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NEWSLETTER

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Happy Diwali



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Covering Updates for the Month of October'26
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NOVEMBER 2026

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DIRECT TAX UPDATE



I. Circulars & Notifications

Merger of Registered Charitable Organisations
C.B.D.T. Notification No. 139/2026 dated 30.10.2026

The Finance Act ,2024, inserted a new section 12AC in the Income Tax Act, 1961, (section 354A of the Income Tax Act, 2025) providing merger of Charitable Trusts/Institution. It provides that any trust or institution registered under section 12AB or approved under section 10(23C)(iv)/(v)/(vi)(via) can merge with another trust or institution. C.B.D.T. has vide this notification has issued the Income-tax (Eighth Amendment) Rules, 2026. The amendment inserts Rule 189A in the Income-tax Rules, 2026 and notified Form No. 112A for reporting of such merger. The rules are effective from 30.10.2026.

The Rule provides for fulfilment of following conditions for a valid merger of registered non-profit organization (NPO) for the purposes of section 352(4) r.w. section 354A :

A. the registered NPO under section 332 shall not be merged with the registered NPO provisionally registered under section 332 & vice versa.
B. there is no tax, interest, penalty, fine or any other sum payable in consequence of any order passed under the Act in respect of the merging registered NPO where such outstanding demand is not in appeal before any appellate authority.
C. in a case where an appeal is pending, the outstanding demand for the merging registered NPO shall be paid by the merged registered NPO upon the said appeal attaining finality.
D. the objects of the merged registered NPO shall not be amended within a period of five years from the end of the financial year in which the merger takes place.
E. all the assets and liabilities of the merging registered NPO shall become the assets and liabilities of the merged registered non-profit organisation from the date of the merger.
F. the merger shall not result in any direct or indirect benefit to any related person as referred to in section 337(1) of the merging or the merged registered NPO.
G. all the obligations of the merging registered NPO shall be the obligations of the merged registered NPO including the following:

   (i) application of the income of the merging registered NPO shall be given effect to by the merged registered NPO as per section 341;

   (ii) application of the accumulated income of the merging NPO shall be given effect to by the merged registered NPO as per section 342;

   (iii) the merged registered NPO shall be liable to pay tax under section 334 in respect of the specified income of the merging registered NPO;

   (iv) the merged registered NPO shall ensure that the conditions mentioned in section 340 are not violated;

   (v) investment of the funds by the merged registered NPO shall be made as per modes specified in section 350; and

(vi) payment of the additional income-tax as per the provisions of section 352 shall be made by the merged registered NPO whenever such liability arises.

H. the merged registered NPO shall intimate the jurisdictional Principal Commissioner or Commissioner in Form No. 112A which shall be furnished electronically within one month from the end of the month in which such merger comes into effect.

I. where there is merger, the assessment or reassessment or any other proceedings, made or initiated on the merging registered non-profit organization, shall be deemed to have been made or initiated on the merged registered non- and(l) the merging registered NPO and the merged registered NPO shall get the books of accounts audited by an accountant defined in section 515(3)(b) as on the date of merger.

II. Tribunal Decisions

Sec 194H- Dealers Trip is not 'Commission'
DCIT v. Asian Paints Ltd. [2026] 191 taxmann.com 670 (Mumbai - Trib.)

Facts of the Case:

Assessee company incurred expenditure under Trip Schemes, described as sales-promotion incentives for dealers based on achievement of sales targets, and claimed them as business expenditure. AO treated trips as essentially leisure/holiday packages and further held that expenditure represented commission/incentive to dealers attracting tax deduction under section 194H and disallowed entire expenditure under section 40(a)(ia) for non-deduction of tax at source.

The Tribunal Decision:

The Tribunal following its earlier decisions held that dealers trip is not in the nature of commission as the company sell such paints to various dealers who will further sell to painters and other customers. Dealers also share their success stories and interact with top management to give the feedback. These conventions are often done on the trips sponsored for the dealers who had achieved the target as per the scheme floated by the assessee company. Thus, expenses incurred for organizing such trips is allowable as 'revenue expenditure'. It has also been brought on record that where assessee was paying to the travel or tour operator, appropriate TDS has been deducted. It is purely on principal-to-principal basis and all the expenses incurred for trip expenses are purely for the purpose of business and allowable as revenue expenditure.

ACCOUNTING UPDATE



Opinion of Expert Advisory Committee of ICAI

1. Accounting Treatment of Expenditure on Type Test Reports (Ind AS 38)

- Context: A polymer insulator manufacturer incurs substantial expenditure on Type Test Reports (TTRs) obtained from NABL laboratories for new products or variants. Testing is required to demonstrate compliance with IEC standards and qualify for sale to specified electricity boards, utilities and EPC customers. Although reports do not specify a validity period, customers generally accept them for up to ten years. The Company proposed spreading the expenditure over that period rather than charging it entirely when incurred.
- Issue: Whether expenditure on TTRs can be recognised and amortised over ten years instead of being expensed in the year incurred.
- Opinion:
  - → The prototype of a new polymer insulator or variant is an internally generated intangible asset under Ind AS 38; type testing is a development-stage activity necessary before the prototype can be sold or marketed.
  - → Because successful type testing is mandatory to establish technical compliance and enable intended sale, the related TTR expenditure is directly attributable to developing the prototype and forms part of its cost, subject to the recognition criteria in paragraph 57 of Ind AS 38.
  - → The cost is recognised as part of the internally generated intangible asset only when the applicable development-phase recognition requirements are satisfied; paragraph 65 governs costs incurred from the date those criteria are first met.
  - → After recognition, the prototype cost is depreciated/amortised over its assessed useful life under Ind AS 38. The useful life must be assessed based on relevant factors; the period for which customers accept the TTR may be one factor, but is not automatically the amortisation period.

2. Presentation of Advance Given for Construction of Office Space (AS 16 / Schedule III)

- Context: A company booked office space in a commercial complex being constructed by a developer, with instalments linked partly to time and partly to construction milestones. It paid 12 of 13 instalments but possession was not delivered; the developer later withdrew the possession offer following the Company's objections to incomplete facilities. The Company presented the payments as "Capital Advances" under Other Non-current Assets. The C&AG observed that amounts paid against construction milestones should instead be classified as CWIP.
- Issue: Whether payments towards an under-construction built-up office unit should be shown as capital advances or capital work-in-progress (CWIP).
- Opinion:
  - → Capital advances are shown under "Other non-current assets" until the related non-current asset is recognised; CWIP represents an asset under construction recognised by the purchaser.
  - → Under AS 16 and the Conceptual Framework, the decisive consideration is when the Company obtains control of the property being constructed, not merely whether payments are linked to milestones or construction progress.

- → If, based on the contractual terms and facts, the Company obtains control of the under-construction property as construction progresses, it should recognise the controlled portion as CWIP.
- → If the Company does not obtain such control during construction, amounts paid should remain capital advances until control is obtained. CWIP should include only the value of construction already controlled and not payments for future construction.

3. Accounting for Land Acquired under a 90-Year Lease Deed (Ind AS 116)

- Context: A company obtained a plot from NOIDA Authority under a 90-year lease for its own office and business use, paying an upfront premium and annual lease rent. The deed restricts assignment, transfer, subletting and mortgage without prior permission, prescribes the use of land, and allows cancellation for breach. The Company classified the leasehold land as property, plant and equipment, without recognising a right-of-use (ROU) asset and lease liability; the C&AG questioned compliance with Ind AS 116.
- Issue: Whether the 90-year land arrangement constitutes ownership of land accounted for under Ind AS 16 or a lease within Ind AS 116 requiring ROU accounting.
- Opinion:
  - → Legal form and the length of the lease do not, by themselves, establish ownership or control of the underlying land. The contractual rights, restrictions and risks must be considered.
  - → The Company has a right to use the land for 90 years and can obtain economic benefits from that use, but transfer, mortgage and other rights remain restricted; it does not control the underlying land as an owner.
  - → The arrangement relates to an identified plot, provides the right to control its use for a specified period and involves consideration through upfront premium and stipulated rent.
  - → Accordingly, the arrangement is a lease within the scope of Ind AS 116, rather than acquisition of land as PPE under Ind AS 16. The lessee should apply the relevant Ind AS 116 recognition and measurement requirements.

