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Tax Street

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

June 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 June 2026.

- The 'Focus Point' analyzes recent judicial developments on tax-neutral demergers, covering key interpretational issues and their impact on restructuring under the Income-tax Act, 2025.
- 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

Key Interpretational Issues in Tax-Neutral Demergers under the Income-tax Act, 2025

Demergers remain one of the most widely used restructuring tools for business reorganizations in India. Under the Income-tax Act, 2025, however, tax neutrality is available only where the transaction satisfies the conditions prescribed under Section 2(35). This is significant because several key tax benefits including exemption from capital gains under Section 70 and carry-forward of accumulated losses under Section 116(7) are available only where the transaction qualifies as a "demerger" for tax purposes.

While the statutory framework is largely settled, recent judicial developments have brought certain interpretational issues into sharper focus. Three such issues are discussed below.

Whether Preference Shares Can Be Issued in a Demerger?

Section 2(19AA)(iv) under the old Act and section 2(35) under the new Act require that “the resulting company issues, in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis.” The provision uses the term “shares” without distinguishing between equity and preference shares.

The provision refers simply to "shares", without distinguishing between equity and preference shares. This has raised the question of whether the issuance of preference shares would satisfy the statutory requirement.

A literal reading suggests that both equity and preference shares should qualify. However, the Revenue has traditionally viewed a tax-neutral demerger as one in which shareholders of the demerged company continue their ownership interest in the resulting company. Redeemable preference shares, in particular, may not always reflect such continuing participation.

In a welcome development, the Delhi ITAT in Bharti Airtel Ltd. v. PCIT [2025] 171 taxmann.com 754 held that issuance of preference shares satisfies the requirement under Section 2(19AA)(iv). While the decision provides comfort, taxpayers should remain mindful that the issue has not yet attained final judicial certainty.

Does the Tax Definition Cover Fast-Track Demergers?

Historically, the tax definition of "demerger" has been linked to court-approved schemes under Sections 391–394 of the Companies Act, 1956, now corresponding to Sections 230–232 of the Companies Act, 2013.

This raises an important issue for restructurings undertaken through the fast-track route under Section 233 of the Companies Act, 2013. Since Section 2(35) continues to refer only to schemes corresponding to Sections 230–232, a demerger implemented under Section 233 may technically fall outside the tax definition.

The result is an unintended mismatch; while the restructuring may be fully valid under company law, it may not qualify for tax neutrality. Until legislative clarification is provided, taxpayers adopting the fast-track route should carefully evaluate this risk.

Sterling Holiday Resorts: Strict Compliance with the Share-Issuance Requirement

In Sterling Holiday Resorts Ltd. v. DCIT (Mumbai ITAT, June 2026), the undertaking was transferred to a subsidiary. However, the shares were issued by the holdng company to the shareholders of the demerged company, rather than by the subsidiary that received the undertaking.

The Tribunal rejected the taxpayer's argument that issuance by the holding company amounted to substantial compliance. It held that Section 2(19AA) (iv) expressly requires the resulting company itself to issue shares. Since a holding company and its subsidiary are distinct legal entities, the statutory condition was not satisfied.

As a result, the transaction did not qualify as a tax-neutral demerger, leading to the denial of consequential tax benefits, including carry forward of losses.

Our Comments

Recent rulings indicate that courts and tribunals continue to adopt a strict interpretation of the statutory conditions governing tax-neutral demergers. While decisions such as Bharti Airtel provide welcome clarity on certain aspects, issues such as the treatment of fast-track demergers and the mandatory share-issuance requirements continue to present practical challenges. Given the significant tax consequences of non-compliance, these conditions should be carefully evaluated while structuring any demerger transaction.

Alerts

VAT Refund for UAE Nationals Building New Residences
25 June 2026
https://tinyurl.com/454cd5f3

Electronic Invoicing Guidelines v1.1: Clarifications on Storage, ASP Obligations, Advance Payments, and Retention
12 June 2026
https://tinyurl.com/4uez6m9n

UAE Tax Alert: FTA Activates Pillar Two Registration Functionality on Emara Tax Portal
4 June 2026
https://tinyurl.com/yj5zf89y

Key Highlights of GST Notification and Clarification Circulars in June 2026
3 June 2026
https://tinyurl.com/2hcwwf87

From the Judiciary

Direct Tax

Whether payments received by a UK-based law firm for legal services rendered in India can be characterized as Fees for Technical Services? Further, if the firm is tax-transparent, should treaty benefits be examined at the partnership level or at the partner level?

