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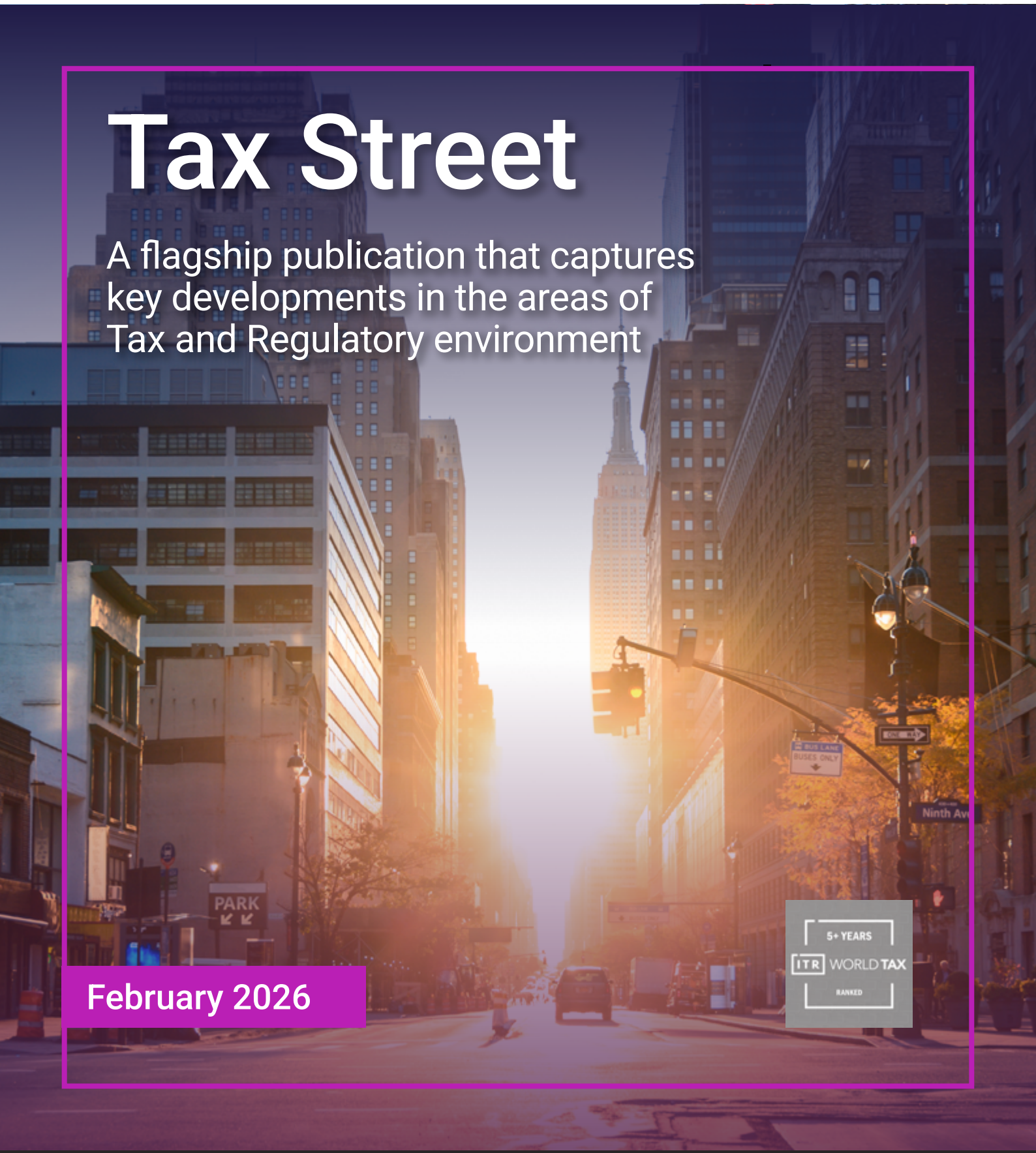
Tax Street

A flagship publication that captures key developments in the areas of Tax and Regulatory environment



February 2026

Introduction

Tax Street

We are pleased to present the latest edition of Tax Street – our newsletter that covers all the key developments and updates in the realm of taxation in India and across the globe for the month of February 2026.

- The 'Focus Point' outlines India's 2026 ECB reforms driving liberalization, transparency, and global alignment.
- Under the 'From the Judiciary' section, we provide in brief, the key rulings on important cases, and our take on the same.
- Our 'Tax Talk' provides key updates on the important tax-related news from India and across the globe.
- Under 'Compliance Calendar', we list down the important due dates with regard to direct tax, transfer pricing and indirect tax in the month.

We hope you find our newsletter useful and we look forward to your feedback.

You can write to us at taxstreet@nexdigm.com. We would be happy to hear your thoughts on what more can we include in our newsletter and incorporate your feedback in our future editions.

Warm regards,
The Nexdigm Team

Focus Point

India's Amended ECB Framework 2026: A New Era of Liberalization, Transparency, and Global Alignment

India's external borrowing landscape has undergone a significant transformation with the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026, notified by the Reserve Bank of India (RBI) on February 9, 2026, and published in the Official Gazette on February 16, 2026. This amendment marks an important milestone in the evolution of the External Commercial Borrowings (ECB) regime, one that has steadily progressed over the past two decades to meet the changing needs of India's economy and the global financial markets.