Source (ICAI – Expert Advisory Committee, Gist of Opinions published in The Chartered Accountant, November 2026):

https://cajournal.icai.org/gist-of-opinions

COMPANY LAW UPDATE



A. Relaxation of Additional Fees and Extension of Time for Filing Financial Statements and Annual Returns

MCA, vide General Circular No. 05/2026 dated October 24, 2026, has provided relaxation in respect of annual statutory filings for the financial year 2025-26. The Ministry has extended the timeline for filing Financial Statements in e-Forms AOC-4, AOC-4 (CFS), AOC-4 (XBRL), AOC-4 NBFC (Ind AS) and AOC-4 CFS NBFC (Ind AS) up to December 31, 2026, and Annual Returns in e-Forms MGT-7 and MGT-7A up to January 31, 2027, without payment of additional fees.

The Circular has been issued to facilitate timely compliance by companies and provide relief from additional filing fees. However, it has been clarified that the said relaxation does not extend the statutory timeline for holding the Annual General Meeting (AGM) under the Companies Act, 2013.

The Circular can be accessed at:

https://www.mca.gov.in/bin/dms/getdocument?mds=5vSiNq59rdjIZwZqMbEIgQ%253D%253D&type=open

B. Relaxation of Additional Fees and Extension of Time for Filing CRA-4 (Cost Audit Report in XBRL Format)

MCA, vide General Circular dated October 27, 2026 issued under F. No. Policy-17/52/2020-CL-V, has provided relaxation in respect of filing Form CRA-4 (Cost Audit Report in XBRL Format) for the financial year 2025-26. The Ministry has clarified that any filing of CRA-4 made up to December 31, 2026 shall not attract payment of any additional fees.

The Circular has been issued considering representations received from various stakeholders seeking extension of the due date for filing Cost Audit Reports. However, any filing made after the expiry of the said relaxation period shall attract payment of applicable fees, including additional fees, as prescribed under the Companies (Registration Offices and Fees) Rules, 2014, from the original due date specified under Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014.

The Circular can be accessed at:

https://www.mca.gov.in/bin/dms/getdocument?mds=MdNq8TrolOXiNnioTLleTQ%253D%253D&type=open

IFSCA UPDATE



A. Extension of Validity of Expired Placement Memorandum

IFSCA, vide Circular No. F. No. IFSCA-AIF/120/2026-Capital Markets/11092026 dated September 11, 2026, has permitted Fund Management Entities (FMEs) to seek extension of an expired Placement Memorandum for Venture Capital Schemes and Restricted Schemes even after expiry of its validity period, subject to payment of prescribed extension and late fees and compliance with specified conditions.

The circular provides additional flexibility to FMEs while ensuring that no material changes are made to the key features of the scheme without filing a fresh Placement Memorandum.

The Circular can be accessed at:

https://www.ifsca.gov.in/CommonDirect/GetFileView?id=b64bc220b28b988fb41d0459999d2857&fileName=Circular_on_Extension_of_validity_of_expired_PPMs_20260911_0710.pdf&TitleName=Legal

B. Amendment to Master Circular for Distributors in the IFSC

IFSCA, vide Circular No. eF.No. IFSCA-PLNP/45/2026-Capital Markets dated September 18, 2026, has amended the Master Circular for Distributors in the IFSC. The amendment specifies additional jurisdictions, namely UAE, Singapore, Australia and the European Union, for distribution of capital market products and services by registered Distributors in IFSC, subject to prescribed FATF and anti-money laundering conditions.

The circular also clarifies that, for this purpose, the relevant jurisdiction shall be the domicile of the capital market product or service and not the location of the entity managing such product or service.

The Circular can be accessed at:

https://www.ifsca.gov.in/CommonDirect/GetFileView?id=b64bc220b28b988fb41d045999b73cbe&fileName=Amendment_to_the_Circular_titled_Master_Circular_for_Distributors_in_the_IFSC_20260918_0438.pdf&TitleName=Legal

C. Amendment to Circular on Import of Gold or Silver by Qualified Jewellers and Valid India-UAE CEPA TRQ Holders through IIBX

IFSCA, vide Circular No. IFSCA-PMTS/10/2023-Precious Metals/2026/5 dated September 22, 2026, has amended the framework governing import of gold and silver through the India International Bullion Exchange (IIBX).

Entities holding specified DGFT authorisations can now apply for Qualified Jeweller status, making it easier for eligible businesses to import gold and silver through IIBX. The change aims to facilitate smoother and faster bullion imports while ensuring imports remain within the scope of DGFT approvals.

The Circular can be accessed at:

https://www.ifsca.gov.in/CommonDirect/GetFileView?id=b64bc220b28b988fb41d045999c83ea6&fileName=Amendment_to_IFSCA_Consolidated_Circular___Import_of_Gold_or_Silver_through_IIBX___September_2026_20260922_1012.pdf&TitleName=Legal

D. Framework for Differential Distribution in Venture Capital Schemes and Restricted Schemes to Facilitate Blended Finance and Other Fund Structures

IFSCA, vide Circular No. F. No. IFSCA-DSF0SFHB/1/2025-Capital Markets dated September 25, 2026, has issued a framework permitting Venture Capital Schemes and Restricted Schemes to create different classes of investors with different risk and return rights. This will help attract both commercial investors and investors willing to take higher risk or lower returns, thereby supporting blended finance structures.

The framework also allows ESG-focused funds to receive grants, while laying down disclosure and governance requirements to ensure transparency and investor protection.

The Circular can be accessed at:

https://www.ifsca.gov.in/CommonDirect/GetFileView?id=b64bc220b28b988fb41d045999d9838b&fileName=Regulatory_Framework_for_Differential_Distribution_final_20260925_0214.pdf&TitleName=Legal

E. IFSCA (Good Delivery) Guidelines, 2026 for Gold Refiners

IFSCA, vide International Financial Services Centres Authority (Good Delivery) Guidelines, 2026 dated October 15, 2026, has introduced a comprehensive framework for certification of Accredited Refiners and establishment of Good Delivery standards for gold. The Guidelines prescribe requirements relating to quality standards, responsible sourcing, supply chain due diligence, risk management, third-party audits and annual compliance reporting for refiners seeking recognition of their gold as Good Delivery Gold.

The Guidelines have been issued to promote a transparent, credible and globally aligned bullion market ecosystem and strengthen India's position in the international bullion market.

The Guidelines can be accessed at:

https://ifsca.gov.in/CommonDirect/GetFileView?id=850da50e42b9c192894a42a7d26d1fd8&fileName=International_Financial_Services_Centres_Authority_Good_Delivery_Guidelines_2026_1 20261016_0119.pdf

F. Guidelines for Algorithmic Trading on Stock Exchanges in IFSC

IFSCA, vide Circular No. IFSCA/CMD-DMIIT/ALGO/2026-27/01 dated October 16, 2026, has issued comprehensive Guidelines for Algorithmic Trading on stock exchanges in IFSC. The framework prescribes approval requirements for algorithmic trading systems, risk management controls, audit trail requirements, surveillance mechanisms, system audits and governance obligations for stock exchanges, broker dealers and market participants.

The guidelines have been introduced to promote transparent, orderly and secure algorithmic trading, while enhancing market integrity, liquidity and resilience within the IFSC ecosystem.

