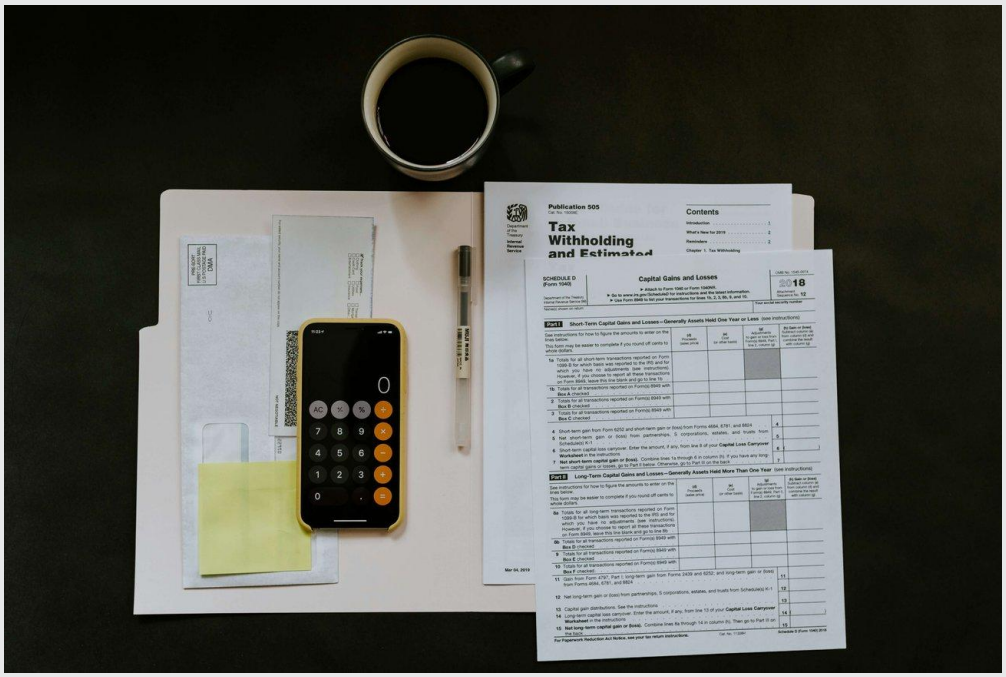
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DEVMANTRA TIMES

NOVEMBER EDITION

ISSUE NO.68, DATED 1ST NOVEMBER, 2026



Dear Readers,

We welcome you to the Sixty-eighth edition of DevMantra Times for the month of November 2026. In this edition, we bring you a curated overview of the latest legal, regulatory, economic, and business developments shaping India's evolving corporate and financial landscape.

This month's edition highlights significant developments across India's financial and economic ecosystem. The latest developments across the tax, banking, regulatory and startup sectors highlight significant changes in India's business and financial landscape. ICICI Bank has received a ₹229.14 crore GST show cause notice relating to minimum account balance services, while the CBDT has introduced Form 173A for eligible investors claiming specified tax exemptions on interest and capital gains from Government securities. The Income-Tax Department is also expected to issue notices concerning undisclosed foreign assets, alongside the FAST-DS voluntary disclosure initiative. Meanwhile, ICAI is preparing audit guidance for multi-state cooperative societies, and the RBI has finalised revised leverage ratio requirements for banks, effective 1 April 2027. In the banking sector, ICICI Bank reported a 20% year-on-year rise in Q2 net profit to ₹14,843 crore, although its net interest margin declined to 4.18%. On the cybersecurity front, CyRIS will focus on areas such as threat intelligence, digital forensics, malware analysis and AI security, while SBI has announced cybersecurity training for 1.8 lakh employees. In the startup ecosystem, Karnataka's Innoverse has selected seven deeptech startups for scale-up support, Garuda Aerospace has raised $10 million in pre-IPO funding at a $320 million valuation, and Prosus is exploring investments in fintech startups Kiwi and Oolka. Groww's direct mutual fund assets rose 45.9% year-on-year to ₹2.06 lakh crore, while Cult.fit is preparing for a proposed IPO comprising a ₹950 crore fresh issue and an offer for sale of up to 178.6 million shares. At the global level, fintech valuations remain under pressure as investors reassess business fundamentals, although deal activity is showing signs of renewed momentum entering the fourth quarter of 2026.

This edition also captures important judicial pronouncements and regulatory developments under the Goods and Services Tax, Income-tax, Corporate Laws, and allied legislations, together with key notifications, circulars, and compliance updates that may have a significant impact on businesses, professionals, and taxpayers.

1. Industry & Economic Updates



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ICICI Bank receives Rs 229 crore GST demand over minimum balance services

Editorial Note: ICICI Bank has received a show cause notice from the GST authorities proposing a demand of ₹229.14 crore in relation to services provided to customers for maintaining minimum account balances in their bank accounts. The notice was issued on 30 September by the Additional Commissioner of the CGST and Central Excise, Division-IV, seeking to examine the GST implications of such services. The matter is similar to earlier notices and disputes involving the bank over the taxability of charges associated with minimum balance requirements. ICICI Bank is already engaged in litigation concerning such issues and previous notices, and the latest notice adds to the ongoing regulatory and tax-related proceedings faced by the bank.