A Brief Historical Context

The ECB framework was first introduced in 2000 under FEMA, laying down the rules for Indian entities seeking to access foreign debt capital. Over the next 15 years, RBI issued annual Master Circulars that consolidated guidelines on recognized lenders, eligible borrowers, end-use restrictions, and maturity norms. In 2018, the RBI overhauled the framework to simplify compliance and align it with international practices by issuing the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018.

With the growing need for global capital, the RBI further liberalized the ECB limits in 2022, raising the automatic route threshold from USD 750 million to USD 1.5 billion. In 2025, the RBI released a Draft ECB Framework for Foreign Trade, inviting stakeholder comments. The 2026 amendment incorporates this feedback and creates a more streamlined, transparent, and market-aligned borrowing ecosystem.

Key Reforms and Their Impact

Broader Eligibility for Borrowers

The amended framework allows any Person Resident in India (PRI), other than an individual, to raise ECB provided the entity is incorporated or registered under a central or state law. This expands access to a wider base, including partnership firms and LLPs, and supports distressed entities undergoing corporate insolvency or restructuring.

Notably, entities under investigation may also raise ECB, subject to mandatory disclosure.

A More Liberal and Modern Definition of Recognized Lenders

The revised norms simplify recognized lender criteria by allowing borrowing from any person resident outside India, foreign branches of RBI-regulated lenders, and financial institutions or their branches operating in IFSCs.

Simplified Minimum Average Maturity Period (MAMP)

The MAMP in the erstwhile regulations range from 1 to 10 years. For example, MAMP for working capital purposes was 5 years.

The amended norms introduce a uniform 3-year MAMP, with a special concession for the manufacturing sector, where the maturity can range from 1–3 years for ECBs up to USD 150 million.

Borrowing Limits Linked to Net Worth

The new framework replaces the earlier fixed cap with a more dynamic approach. ECB borrowing is now capped at the higher of USD 1 billion outstanding or 300% of the entity's net worth.

Market-Driven Pricing

Interest rates, prepayment fees, and penal charges must align with market conditions. Related-party ECBs must comply with the arm's length principle.

Streamlined Reporting and Compliance

Although the Form numbers remain the same, the details required in the forms are more detailed and robust. The amended ECB framework introduces clearer reporting structures, standardized month-end–based timelines, and stronger compliance monitoring compared to the earlier framework. Overall, the changes strengthen transparency, regulatory oversight, and enforcement under the ECB regime.

Updated Rules for INR Borrowings from NRIs/OCIs

Such borrowing is now restricted to individual residents only, must be received through NRE/NRO/FCNR(B)/SNRR accounts, and must be on a non-repatriation basis

Calibrated Relaxation in End-Use Restrictions

Relaxations are provided for certain agricultural, real estate development, industrial park, and strategic corporate transaction activities, while prohibitions remain for chit funds, Nidhi companies, TDR trading, and speculative real estate.

Conclusion

The amended ECB framework of 2026 demonstrates India's commitment to a more liberal, transparent, and growth-oriented external borrowing regime. By widening borrower eligibility, modernizing lender criteria, aligning pricing with market conditions, and enhancing compliance mechanisms, the RBI has crafted a balanced regulatory system that supports corporate India's global ambitions while safeguarding financial stability.

From the Judiciary

Direct Tax

M&A Tax

Taxability of Software License Payments under India–Canada DTAA

Computer Modelling Group Ltd [TS-270-ITAT-2026, Delhi ITAT]

Facts

The issue was whether payments received by Computer Modelling Group Ltd., a Canada-based company providing reservoir simulation software to Indian oil and gas companies, were taxable in India. The company supplied software licenses along with maintenance, support, and training services. The tax department treated these receipts as royalty and fees for technical services (FTS) under the Income-tax Act and the India–Canada DTAA.

Assessee's Arguments

The assesse argued that the software supplied was a copyrighted product and not a transfer of copyright; therefore, the payments could not be treated as royalty. It further contended that the support and training services did not "make available" technical knowledge, a requirement for taxation as Fees for Included Services (FIS) under the DTAA. Since the company had no Permanent Establishment (PE) in India, its income should not be taxable in India.

Tribunal's Findings

The Delhi ITAT, relying on the Supreme Court ruling in Engineering Analysis Centre of Excellence Pvt. Ltd., held that payments for software licenses are not royalty as they involve the sale of a copyrighted article. The Tribunal also distinguished the Paradigm Geophysical case, noting that the assesse sold standardized off-the-shelf software, not customized solutions.

The services also failed the "make available" test. In the absence of a PE in India, the receipts were held not taxable in India.

Our Comments

This ruling underscores that standardized software licenses are not "royalty" under DTAA, aligning with global jurisprudence. It highlights the Revenue's burden to prove PE, stressing evidence over assumptions in cross-border taxation. The customized vs. off-the-shelf software distinction remains central to taxability. By maintaining consistency with earlier years, the ITAT reduces litigation risk and offers clarity for foreign software providers, reflecting a taxpayer-friendly interpretation of DTAA provisions.

Supreme Court Ruling: Share Substitution on Amalgamation Not Taxable Until Realized

Jindal Equipment Leasing & Consultancy Services Ltd. v. CIT [2026] 182 taxmann.com 219

Facts

The Supreme Court (SC) considered whether receipt of shares on amalgamation is taxable when the original shares were held as stock-in-trade. The assesse, engaged in share trading, held shares of a company as trading assets. Pursuant to a court-approved amalgamation

scheme, those shares were cancelled, and the assesse received shares of the amalgamated company in substitution.