Herbert Smith Freehills LLP [TS-920-ITAT-2026(DEL)]

Facts

The assessee, a UK-based partnership law firm, rendered legal services in relation to Indian engagements. The firm had partners resident in the UK, Australia, France, Belgium, China, Japan, and Germany. Since a UK partnership is tax transparent, each partner is taxed in their country of residence. The assesse earned revenue from the provision of legal services in relation to Indian engagements. In its return of income, the assessee claimed that the income attributable to the UK resident partners (82.121%) was exempt from tax in India under the India–UK DTAA. In respect of the profit attributable to the non-UK resident partners, the assessee claimed that such income was not taxable in India under the applicable DTAAs of those partners' countries of residence . However, the assessee offered to tax the 3.627% profit share attributable to the German partners in accordance with the India-Germany DTAA.

During the assessment proceedings, the Assessing Officer (AO) accepted the claim relating to the UK resident partners but held that the 14.253% share of profits attributable to partners resident in Australia, France, Belgium, China and Japan was taxable in India as Fees for Technical Services (FTS) under Section 9(1)(vii) of the Income-tax Act, 1961 (the Act) and made an addition accordingly. The CIT(A) upheld AO's order and confirmed the addition. Aggrieved by the CIT(A)'s order, the assessee preferred an appeal before the Delhi ITAT.

Assessee's Arguments

- A UK partnership is tax transparent; therefore, taxability should be determined in the hands of each partner based on the DTAA applicable to the partner's country of residence.
- Legal services constitute professional services and not FTS under Section 9(1)(vii).
- The India-UK DTAA and other relevant DTAAs specifically distinguish professional services from FTS.
- The partnership did not have a Permanent Establishment (PE) or fixed base in India, nor did its personnel exceed the prescribed stay threshold under the Independent Personal Services (IPS) Articles of the relevant DTAAs.
- The legal services did not satisfy the "make available" test, as applicable, under the relevant DTAAs.

Revenue's Arguments

- The benefit of the India–UK DTAA is available only to income taxable in the UK in the hands of UK-resident partners.
- Since the partners from Australia, France, Belgium, China, and Japan were not UK residents, they could not claim benefits under the India–UK DTAA.
- The assessee itself had offered the German partners' share to tax; therefore, the share attributable to other non-UK partners should also be taxable.
- The receipts attributable to non-UK partners were taxable in India as FTS under Section 9(1) (vii).

Held

The Delhi ITAT (ITAT) ruled in favor of the assessee and held that consideration received by the assessee for rendering legal services could not be treated as FTS under Section 9(1)(vii) of the Act. While arriving at this

conclusion, the ITAT relied on the coordinate bench rulings in the case of Chander Mohan Lall vs. ACIT reported in 134 taxmann.com 292 (Delhi-Trib.) and ACIT vs. Subramanium Hariharan in ITA No. 600/Del/2020, wherein it was held that payments for legal/professional services rendered by non-resident attorneys are distinct from FTS. Accordingly, the AO's addition was deleted. The ITAT further held that since the assessee is a tax-transparent UK partnership, the taxability of the profit attribution to each non-UK resident partner must be determined separately under the DTAA applicable to the partner's country of residence. Accordingly, the matter was restored to the AO examination of the treaty eligibility of each non-UK resident partner. The grounds of the judgment are as follows:

- A UK partnership is a tax-transparent entity;therefore, taxability must be determined at the partner level based on each partner's country of residence.
- The AO himself accepted that taxability depends on the partner's state of residence, granting DTAA benefits to UK partners and accepting taxation of German partners under the India-Germany DTAA.
- The Act recognizes professional services and technical services as two distinct categories; legal services fall within professional services.
- Section 194J of the Act separately defines professional services and fees for technical services, indicating legislative intent to treat them differently.
- Article 13 of the India–UK DTAA specifically excludes payments for professional services rendered by lawyers and other specified professionals from the scope of FTS.
- Similar exclusions for professional services exist in India's DTAs with countries such as Australia, Belgium, and Japan.
- Since the receipts represented consideration for legal/ professional services, they could not be taxed as FTS under Section 9(1)(vii) of the Act.
- The AO must determine the taxability of each non-UK partner independently by applying the DTAA between India and the partner's country of residence.

Our Comments

The decision reinforces two significant international tax principles: (i) professional legal services are distinct from FTS under the Act and relevant DTAAs; and (ii) in the case of a fiscally transparent partnership, treaty eligibility and taxability must be examined at the level of each partner based on the applicable DTAA.

Whether interest earned by an Indian branch of a foreign bank from its head office/overseas branches and foreign banks is taxable in India?

Barclays Bank PLC [TS-937-ITAT-2026(Mum)]

Facts

The assessee, Barclays Bank PLC, a non-resident banking company incorporated in the UK, operated in India through branch offices in Mumbai and New Delhi, constituting its Permanent Establishment (PE) in India. For Assessment Year 1997–98, the assessee earned interest income from (i) Nostro accounts maintained with its head office and overseas branches, (ii) placements of funds with such head office and overseas branches, and (iii) placements with other overseas banks. The assessee did not offer such interest income to tax in India on the ground that it was not taxable.