CBDT makes Form 173A mandatory to claim tax exemption on interest and gains from government securities

Editorial Note: The Central Board of Direct Taxes (CBDT) has introduced Form 173A to facilitate the claiming of specified income-tax exemptions by eligible foreign institutional investors (FIIs) and other qualifying entities. The form requires detailed information to be furnished by investors seeking exemption in respect of interest income and capital gains arising from investments in Government securities, in accordance with the recent amendments under the Income-tax Act, 2025. These exemptions are applicable with effect from 1 April 2026, subject to the prescribed conditions. The introduction of Form 173A is intended to standardise the reporting and documentation requirements, streamline the exemption-claim process and ensure that eligible investors can avail the applicable tax benefits in a structured manner.

I-T likely to send notices over undisclosed foreign property

Editorial Note: The Income-Tax Department is expected to issue notices to resident Indians in connection with undisclosed foreign properties and other overseas assets identified through information received under international spontaneous exchange mechanisms and earlier investigations. The initiative is linked to the Foreign Assets of Small Taxpayers – Disclosure Scheme (FAST-DS), which provides eligible individuals an opportunity to voluntarily disclose previously undisclosed foreign assets and regularise their tax affairs, subject to the prescribed conditions, without attracting penalties or prosecution under the applicable framework. The scheme is primarily intended to facilitate compliance among small taxpayers holding overseas assets. However, participation in the scheme has reportedly remained lower than anticipated, partly due to certain limitations in its scope and eligibility conditions. The proposed notices are expected to encourage individuals to review their foreign asset disclosures and address any discrepancies in their tax records.

ICAI to issue guidance note for auditing multi-state cooperatives

Editorial Note: The Institute of Chartered Accountants of India (ICAI) is set to issue a comprehensive guidance note for auditors of multi-state cooperative societies following the Government's notification of the Multi-State Co-operative Societies (Auditor's Report) Order, 2026. The proposed guidance note is intended to provide uniform procedures and reporting standards for auditors, thereby promoting consistency in audit practices and strengthening compliance with the applicable regulatory framework. It will also assist auditors in identifying potential financial irregularities, internal control weaknesses and governance-related risks within cooperative societies. The new audit framework is expected to be implemented in phases, allowing the concerned societies and auditors to gradually adapt to the revised reporting and compliance requirements.

SBI opens cyber CoE, announces training for 1.8 lakh staff in cybersecurity

Editorial Note: 'CyRIS' will focus on strengthening capabilities in emerging areas of digital safety and

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cybersecurity, as outlined in an official statement. Its key areas of focus will include threat intelligence, cyber defence, digital forensics, malware analysis, ethical hacking and fraud analytics, along with emerging technologies such as Artificial Intelligence (AI) security and quantum-safe technologies. The initiative is expected to support the development of specialised expertise, enhance preparedness against evolving cyber threats and strengthen the security of digital systems and infrastructure.

RBI issues final leverage ratio rules for banks, effective April 2027

Editorial Note: The Reserve Bank of India (RBI) has finalised the revised leverage ratio requirements for commercial banks, which will come into effect from 1 April 2027. Under the new framework, Domestic Systemically Important Banks (D-SIBs) will be required to maintain a minimum leverage ratio of 4%, while other commercial banks will be subject to a minimum requirement of 3.5%. The framework also prescribes specific leverage ratio requirements for branches of Global Systemically Important Banks (G-SIBs) operating in India. The RBI reviewed the feedback and suggestions received from banks during the consultation process and incorporated suitable modifications before finalising the requirements. These measures are aimed at strengthening banks' capital adequacy, limiting excessive leverage and enhancing the resilience of the banking system.

ICICI Bank Q2 net profit rises 20% to ₹14,843 crore; NIM slips to 4.18% as bank flags further pressure in Q3

Editorial Note: ICICI Bank reported a 20% year-on-year increase in net profit to ₹14,843 crore for the second quarter, supported by an 18% growth in Net Interest Income (NII). However, the bank's Net Interest Margin (NIM) declined to 4.18% from 4.36% in the previous quarter, indicating pressure on its lending margins. The bank expects further moderation in margins during the third quarter, primarily due to the higher cost of mobilising Foreign Currency Non-Resident Bank (FCNR-B) deposits and expenses associated with branch expansion. These factors are expected to put pressure on the bank's profitability margins despite the growth in its overall earnings.

2. Startup Updates



Karnataka govt's Innoverse identifies seven startups for deeptech scale-up programme

Editorial Note: The programme aims to support selected startups by providing access to markets, capital mobilisation, policy assistance, advanced technology and scale-up infrastructure, as announced by the IT/BT Department. The selected cohort comprises seven startups operating across emerging technology sectors, namely AquaAirX Autonomous Systems in aerospace and defence, Fibroheal Woundcare in biotechnology, Hyspace Technologies in space technology, OptM Media Solutions in defence technology, SpaceFields in space and propulsion, UNMANND Autonomy in autonomous systems, and Yaanendriya in navigation and sensing technologies. The initiative is intended to strengthen the startup ecosystem by helping these companies overcome challenges relating to funding, market access and technological development, while enabling them to scale their operations and commercialise innovative solutions.