The tax department argued that the shares were held as stock-in-trade, and their substitution effectively constituted to the realization of trading assets. Hence, the difference in value represented business income taxable under section 28.

Assesse' s contentions

The assesse contended that the receipt of new shares was merely a consequence of the amalgamation and did not amount to a sale or transfer. Since no actual profit was realized, the transaction did not give rise to taxable income. It argued that tax could arise only when the substituted shares were eventually sold.

Supreme Court's observations and decision

The Supreme Court held that the receipt of shares in an amalgamated company in exchange for shares of the amalgamating company does not amount to a taxable event. It was observed that such a substitution takes place by operation of law under a scheme of amalgamation and does not constitute a sale or transfer. Since no real profit is realized at the time of substitution, no business income arises under section 28. The Court emphasized that taxation must be based on real income and not on notional or hypothetical gains. Accordingly, tax liability would arise only when the substituted shares are actually sold.

Our Comments

The ruling provides clarity that mere substitution of shares during amalgamation does not trigger immediate tax liability, even when the shares are held as stock-in-trade. It reinforces the principle that only real and realized income should be taxed. The decision offers relief to businesses and financial entities holding shares as trading assets in corporate restructuring transactions. It also reduces the risk of litigation in cases involving share exchanges pursuant to amalgamation schemes.

International Tax

Whether a foreign company can claim exemption from capital gains tax under a Double Taxation Avoidance Agreement (DTAA) merely on the basis of a Tax Residency Certificate (TRC), even when it lacks commercial substance and is alleged to be a shell or conduit entity created to obtain treaty benefits?

Hareon Solar Singapore Pvt. Ltd [TS-112-ITAT-2026(DEL)]

Facts

The assesse is a private limited company incorporated in Singapore in 2015 and claimed to be a tax resident of Singapore during the relevant assessment year. Its principal activity was making investments in companies engaged in the production, sale, and trading of power. During the year, the assesse earned long-term capital gains from the sale of equity shares and Compulsory Convertible Debentures (CCDs) of Renew Solar Energy (Karnataka) Pvt. Ltd. to Renew Solar Power Pvt. Ltd. The assesse claimed exemption from tax in India on these capital gains under Article 13 of the India–Singapore Double Taxation Avoidance Agreement (DTAA). It also contended that it satisfied the Limitation of Benefits (LOB) clause under Article 24A of the treaty, which provides that a Singapore resident will not be considered a shell or conduit company if it incurs operational expenditure of at least SGD 200,000 in Singapore during the relevant period.

However, the Assessing Officer (AO) rejected the assesse' s claim. The AO observed that the assesse' s immediate holding company was located in Hong Kong and its ultimate holding company was based in China, both jurisdictions where capital gains are generally taxed in the source country. The AO further noted that the effective control and management of the assesse were not exercised in Singapore, as the individuals managing the funds were located outside Singapore. The assesse also had no employees and had not incurred normal business expenses required for day-to-day operations. Based on these facts, the AO concluded that the assesse was merely a shell or conduit company lacking commercial substance, created primarily to obtain treaty benefits under the India–Singapore DTAA. The draft assessment order issued by the AO was upheld by the Dispute Resolution Panel (DRP), which rejected the assesse' s objections.

Held

The Delhi Income Tax Appellate Tribunal (ITAT) upheld the decision in favour of the Revenue. The Tribunal observed that the Singapore entity had been interposed solely to route investment into Renew Solar Energy (Karnataka) Limited, India. The ultimate Chinese parent company was already supplying solar PV modules to the Indian company for a solar power project and had an obligation under the joint venture agreement to make investments

in the Indian entity. The Tribunal noted that the Chinese parent could have invested directly in the Indian company; therefore, routing the investment through a Singapore subsidiary lacked commercial justification and appeared intended solely to obtain tax advantages under the treaty. The Tribunal also emphasized that the assesse had no independent source of funds or business operations and was entirely financed by its Hong Kong parent, which in turn was a subsidiary of the Chinese parent company. In the absence of genuine commercial substance or economic rationale, the Singapore company was considered a shell or conduit entity. The Tribunal further held that mere possession a Tax Residency Certificate (TRC) is not conclusive for claiming treaty benefits, and that the surrounding facts must also demonstrate real economic substance and effective management in the treaty jurisdiction.

Accordingly, the Tribunal held that the Limitation of Benefits provisions under Article 24A of the India–Singapore DTAA were attracted, and the assesse was not entitled to treaty benefits. The capital gains arising from the transfer of shares and CCDs were therefore taxable in India based on the source rule. The Tribunal also clarified that even if treaty benefits had been previously granted in relation to interest on CCDs, that would not automatically entitle the assesse to similar benefits for capital gains, since "two wrongs do not make a right." The decision relied on the principles laid down by the Supreme Court in the Tiger Global case, reaffirming that treaty benefits can be denied where an entity lacks commercial substance and is used primarily for treaty shopping.

Our Comments

This judgment reinforces that a Tax Residency Certificate alone is not conclusive for claiming DTAA benefits if the entity lacks real commercial substance. It underscores the judiciary's strong stance against treaty shopping through shell or conduit companies created solely to obtain tax advantages.