The Circular can be accessed at:

https://ifsca.gov.in/CommonDirect/GetFileView?id=850da50e42b9c192894a42a7d26e8b88&fileName=Circular___Guidelines_for_Algorithmic_Trading_on_the_Stock_Exchanges_20261016_0659.pdf

G. Financial Soundness Criteria for Payment System Operators (PSOs) in IFSC

IFSCA, vide Circular No. e.F.No. IFSCA-FMPP0BR/12/2023-Banking-Part(2) dated October 27, 2026, has prescribed financial soundness criteria applicable to existing Payment System Operators (PSOs) and applicants seeking to commence a Payment System in IFSC. The framework specifies minimum net worth and financial strength requirements for various categories of payment systems, including Trade Repositories (TRs), Legal Entity Identifier (LEI) Issuers and Trade Receivables Discounting Systems (TReDS).

The Circular aims to ensure that payment system operators maintain adequate financial stability and operational resilience while providing payment system services in IFSC.

The Circular can be accessed at:

https://ifsca.gov.in/CommonDirect/GetFileView?id=850da50e42b9c192894a42a7d29fc85d&fileName=Financial_Soundness_Criteria_applicable_to_existing_PSO_s__and_the_Applicant_s__desirous_of_commencing_Payment_System_20261027_0207.pdf

H. Certification on Cyber Security and Cyber Resilience for IFSC Regulated Entities

IFSCA, vide Circular No. IFSCA-CSD/MSC/4/2026-DCS dated October 27, 2026, has mandated specified cyber security certifications for designated officers and key employees of Regulated Entities (REs) in IFSC. The framework introduces Basic (NISM-IFSCA-02A) and Advanced (NISM-IFSCA-02B) Cyber Security Certifications, with mandatory certification requirements for Designated Officers, CISOs, Compliance Officers and employees responsible for IT operations, information security or critical systems.

The Circular aims to strengthen cyber security awareness, cyber resilience and risk management capabilities across regulated entities operating in IFSC.

The Circular can be accessed at:

https://ifsca.gov.in/CommonDirect/GetFileView?id=850da50e42b9c192894a42a7d2a1cd1d&fileName=Circular_DCS_Mandating_IFSCA_NISM_Cyber_Security_Certification_F_20261027_0536.pdf

I. Review of SCC Framework for Trading on IIBX

IFSCA, vide Circular No. IFSCA-PMTS/10/2023-Precious Metals/2026/7 dated October 27, 2026, has revised the Special Category Client (SCC) framework for trading on the India International Bullion Exchange (IIBX). Under the revised framework, all participants, including nominated banks, will be required to trade through a Bullion Trading Member and direct access as an SCC will no longer be permitted.

Existing SCCs already notified/onboarded may continue to trade directly on IIBX only up to November 13, 2026.

The Circular has been issued to streamline the bullion trading framework on IIBX.

The Circular can be accessed at:

https://ifsca.gov.in/CommonDirect/GetFileView?id=850da50e42b9c192894a42a7d2a7f073&fileName=Circular_Review_of_SCC_Framework_for_Trading_on_IIBX_27th_October_2026_202610280519.pdf

SEBI UPDATE



A. Display of Investor Awareness Messages by Stockbrokers under Project Jagrook

SEBI, vide Circular No. HO/38/24/(15)2026-MIRSD-PODMMC/I/22872/2026 dated October 01, 2026, has mandated stockbrokers to display investor awareness messages on their websites and trading applications under Project Jagrook, SEBI's investor awareness initiative.

The Circular requires stockbrokers to display the prescribed investor awareness messages on their websites and trading applications within the specified timelines to promote investor education and awareness.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/sep-2026/ease-of-regulatory-compliances-for-fpis-investing-only-in-government-securities_104319.html

B. Review of ISIN Limits for Privately Placed Debt Securities

SEBI, vide Circular No. HO/17/11/24(8)2026-DDHS-POD1/I/23125/2026 dated October 07, 2026, has revised the ISIN framework for debt securities issued on a private placement basis. The maximum number of ISINs maturing in a financial year has been increased from 12 to 17, along with additional flexibility for issuers having higher outstanding debt.

The amendment aims to facilitate ease of fund raising and better asset-liability management for issuers.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/review-of-provisions-related-to-international-securities-identification-number-isin-for-debt-securities-issued-on-private-placement-basis_105076.html

C. Exemption from Mandatory Appointment of Merchant Banker for Certain Private Placement Debt Issues

SEBI, vide Circular No. HO/17/11/24(7)2026-DDHS-POD1/I/23122/2026 dated October 07, 2026, has relaxed the requirement of mandatory appointment of a Merchant Banker for private placement of debt securities by certain listed issuers. Eligible issuers regulated by SEBI, RBI, IRDAI or PFRDA, having a satisfactory compliance and repayment track record, may issue specified debt securities without appointing a Merchant Banker, subject to prescribed conditions.

The amendment has been introduced to facilitate ease of issuance of debt securities and improve access of high-rated debt securities to retail investors.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/exemption-from-the-requirement-of-mandatory-merchant-banker-appointment-for-debt-issued-through-private-placement-by-certain-listed-issuers_105080.html

D. Introduction of Credit Risk-o-Meter for Debt Securities

SEBI, vide Circular No. HO/17/11/22(1)2026-DDHS-POD1/I/23092/2026 dated October 07, 2026, has introduced a mandatory Credit Risk-o-Meter for debt securities to enable investors to assess credit risk through a colour-coded visual indicator. The disclosure will be required in offer documents, private placement memoranda, advertisements and online bond platforms.

The amendment has been introduced to enhance investor awareness and informed investment decision-making in debt securities.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/introduction-of-credit-risk-o-meter-as-an-additional-disclosure-mechanism-for-debt-securities_105081.html

E. Review of Closing Auction Session (CAS), Market Timings and Settlement Methodology for Derivatives Contracts

SEBI, vide Circular No. HO/47/11/11(3)2025-MRD-POD2/I/23843/2026 dated October 15, 2026, has revised certain provisions relating to the Closing Auction Session (CAS), including changes in session timings, handling of orders and determination of settlement prices for derivatives contracts. Under the revised framework, CAS will operate from 3:30 PM to 3:40 PM with a random closure mechanism during the final two minutes.

The amendment has been introduced to enhance price discovery, market efficiency and orderly functioning of the cash and derivatives segments.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/review-of-certain-aspects-of-the-closing-auction-session-market-timings-and-settlement-methodology-for-derivatives-contracts_105293.html

F. Review of Call Recording Requirements for Institutional Clients by Research Analysts

SEBI, vide Circular No. HO/38/11/(9)2026-MIRSD-POD/I/24272/2026 dated October 23, 2026, has relaxed the record-keeping requirements for Research Analysts and Research Entities by making the maintenance of call recordings with institutional clients non-mandatory. However, records of client interactions must continue to be maintained through other permissible modes.

The amendment has been introduced to promote ease of doing business while continuing to ensure adequate documentation of client communications.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/review-of-regulatory-requirement-for-maintenance-of-call-records-of-institutional-clients-by-research-analysts-or-research-entities_105400.html

G. Extension of Timeline for Compliance by Debenture Trustees for Non-SEBI Regulated Activities

SEBI, vide Circular No. HO/(201)2026-DDHS-POD1/I/24467/2026 dated October 27, 2026, has extended the timeline for Debenture Trustees to comply with the requirements relating to transfer of non-SEBI regulated activities to a Separate Business Unit (SBU). The compliance timeline has been extended by six months up to April 27, 2027.

The extension has been granted considering implementation challenges faced by Debenture Trustees and the ongoing review of the regulatory framework by SEBI's Expert Working Group.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/extension-of-timeline-for-compliance-with-terms-and-conditions-by-debenture-trustees-dts-for-carrying-out-activities-outside-the-purview-of-sebi_105454.html

H. Extension of Timeline for Compliance with Digital Accessibility Requirements

SEBI, vide Circular No. HO/53/12/13(2)2026-ITD5-M2IPC/I/24856/2026 dated October 30, 2026, has extended the timeline for compliance with digital accessibility requirements by regulated entities. The timeline for appointment of IAAP Auditor, conduct of accessibility audit of digital platforms and remediation of audit findings has been extended up to January 31, 2027.