However, the Assessing Officer (AO) held that such interest income was taxable under Section 9(1)(v)(c) of the Income-tax Act, 1961 (the Act) and made an addition. The assessee also claimed deductions towards broken period interest and other expenses, some of which were disallowed by the tax authorities.

Revenue's Arguments

- The Revenue contended that the interest income earned by the Indian branches on funds deployed in Nostro accounts and overseas placements constituted income accruing or arising in India and was taxable under Section 9(1)(v)(c) of the Act.
- It was argued that the funds used for such placements originated in India, and that the interest income, therefore, had sufficient nexus with India.
- With respect to interest earned from other overseas banks, the Revenue maintained that such income was also taxable either under the specific provisions of Section 9(1)(v)(c) or the general provisions of Section 9(1)(i).
- The Revenue further supported the disallowance of certain deductions and also argued that interest under Section 234B was rightly charged.

Assessee's Arguments

- The assessee submitted that the Indian branch, head office, and overseas branches constituted a single entity under domestic tax law, and therefore, any transactions between them were in the nature of dealings with itself.
- It was argued that no real income could arise from such internal transactions, invoking the principle of mutuality.
- Accordingly, interest earned from Nostro accounts and placements with head office and overseas branches was not taxable in India.

- In respect of interest from other overseas banks, the assessee contended that the conditions of Section 9(1)(v)(c) were not satisfied since the Revenue could not establish that the borrowed funds were used by such banks in any business carried out in India.
- The assessee also relied on judicial precedents to support the deduction of broken period interest and other expenses.

Held

- The Mumbai ITAT (ITAT) held that interest earned by the Indian branches from Nostro accounts and from placements with the head office and overseas branches was not taxable in India.
- ITAT observed that the Indian branch and its head office are not distinct entities under domestic law and, therefore, transactions between them are governed by the principle of mutuality—meaning that one cannot earn income from oneself.
- The ITAT further clarified that although a PE may be treated as a separate entity under tax treaties, such a distinction is to profit attribution and does not override the mutuality principle under domestic law.
- With regard to interest earned from other overseas banks, the ITAT held that such income did not fall within the ambit of Section 9(1)(v)(c) as the Revenue failed to demonstrate that the funds borrowed by such banks were used for business purposes in India.
- The ITAT also rejected the application of general provisions under Section 9(1)(i) where a specific provision governing interest income exists.
- Additionally, the ITAT confirmed the deletion of the disallowance of deduction claimed for broken period interest, relying on the Supreme Court's ruling in Bank of Rajasthan, wherein such interest was held to be allowable as revenue expenditure

Our Comments

The ruling reaffirms that inter-branch transactions of a foreign bank are governed by mutuality and not taxable, and clarifies that interest can be taxed u/s 9(1)(v)(c) only where a clear nexus with business in India is established.

Global minimum tax: Release of a common understanding of implementing jurisdictions and further administrative guidance to support compliance

Excerpts from oecd.org – dated 18 May, 2026

To support the implementation of the Global Minimum Tax (GMT) and mitigate the impact of any potential delays in the availability of fully operational filing portals or exchange relationships, jurisdictions implementing the GMT from 2024 ("2024 Implementing Jurisdictions") have agreed on a common understanding to preserve the administrative and compliance benefits of the central filing mechanism for the GloBE Information Return (GIR).

Pursuant to this common understanding, 2024 Implementing Jurisdictions have agreed to:

- Publish a list of jurisdictions expected to have a fully operational GIR filing portal in place by 31 May 2026, and
- Use mechanisms available under their respective domestic laws to waive penalties or suspend enforcement of local GIR filing obligations before the relevant GIR exchange deadline where the GIR has been centrally filed in any one of the jurisdictions identified in the published list.

Separately, the OECD/G20 Inclusive Framework on BEPS is releasing today further administrative guidance on the application of the existing Transitional UTPR Safe Harbor and has updated the Central Record for Purposes of the Global Minimum Tax.

Common understanding of jurisdictions implementing the Global Minimum Tax in 2024

Multinational Enterprise (MNE) Groups in scope of the GMT are relieved from locally filing a GIR in each jurisdiction where they operate, where such GIR is centrally filed in the jurisdiction of the Ultimate Parent Entity or a Designated Filing Entity, appropriate notifications have been filed, and the central filing jurisdiction shares the relevant GIR information with the local jurisdictions under the agreed Exchange of Information framework.