Whether reinsurance premiums earned by a foreign company from overseas direct business can be attributed to and taxed in India merely because the company has an Indian branch or earlier subsidiary?

General Reinsurance AG [TS-151-ITAT-2026(Mum)]

Facts

General Reinsurance AG (assesse) is a German tax resident and is part of the Berkshire Hathaway Group, engaged in the global reinsurance business.

The company earlier operated in India through an Indian subsidiary with the name Gen Re Support Services Mumbai Private Limited (GSSMPL), which was involved in support function. Earlier, during AY 2015-16, the ITAT bench held that the reinsurance premium earned by the assesse from Indian insurance companies was not taxable in India by ITAT Bench.

During AY 2018-19, the assesse had established its Indian branch with the approval of IRDAI and discontinued the subsidiary arrangement.

The company earned reinsurance premiums from direct business conducted outside India through its overseas offices. India Branch does not service reinsurance contracts or assist in the negotiation or settlement of any claim in respect of the direct business of the assesse.

However, the Revenue sought to tax a portion of the overseas reinsurance income in India

Revenue's Arguments

- The Revenue contended that the company's Indian presence created a taxable nexus in India.
- The Revenue alleged that the India Branch is the PE of the assesse, exercising indirect authority to negotiate and enter into contracts on behalf of the assesse, and is also habitually securing orders for or on behalf of the assesse.
- Based on this, the Revenue claimed that the Indian branch constituted a PE or Dependent Agent Permanent Establishment (DAPE). Therefore, a portion of the global reinsurance premium should be attributed to Indian operations.
- In the case of FTS payment, the revenue held the Indian branch to be resident in India and held that the payment made by the Indian branch to the head office (assesse) is a payment made by a resident to a non-resident, bringing it within the scope of FTS u/s. 9(1)(vii)(b) of the Act.

Assesses Arguments

- The Indian branch is not a separate legal entity but merely an extension of the same foreign company.
- The branch did not participate in negotiation, conclusion, or underwriting of the reinsurance contracts relating to overseas direct business. All such contracts were negotiated, executed, and managed entirely by the company's overseas offices.
- Since the Indian branch had no role in generating the overseas reinsurance premium, there was no basis for attributing such income to India.
- Assesse Hence, the assesse argued that income from overseas direct business should not be attributed to the Indian PE on the above grounds and on the basis of its own previous case for AY 2025-16.
- Payments made by the Indian branch to the head office for IT and management costs cannot be treated as FTS under section 9(1)(vii)(b) because the branch and head office are the same legal entity. Reliance was placed on the Sumitomo Mitsui Banking Corporation case and the India–Germany DTAA protocol.

Held

The Tribunal upheld the decision in favour of the Assesse, it observed that:

- A branch office is not a separate legal person from the foreign company. Therefore, the Indian branch cannot be treated as a dependent agent of the same entity.
- The Tribunal further examined the actual role of the Indian branch in relation to the overseas reinsurance business. It found that:
    - The Indian branch had no involvement in negotiating reinsurance contracts for the overseas direct business and did not participate in their execution.
    - The branch did not undertake underwriting or risk assessment for those transactions.
- Since the Indian branch did not contribute to the generation of the overseas reinsurance premium, there was no economic nexus between the Indian operations and that income. Accordingly, the Tribunal held that:
    - The Indian branch cannot be treated as a DAPE for those transactions, and no portion of the overseas reinsurance premium can be attributed to India.
    - Therefore, the reinsurance premium earned by overseas offices from direct business is not taxable in India.
    - In case of FTS, payments from the Indian branch to the head office for IT and management costs are not FTS and not taxable in India under the Act and DTAA.

Our Comments

This judgment highlights that a branch cannot be treated as a DAPE of its own entity, and that income can be taxed in India only if the Indian establishment is actually involved in generating it; mere presence of a branch or subsidiary is insufficient without a functional and economic nexus.

Indirect Tax

Whether IGST paid on ocean freight under CIF contract was eligible as a refund or was to be credited to Consumer Welfare Fund since incidence of tax had been passed onto consumers?

Union of India vs. Torrent Power Ltd. [(2026) 39 Centax 265 (SC)]

Facts

- The respondent, a power generation and distribution company in Gujarat, had imported natural gas on a CIF basis for its operations.
- On such CIF imports, the respondent had paid IGST on ocean freight under the reverse charge mechanism, as per Notification No. 10/2017 IGST (Rate).
- After the levy on ocean freight was declared unconstitutional by the Apex Court in Mohit Minerals Pvt. Ltd. vs. Union of India [2020 (33) G.S.T.L. 321 (Guj.)], the respondent filed refund applications for the taxes paid.
- However, the Tax authorities denied the refund, stating that the respondent had passed on the tax burden onto its consumers, as the IGST amounts were already included in the electricity tariffs approved by the Gujarat Electricity Regulatory Commission (GERC).
- The Tax authorities, therefore, held that, as per the principle of unjust enrichment, the amount must be transferred to the Consumer Welfare Fund (CWF) in terms of Section 57 of the CGST Act, and not refunded to the respondent.
- Such rejection was challenged before the Gujarat High Court, which directed that the refund should be paid to the respondent, subject to its proposal to deposit the refunded amount in a separate account and return it to consumers through tariff reduction.
- The Revenue thus filed an appeal before the Supreme Court, arguing that the High Court had adopted a procedure not contemplated by the CGST Act, which mandates crediting such refunded amounts to the Consumer Welfare Fund when the incidence of tax has been passed on to consumers.