Garuda Aerospace lands $10 million pre-IPO funding at $320 million valuation

Editorial Note: Garuda Aerospace, a Chennai-based drone technology company, has raised approximately $10 million (around ₹96 crore) through a pre-IPO funding round, at a pre-money valuation of $320 million. The funding round was led by the

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Motherson family office and Dubai-based Aditum Investment Group, according to people familiar with the transaction. The company is reportedly planning to launch its initial public offering (IPO) in the first quarter of 2027. The fundraise is expected to support the company's growth plans and strengthen its position ahead of the proposed public listing.



Prosus steps up India fintech bets with Kiwi, Oolka funding talks

Editorial Note: Prosus, the Amsterdam-listed technology investor, is in discussions to invest in Indian fintech startups Kiwi and Oolka, further expanding its investments in India's financial services sector, particularly across credit, lending and savings. According to people familiar with the matter, Prosus has held exploratory discussions with Kiwi, which offers bank-issued RuPay credit cards and credit lines that enable customers to make payments through the Unified Payments Interface (UPI). Kiwi is reportedly seeking to raise approximately $40 million as part of its proposed funding round. The potential investments reflect Prosus's continued interest in India's growing fintech ecosystem and digital financial services market.

Groww says it accounted for 44% of new SIP registrations in September quarter

Editorial Note: Groww's direct mutual fund assets increased by 45.9% year-on-year to ₹2.06 lakh crore as of the end of September, indicating significant growth in the platform's mutual fund business. The assets under management also registered a 7.8% increase from approximately ₹1.9 lakh crore in June, according to a company spokesperson. The growth reflects the increasing scale of mutual fund investments routed through the platform and its expanding role in the digital investment ecosystem. Alongside strengthening its mutual fund business, Groww is also broadening its offerings through a wider wealth management strategy, with the aim of expanding its presence across different investment and financial services for customers.

Cult.fit gets Sebi nod for Rs 3,500-4,000 crore IPO

Editorial Note: The proposed initial public offering (IPO) will comprise a fresh issue of shares worth ₹950 crore and an offer for sale (OFS) of up to 178.6 million shares by existing investors and individual shareholders. While the fresh issue will enable the company to raise additional capital, the OFS will allow existing shareholders to partially or fully divest their holdings. The final size of the IPO will be determined after the company announces the price band. Several prominent investors, including Chiratae Ventures, Temasek, Fitness First, Tata Digital, Accel, Kalaari Capital and co-founder Mukesh Bansal, are among those planning to sell their stakes through the OFS. The proposed listing will therefore provide an exit opportunity for existing investors while allowing the company to access public-market funding.

FinTech M&A outlook improves, but investors remain selective on valuations: Report

Editorial Note: Fintech company valuations have come under pressure across several segments as investors reassess business models, growth prospects and overall market fundamentals. However, despite the valuation challenges, global fintech deal activity is showing signs of renewed momentum as the sector enters the fourth quarter of 2026, according to a report by D.A. Davidson. This indicates a changing investment landscape, with investors becoming more selective in their valuations while deal-making activity begins to regain traction across the global fintech industry.



Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax

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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.

Regards & Best Wishes,
Editorial Team

3. GST – Judicial Updates



Personal hearing is mandatory before adverse GST order even if not requested as per sec. 75; order set aside: HC

Editorial Note: Where a registered person was subjected to an adverse order in Form GST DRC-07 without being granted an opportunity of personal hearing, the Court held that such an order was legally unsustainable. It observed that the statutory provisions under the GST law mandate that a personal hearing must be provided either when specifically requested by the taxpayer or whenever an adverse decision is contemplated by the proper officer. The requirement of granting a hearing is an essential principle of natural justice and cannot be dispensed with while passing an order prejudicial to the taxpayer. Accordingly, the impugned order issued in Form DRC-07 was set aside, and the matter was remanded to the proper officer for fresh adjudication after providing the registered person an effective opportunity of personal hearing and considering the submissions made.

Dismissal for non-payment of pre-deposit unjustified as entire disputed tax was deposited: HC

Editorial Note: Where an assessee's appeal was dismissed for non-payment of the mandatory 10% pre-deposit despite the fact that the entire disputed tax amount had already been deposited during the course of investigation, the Court held that such dismissal was unjustified. It observed that the amount deposited during the investigation ought to have been duly considered while determining compliance with the statutory pre-deposit requirement. Accordingly, the writ petition was allowed on this procedural ground, and the matter was remanded to the Appellate Authority for fresh consideration of the appeal. However, the Court clarified that it had not examined the merits of the original tax dispute, leaving all substantive issues open for adjudication by the Appellate Authority.

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GSTN introduces 'Multistate Registration' facility enabling simultaneous GST registration in multiple States/UTs: GSTN Advisory

Editorial Note: The Goods and Services Tax Network (GSTN) has introduced a new "Multistate Registration" facility on the GST Common Portal, enabling Normal Taxpayers having the same Permanent Account Number (PAN) to apply for GST registration in multiple States/Union Territories simultaneously. Under this facility, applicants can select the required States/UTs, following which a Master Temporary Reference Number (TRN) is generated. The applicant is required to submit the Common Registration Information (CRI) within 15 days using the Master TRN. Thereafter, separate TRNs are generated for each selected State/UT, with the common information automatically populated and available for editing wherever necessary. This facility aims to simplify the GST registration process, eliminate repetitive data entry, reduce procedural delays and improve ease of compliance for businesses operating across multiple States and Union Territories.