The central record of Qualified Income Inclusion Rules (QIIR) and Qualified Domestic Minimum Top-up Taxes (QDMTT) shows that 37 jurisdictions have implemented a QIIR and/or a QDMTT that applies to in-scope MNE Groups as of their 2024 reporting fiscal year. As the due date for the first GIR filings approaches, almost all jurisdictions are expected to have a fully operational portal in place for MNE Groups to file the GIR on the time. Some may only be able to formally activate exchange relationships after the relevant filing deadline (and still in time for the exchanges to take place before the end of the year).

To address the compliance and co-ordination challenges that could arise in respect of the delays in the activation of exchange relationships, the common understanding reflects an agreement among jurisdictions implementing the GMT from 2024 to apply mechanisms, to the extent available under their respective domestic laws, in order to avoid adverse consequences for taxpayers, and waive penalties or not enforce their local GIR filing obligation when the GIR has been centrally filed in one of the jurisdictions that are operationally ready to support central filing. Thus, in-scope MNE Groups would not be negatively affected merely because an exchange relationship is not fully activated by the filing deadline.

Updates to the Central Record for Purposes of the Global Minimum Tax

The Central Record for Purposes of the Global Minimum Tax sets out those jurisdictions whose minimum tax legislation has completed the process for the transitional qualification mechanism and will be considered as qualified for purposes of the rule order. The central record has been updated to reflect that the Bahamas, Kenya, Kuwait, and Oman have completed the transitional qualification mechanism for their DMTTs. As a result, the central record now shows that 44 jurisdictions have completed the process for their IIR, and 50 jurisdictions have completed the process for their DMTT and QDMTT Safe Harbor.

Administrative guidance on the application of the Transitional UTPR Safe Harbor

The OECD/G20 Inclusive Framework on BEPS has released new administrative guidance that addresses an unintended gap that arose in instances where an MNE Group with a 53-week fiscal year has its UPE located in a jurisdiction that is eligible both for the Transitional UTPR Safe Harbor, and for the Side-by-Side (SbS) Safe Harbor or the UPE Safe Harbor for fiscal years starting on or after 1 January 2026. The guidance clarifies that such an MNE Group will remain eligible for the Transitional UTPR Safe Harbor until the SbS Safe Harbor or UPE Safe Harbor applies.

For more information on the Global Minimum Tax and to access the Common Understanding, Central Record, and Administrative Guidance, visit: https://www.oecd.org/en/topics/global-minimum-tax.html.

Enquiries should be directed to the Communications Office in the OECD Centre for Tax Policy and Administration.

Upcoming Webinars & Events

Managing Customs Challenges in Global Trade Operations
21 July 2026
Taxsutra | Prabhat Ranjan

GST in Action: A Practical Perspective - Chennai
24 July 2026
Achromic Point | Sanjay Chhabria, Aditya Nadkarni

Indirect Tax

Whether the respondent violated Section 171 by not passing on the benefit of GST rate reduction (from 18% to 12% / 28% to 18%) on cinema tickets to customers and instead retaining ticket prices by increasing the base value of tickets?

DG Anti Profiteering, Director General of Anti-Profiteering, DGAP Versus Vishwanath Cinema Hall 70MM [(2026) 43 Centax 304 (Tri. - GST - Delhi)]

Facts

- A complaint was filed by the Principal Commissioner ("the Applicant") alleging that M/s Viswanath Cinema Hall 70MM ("the Respondent") has indulged in profiteering in contravention of Section 171 of Central Goods and Services Tax Act, 2017.
- It was alleged that the Applicant failed to commensurately reduce the prices of the cinema tickets, thereby denying the benefit of a tax reduction from 18% to 12% in line with the GST rate cut introduced through Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018. The respondent instead increased the base price to maintain the same tax-inclusive selling price.
- The matter was first investigated by the Director General of Anti-Profiteering (DGAP), then examined by the erstwhile Competition Commission of India (CCI) in its anti-profiteering jurisdiction, and ultimately adjudicated by the GST Appellate Tribunal (GSTAT) Principal Bench (New Delhi).
- DGAP found that ticket prices (inclusive of GST) remained unchanged while base prices were inflated across multiple ticket slabs; therefore, the benefit of the GST rate was not passed on to customers. The amount of profiteering was ultimately determined to be INR 0.899 million after re-investigation and reconciliation.
- The Respondent contended that the ticket prices were regulated by the State Licensing Authority, were GST-inclusive, and varied depending on the films or shows. He further added that there is no stock-keeping in the theatre; as every show is a new show, there is no question of profiteering in the cinema business.