Ruling

- The Supreme Court held that the High Court's approach was contrary to the statutory scheme, because under Sections 54(5), 54(8)(e), and 57 of the CGST Act, when the tax burden is passed on to consumers, any refundable amount must be credited to the Consumer Welfare Fund and not refunded to the assessee.
- Since the respondent had admittedly passed on the tax burden to consumers, the statutory exception allowing a refund to the applicant did not apply.
- Supreme Court observed that the procedure suggested by the respondent and accepted by the High Court introduced an altogether alien modality for disbursal of refund not contemplated by Section 54 and Rules framed therein.
- Moreover, it would be an unworkable exercise for the authorities concerned to verify whether the consumers who actually bore the tax burden were the beneficiaries of such a refund (which was to be offered as revenue to GERC under the Electricity Act, 2003).
- The Supreme Court, therefore, set aside the High Court order and directed the respondent to transfer the amount to the tax authorities so as to be credited to the Consumer Welfare Fund.

Our Comments

The ruling underscores that refund eligibility must strictly align with statutory provisions, and that industries operating under regulated pricing must anticipate refund scrutiny when consumer incidence is evident. The decision brings clarity to the treatment of ocean freight related refunds and reinforces discipline in GST refund administration.

Transfer Pricing

ITAT holds - TPO cannot question commercial expediency

Tractors and Farm Equipment Ltd
ITA No.2054/Chny/2025 for Assessment Year ('AY') 2013-14

Facts

The Assesse is engaged in the business of manufacturing and selling of tractors, engineering plastic components and batteries, and trading in related parts and attachments. The Assesse has made payments toward market study expenses to its Associated Enterprise (AE) in Turkey as a part of its business expansion.

The Ld. Transfer Pricing Officer (TPO), during the course of the assessment proceedings, determined the transaction relating to the export of tractors to AE in Turkey at arm's length, based on the overall margins of the Assesse, after taking into account the payments made towards market study expenses. However, transfer pricing (TP) adjustment was made with respect to the international transaction pertaining to the payment of market study expenses to the same AE, by determining its arm's length price (ALP) as Nil. The Ld. TPO argued that the Assesse could not demonstrate whether any substantial benefit has been received from such expenses.

The Commission of Income Tax CIT(A) also upheld the position of the TPO. Aggrieved by the order of the CIT(A), the Assesse appealed before the Hon'ble Income Tax Appellant Tribunal (ITAT).

Assesse' s contention

The Assesse submitted that, for the purpose of establishing its AE in Turkey, a market study was undertaken to analyze competing tractor brands. Following the market study, substantial investments were made, which subsequently led to an increase in tractor sales in Turkey.

The Assesse contended that the TPO cannot step into the shoes of a businessman to determine whether a particular expenditure ought to have been incurred. Such decisions, it was argued, must be evaluated solely from the perspective of commercial expediency.

Revenue's contention

The Revenue contended that the information provided by the AE is readily available in the public domain through various websites, and that the research details submitted are generic in nature. Accordingly, it was argued that the Assesse has failed to substantiate the benefit derived from the market study.

Held by ITAT

The Hon'ble ITAT held that the Assesse had duly discharged its onus of substantiating the benefit derived from the payments made towards the market study. It was further observed that the jurisdiction of the TPO is limited to determining the ALP of an international transaction, and that the question of commercial expediency of an expenditure cannot form the basis for determining the ALP at Nil. Accordingly, the TP adjustment with respect of the market study expenses was directed to be deleted.

Our Comments

Taxpayers need to ensure that they maintain robust and contemporaneous documentation demonstrating that specific benefits have been derived along with the business necessity for such services. Documentation typically shall include description of the services, need benefit test, evidence of service receipt, cost base and allocation method along with the details of the benchmarking approach.

Quotes & Coverage

Offshore Profits to Onshore Value: Budget 2026 brings the Cloud home
CXO Today | Prabhat Ranjan, Snehal Gadhave
24 February 2026
https://tinyurl.com/385h3xhh

Absence of intent to evade tax does not amount to misreporting of income

Verizon Data Services India Private Limited
W.P.No 18377 of 2024 and W.M.P.Nos. 20189 & 20190 of 2024 for Assessment Year (AY) 2020-21

Facts

The Assesse in its TP Study Report (TPSR) determined the international transactions were at arm's length based on an external benchmarking analysis. However, the Ld. TPO conducted an independent search and concluded that the operating margin of the Assesse is not within the arm's length range of comparable companies. Accordingly, during the course of the proceedings TP, an adjustment was made by the Ld. TPO thereby resulting into increase of income of the Assesse in the Return of Income (ROI).

Pursuant to the TP adjustment, a penalty u/s 270A of the Act[1] was imposed on the Assesse. The Assesse' s application for immunity from the penalty was rejected, following which a writ petition has been filed before the Madras High Court seeking immunity under Section 270AA of the Act.

Assesse' s contention

The Assesse contended that the Assessment Order itself refers to misreporting of income, making the denial of immunity beyond authority of law. Additionally, the TP adjustment led to an upward revision of the ROI which can be characterized as under reporting rather than misreporting.

The Assesse further contended that it has complied with the provisions of Chapter X of the Act while reporting the international transactions.