The extension has been granted to provide additional time to regulated entities for ensuring compliance with the accessibility requirements prescribed under the Rights of Persons with Disabilities Act, 2016.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/extension-of-timeline-with-respect-to-compliance-of-digital-accessibility-circulars_105523.html

I. Rationalisation of Periodicity of KYC Review for FPIs

SEBI, vide Circular No. HO/19/34/14(10)2026-AFD-POD3/I/24814/2026 dated October 30, 2026, has rationalised the KYC review requirements for Foreign Portfolio Investors (FPIs). The periodicity of KYC review for eligible FPIs has been increased from 3 years to 8 years in specified cases, and the requirement to intimate changes or submit a no-change declaration at the time of registration continuance has been dispensed with.

The amendment has been introduced to reduce compliance burden and promote ease of doing business for FPIs.

The Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/oct-2026/rationalisation-of-periodicity-of-kyc-review-for-fpis_105504.html

GST UPDATE



57th GST Council Amendments Now in Force

1. Introduction

1.1 When the GST Council met on 8 October 2026, it announced one of the largest sets of changes we have seen since GST began. Over the last week of October, a good part of those announcements moved from the Council's press release into the law. The Government issued a fresh round of notifications and clarifications, and the GST portal has been updated to match.

1.2 Most of what has changed is procedural, but it touches almost every business we work with. It covers how a GST number is obtained, amended or surrendered, how refunds are processed, how credit is passed between branches, how discounts given after a sale are treated, and how scrap and waste purchases are taxed. A few rate changes also matter to our clients in infrastructure, education and finance.

1.3 The one thing to watch closely is the date. These changes do not all start together. Some came into force on 1 November 2026, some start on 1 December 2026 or 1 January 2027, and some only on 1 April 2027. We have mentioned the effective date against each change, and the table in Part 2 puts all of them in one place.

1.4 There is also some relief that is available right now. Three of the Council's bigger announcements, namely no arrests under GST, no random checking of vehicles in transit, and no notices for very small amounts, need the GST Acts to be amended. CBIC has not waited for that. It has asked its officers to follow these reforms immediately. Part 3 explains what this means for you.

1.5 Some recommendations still need a change in the law before they can apply. We have listed them separately in Part 12, so that nobody acts on them before they are notified.

2. At a glance: what changes and from when

2.1 The table below lists the changes in date order. Clarifications issued by CBIC and portal changes announced by GSTN have no separate start date. They apply straight away.

Effective from	What changes	Para
30 Oct 2026	No arrests, no random checking of vehicles in transit, and no notices where tax involved is below Rs. 10,000 (Central GST officers)	3
1 Nov 2026	Discounts given after the sale can be adjusted through a GST credit note. A prior agreement linked to specific invoices is no longer needed.	5.1
1 Nov 2026	90% provisional refund extended to inverted duty refunds. The Rs. 1,000 minimum refund limit no longer applies to exports made on payment of IGST.	7.1
1 Nov 2026	New application form for GST registration, with a clear list of documents for each type of premises	4.1

1 Nov 2026	New option to register in other States using an e-commerce platform's warehouse	4.2
1 Nov 2026	Most changes in registration details approved automatically. A change of principal place of business still goes to the officer.	4.3
1 Nov 2026	Voluntary cancellation of GST number approved automatically in most cases	4.4
1 Nov 2026	Input Service Distributor (ISD): wider scope and clearer rules	6.2
1 Nov 2026	Inverted duty refund to include ITC on input services	7.2
1 Nov 2026	Faster refund processing: deemed acknowledgement after 10 days and provisional refund generated by the system	7.3
1 Nov 2026	Reverse charge and TDS on used cooking oil, plastic scrap, tyre scrap and e-waste	8
1 Nov 2026	Rate and exemption changes: hotels and caterers, electric vehicles, hiring of vehicles, toll road projects	11
1 Dec 2026	Small taxpayers under the simplified registration scheme can change their principal place of business without the officer's approval	4.3
1 Dec 2026	Revised forms for cancellation of registration and for refund applications	4.4
1 Jan 2027	E-invoice to be generated for self-invoices under reverse charge (purchases from unregistered persons and import of services)	5.2
1 Apr 2027	Refund of ITC on capital goods, spread over 60 months	7.2
1 Apr 2027	New system-driven process for suspension, cancellation and revival of GST registration	4.5
1 Apr 2027	Blocking of credit ledger: formal order, right to object and personal hearing	9.4
1 Apr 2027	Revised formats for summaries of notices and orders	9.4

3. Relief that applies right away, even before the law is amended

3.1 The Council recommended three reforms that need amendments to the Central GST Act and to the GST Acts of each State. It also suggested that these amendments should come into force from 1 April 2027. To avoid this wait, the Central Government decided that the reforms should be followed in practice from now on. On 30 October 2026, CBIC directed all its officers accordingly. This direction will stay in force until the Act itself is amended.

3.2 No arrests under GST

3.2.1 The Council has recommended that the power to arrest under GST be withdrawn altogether. CBIC has directed its officers that no further arrests are to be made under GST.

3.3 Checking of vehicles carrying goods

3.3.1 Complaints about trucks being stopped in one State after another, and goods being held over minor errors, have been common for years. CBIC has now told its officers to follow these rules:

- → a vehicle may be stopped only on specific intelligence, and only with the written approval of an officer of the rank of Joint Commissioner or above, who must record his reasons;
- → the goods may be inspected, detained or seized only by an officer of the State where the supplier or the buyer is registered or located;
- → if an officer of any other State (a "transit" State) finds a problem, he must let the vehicle go and only pass on the information to the officer of the supplier's or buyer's State;
- → the only exception is where there is no e-way bill and no document showing where the goods are coming from or going to. In that case any officer may act;
- → goods in transit cannot be detained or seized for any other reason, and they cannot be confiscated.

3.3.2 Example. A truck carries goods from Ahmedabad to Kolkata with a proper e-way bill. If it is stopped on the way in Madhya Pradesh, Uttar Pradesh or Bihar, officers of those States cannot detain it. If they suspect anything, they must let the truck pass and inform the officers in Gujarat or West Bengal.

3.4 No notice where the amount is below Rs. 10,000

3.4.1 Officers have been told not to issue a show cause notice where the total tax involved is below Rs. 10,000. The total includes CGST, SGST, IGST and compensation cess, but not interest or penalty.

3.5 Two points to keep in mind

3.5.1 This direction has been issued by CBIC to Central GST officers. A copy has been sent to the GST Council so that States can issue similar directions to their own officers. Until a State does so, its officers are not formally bound by it.

3.5.2 The direction is an administrative measure. The actual change in the law is still awaited, and we will keep you informed.

4. GST registration: getting, changing and cancelling a GST number

The registration process has been almost entirely rewritten. The idea is fewer queries from officers, faster approvals and more automatic approvals by the portal.

4.1 New registration form and document checklist (from 1 November 2026)

4.1.1 The application form for a new GST number has been replaced. The main changes are:

- → One Person Company is now shown as a separate type of business;
- → SEZ units and developers must give their SEZ Entity ID;
- → e-commerce operators that pay tax on behalf of the sellers on their platform have a separate section;
- → professional tax registration and enrolment numbers must be disclosed along with other existing registrations;
- → premises now fall into fixed categories: owned, owned by a deceased family member, rented or leased, used with the owner's consent, co-working space, SEZ, and an e-commerce operator's warehouse. Each category has its own list of documents;
- → bank accounts (up to 10) can be given in the application itself. If no account exists yet, the details must be added within 30 days of getting the registration;
- → LLPs must give the DIN of their designated partners. CIN, LLPIN and similar numbers will be checked online before the application is accepted.