Ruling

- The Tribunal observed that the Respondent took inconsistent positions on whether ticket prices were regulated or independently determined and failed to produce any supporting orders or approvals for the relevant period.
- Tribunal rebutted the Respondent's contentions by drawing support from the Tribunal's own earlier decision in DGAP vs. Mallikarjuna Cinema Hall, 70MM Hyderabad (Case No. NAPA/3/PB/2025), to hold that State cinema laws do not override Section 171 (i.e., antiprofiteering obligation).
- The Tribunal accepted the DGAP findings, as the Respondent provided no specific rebuttal to the computation methodology.
- The violation of anti-profiteering obligations under Section 171 was confirmed, and the amount was directed to be deposited with 18% interest, with 50% each to the Central and State Consumer Welfare Funds, since the recipients were not identifiable.
- No penalty was imposed, as the relevant period preceded 1 January 2020, when the penalty provisions came into force.

Our Comments

Section 171 imposes a strict obligation on suppliers to pass on GST rate reductions to customers, and any increase in the base price to neutralize those benefits amounts to profiteering. Any adjustment of base prices to neutralize tax benefits, while keeping final prices unchanged, amounts to profiteering.

The burden lies on the supplier to justify price increases through documentary evidence, and failure to challenge the findings provided by the adjudicating authority may be treated as acceptance of the findings in terms of a decision given by the Hon'ble Apex Court in Thangam v. Navamani Ammal [(2024) 4 SCC 247].

Whether GST already paid under the wrong tax head (IGST instead of CGST/KGST) must be adjusted against the correct tax liability before initiating recovery of tax, interest, and penalty?

GR Tech Services Pvt Ltd vs Assistant Commissioner of Commercial Taxes (Audit) & Ors, (Karnataka High Court) [TS-460-HC(KAR)-2026-GST]

Facts

- The petitioner supplied services to L&T, Chennai, during FY 2019-20 and initially treated the transactions as inter-state supplies, paying IGST. Subsequently it was realized that invoices should have been raised on L&T's Bengaluru unit, making the supplies intra-state supplies liable to CGST and KGST instead of IGST.
- During the GST audit, the department observed that tax had been paid under the wrong GST head and issued proceedings under Section 73. The department viewed that the taxpayer must first pay CGST and KGST under the correct heads and then separately seek a refund of the IGST already paid.

- An adjudication order was passed; the Petitioner's appeal was dismissed on grounds and recovery proceedings were initiated. Further, the petitioner's application for a refund of the IGST was rejected.
- To support the petitioner's contentions, it relied upon Section 77(2) of the CGST Act read with Rule 92 of the CGST Rules and argued that the authorities ought to have adjusted the IGST already paid against the CGST/KGST liability or granted a refund of the wrong-headed payment for the refund application filed by the petitioner. Further, there was no revenue loss as tax had already been paid under the IGST head.

Ruling

- Authorities failed to read Section 77(2) in conjunction with Rule 92, which provides for the adjustment of refundable amounts against outstanding demands. Tax already paid under the wrong head cannot be ignored while determining the taxpayer's liability.
- The adjustment of IGST against CGST/KGST liability must be examined first, and only the balance shortfall can be recovered.
- Accordingly, the recovery proceedings were set aside, and the matter remitted for reconsideration.
- Authorities are directed to consider an adjustment before recovering tax, interest, or penalty.

Our Comments

- The judgment strengthens the position of taxpayers against demands arising from incorrect head GST payments and supports seeking an adjustment before any coercive recovery action is initiated.
- The Court reiterated that Section 77 and 92 are intended to provide relief in genuine cases and prevent hardship arising from procedural mistakes.
- Procedural mistakes regarding tax heads should not result in double taxation where tax has already reached the Government treasury. The Authorities should adopt a substantive and revenue-neutral approach.
- The ruling is likely to carry greater persuasive value before higher judicial forums, where principles such as revenue neutrality, adjustment, and substantive justice are accorded with greater weight.

Past Webinars & Events

Recent Developments in UAE Transfer Pricing: Business Readiness and What to Expect

25 June 2026

Nexdigm | Nishit Parikh, Ronak Godha

Transfer Pricing

Assessing Officer (AO) cannot issue multiple draft assessment orders u/s 144C

Marvell India Pvt. Ltd. [IT(TP)A No. 115/Bang/2023 (Bangalore ITAT)]

The taxpayer, engaged in the provision of software development services to its AEs, was subject to a transfer pricing adjustment proposed by the TPO for AY 2017-18. Based on the TPO's order, the AO issued a draft assessment order containing only the transfer pricing adjustment. After the taxpayer filed objections before the DRP, the AO issued a second draft assessment order proposing additional corporate tax adjustments. A final assessment order was subsequently passed, incorporating both the transfer pricing and corporate tax adjustments. Following Court's intervention the Karnataka High , the matter was remanded for consideration under the DRP process. However, while passing the fresh assessment order, the AO again included corporate tax additions despite the DRP having issued directions only on the transfer pricing issues. Aggrieved, the taxpayer appealed before the ITAT.