GST registration to be restored if dues and penalties paid within 21 days after intimation: HC

Editorial Note: Where a petitioner's GST registration was cancelled due to non-filing of returns arising from financial difficulties, and the prescribed time limit for filing an application for revocation of cancellation had already expired, the Court permitted restoration of the registration by extending similar relief granted in comparable cases. It observed that the petitioner should be afforded an opportunity to regularise the outstanding GST compliances, subject to fulfilment of specified conditions. Accordingly, the petitioner was directed to pay all outstanding tax dues, applicable penalties and fines relating to the period up to the date of cancellation within the stipulated time. Upon satisfactory compliance with these conditions, the cancellation order was to be revoked and the GST registration restored. The decision provides relief to taxpayers whose registrations were cancelled due to genuine financial difficulties, while ensuring that all outstanding statutory liabilities are duly discharged.

Penalty for unupdated e-way bill Part-B unsustainable absent intent to evade tax; refund allowed: GSTAT

Editorial Note: Where a consignment was transported along with a valid tax invoice, an active Part-A of the e-way bill and supporting delivery challans, but Part-B of the e-way bill was inadvertently not updated at the checkpoint, the Tribunal held that such procedural non-compliance, by itself, could not establish an intention to evade tax. It was observed that the necessary documents accompanying the goods sufficiently demonstrated the genuineness of the transaction and that there was no material indicating any deliberate attempt to suppress the movement of goods or evade tax. Accordingly, the imposition of a 100% penalty under Section 129 of the CGST Act was held to be unsustainable in the absence of evidence of tax evasion. The Court therefore directed the refund of the penalty amount deposited by the assessee, holding that a mere technical or inadvertent lapse in updating Part-B of the e-way bill could not justify such penal action without establishing an intent to evade tax.

ITC on tyres, repairs, sarees, travel and electronics denied as blocked credit; business nexus and exceptions unproved: GSTAT

Editorial Note: Where an assessee claimed Input Tax Credit (ITC) on various expenses, including tyres, building materials, chimney repairs, sarees, food, travel and electronic items, the claim was rejected on the ground that the blocked credit provisions under Section 17(5) of the CGST Act override the general entitlement to ITC, even where the expenses are claimed to have been incurred for business purposes. It was observed that the burden of establishing that the disputed goods or services fell within the permissible exceptions to the blocked credit provisions rested upon the assessee. However, the assessee failed to furnish adequate contemporaneous

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records, technical documentation, evidence linking the purchases to business assets or other supporting material establishing the requisite business nexus. Accordingly, the authorities were justified in disallowing the disputed ITC under the applicable statutory restrictions. The disallowance was therefore upheld, reiterating that merely demonstrating a business purpose is insufficient to claim ITC where the expenditure falls within the categories of blocked credits.

Recommendations of the 57th Meeting of the GST Council: Press Release

Editorial Note: The 57th meeting of the GST Council, held in New Delhi under the chairpersonship of the Union Finance Minister, Smt. Nirmala Sitharaman, deliberated on several important aspects of the GST framework and made recommendations aimed at simplifying tax administration, improving compliance and facilitating ease of doing business. The key recommendations included rationalisation of arrest and prosecution provisions to provide greater clarity and reduce procedural difficulties, simplified GST registration procedures for large businesses and e-commerce operators (ECOs), and refund-related measures concerning the Inverted Duty Structure (IDS) to address refund-related challenges. The Council also recommended various measures to ease compliance requirements, streamline GST procedures and promote trade facilitation, with the broader objective of making the GST system more efficient, transparent and business-friendly.

Appeal withdrawn as departmental monetary threshold per CBIC Circular was not met: GSTAT

Editorial Note: Where the Department sought withdrawal of its appeal before the Tribunal on the ground that the amount involved was below the monetary threshold prescribed by the CBIC, and filed a formal application for withdrawal with no objection from the respondent, the Tribunal permitted the withdrawal of the appeal. It held that, in view of the Department's request and the respondent's consent, the appeal could be withdrawn under Rule 42 of the GST Appellate Tribunal (Procedure) Rules, 2025, read with Section 112 of the CGST Act, without entering into or examining the merits of the case. Accordingly, the appeal was dismissed as withdrawn.

Interest on GST delayed payment arises from due date till actual payment regardless of customer retention or contract terms: GSTAT

Editorial Note: Where the appellant was engaged in providing works contract services to a Government Entity and had short-paid GST by applying an outdated tax rate in its invoices, the differential tax paid subsequently through Form GST DRC-03 attracted interest from the statutory due date until the actual date of payment. The Tribunal held that the liability to pay interest was statutory in nature and could not be avoided on the grounds that the customer had retained part of the contract amount, the contractual terms provided for delayed payment, or reimbursement of the differential tax was disputed. It was further held that the cum-tax benefit was not available, as the invoices clearly reflected the contract value exclusive of GST. Accordingly, the appellant remained liable to pay interest on the delayed payment of differential GST, irrespective of the commercial arrangements or disputes with the recipient.

Assignment of leasehold rights in immovable property not taxable supply under GST: GSTAT

Editorial Note: Where a registered proprietary concern assigned its GIDC leasehold rights in favour of a third party for consideration, the Tribunal held that such assignment amounted to a transfer of benefits arising from immovable property and could not be treated as a taxable supply of services under GST. It was observed that the transaction essentially involved the transfer of leasehold interest in land and did not constitute the provision of any independent service. Accordingly, the residuary entry relating to miscellaneous services could not be invoked to levy GST on such assignment. Since the transaction

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was not exigible to GST, the demand raised by the Department was unsustainable. Relying on binding jurisdictional rulings, the Tribunal upheld the deletion of the demand and dismissed the Department's appeals.