Revenue's contention

The Revenue contended that the Assessing Officer (AO) had considered the submissions filed by the Assesse and alleged that the under-reporting of income was a consequence of misreporting, purportedly arising from the TP adjustment made by the TPO while determining the ALP of the international transactions of the Assesse.

Ruling

The HC held that "misreporting of income" is an aggravated form of under-reporting, characterized by a deliberate and willful attempt to evade tax. Unless there is deliberate and conscious concealment or furnishing of false particulars, it cannot be inferred that under-reporting is a consequence of misreporting of income.

HC held that the assesse had maintained information and documents as prescribed u/s Sec 92D of the Act and complied with all statutory requirements under Chapter X of the Act. HC opined that the nature of the TP adjustment made by the TPO involves estimation and ALP determination, which cannot be equated with concealment or misrepresentation.

Our Comments

The Hon'ble HC clearly distinguished between under-reporting and misreporting, emphasizing that deliberate concealment or willful attempt to evade tax triggers the latter. Transfer pricing adjustments, which inherently involve estimation and ALP determination, should not automatically be construed as misreporting. This ruling reinforces the importance of maintaining proper documentation and complying with statutory provisions under Chapter X.

1 The Income Tax Act, 1961

Tax Talk

Indian Developments

Direct Tax

Section 80-IAC – Start-up India – Supersession of Notification dated 19 November 2025

Notification No. G.S.R. 108(E) [F. NO. P-38015/19/2025-Startup India] Dated - 04 February 2026

Section 80-IAC of the Act provides a tax deduction to eligible Startups in respect of profits derived from specified business, subject to prescribed conditions and certification. The Central Government has issued a fresh notification u/s 80-IAC of the Act, replacing Notification No. G.S.R. 127(E) dated 19-02-2019, prescribing the criteria for recognition of Startups and Deep Tech Startups.

This notification expands the definition and eligibility criteria for startups and a significant highlight is the separate recognition of Deep Tech Startups as they generally face long gestation periods and high R&D costs, along with uncertain commercialization timelines. To accommodate these realistic issues, the eligibility period and turnover cap are set on the higher side for Deep Tech startups as compared to regular startups. Further, this newly created framework introduces restrictions on speculative investments and reinforces stricter requirements for Startups to allocate funds to core innovation and further scaling activities, rather than diverting resources into real estate, luxury assets, or securities.

Description	2019 Notification (G.S.R. 127(E))	2026 Notification (G.S.R. 108(E))
Eligibility period	10 years from incorporation	10 years (Startups); 20 years (Deep Tech Startups)
Turnover limit	Private limited compa-nies, LLPs, partnerships	INR 2 billion (Startups); INR 3 billion (Deep Tech Startups)
Entity types covered	Not separately recognized	Expanded to include cooperative societies and multi state cooperatives
Deep-tech recognition	Not separately recognized	Explicit recognition with extended timelines and turnover limits
Fund deployment restrictions	Not detailed	Explicit restrictions on speculative/luxury investments

India–France DTAC – Amending Protocol Signed

Press Release Dated - 23 February 2026

The Governments of India and France have signed a Protocol amending the India - France Double Taxation Avoidance Convention dated 29-09-1992.

The Press Release highlights that the Amending Protocol proposes to provide:

- The Protocol grants full taxing rights on capital gains arising from the sale of shares to the country where the company is resident and removes the Most-Favored-Nation (MFN) Clause from the treaty.
- Withholding tax rates on dividend income changed from the present rate of 10% to 5% for holdings of at least 10%) and 15% in other cases.
- Fees for Technical Services (FTS) definition amended to align with India-US DTAA, and the Scope of PE expanded by inclusion of the Service permanent establishment (PE) clause.
- Amendment to the Exchange of Information (EOI) provision and addition of a new Article on Assistance in Collection of Taxes.
- Incorporation of applicable provisions of the Base Erosion and Profit Shifting Multilateral Instrument (BEPS MLI) in the DTAA that had already become applicable pursuant to MLI ratification.

The Amending Protocol will be effective upon completion of the internal procedures under the laws of both the countries, subject to the terms agreed between the two countries.

Alerts

RBI Liberalizes ECB Framework
20 February 2026
https://tinyurl.com/mr3abtu9

Consolidated Technical and Operational Update on UAE Electronic Invoicing
2 March 2026
https://tinyurl.com/3tb7r8uw

Key Highlights of GST Notification and Clarification Circulars in February 2026
4 March 2026
https://tinyurl.com/54u2xe36

Indirect Tax

Customs

Anti dumping Duty levy extended on import of "Toluene Di-Isocyanate (TDI) having isomer content in the ratio of 80:20" from the EU and Saudi Arabia

Notification No. 03/2026-Cus (ADD) Dated 10 February 2026

The Government has extended the levy of Anti-dumping duty on import of "Toluene Di Isocyanate (TDI) having isomer content in the ratio of 80:20" from EU and Saudi Arabia. The duty has been imposed at producer specific rates, ranging from USD 102.05/MT to USD 344.33/MT. The levy applies only to the 80:20 isomer grade of TDI, with other grades remaining outside the scope, and would remain valid for 5 years.