Taxpayer's contention

The taxpayer contended that Section 144C permits only one draft assessment order and that all proposed adjustments prejudicial to the taxpayer must be included therein. Accordingly, the AO could not introduce fresh corporate tax additions through a subsequent draft assessment order. It was further argued that, in the absence of any DRP directions on the corporate tax issues, such additions could not be sustained in the final assessment order.

Revenue's contention

The Revenue contended that the second draft assessment order provided the taxpayer with an opportunity to contest the proposed corporate tax additions and therefore met the procedural requirements of Section 144C. Accordingly, the additions incorporated in the final assessment order were valid.

Held

The ITAT held that Section 144C envisages the issuance of a single draft assessment order for a particular assessment year and that all proposed variations to the taxpayer's income must be incorporated therein. Consequently, the second draft assessment order issued by the AO was held to be invalid. The Tribunal further held that corporate tax additions that were neither included in the original draft assessment order nor covered by the DRP's directions could not be incorporated in the final assessment order. Accordingly, the corporate tax additions were deleted.

Our comments

The ruling emphasizes the need for strict adherence to the procedure prescribed under Section 144C. It clarifies that the AO is required to set out all proposed adjustments in the draft assessment order itself and cannot subsequently expand the scope of the assessment through a fresh draft order. The decision also reinforces that the final assessment order should be confined to matters forming part of the draft assessment proceedings and addressed through the DRP mechanism. Taxpayers involved in DRP proceedings may find this ruling helpful, as it addresses additional adjustments introduced after the draft assessment stage.

No further profit attribution where transactions with an Indian Dependent agent permanent establishment (DAPE) are at arm's length

FedEx Express International B.V. v. ACIT [TS-431-ITAT-2026(Mum)-TP]

The taxpayer, a tax resident of the Netherlands, was engaged in the business of providing international transportation, delivery, and related logistics services. The taxpayer carried out its India-related operations through arrangements with its Indian group entities, including FedEx Express Transportation and Supply Chain Services India Pvt. Ltd. and TNT India. During the assessment proceedings, the AO held that the Indian entities constituted Dependent Agent Permanent Establishments (DAPEs) of the taxpayer in India and attributed additional profits to such DAPEs in respect of the taxpayer's Indian operations. The DRP upheld the adjustment. Aggrieved, the taxpayer appealed before the ITAT.

Taxpayer's contention

The taxpayer did not dispute the existence of the DAPEs. However, it contended that no further profits could be attributed to the DAPEs since the transactions between the taxpayer and the Indian group entities had already been examined under the transfer pricing provisions and accepted to be at arm's length. It was argued that once the Indian entities had been appropriately remunerated for the functions performed, assets employed, and risks assumed, no further profit attribution was warranted. The taxpayer also relied on judicial precedents, including the Supreme Court's decisions in Morgan Stanley and E-Funds, as well as earlier decisions of its own.

Revenue's contention

The Revenue contended that since the Indian entities constituted DAPEs of the taxpayer, a portion of the profits arising from the taxpayer's Indian operations was taxable in India. Accordingly, additional profits were attributable to the DAPEs and liable to tax in India.

Held

The ITAT observed that the taxpayer had accepted the existence of the DAPEs and that the issue for consideration was restricted to the attribution of profits. The Tribunal noted that the transactions between the taxpayer and the Indian group entities had already been accepted as at arm's length pursuant to transfer pricing proceedings. Relying on the decisions of the Supreme Court in Morgan Stanley & Co. and E-Funds IT Solution Inc., as well as its own decisions in the taxpayer's earlier years, the Tribunal held that where the Indian entities have been remunerated at arm's length, no further profits are required to be attributed to the DAPEs. Accordingly, the addition made on account of profit attribution was deleted.

Our comments

The ruling reiterates the principle that where an Indian DAPE has been adequately compensated on an arm's-length basis, further profit attribution may not be required. The decision underscores the interaction between transfer pricing and PE attribution principles and provides support to taxpayers in cases where the remuneration of Indian group entities has already been benchmarked and accepted under the transfer pricing regulations.