GSTN enables filing of GSTR-9/9C for FY 2025-26 on the GST Portal: Advisory

Editorial Note: The GSTN has enabled the filing of Annual Returns in Forms GSTR-9 and GSTR-9C for FY 2025-26 on the GST Portal with effect from 8 October 2026. Taxpayers intending to file their annual returns must ensure that all applicable GSTR-1 and GSTR-3B returns for the relevant financial year have been duly filed, as completion of these periodic return filings is necessary to enable the GSTR-9/GSTR-9C filing facility on the portal. Taxpayers facing any technical difficulties or issues in accessing the annual return filing facility may seek assistance through the GSTN helpdesk. Accordingly, eligible taxpayers should complete the pending periodic return filings and proceed with the annual return filing within the prescribed due date.

GSTN introduces new e-invoice categories for domestic RCM supplies and import of services: Advisory

Editorial Note: The GSTN has introduced two new e-invoice categories, namely RCMDOM (Reverse Charge Mechanism on Domestic Supplies) and RCMIMP (Reverse Charge Mechanism on Import of Services), for taxpayers having an Aggregate Annual Turnover (AATO) of ₹5 crore or more. These categories are intended to facilitate the generation of self-invoices in respect of specified domestic supplies received from unregistered persons, where tax is payable under the Reverse Charge Mechanism (RCM), as well as the import of services. The introduction of these categories aims to streamline invoice reporting and improve compliance with RCM-related requirements through the e-invoicing system. However, the production rollout date for these new categories is yet to be announced separately by the GSTN.

ITC cannot be denied for purchases from supplier with active GSTIN at transaction time absent collusion: GSTAT

Editorial Note: Where a dealer had recorded purchases of goods from a supplier holding an active GST registration at the time of the transactions, paid the applicable tax and consideration through banking channels, and duly utilised the goods in its manufacturing activities, the denial of Input Tax Credit (ITC) merely on the ground that the supplier's registration was subsequently cancelled retrospectively or that the supplier was found to be non-existent after the transactions was held to be unjustified. It was observed that the purchaser had fulfilled the applicable statutory conditions for claiming ITC and there was no evidence to establish the purchaser's involvement in any fraudulent arrangement or collusion with the supplier. Accordingly, the purchaser could not be penalised solely for subsequent defaults or irregularities attributable to the supplier. The Revenue's appeal was therefore dismissed, and the assessee's entitlement to Input Tax Credit was upheld.

4. Income Tax Regulatory Updates



CBDT amends notification to place JCIT (Appeals) and Addl. CIT (Appeals) under jurisdictional Pr. CCITs/CCITs

Editorial Note: The Central Board of Direct Taxes (CBDT) has amended its notification dated March 30, 1988, by substituting clause (ba) to revise the administrative hierarchy governing certain income-tax appellate authorities. As per the amended provision, Joint Commissioners of Income-tax (Appeals) and Additional Commissioners of Income-tax (Appeals) shall be subordinate to the Principal Chief Commissioners of Income-tax or Chief Commissioners

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of Income-tax having jurisdiction over their respective areas of operation. The amendment aims to provide greater clarity regarding administrative control and supervisory authority over these appellate officers, thereby streamlining the departmental hierarchy and ensuring better administrative coordination in the functioning of the income-tax appellate mechanism.

Royalty payments can't be separately benchmarked if already aggregated under TNMM for manufacturing: ITAT

Editorial Note: Where an assessee engaged in the manufacturing, trading and sale of engines and allied activities paid royalty to its Associated Enterprise (AE) for the use of technology, and such royalty payment had already been considered and benchmarked as part of the aggregated Transactional Net Margin Method (TNMM) analysis for the manufacturing segment, the royalty could not be segregated and benchmarked separately. The Tribunal held that since the royalty transaction was already covered under the aggregated benchmarking approach, there was no justification for undertaking a separate analysis. Accordingly, the Arm's Length Price (ALP) determined under TNMM for the royalty payment was held to be acceptable.

ESOP expenditure allowed as business deduction as liability accrued over vesting period for employee services: ITAT

Editorial Note: Where an assessee granted Employee Stock Option Plans (ESOPs) to its employees and recognised the corresponding expenditure on a fair value basis determined by an independent valuer, the reimbursement of such cost to its foreign holding company on a cost-to-cost basis constituted a genuine employee compensation expense. The Tribunal held that such expenditure was allowable as a deduction under Section 37(1) of the Income-tax Act, as it was incurred wholly and exclusively for the purposes of business. Further, the deduction was allowable over the relevant vesting period, even though the stock options were scheduled to vest or be exercised in subsequent years. The timing of the actual vesting or exercise of options did not affect the allowability of the expenditure, provided the liability had accrued during the relevant financial year.

FinMin keeps interest rates on Small Savings Schemes unchanged for Q3 of FY 2026-27

Editorial Note: The Ministry of Finance has decided to keep the interest rates on various Small Savings Schemes unchanged for the third quarter of FY 2026-27, covering the period from 1 October 2026 to 31 December 2026. Accordingly, the interest rates applicable during the second quarter (1 July 2026 to 30 September 2026) will continue for the third quarter without any revision. The decision ensures stability in returns on popular savings instruments, including the Public Provident Fund (PPF), National Savings Certificate (NSC), Sukanya Samriddhi Account and Senior Citizens Savings Scheme (SCSS). Depositors and investors will therefore continue to earn interest at the existing notified rates during this period.