Foreign Trade Policy

DGFT introduces real-time bank validation for IEC applications through NPCI integration

Trade Notice No. 23/2025-26 Dated 6 February 2026

The Directorate General of Foreign Trade (DGFT) has integrated IEC workflows with the National Payments Corporation of India (NCPI) to enable real-time bank account validation. This update has been introduced to improve the accuracy and authenticity of applicant information. Under the new system, bank account details provided in the IEC application will be digitally verified with banking records. Applicants must ensure that their PAN-linked bank account details exactly match the records maintained by the bank. Any mismatch in the information may lead to delays, deficiencies, or rejection of IEC applications or modification requests.

DGFT introduces TRACE, INSIGHT, FLOW, and LIFT initiatives to strengthen the MSME export ecosystem

Trade Notice Nos. 26 to 29/2025-26 Dated 20 February 2026

The DGFT has introduced a set of initiatives, viz. TRACE, INSIGHT, FLOW, and LIFT, to strengthen the export ecosystem for MSMEs.

TRACE has been introduced to support MSMEs in meeting international technical, quality, safety, and regulatory standards by providing partial reimbursement for testing, inspection, certification, audits, and conformity assessments required for exports.

INSIGHT aims to enhance exporters' access to trade intelligence, regulatory updates, and market facilitation support, enabling more informed, data-driven decision-making in global markets.

FLOW focuses on assisting MSMEs with overseas warehousing, logistics, and fulfilment support to help them build efficient global distribution networks and improve export competitiveness.

In addition, the LIFT scheme provides partial reimbursement of freight and inland transportation costs for MSMEs located in specified states, with support capped at 30% of eligible freight expenditure and a maximum annual limit of INR 2 Million per IEC.

These initiatives are being implemented on a pilot basis with operational guidelines open for stakeholder consultation. The approach aims to gather feedback from exporters and refine the schemes before wider implementation.

DGFT restricts RoDTEP benefits with immediate effect and extends the deadline for Annual Return filing

Notification No. 60/2025-26 Dated 23 February 2026, r/w Corrigendum Dated 24 February 2026, and Public Notice No. 46/2025-26 Dated 5 February 2026

The DGFT has, with immediate effect, restricted the benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme to 50% of the notified rates and value caps for export products, except those falling in ITC (HS) Chapters 1 to 24.

In addition, the Annual RoDTEP Return filing deadline for FY 2023–24 has been extended to 31 March 2026 (from 30 November 2025), subject to payment of a composition fee of INR 15,000/-

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Tax Talk

Global Developments

Indirect Tax

Singapore announces new e-invoicing mandate with phased compliance deadlines for all GST registered businesses

Excerpts from various sources

Inland Revenue Authority of Singapore (IRAS) has announced new deadlines for mandatory e-invoicing under the GST framework. The mandate is now applicable to all GST-registered businesses, including both new and existing registrants. Initially, e-invoicing was applied only to companies voluntarily registering for GST within six months of incorporation (w.e.f. 1 November 2025), and subsequently, to all new voluntary registrations, regardless of incorporation date or business structure, w.e.f 1 April 2026. Now, the mandate will be rolled out in phases from April 2028 to April 2031, based on the annual sales turnover of existing GST registrants.

UAE Ministry of Finance issues new guidelines for the upcoming e-invoicing system w.e.f. July 2026

Excerpts from various sources

The UAE Ministry of Finance has released new guidelines explaining the framework for the country's upcoming e-invoicing system. The system will use a Decentralized Continuous Transaction Control (DCTCE) model to exchange invoice data electronically. Businesses will issue invoices through approved Accredited Service Providers (ASPs) who will validate and transmit the data. The guidelines outline technical standards, roles of service providers, and how invoices will be reported to the tax authority.

VAT Updates

Excerpts from various sources

Country Name	Description	VAT update
Lebanon	Goods	Existing 11% VAT substituted with 12%
Gibraltar	Goods	15% Transaction Tax to be imposed from 10 April 2026
Ecuador	Tourist services during the 2026 Carnival holiday	Existing 15% VAT reduced to 8% temporarily
Belgium	Furnished Accommodations & Campsites	Existing 6% VAT increased to 12% starting 1 March 2026

Transfer Pricing

Belgium: Updated guidance on Country-by-Country Notification Form

On 27 January 2026, the Belgian tax authorities, following the Royal Decree of 16 June 2024, issued updated guidance on completing the Country-by-Country Notification Form (Form 275 CBC NOT).

All Belgian constituent entities that are part of a Multinational Enterprise (MNE) Group meeting the Country-by-Country Reporting (CbCR) threshold are required to submit Form 275 CBC NOT. However, effective from 2019, this notification need not be filed annually if the previously submitted information remains unchanged. It is required only when there is a change in the previously reported details.

Constituent entities are required to specify the nature of the notification in Form 275 CBC NOT by selecting any one of the following categories:

- A first notification;
- A modification of the previous notification; or
- A termination of the notification obligation due to no longer being part of the MNE Group

The guidance issued clarifies the circumstances under which the above categories should be selected.

Change in the MNE Group

In the event of a change within the MNE Group, such as an acquisition, merger, or restructuring, the Belgian entities must follow a two-step procedure.

- To record its exit from the former MNE Group, the constituent must submit Form 275 CBC NOT, indicating "termination of its notification obligation due to no longer being part of the MNE Group".
- Subsequently, if the constituent entity becomes part of a new MNE Group that is also subject to CbCR requirements, a new Form 275 CBC NOT must be submitted, explicitly selecting sthe "first notification" option.