Quotes & Coverage

India's Global Trade - The Need for Value Added Export Incentivization
Taxsutra I Aditya Nadkarni & Neeraj Chavan
30 June 2026
https://tinyurl.com/9ausehm8

Portal Glitches Put Thousands of GST Appeals at Risk; Experts Seek Deadline Extension
ET CFO I Prabhat Ranjan
29 June 2026
https://l1nq.com/v3znhui

Online Gaming Under GST: From Platform Fees to Full Face Value—The Supreme Court's New Rules of the Game
Taxsutra I Prabhat Ranjan
29 June 2026
https://tinyurl.com/4vn2m2h6

India New-Zealand FTA, a Modern Trade Partnership
The Hindu I Aditya Nadkarni & Snehal Gadhave
28 June 2026
https://tinyurl.com/4cdm3rxd

Inside 2-Day Trade Talks: India Wants Competitive Edge, Here's What US Seeks
NDTV I Prabhat Ranjan
26 June 2026
https://tinyurl.com/4neh9vjs

Salary Was Your Only Income, Yet You Received an Income Tax Notice? Here's Why
Financial Express I Anita Basrur
23 June 2026
https://tinyurl.com/4etnbvyu

IBBI New Norms to Boost Valuation of Distressed Firms
Financial Express I Amit Amlani
17 June 2026
https://tinyurl.com/2wjtrywt

Tax Talk

Indian Developments

Indirect Tax

Customs

Exemption of Customs duty including Agriculture Infrastructure and Development Cess (AIDC) on import of Cotton

Notification No. 19/2026-Customs dated 30 May 2026

CBIC exempts imports of Cotton (Heading 5201) from the whole of the Basic Customs Duty (BCD) and Agriculture Infrastructure and Development Cess (AIDC) effective from 1 June 2026 till 31 October 2026.

Tariff Concessions on import of products in India from the Sultanate of Oman under India-Oman Comprehensive Economic Partnership Agreement (CEPA)

Notification No. 20/2026-Customs dated 31 May 2026

The Government has provided concessional customs duty benefits for specified goods imported from Oman, subject to compliance with the Rules of Origin requirements. The notification covers various product categories and prescribes applicable Basic Customs Duty (BCD), AIDC rates, and Tariff Rate Quotas (TRQs) for eligible imports. The notification is effective from 1 June 2026.

Exemption of duty on goods for the generation of nuclear power falling under the head 84013000

Notification No. 53/2026-Customs (N.T) dated 11 June 2026

The Government, in exercise of the powers conferred under Section 28A of the Customs Act, 1962, has waived the recovery of Customs duty on goods used for the generation of nuclear power (Tariff Item 8401 30 00) imported during the period from 1 April 2019 to 31 January 2026. The notification regularizes the prevailing practice of non-levy of duty on such imports, thereby eliminating potential retrospective duty demands and providing certainty to importers in the nuclear power sector.

In addition to the list of International Courier Terminals

Notification No. 57/2026-Customs (N.T) dated 18 June 2026

Navi Mumbai Customs airport has been added to the list of notified international courier terminals.

Exemption from Merchant Overtime (MOT) Charges for International Cruise Passengers

Circular No. 27/2026-Customs dated 15 June 2026

The Government has clarified that Merchant Overtime (MOT) charges will not be levied for customs services relating to the clearance of international cruise passengers and their accompanied baggage at customs locations notified for 24x7 operations. The decision has been taken as a trade facilitation measure to promote cruise tourism and ensure uniform implementation across customs formations.

Acceptance of Accredited Laboratory Test Reports for Export Consignments

Circular No. 28/2026-Customs dated 15 June 2026

Exporters may submit test reports issued by NABL-accredited laboratories, EPC-recognized laboratories, or other recognized agencies to meet the regulatory

requirements of the importing country. Where such accredited test reports are available, and there is no risk-based intervention or intelligence input, Customs officers may rely on these reports without mandatorily referring samples to CRCL for testing.

The circular eliminates the need for duplicate testing of export samples, thereby reducing procedural delays and expediting export clearances. In cases involving risk parameters, intelligence alerts, or verification concerns, the existing procedure for sample drawal and testing through CRCL or other designated laboratories will continue to apply.

The existing testing framework for import consignments and import samples will continue to be tested in accordance with the prevailing instructions.

Exemption from BIS Compulsory Registration for Highly Specialized Equipment (HSE)

Instruction No. 08/2026-Customs dated 12 June 2026

HSEs that satisfy any one of the following criteria shall be exempted from the compulsory registration requirement if manufactured / imported in less than 100 units per model per year, effective from 15 June 2026:

- Equipment powered by a three-phase power supply; or
- Equipment powered by a single-phase power supply with a current rating exceeding 16 amperes; or
- Equipment with dimensions exceeding 1.5 m × 0.8 m; or
- Equipment with a weight exceeding 80 Kg.

Inclusion of Standalone Hard Disk Drives under BIS Compulsory Registration Requirements

Instruction No. 09/2026-Customs dated 12 June 2026

The instruction implements the MeitY notification, expanding the scope of the Compulsory Registration Scheme (CRS) to cover Standalone Hard Disk Drives (HDDs).

While USB-type External Hard Disk Drives will continue to be governed by the existing regulatory framework, all other standalone HDDs will be subject to the requirements of the Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2021.