Gains from shares and securities held as capital gains not business income as past years' facts identical: ITAT

Editorial Note: Where an assessee engaged in the automobile business earned gains from the sale of shares and securities and disclosed the same under the head Capital Gains, but the Assessing Officer (AO) treated such income as Business Income, the Tribunal held that the assessee's treatment was justified. It was observed that the nature of the transactions, the intention behind acquiring the shares and the manner in which the investments were held indicated that they were genuine investment activities rather than regular trading operations. Merely because the assessee was engaged in a business activity did not automatically make the gains arising from the sale of shares taxable as business income. Accordingly, since the transactions were undertaken purely for investment purposes and

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not as part of the assessee's regular business activities, the gains were rightly assessable under the head Capital Gains and could not be reclassified as business income.

Disallowance of PE's interest to head office upheld as TDS under sec. 195 not deducted: HC

Editorial Note: Where a Netherlands-based non-resident banking company operating in India through a Permanent Establishment (PE) claimed taxation at domestic company rates by invoking the non-discrimination provisions under Article 24(2) of the India-Netherlands DTAA, the Tribunal held that such benefit was not available. It observed that the Explanation to Section 90 of the Income-tax Act clarifies that the higher tax rates applicable to foreign companies do not constitute discrimination, as foreign companies and domestic companies cannot be regarded as being in the same circumstances. Accordingly, the differential tax treatment of foreign companies is permissible under the Act and does not violate the non-discrimination clause of the DTAA. Consequently, the Indian PE of the foreign banking company was held ineligible for the concessional tax rates applicable to domestic companies and was liable to be taxed at the rates prescribed for foreign companies.

CBDT revises Form No. 161 to enable applications for waiver of penalty under section 440(2)

Editorial Note: The Central Board of Direct Taxes (CBDT) has replaced the existing Form No. 161 with a revised form for taxpayers seeking a waiver of penalty under Section 440(2) of the Income-tax Act, 2025, as amended by the Finance Act, 2026. Under the revised provisions, taxpayers may obtain a waiver of penalty by fulfilling specified conditions, including payment of the applicable tax, interest and additional income-tax amounting to 100% or 120% of the tax payable on under-reported income arising from misreporting, as applicable, within the due date specified in the demand notice. Further, the taxpayer must not have filed an appeal against the relevant assessment or penalty order. The revised form aims to provide a prescribed procedure for taxpayers opting to settle their tax liabilities and seek relief from penalty proceedings upon fulfilment of the statutory conditions.

Single filing of Form 10-IE suffices for new tax regime option across years per sec. 115BAC(5): ITAT

Editorial Note: Where an assessee initially filed the original income-tax return under the old tax regime but subsequently attempted to opt for the new tax regime by filing Form 10-IE after the prescribed due date, the Tribunal held that such a belated exercise of the option was invalid. Since the assessee failed to exercise the prescribed option within the statutory time limit, the Assessing Officer (AO) was justified in processing the return under the old tax regime. Consequently, the assessee was not entitled to claim the benefits of the new tax regime but remained eligible to avail the deductions available under Chapter VI-A, subject to fulfilment of the applicable conditions under the Income-tax Act. The decision reiterates that compliance with the prescribed timelines for exercising the tax regime option is essential for claiming the corresponding tax benefits.

CSR contribution disallowance u/s 37(1) does not preclude independent 80G deduction claim if conditions met: ITAT

Editorial Note: Where an assessee voluntarily added back Corporate Social Responsibility (CSR) expenditure while computing its business income but separately claimed deduction under Section 80G for donations made to eligible institutions, including the PM CARES Fund, the Tribunal held that the claim under Section 80G must be examined independently of the disallowance under Section 37(1). It was observed that merely because CSR expenditure is not allowable as a business deduction under Section 37(1), the same does not automatically render the corresponding donation ineligible for deduction under Section 80G.

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Accordingly, the Assessing Officer was required to independently verify the eligibility of the donations, the prescribed conditions and supporting documentation before deciding the deduction claim. Thus, expenditure disallowed under Section 37(1) may still qualify for deduction under Section 80G, provided the statutory requirements are satisfied.

CBDT notifies Protocol amending India-Mauritius DTAA; introduces Principal Purpose Test

Editorial Note: The Central Board of Direct Taxes (CBDT) has notified the Protocol amending the India-Mauritius Double Taxation Avoidance Agreement (DTAA), signed on March 7, 2024, under Section 159(1) of the Income-tax Act, 2025. The Protocol introduces a new Article 27B – Entitlement to Benefits, which incorporates an anti-abuse provision to prevent the misuse of treaty benefits. Under this provision, treaty benefits may be denied where obtaining such benefits was one of the principal purposes of an arrangement or transaction, unless it is established that granting those benefits would be consistent with the object and purpose of the relevant provisions of the DTAA. The amendment aims to curb treaty shopping and arrangements primarily structured to obtain tax advantages without genuine commercial substance, thereby strengthening safeguards against the inappropriate use of treaty benefits.