4.1.2 CBIC has also issued guidelines for applicants. The key points are:

- → Own premises. Premises count as "own" only if the property is in the applicant's own name. If it belongs to a spouse, parent, partner or director, choose "consent" or "rented" instead. For own premises, any one of the property tax receipt, municipal khata, electricity bill or water bill showing the full address is enough.
- → Inherited premises. If the property is still in the name of a deceased parent, upload an affidavit in the prescribed format, the death certificate and one property document.
- → Rented premises. Upload the rent agreement. A registered agreement is needed only where State law requires one. If there is no agreement, upload an undertaking in the prescribed format along with an electricity or water bill in the tenant's name.
- → Consent premises. Upload a consent letter from the owner, or from all co-owners, in the prescribed format, with one property document.
- → Co-working spaces. Upload the membership agreement showing the cabin or desk number, and proof of the provider's ownership or lease.
- → Unmanned sites. Mobile towers and ATMs need not be shown as places of business.

4.1.3 The guidelines also tell officers what they should not ask for. Officers should not ask for a Udyam certificate, question why a director lives in another city, or object that a particular activity cannot be carried on from the premises. They should not judge whether an electricity connection is domestic or commercial. A query may be raised only once, and only for a document that cannot be read, an address that does not match, or an incomplete address.

4.1.4 The officer has 7 working days to decide where the applicant completes Aadhaar authentication, and 30 days where the premises have to be physically verified. If the officer does not act in time, the registration is treated as approved. Opting for Aadhaar authentication therefore gets the number faster.

4.2 Registration in other States through an e-commerce warehouse (from 1 November 2026)

4.2.1 Sellers on platforms such as Amazon or Flipkart often want to keep stock in the platform's warehouses in other States. Until now they needed their own place of business in each such State. A seller can now register in another State by showing the platform's warehouse as its principal place of business.

4.2.2 The conditions are:

- → the seller must already have a regular, active GST number in its home State on the same PAN;
- → the new registration can be used only for sales made through e-commerce platforms that collect TCS;
- → tax on sales to registered buyers (other than its own branches) must not exceed Rs. 2.5 lakh per month;
- → the platform must give its consent online within 7 working days;
- → only one such registration is allowed in each State.

4.2.3 After the platform's consent, Aadhaar authentication and a physical check of the home-State premises follow, unless these were done earlier. If the check is not completed within 30 days, the application is treated as approved. Books of account are kept at the home-State premises, and the seller need not display a GST board at the platform's warehouse.

4.2.4 The registration is cancelled automatically if the platform withdraws its consent and the seller does not change the address within 30 days, if the home-State registration is cancelled, or if the platform changes the warehouse address and the seller does not update it within 30 days. A seller registered under the small taxpayer scheme must first come out of that scheme.

4.3 Changes in registration details (from 1 November 2026)

4.3.1 Earlier, most changes in registration details, such as adding a partner or changing the legal name, needed an officer's approval. From 1 November 2026:

- → Change of principal place of business still goes to the officer. The officer must decide within 15 days, or within 7 working days of your reply to a query. If he does not, the change is treated as approved. A reply to a query must be filed within 7 working days, otherwise the application is treated as rejected.
- → All other changes, such as legal name, partners or directors and additional places of business, take effect as soon as the amendment application is filed and the portal completes its online checks.

4.3.2 The online checks work as follows:

- → the mobile number and e-mail of the Primary Authorised Signatory and one selected promoter, partner or director must be verified by OTP within 3 days of filing;
- → PAN, DIN and CIN are checked by the system;
- → if the OTP verification is not completed in 3 days, the application is not accepted.

4.3.3 Two further points need attention. A change in legal name or in partners or directors now applies automatically to all GST numbers on the same PAN across States. A change that results in a new PAN, for example a firm converting into a company, still needs a fresh registration.

4.3.4 From 1 December 2026, small taxpayers registered under the simplified registration scheme can also change their principal place of business without the officer's approval. GST practitioners now amend their enrolment through the same amendment application.

4.4 Cancelling a GST number on your own request (from 1 November 2026)

4.4.1 Voluntary cancellation was often delayed for months because of queries. It is now largely automatic for taxpayers whose compliance is in order.

- → Time to apply. Apply within 30 days of the event, such as closure or transfer of the business. This limit does not apply on the death of a sole proprietor.
- → Returns before applying. All returns due up to the date of application must be filed. If GSTR-1 for a month has been filed, GSTR-3B for that month must also be filed.
- → Suspension. The registration stands suspended from the date of the application.
- → Returns after applying. Returns for the remaining period up to the cancellation date must be filed by their normal due dates.
- → Automatic cancellation. The portal cancels the registration without an officer if all returns are filed in time, all dues are paid, and either the tax on sales to registered buyers did not exceed Rs. 2.5 lakh in any month, or the final return is filed within 3 days of the due date of the last return.

→ Always automatic. Composition taxpayers, non-resident taxpayers, foreign suppliers of online services and Input Service Distributors are cancelled automatically once their returns are filed.

→ Officer cases. All other cases go to the officer, who must decide within 15 days, or within 15 days of your reply. If he does not, the cancellation is treated as approved.

4.4.2 Even after cancellation, the officer can propose an earlier date of cancellation by issuing a notice. You get 30 days to reply, and the date can be changed only once.

4.4.3 A revised cancellation application applies from 1 December 2026. The credit to be reversed on stock and capital goods at the time of cancellation will be reported in it.

4.5 Suspension and cancellation by the department

4.5.1 From 1 November 2026, the department may cancel a registration where:

- a composition taxpayer's annual return is more than 3 months late;
- a monthly filer has not filed returns for 6 months in a row;
- a quarterly filer has not filed returns for 2 quarters in a row;
- the conditions attached to an earlier revocation of cancellation are not followed;
- bank account details have not been given on the portal.

4.5.2 From 1 April 2027, the process becomes largely system-driven:

→ suspension by the portal: for non-filing of returns or missing bank details, the portal suspends the registration and sends an intimation. You then have 30 days to comply;

→ automatic revival: if you file the pending returns or add the bank details within those 30 days, the suspension is withdrawn automatically from the start;

→ automatic cancellation: if you do not comply within 30 days, the registration is treated as cancelled by the portal;

→ revival after cancellation: within 180 days of such cancellation you may apply for revocation. Once all pending returns are filed with tax, interest and late fee, the revocation is approved automatically, and returns for the gap period must then be filed within 30 days;

→ cancellation by an officer: for other reasons, the officer issues a notice giving 7 working days to reply, and must pass an order within 30 days of the reply.

4.5.3 During any suspension, you must not issue tax invoices or charge GST, but you need not file returns for that period. If the suspension is later withdrawn, invoices for the suspension period can be issued afterwards.

5. Discounts, e-invoicing and returns

5.1 Discounts given after the sale (from 1 November 2026)

5.1.1 Earlier position. A discount given after the sale, such as a year-end volume discount or a target incentive, could reduce GST only if it had been agreed in writing at or before the time of sale, and could be linked to specific invoices. Many discounts decided later failed this test. Businesses then had to issue "financial" credit notes without GST, and the supplier paid GST on the full original price.

5.1.2 New position. A discount given after the sale now reduces the taxable value if the supplier issues a GST credit note for it, and the buyer reverses the input tax credit relating to that discount. A prior agreement and an invoice-wise link are no longer required.

5.1.3 Example. A manufacturer sells goods worth Rs. 10,00,000 plus GST of Rs. 1,80,000 to a dealer in June. In December, it gives the dealer a discount of Rs. 50,000 for achieving sales targets, which were not part of the original contract. From 1 November 2026, the manufacturer can issue a GST credit note for Rs. 50,000 plus GST of Rs. 9,000 and reduce its tax liability by Rs. 9,000. The dealer must reverse ITC of Rs. 9,000.

5.1.4 The usual time limit for credit notes still applies. They must be declared by 30 November of the following financial year.

5.2 E-invoice for reverse charge self-invoices (from 1 January 2027)

5.2.1 Businesses with turnover of Rs. 5 crore or more already generate e-invoices for their B2B sales and exports. From 1 January 2027, they will also have to generate e-invoices for two kinds of self-invoices that the buyer itself raises under reverse charge:

→ purchases from unregistered suppliers on which the buyer pays GST under reverse charge, such as legal services from an unregistered advocate;

→ import of services, such as software subscriptions or consultancy from abroad.