In the above-mentioned scenario, the option "modification of your previous notification" is not permitted.

MNE Group not breaching the threshold of EUR 750 million

Belgian constituent entities must file a notification indicating "Termination of your notification obligation, due to no longer being a member of the MNE group," regardless of whether they are subsidiaries or the ultimate parent, if the threshold is not met.

Further clarification has been issued stating that the option "modification of a previous notification" should be selected only in cases where the constituent entity continues to remain within the same MNE group subject to the reporting obligation, but there are changes in details such as the address, name, or identity of the reporting entity.

Past Webinars & Events

9th National GST Summit and Awards - 2026

26 February 2026

Achromic Point | Sanjay Chhabria, Prabhat Ranjan

Compliance Calendar

Direct Tax
Indirect Tax

2 March 2026

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of January, 2026 in Form 26QB
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of January, 2026 in Form 26QC
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194M in the month of January, 2026 in Form 26QD
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194S in the month of January, 2026 in Form 26QE

10 March 2026

- GSTR-7 for the month of February 2026 to be filed by persons liable to Tax Deduction at Source (TDS)
- GSTR-8 for the month of February 2026 to be filed by E-Commerce Operators liable to Tax Collection at Source (TCS)

13 March 2026

- GSTR-6 for the month of February 2026 to be filed by Input Service Distributors (ISDs)

15 March 2026

- Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of February, 2026
- Fourth instalment of advance tax for the assessment year 2026-27.
- Instalment of Advance Tax for assesse covered under presumptive income scheme of Section 44AD/44ADA
- Monthly statement to be furnished by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of February, 2026 in Form 3BB
- Monthly statement to be furnished by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of February, 2026 in Form 3BC

7 March 2026

- Securities Transaction Tax - Due date for deposit of tax collected for the month of February, 2026
- Commodities Transaction Tax - Due date for deposit of tax collected for the month of February, 2026
- Declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received in the month of February, 2026
- Due date for deposit of Tax deducted/collected for the month of February, 2026. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income tax Challan

11 March 2026

- GSTR-1 for the month of February 2026 to be filed by all registered taxpayers not under QRMP scheme

20 March 2026

- GSTR-5A for the month of February 2026 to be filed by non-resident Online Database Access and Retrieval (OIDAR) service providers
- GSTR-3B for the month of February 2026 to be filed by all registered taxpayers not under QRMP scheme

17 March 2026

- Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of January, 2026 in Form 16B
- Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of January, 2026 in Form 16C
- Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of January, 2026 in Form 16D
- Due date for issue of TDS Certificate for tax deducted under section 194S in the month of January 2026 in Form 16E

Compliance Calendar

Direct Tax
Indirect Tax

30 March 2026

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of February, 2026 in Form 26QB
- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of February, 2026 in Form 26QC
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194M in the month of February, 2026 in Form 26QD
- Due date for furnishing of challan cum statement in respect of tax deducted under section 194S in the month of February, 2026 in Form 26QE

11 April 2026

- GSTR-1 for the month of March 2026 to be filed by all registered taxpayers not under QRMP scheme

13 April 2026

- GSTR-6 for the month of March 2026 to be filed by ISDs
- GSTR-1 for the quarter (January to March) 2026 to be filed by all registered taxpayers under QRMP Scheme

25 April 2026

- Payment of tax through GST PMT-06 by taxpayers under QRMP scheme for the quarter (Jan-Mar) of FY 2025-26

31 March 2026

- Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of sub-section (2) or sub-section (4) of section 286 of the Income-tax Act, 1961 (assuming reporting accounting year is April 1, 2024 to March 31, 2025) in Form 3CEAD
- Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the Previous Year 2024-25 and of foreign tax deducted or paid on such income in Form No. 67

10 April 2026

- GSTR-7 for the month of March 2026 to be filed by persons liable to TDS
- GSTR-8 for the month of March 2026 to be filed by E-Commerce Operators liable to TCS

20 April 2026

- GSTR-5A for the month of March 2026 to be filed by non-resident OIDAR service providers
- GSTR-3B for the month of March 2026 to be filed by all registered taxpayers not under QRMP scheme

Easy Remittance Tool

by Nexdigm

Form 15CA/CB Automation

- Review of tax position by experts
- Issuance of bulk certificates through Automated tool
- Repository - Access to entire set of documents
- Access to Detailed transaction wise reports
- Representation Support
- Generation 15CA bulk files & utility to generate Form A2

About Nexdigm

Nexdigm is a privately held, independent global organization that helps companies across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise, enables us to deliver customized solutions tailored for our clients.

We provide integrated, digitally-driven solutions encompassing Business and Professional Services across industries, helping companies address challenges at all stages of their business lifecycle. Through our direct operations in the USA, Poland, the UAE, and India, we serve a diverse range of client base, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries. By combining strategic insight with hands-on execution, we help businesses not only develop and optimize strategies but also implement them effectively. Our collaborative approach ensures that we work alongside our clients as partners, translating plans into tangible outcomes that drive growth and efficiency.

At Nexdigm, quality, data privacy, and confidentiality are fundamental to everything we do. We are ISO/IEC 27001 certified for information security and ISO 9001 certified for quality management. Additionally, we comply with GDPR and uphold stringent data protection standards through our Personal Information Management System, implemented under the ISO/IEC 27701:2019 Standard.

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