Condonation of delay before CIT(A) justified as assessment u/s 144 not adjudicated on merits; matter remanded: ITAT

Editorial Note: Where an assessee, being a non-filer of income-tax returns, was subjected to an ex parte assessment under Section 144 read with Section 147 on account of alleged unexplained money, and the subsequent appeal filed before the Commissioner of Income-tax (Appeals) [CIT(A)] was dismissed due to delay without examining the merits of the case, the Tribunal held that the delay deserved to be condoned. It observed that the original assessment had been completed ex parte without proper adjudication of the issues on merits, and dismissing the appeal solely on the ground of limitation would deprive the assessee of an opportunity to contest the additions. Accordingly, the delay in filing the appeal was condoned and the matter was remanded to the CIT(A) for fresh adjudication on merits after providing the assessee a reasonable opportunity of being heard.

Indian affiliate not a dependent agent PE under India-Switzerland DTAA; no business profit taxable in India: ITAT

Editorial Note: Where a Swiss-based company provided lodging services to group entities and earned commission income from Indian suppliers but declared nil income in India on the ground that it did not have a Permanent Establishment (PE) in India, the Tribunal held that the business profits were not taxable in India. It was observed that the Indian affiliate did not constitute a Dependent Agent Permanent Establishment (DAPE) under Article 5(5) of the India-Switzerland DTAA, as the facts and circumstances were identical to those considered in the subsequent assessment year. Accordingly, following the consistent findings on the issue, the Tribunal held that the Indian affiliate could not be treated as a dependent agent of the Swiss company. In the absence of a PE in India, the commission income earned by the Swiss company from Indian suppliers was not taxable in India under the business profits provisions of the DTAA.

CBDT notifies Form No. 173A for FIIs and BIS to claim exemption on income from Government securities

Editorial Note: The Central Board of Direct Taxes (CBDT) has inserted Rule 281A in the Income-tax Rules, 2026, prescribing Form No. 173A for claiming tax exemptions by Foreign Institutional Investors (FIIs) and the Bank for International Settlements (BIS). The prescribed form enables eligible entities to claim exemptions on interest income and capital gains arising from investments in Government securities under

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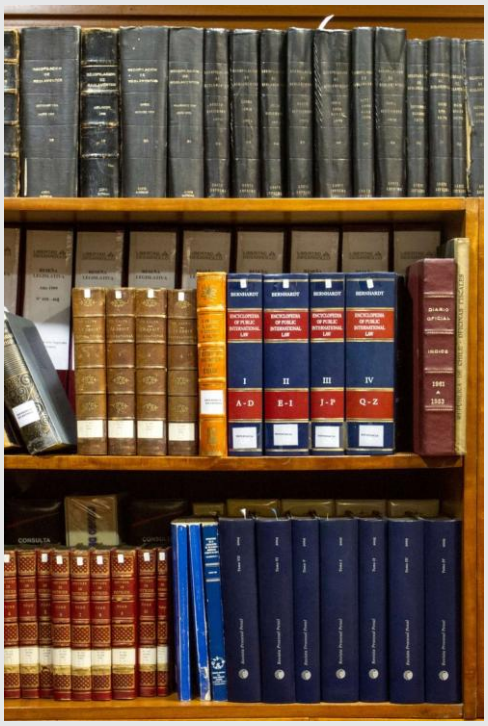
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Schedule IV (Table: Sl. Nos. 13D and 13E) of the Income-tax Act, 2025. The introduction of this rule establishes a prescribed procedure for furnishing the necessary particulars and supporting information to claim the applicable exemptions, thereby facilitating compliance and ensuring proper verification of exemption claims by the tax authorities.

Prior-period expenses allowable where liability crystallised after year-end: ITAT

Editorial Note: Where an assessee claimed deduction of prior-period expenses relating to bills raised by its parent entity, explaining that the liability and its corresponding particulars became known only upon receipt of reconciliation statements after the end of the relevant financial year, the Tribunal held that the expenditure was allowable in the year in which the liability crystallised. It was observed that the assessee had accounted for the expenses only upon receiving the necessary details and confirmation from the parent entity, as the exact amount of liability could not have been reasonably ascertained earlier. Accordingly, the disallowance merely on the ground that a provision could have been made in the preceding financial year was held to be unjustified, since the liability had actually crystallised during the relevant year and was recognised in accordance with the applicable accounting principles.

5. Corporate Law Updates



SEBI revises ISIN norms for privately placed debt securities; issuers allowed up to 17 ISINs maturing in a FY

Editorial Note: The Securities and Exchange Board of India (SEBI) has revised the regulatory framework governing International Securities Identification Numbers (ISINs) for debt securities issued on a private placement basis, with the objective of rationalising the number of ISINs maintained by issuers. Under the revised provisions, an issuer may have a maximum of 17 ISINs maturing in any financial year, of which up to 12 ISINs may be allocated to plain vanilla debt securities, including both secured and unsecured instruments. The revised framework is intended to streamline the issuance and management of privately placed debt securities while providing greater clarity and uniformity in the allocation of ISINs and maturity limits.