5.2.2 The e-invoice format has been revised to add two new invoice types for these self-invoices. The facility is already available on the e-invoice portals for testing.

5.3 Other return changes

5.3.1 Non-resident taxpayers. The monthly return of non-resident taxpayers is now due by the 13th of the following month instead of the 20th.

5.3.2 TDS certificate. From 1 January 2027, the TDS certificate issued by government departments and other deductors will show invoice-wise details, with the amount liable to TDS against each invoice.

6. Input tax credit

6.1 Demo vehicles of car and two-wheeler dealers

6.1.1 Credit on cars and other passenger vehicles seating up to 13 persons is generally blocked under GST. One exception is where the vehicle is used for further sale of such vehicles. In 2024, CBIC had said that dealers working on the newer "agency model", where the manufacturer sells directly to the customer and the dealer only earns a commission, could not take credit on demo vehicles.

6.1.2 CBIC has now withdrawn that view. In both the traditional dealership model and the agency model, a demo vehicle serves the same purpose of promoting sales of similar vehicles. Credit on demo vehicles is therefore available to dealers in the agency model as well.

6.2 Input Service Distributor (ISD) (from 1 November 2026)

6.2.1 An ISD is a head office or branch that receives bills for services used by other branches and passes on the credit to them. ISD registration has been compulsory for such distribution since 1 April 2025. Several practical doubts have now been settled:

→ Separate ISD for each vertical. Each GST registration that receives service bills on behalf of other branches needs its own ISD registration, even within the same State.

→ Who must meet the credit conditions. The ISD only distributes the credit. The branch that receives it must satisfy the conditions for claiming ITC, and must make any reversal required for exempt supplies or personal use, or under the 50% rule for banks.

→ Wrong distribution. If the ISD distributes credit wrongly, the ISD is liable to penalty, and the excess credit is recovered from the branch that received it.

→ Timing. The ISD must distribute the credit in the month in which it confirms that the bill is eligible, keeping eligible and ineligible credit separate.

→ Reverse charge services. Where a branch pays tax under reverse charge on a service used by other branches, it can pass the credit to the ISD through an internal invoice. This now covers any service used by one or more other branches, not only "common" services.

→ Internal invoices. Such an internal invoice is not a sale by the branch. Its value is excluded from turnover when working out ISD distribution ratios and inverted duty refunds, and the credit passed on is not counted in the branch's own credit for refund purposes.

6.3 Banks, NBFCs and the 50% credit option

6.3.1 Banks and NBFCs that accept deposits or give loans can choose to take 50% of their eligible credit, instead of working out reversals for their exempt income. CBIC has clarified the following:

→ Registrations without lending. A registration that does not lend or accept deposits, such as one dealing only in bullion, can neither use nor be forced into the 50% option.

→ One choice for all. If one lending registration opts for 50%, all lending registrations of that entity must follow the same option.

- → Inter-branch supplies. Full credit on supplies from another branch with the same PAN is available only if that branch has also opted for the 50% option.
- → Reporting. CBIC has explained how the 50% credit and its reversal should be shown in GSTR-3B, with and without the use of IMS.
- → Past periods. Officers should not object to a different reporting method followed in earlier periods, as long as the credit taken was correct.

7. Refunds

For many businesses, refunds are where these changes bring money back. Exporters, and businesses whose tax on purchases is higher than their tax on sales (the "inverted duty structure"), should read this part carefully.

7.1 Faster provisional refund and removal of the Rs. 1,000 limit for exports (from 1 November 2026)

7.1.1 Exporters already receive 90% of their refund provisionally, before the claim is fully verified. This facility now extends to inverted duty structure refunds as well.

7.1.2 Normally, no refund below Rs. 1,000 is granted. This limit no longer applies to refunds of IGST paid on goods exported.

7.2 Inverted duty refund to include input services and capital goods

7.2.1 Earlier position. In inverted duty refunds, only credit on inputs such as raw material and components was counted. Credit on input services such as job work, freight and professional fees, and on capital goods, stayed in the credit ledger and often remained unused.

7.2.2 Input services, from 1 November 2026. The refund formula has been changed to include credit on input services, but only credit availed on or after 1 November 2026. Credit on input services already lying in the ledger before that date does not qualify.

7.2.3 Capital goods, from 1 April 2027. Credit on capital goods will be counted in both inverted duty refunds and export refunds, on these terms:

- → • only credit on capital goods availed on or after 1 April 2027 qualifies;
- → • the credit is spread evenly over 60 months, so each month carries 1/60th of it;
- → • any reversal of that credit is deducted;
- → • the applicant must declare that the capital goods are still in the business and are being used for the relevant exports or supplies.

For example, credit of Rs. 6 lakh on a machine bought in April 2027 adds Rs. 10,000 a month, or Rs. 30,000 a quarter, to the refund calculation for five years.

7.2.4 Exports of goods: value cap removed (from 1 November 2026). For refunds on exports made without payment of tax, export turnover was taken at the lower of the invoice value and 1.5 times the value of similar goods sold in India. This 1.5-times cap has been removed.

7.2.5 New declaration. Applicants claiming refund of credit, or of IGST paid on exports, must declare that they have not been prosecuted for tax evasion of more than Rs. 250 lakh in the last five years.

7.3 Faster processing of refund applications (from 1 November 2026)

7.3.1 Refund processing is becoming largely system-driven:

- → Filing. Refund applications must be filed directly on the portal. Filing through a facilitation centre is no longer possible.
- → Acknowledgement. The officer must acknowledge the application, or point out deficiencies, within 10 days instead of 15. If he does neither, the application is treated as acknowledged, and the 60-day period for granting the refund runs from the date of filing.
- → Provisional refund. The portal itself will generate the provisional refund order, based on risk analysis, within 3 working days of acknowledgement. The officer need not check it again.
- → Final refund. The final refund order and the payment order can also be generated by the portal. Any amount adjusted against outstanding demands will be shown in it.
- → Debit of credit ledger. For refunds of credit, IGST credit is used first. CGST and SGST credit are then used equally, and a shortfall in one can be met from the other.

7.4 Export proceeds received in rupees or by set-off

7.4.1 For export of services, payment must be received in foreign exchange, or in rupees where RBI permits. CBIC has confirmed that the following receipts qualify:

→ payment in Indian rupees through Special Non-Resident Rupee (SNRR) accounts, INR Nostro or Vostro accounts and similar repatriable accounts;

→ fees received by stock brokers from FPIs, NRIs and OCIs through SNRR or NRE accounts (receipts in NRO accounts must be routed through such accounts);

→ set-off of export receivables against import payables, where done as per RBI rules;

→ commission retained by Indian reinsurance brokers out of premium sent abroad.

7.4.2 For export of goods, the time limit for receiving export proceeds is the one fixed by RBI, including any extension. Where the bank has written off the requirement to realise the proceeds, the IGST refund already granted will not be recovered.

7.5 Exporters who used Advance Authorisation or EPCG benefits

7.5.1 Exporters who imported inputs without IGST under schemes such as Advance Authorisation, EPCG or EOU were denied IGST refunds on their exports under a restriction popularly known as Rule 96(10). The restriction was removed from 8 October 2024, but the department continued to pursue older cases.

7.5.2 Following a recent Supreme Court judgment, CBIC has now clarified that the removal of this restriction applies from the very beginning, that is, from 23 October 2017. Pending cases are to be decided on that basis.

8. Scrap, waste and used cooking oil: reverse charge and TDS (from 1 November 2026)

8.1 Since October 2024, purchases of metal scrap have been subject to two special rules: reverse charge where the seller is unregistered, and TDS of 2% where the seller is registered. The Government found widespread fake billing in other waste trades as well. From 1 November 2026, the same two rules apply to four more categories of goods:

Goods	HSN
Used cooking oil	1518
Waste and scrap of plastics	3915
Waste and scrap of tyres	4004
Electrical and electronic waste and scrap (e-waste)	8549

8.2 Purchases from unregistered sellers: reverse charge. A registered buyer purchasing these goods from an unregistered seller must pay the GST itself under reverse charge and issue a self-invoice. The buyer can take credit of the tax so paid in the normal way.

