing any redemption or transfer of units without their authorization. Investors can activate or lift the freeze through the MF Central platform provided by Registrar and Transfer Agents (RTAs), offering a convenient and centralized mechanism for control. The facility is available only to KYC-compliant investors with a registered mobile number and email ID, ensuring secure authentication and timely communication. This initiative strengthens investor protection by mitigating risks of unauthorized transactions and enhancing overall confidence in the mutual fund ecosystem.

MCA introduces amendments to AS 22 in line with the OECD Pillar Two tax framework

JUDICIAL UPDATES

The Ministry of Corporate Affairs (MCA), through a notification dated 10 March 2026, has introduced amendments to Accounting Standard (AS) 22 to incorporate the implications of the OECD Pillar Two model rules on global minimum taxation. The amendment provides a specific exception from recognizing deferred tax assets or liabilities arising from Pillar Two income taxes, thereby addressing complexities associated with their measurement and recognition. In addition, it mandates enhanced disclosure requirements to enable stakeholders to understand an entity's exposure to such taxes. These changes are particularly significant for auditors and preparers of financial statements, as they apply to reporting periods beginning on or after 1 April 2025, necessitating

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timely evaluation of their impact on financial reporting and compliance.

SEBI introduces new intraday borrowing rules for mutual funds effective from 1st April 2026

JUDICIAL UPDATES

The Securities and Exchange Board of India (SEBI) has introduced new borrowing provisions under the SEBI (Mutual Funds) Regulations, 2026, effective from 1 April 2026, to provide operational flexibility to mutual funds in managing short-term liquidity. Under the revised framework, mutual funds are permitted to avail short-term intraday borrowings to address temporary cash flow mismatches arising from redemption payouts to investors. Notably, such intraday borrowings are exempt from the existing 20 per cent asset limit typically applicable to borrowings, provided they are restricted to the amount expected to be realized on the same day from liquid sources such as TREPS, reverse repo transactions, or government securities. Further, to safeguard investor interests, any borrowing cost or loss arising from such arrangements is required to be borne by the Asset Management Company (AMC) and not passed on to the investors. This measure enhances liquidity management while maintaining strong investor protection safeguards.

Govt. introduces Corporate Laws (Amendment) Bill, 2026 in Lok Sabha to reform LLP and Companies Act frameworks

JUDICIAL UPDATES

The Government has introduced the Corporate Laws (Amendment) Bill, 2026 in the Lok Sabha proposing targeted amendments to both the Limited Liability Partnership Act, 2008 and the Companies Act, 2013 with a view to strengthening the regulatory framework and enhancing ease of doing business. A key highlight of the Bill is the introduction of enabling provisions for setting up LLPs and companies in International Financial Services Centers (IFSCs), thereby promoting India's position as a global financial hub. The Bill also proposes allowing conversion of specified trusts into LLPs, providing greater flexibility in structuring business entities. In addition, amendments have been proposed relating to rationalization of penalties, enhanced disclosure requirements, and procedural aspects concerning conduct of meetings. Overall, the proposed changes aim to modernize corporate laws, improve compliance efficiency, and align the legal framework with evolving business and regulatory needs.

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Compliance Calender

Tax Compliance Calendar for April 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
30 th April	April 2026 to June 2026	TDS Deposit for the month of March 2026	Deposit of Tax Deducted/Collected at Source for transactions made in March 2026.
11 th April	April 2026 to June 2026	GSTR-1 (Outward supply return)	Filing of outward supply details for March 2026 by taxpayers with a turnover more than ₹5 crore or who opted for monthly filing.
13 th April		GSTR-1 (Outward supply return)	Every regular taxable person who is required to furnish details of outward supply every quarter, is required to furnish details of outward supply for the quarter January-March, 2026
		ISD Return	An Input Service Distributor is required to furnish monthly return of input tax distributed for the month of March, 2026
20 th April		GSTR-3B (Summary return)	A regular taxpayer having aggregate turnover more than Rs. 5 crore in the preceding financial year is required to make payment of tax and furnish monthly return for the month of March, 2026.
22 th April		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category A States, is required to make payment of tax and furnish monthly return for the month of March, 2026
24 th April		Monthly Return	A regular taxpayer having an aggregate turnover of upto Rs. 5 crore in the previous financial year, whose principal place of business is in category B States, is required to make payment of tax and furnish monthly return for the month of March, 2026
30 th April		Annual Return by Composition Taxpayers	A composition taxpayer is required furnish annual return for the financial year ending on 31-3-2026
		MSME Return for October-March period	Half-Yearly Return on Outstanding Payments to Micro and Small Enterprise where payments are overdue beyond 45 days from the date of acceptance or deemed acceptance of goods or services

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