Government notifies Order to clarify provisions relating to consent for persons with disabilities and data audits under DPDP Act

Editorial Note: The Government has notified the Digital Personal Data Protection (Removal of Difficulties) Order, 2026 to address certain textual and editorial anomalies in the Digital Personal Data Protection Act, 2023, and provide greater clarity in the interpretation of its provisions. The Order clarifies that verifiable consent of the parent or lawful guardian must be obtained before processing the personal data of a child or a person with disability, thereby reinforcing the safeguards applicable to such individuals. It also replaces the term “audit” with “data audit” in the context of periodic audits, ensuring greater precision in the statutory language. These amendments are intended to remove drafting ambiguities and facilitate clearer implementation of the data protection framework.

MCA extends deadline for filing of Cost Audit Report (CRA-4) without additional fees till December 31, 2026

Editorial Note: The Ministry of Corporate Affairs (MCA) has granted a one-time relaxation to companies

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for filing Form CRA-4 (Cost Audit Report in XBRL format) for the financial year ended 31 March 2026. Under this relaxation, companies filing Form CRA-4 on or before 31 December 2026 will be exempt from payment of additional filing fees, thereby providing them with additional time to complete the statutory filing requirements without incurring additional financial burden. However, companies filing the form after 31 December 2026 will be liable to pay the applicable normal filing fees along with additional fees, as prescribed under the Companies (Registration Offices and Fees) Rules, 2014. Accordingly, eligible companies should ensure that the cost audit report is filed within the extended timeline to avail the benefit of this one-time relaxation.

Govt. amends SEZ Rules to permit return and resale of duty-paid goods supplied to the Domestic Tariff Area

Editorial Note: The Government has amended the Special Economic Zones Rules, 2006, permitting SEZ units to bring back duty-paid goods supplied to a buyer in the Domestic Tariff Area (DTA) where the buyer fails to take delivery due to reasons such as changes in fashion, prevailing market conditions or contractual default. Under the revised provisions, such goods must be returned to the SEZ unit within 30 days, subject to prescribed conditions, including verification of the identity of the returned goods, evidence that the DTA buyer has not availed any related benefits such as Input Tax Credit (ITC), and maintenance of a separate, auditable inventory of such goods. The amendment also permits SEZ units to resell the returned goods, subject to payment of the applicable customs duties and other relevant levies. This measure is expected to provide greater operational flexibility to SEZ units, reduce the risk of losses arising from unaccepted deliveries and facilitate the efficient management of returned goods.

MCA extends FY 2025-26 filing deadlines for financial statements to 31.12.2026 and annual returns to 31.01.2027

Editorial Note: The Ministry of Corporate Affairs (MCA) has granted an extension of timelines for filing financial statements and annual returns for FY 2025-26, allowing companies to complete the filings without payment of additional fees. Accordingly, companies may file their financial statements through the applicable Forms AOC-4 up to 31 December 2026, while annual returns in Forms MGT-7 and MGT-7A may be filed up to 31 January 2027, without attracting additional filing fees. However, the relaxation is limited to the filing of these documents and does not extend or modify the statutory timelines prescribed for holding Annual General Meetings (AGMs). Companies are therefore required to convene their AGMs within the applicable statutory deadlines, notwithstanding the extended filing dates.

DIN deactivation invalid as grounds fell outside Rule 11; authorities directed to reactivate DINs: HC

Editorial Note: Where the petitioners' Director Identification Numbers (DINs) were deactivated by the authorities, the Court held that such action was unsustainable as the allegations against the petitioners did not fall within any of the circumstances specified under Rule 11 of the Companies (Appointment and Qualification of Directors) Rules, 2014, which prescribes the grounds for cancellation or deactivation of DINs. It was observed that the respondents could not deactivate the DINs without satisfying the statutory requirements prescribed under the Rules. Accordingly, the action of the authorities was held to be ex facie untenable, and the respondents were directed to reactivate the petitioners' DINs and permit them to file their pending DIR-3 KYC forms. The decision reaffirmed that administrative action affecting a director's statutory identification number must be supported by valid legal grounds.

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Tax Compliance Calendar for November 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance	Applicable To
7th November 2026	October 2026	**Deposit of TDS and TCS**	All deductors and collectors required to deposit TDS/TCS deducted or collected during October 2026.
11th November 2026	October 2026	**GSTR-1 (Outward supply return)**	Every regular taxable person who is required to furnish details of outward supply every month, is required to furnish monthly statement of outward supply for the month of October, 2026.
13th November 2026	October 2026	**Invoice Furnishing Facility (IFF)**	Every regular taxable person who is required to furnish details of outward supply every quarter is allowed to furnish details of B2B outward supply made during the month of October, 2026, using Invoice Furnishing Facility (IFF)
	October 2026	**ISD Return**	An Input Service Distributor is required to furnish monthly return of input tax distributed for the month of October, 2026
20th November 2026	October 2026	**GSTR-3B (Summary Return)**	A regular taxpayer having aggregate turnover more than Rs. 5 crore in the preceding financial year is required to furnish monthly return for the month of October, 2026.
21st November 2026	AY 2026–27	**Extended Due Date of Income Tax Returns**	Due date for filing of return of income for the Assessment Year 2026-27 if the assessee (not having any international or specified domestic transaction) is (a) corporate assessee or (b) non corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited) or the spouse of such partner if the provisions of section 5A applies to such spouse
30th November 2026	AY 2026–27	**Due Date of Income Tax Returns**	Return by assessees including the partners of the firm or the spouse of such partner (If the provisions of section 5A applies to such spouse) who are required to file report under section 92E

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