8.3 Sellers must register once over the limit. Normally, a person whose entire sales are taxed under reverse charge need not register. This relief has been withdrawn for sellers of these goods. A scrap dealer whose turnover crosses the registration limit must therefore register and charge GST.

8.4 Purchases from registered sellers: TDS. A registered buyer purchasing these goods from a registered seller must deduct TDS at 2%:

→ 1% CGST plus 1% SGST, or 2% IGST on inter-State purchases;

→ on the taxable value, excluding GST;

→ only where the value of supply under a contract exceeds Rs. 2.5 lakh.

8.5 The buyer must also take a separate TDS registration, deposit the TDS and file the TDS return by the 10th of the following month, and issue a TDS certificate to the seller. While applying for TDS registration on the portal, select "Others" as the type of business and write the category, for example "Waste and scrap of plastics dealers".

9. Notices, orders and appeals

9.1 Guidelines to officers on notices and orders

9.1.1 CBIC has noticed that many orders are vague, ignore the taxpayer's reply and are later set aside in appeal. It has issued detailed guidelines to its officers. The points that matter to taxpayers are:

- → Before a notice. Where possible, officers should first send an intimation, so that the taxpayer can explain or pay before a formal notice is issued.
- → Contents of a notice. A notice should clearly set out the facts, the evidence relied upon, the legal provisions, a summary of the charges and the basis of the calculation.
- → Notices covering several years. The demand should be shown year-wise.
- → Normal cases and fraud cases. Where a notice treats part of the demand as a normal case and part as fraud or suppression, the grounds and the amounts must be shown separately.
- → No duplicate proceedings. If State GST officers have already started proceedings on a subject, Central GST officers should not start proceedings on the same subject, and vice versa, in line with the Supreme Court's guidance.
- → Personal hearing. At most three adjournments can be given, so there are at most four opportunities of hearing. Virtual hearings are encouraged. The order should preferably follow within a month of the hearing, and if the officer is transferred, the new officer must give a fresh hearing.
- → Reasoned orders. Every order must deal with each submission and each judgment cited, and give reasons. If the charge of fraud or suppression is not supported by evidence, the demand must be limited to the normal period.
- → Rectification. Rectification of an order is limited to obvious mistakes. Debatable issues must go to appeal.
- → First appeal. Appeals should not be rejected on merits at the admission stage, and delay in filing is to be examined as a separate issue. Hearing details must be recorded in the appeal order. Additional grounds and evidence are to be admitted or rejected with reasons.

9.2 Pre-deposit for appeals

9.2.1 To file an appeal, you pay the "admitted amount" in full, plus 10% of the "tax in dispute". At the Tribunal stage a further 10% is payable. CBIC has explained how this works:

- → Admitted amount. This is the part of the demand you accept and do not appeal against. You decide this split yourself while filing the appeal.
- → Tribunal stage. The further 10% is calculated on the amount confirmed by the first appellate authority which you still dispute, and not on the original demand.
- → Refund after winning. The appeal order need not specifically say that the pre-deposit is to be refunded. A refund application can be filed on the basis of the order.
- → Department's appeal. The refund cannot be held back only because the department plans to appeal, unless a higher forum has stayed the order.
- → Interest. Interest on the refunded pre-deposit runs separately from the actual date of each payment, at each level of appeal.
- → Remand. If the Tribunal sends the case back to the officer, the pre-deposit is refundable. Where only part of the case is sent back, the confirmed portion with interest is adjusted first and the balance refunded.

9.3 Provisional attachment of property (from 1 November 2026)

9.3.1 Where the department provisionally attaches property or a bank account and the taxpayer's objection is not accepted, the officer must now reject it by a written order, instead of leaving it undecided.

9.4 Blocking of credit ledger and new formats (from 1 April 2027)

9.4.1 An officer can block the credit in your credit ledger if he suspects the credit is fraudulent. Until now there was no formal order and no clear right to be heard. From 1 April 2027:

- → the block will be imposed by a formal order made available on the portal;
- → the order will lapse after one year, or earlier if the officer lifts it;
- → you can file an objection against it;
- → the officer must give a personal hearing and decide the objection by a written order.

9.4.2 From the same date, the formats of the summary of a show cause notice, the intimation issued before a notice, and the summary of an order will be revised.

10. E-way bill and other procedural points

10.1 Goods sent by metro rail (from 1 November 2026). The e-way bill rules for goods sent by railways now apply equally to goods sent by metro railway. The consignor must generate the e-way bill, and the metro railway will not deliver the goods unless the e-way bill is produced.

10.2 Checking of vehicles in transit. The Council's recommendations on checking of vehicles are already being followed by Central GST officers on the basis of CBIC's direction (see Part 3). The formal change in the law is still awaited (see Part 12).

10.3 FAQs on the GST portal. GSTN has published on the GST portal a summary of the 57th Council's key reforms and the Government's FAQs on them. These are useful background, but only the notifications and clarifications discussed in this article have legal force.

11. Rate and exemption changes relevant to clients (from 1 November 2026)

The rate changes discussed below apply from 1 November 2026. The clarifications apply straight away. We have covered only the items relevant to our client sectors: manufacturing, construction and real estate, infrastructure, education, and IFSC, SEZ and finance. Other items are listed in para 11.8.

11.1 Highway projects under the Toll-Operate-Transfer (TOT) model

11.1.1 Under the TOT model, a concessionaire pays the Government an upfront fee for the right to collect toll on a highway, and must also operate and maintain the road during the concession period. Two changes have been made:

→ Toll rights are exempt. The grant of the right to collect toll by the Central or State Government, a local authority or a Government entity is now exempt from GST.

→ Special procedure for operation and maintenance. For operation and maintenance services supplied by the concessionaire to the authority, GST is to be paid on the amount charged or debited from the project escrow account towards operation and maintenance expenses, in the month in which it is so charged or debited.

11.2 Research grants to universities and institutes

11.2.1 Research and development services by Government entities, research associations, universities, colleges and institutions approved under the Income-tax Act are exempt when funded by grants. Disputes have arisen on whether a project is research or taxable consultancy.

11.2.2 CBIC has clarified that a certificate from the head of the institution, stating that the activity is research and development and not consultancy, may be enough to claim the exemption.

11.3 Hotels, restaurants and caterers: limited credit on services from the same trade

11.3.1 Hotel accommodation up to Rs. 7,500 per day, restaurant service and outdoor catering at 5% GST are allowed only without credit. This caused tax to pile up when, for example, a hotel or tour operator booked rooms from another hotel. From 1 November 2026:

→ such suppliers can take credit on services bought from the same line of business, such as hotel rooms bought from another hotel or catering bought from another caterer;

→ for hotel accommodation and outdoor catering, the credit is limited to 5% of the value of that service, even if the other supplier charged 18%;

→ credit on all other goods and services remains barred.

11.3.2 Example. A hotel sells a room to a guest for Rs. 7,000 at 5%. It has bought that room from another hotel for Rs. 10,000, on which the other hotel charged 18% (Rs. 1,800). It can take credit of only Rs. 500, that is, 5% of Rs. 10,000.

11.4 Hiring of vehicles

11.4.1 Renting of passenger vehicles to companies. When an individual or firm rents a passenger vehicle with fuel to a company, the company pays GST under reverse charge, unless the supplier charges GST on its invoice. This exception referred to the old 12% rate, which no longer exists. It now refers to 18%. As a result:

→ where a non-corporate supplier charges 18% GST with credit, the company does not pay reverse charge;

→ where the supplier charges 5%, or charges no GST, the company pays GST under reverse charge.

11.4.2 Electric vehicles. Passenger transport and renting of electric vehicles (including e-bicycles), where the battery charging cost is included in the price, now have the same choice as fuel vehicles: 5% with credit only on services from the same line of business (limited to 5%), or 18% with full credit. The same choice applies to renting of electric goods vehicles with battery charging included.

11.4.3 Leasing of vehicles. A lessor often recovers registration charges, road tax, insurance, FASTag and similar expenses from the lessee in addition to the lease rent. CBIC has clarified that these recoveries are part of the leasing service and attract the same GST rate as the lease rent.

11.5 Banks, NBFCs and IFSC finance entities

11.5.1 Two clarifications apply to the finance sector:

→ Fund Transfer Pricing. Notional interest recorded by banks under Fund Transfer Pricing, when funds move between branches through the head office, is "interest". It is exempt and is not a taxable service by the head office.

→ Co-lending. Services provided by an NBFC to a bank under a co-lending arrangement, such as sourcing, KYC, appraisal, servicing and collection, are taxable. The value is the fee agreed in the contract between the NBFC and the bank.

11.6 Regulators are not "Government"

11.6.1 TRAI, a statutory regulator, is not "Government" for GST purposes. The same reasoning applies to other statutory bodies and autonomous regulators. Exemptions and reverse charge provisions meant only for services to or by "Government" do not apply to them.

11.7 Delivery services through e-commerce platforms

11.7.1 Delivery services, other than postal and courier, attract 5% GST without credit where they are supplied through an e-commerce platform by a person not required to register, or where they relate to goods sold through an e-commerce platform. Where the delivery person is not required to register, the platform pays the tax.

11.8 Other changes not covered in detail

11.8.1 The rate changes and clarifications also cover the following items, which are outside our clients' sectors:

→ retreaded tractor tyres at 5%;
→ seaweed-based bio-stimulants treated as ertilizer;
→ exemption for psyllium seeds;
→ warehousing of seeds;
→ curing of coffee;
→ Seamen's Provident Fund;
→ helicopter travel in the North-East;
→ import of gold and silver by nominated agencies;
→ sublimation paper;
→ toys;
→ the margin scheme for used vehicles;
→ related-party imports by Indian offices of foreign shipping companies.

Please contact us if any of these affects your business.

12. Recommendations still awaited

12.1 Several important recommendations of the Council need amendments to the Central and State GST Acts, usually through the Union Budget and the Finance Act. The Council has suggested that these amendments take effect from 1 April 2027. Some also need new rules, which are still in draft. None of the items below is law yet. Until they are notified, the existing provisions continue to apply.

Recommendation	What it would mean for you	Present position
Withdrawal of the power of arrest	No arrest under GST	Central GST officers directed not to arrest (Part 3)
Rationalised checking of vehicles in transit, and no confiscation of goods in transit	Fewer roadside detentions in transit States	Central GST officers directed to follow (Part 3)
Minimum threshold of Rs. 10,000 for show cause notices	No notice where tax involved is below Rs. 10,000	Central GST officers directed not to issue such notices (Part 3)
Prosecution only where tax evasion exceeds Rs. 5 crore (instead of Rs. 1 crore)	Criminal prosecution only in larger cases	Awaited
Maximum general penalty for procedural lapses reduced from Rs. 25,000 to Rs. 10,000	Lower penalty for minor lapses	Awaited
Cap on pre-deposit in penalty-only appeals at Rs. 20 crore CGST plus Rs. 20 crore SGST	Lower cash outflow in large penalty appeals	Awaited
Validation of notices covering several financial years	May affect pending challenges to such notices	Awaited
New mechanism to correct tax liability and credit already reported in returns	A legal route to correct mismatches between GSTR-1 and GSTR-3B	Draft released for comments; proposed from the April 2027 return
A common outer time limit for correcting returns and claiming credit	One cut-off date for corrections and credit	Awaited

Disclaimer

This article is a general summary of the changes notified and clarified up to 4 November 2026. It is written in simple language for general information and is not a substitute for professional advice on specific facts. Please consult us before acting on any point.

DUE DATES



Due dates of various compliances falling in the month of November 2026

Due Date	Act/Authority	Compliance Description
07-11-26	Income Tax	Uploading of declarations received in Form No. 127 from the buyer in the month of October 2026.
07-11-26	Income Tax	Due date for deposit of tax deducted/collected for the month of October 2026.
11-11-26	GST	Return (GSTR-7) to be furnished by the registered persons who are required to deduct tax at source for the month of October - 2026.
11-11-26	GST	Return (GSTR-8) to be furnished by the registered electronic commerce operators who are required to collect tax at source on the net value of taxable supplies made through it for the month of October - 2026
11-11-26	GST	Statement of outward supplies (GSTR-1) by the taxpayers having an aggregate turnover of more than Rs. 5 crore or the taxpayers who have opted for monthly return filing for the month of October - 2026.
13-11-26	GST	Statement of outward supplies (IFF) by the taxpayers having an aggregate turnover of upto Rs. 5 crore and who have opted for QRMP scheme for the Quarter Ended on October 30, 2026
13-11-26	GST	Return (GSTR-5) to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies for the month of October - 2026.
13-11-26	GST	Return (GSTR-6) to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution for the month of October - 2026.
14-11-26	Income Tax	Issue of certificate in Form No. 132 for tax deducted at source in the month of September 2026.
15-11-26	PF/ESIC	Payment of PF / ESIC for the month of October - 2026
15-11-26	Income Tax	Due date for furnishing Form No. 137 by Government office where TDS/TCS paid without challan.
15-11-26	Income Tax	Issuance of TCS Certificate in Form No. 133 for quarter ended 30-Sep-2026.
15-11-26	Income Tax	Issuance of TDS Certificate in Form No. 131 for quarter ended 30-Sep-2026.

20-11-26	GST	Return (GSTR-5A) to be furnished by Online Information and Data base Access or Retrieval (OIDAR) services provider for providing services from a place outside India to non-taxable online recipient (as defined in Integrated Goods and Services Tax Act, 2017) and to registered persons in India and details of supplies of online money gaming by a person outside India to a person in India for the month of October - 2026.
20-11-26	GST	Return (GSTR-3B) to be furnished by all the taxpayers other than who have opted for QRMP scheme comprising consolidated summary of outward and inward supplies for the month of October - 2026.
21-11-26	Income Tax	Extended due date for furnishing Return of Income for AY 2026-27 by companies and audit cases not covered under section 92E.
21-11-26	Income Tax	Furnishing of Form No. 5C under section 45(4).
21-11-26	Income Tax	Furnishing of audited accounts in Form No. 3CLA under section 35(2AB).
21-11-26	Income Tax	Furnishing of Form No. 10IA under sections 80DD and 80U.
21-11-26	Income Tax	Furnishing of Form No. 3CFA under section 115BBF.
21-11-26	Income Tax	Furnishing of Form No. 10BA under section 80GG.
22-11-26	GST	Return (GSTR-3B) to be furnished by Taxpayer with agreegate turnover upto Rs. 5 crores during the previous year and who has opted for filing of return under QRMP scheme for the Quarter Ended on October 30, 2026
25-11-26	GST	Payment of GST for a taxpayer with aggregate turnover up to ₹ 5 crores during the previous year and who has opted for quarterly filing of return under QRMP scheme
28-11-26	GST	Statement of inward supplies by persons having Unique Identification Number (UIN)
30-11-26	Companies Act,2013	Filing of Form PAS-6 (Reconciliation of Share Capital Audit Report) for the half-year ended 30 September 2026 by applicable unlisted public companies.
30-11-26	Income Tax	Furnishing of challan-cum-statement in Form No. 141 for October 2026.
30-11-26	Income Tax	Due date for furnishing Return of Income for AY 2026-27 by assessees required to furnish report under section 92E.
30-11-26	Income Tax	Report in Form No. 3CEAA by constituent entity of an international group.
30-11-26	Income Tax	Application in Forms 3CEFA, 3CEFB and 3CEFC for Safe Harbour.
30-11-26	Income Tax	Furnishing of Form No. 10E under section 89.
30-11-26	Income Tax	Furnishing of Form No. 10H under sections 80QQB/80RRB.

The only thing that stands between you and your dream is the will to try and the belief that it is actually possible

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