The revised compliance requirement will take effect on 5 November 2026, making BIS registration mandatory for eligible standalone HDDs prior to their import or sale in India.

Establishment of Green Channel for Customs Clearance of Pollution Response Equipment and Materials during Oil and Hazardous and Noxious Substances (HNS) Spill Emergencies

Instruction No. 11/2026-Customs dated 23 June 2026

Customs Zones have been directed to nominate Nodal Officers to coordinate with the Indian Coast Guard and to facilitate priority processing of related consignments. The initiative aims to strengthen India's preparedness and response capabilities for marine pollution incidents while ensuring compliance with applicable Customs laws.

Foreign Trade Policy

DGFT notifies Authorized Agencies for Issuance of Preferential Certificate of Origin (CoO) under India-Oman CEPA

Public Notice No. 15/2026-27 dated 2 June 2026
Public Notice No. 16/2026-27 dated 2 June 2026

The Directorate General of Foreign Trade (DGFT) has operationalized the Certificate of Origin (CoO) framework under the India–Oman Comprehensive Economic Partnership Agreement (CEPA). The notifications enable the issuance of Preferential Certificates of Origin under the Agreement through the prescribed mechanism, laying the foundation for the implementation of the CEPA and facilitating access to preferential tariff benefits for eligible exports.

Amendment in import policy condition of silver products under Chapter 71 of ITC (HS), 2022

Notification No. 19/2026-27 dated 2 June 2026

The Directorate General of Foreign Trade (DGFT) has revised the import policy conditions applicable to specified silver products under Chapter 71 of Schedule-I (Import Policy) of the ITC (HS), 2022. Under the revised framework, imports of specified forms of silver, wherever permitted, can be undertaken only against a valid Import Authorization issued by the DGFT. The requirement applies to imports routed through the permitted channels, while the existing provisions relating to the import of silver dore by refineries remain unchanged.

Amendment in applicability of Quality Control Orders (QCOs)/BIS requirements on imports by SEZ Units and SEZ Developers

Notification No. 20/2026-27 dated 2 June 2026

The DGFT has expanded the exemption from Quality Control Orders (QCOs) and BIS requirements for imports made by SEZ Units and SEZ Developers. Earlier, the exemption was available only for inputs required for export production by SEZ units; however, under the revised framework, the exemption has been extended to all permissible goods imported for authorized operations within Special Economic Zones, including raw materials, components, consumables, spares, and capital goods. The exemption will continue to be subject to compliance with applicable QCOs, BIS requirements, and other regulatory conditions where such goods, or products manufactured therefrom, are subsequently cleared into the Domestic Tariff Area (DTA).

Quotes & Coverage

ITR Filing Season: A Tax Checklist for Freelancers, Influencers, and Gig Workers
CNBC TV18 I Anita Basrur
16 June 2026
https://tinyurl.com/4pd999yy

From PAN, TDS to Tax Regime: 7 Form 16 Checks You Can't Miss Before Filing ITR
India Today I Anita Basrur
11 June 2026
https://tinyurl.com/muktrhma

Vedanta Demerger Tax Guide: How to Calculate Your Tax After Vedanta's 1-to-5 Demerger Split? Expert Decodes
Goodreturns I Amit Amlani
11 June 2026
https://tinyurl.com/ywsu5amj

ITR Filing 2026: Don't File Your Tax Return Before Receiving Form 16A; Here's Why
Goodreturns I Anita Basrur
10 June 2026
https://tinyurl.com/ed8c6p4a

India New-Zealand FTA, a Modern Trade Partnership
Taxsutra I Aditya Nadkarni & Snehal Gadhave
09 June 2026
https://tinyurl.com/mrwn4kdh

Tax Talk

Global Developments

Indirect Tax

EU Abolishes Euro150 Customs Duty Exemption for Low-Value Imports

Excerpts from various sources

Effective 1 July 2026, the European Union has introduced significant customs reforms for low-value imports.

- The EU has withdrawn the EUR 150 customs duty exemption for imports, meaning low-value consignments will no longer automatically qualify for duty-free entry.
- Customs duties may now apply to imported goods irrespective of their value, depending on the applicable tariff classification.
- The reform is limited to customs procedures and does not alter the existing VAT framework, including the Import One Stop Shop (IOSS) regime.
- Under IOSS, VAT will continue to be collected at the point of sale, monthly IOSS filings will remain applicable, and import VAT relief will continue where IOSS is valid.
- Businesses engaged in e-commerce and cross-border trade may face increased customs compliance, reporting, and declaration requirements.

Philippines: Additional guidance on VAT for digital services

Excerpts from various sources

The Philippine Bureau of Internal Revenue (BIR) has released Revenue Memorandum Circular No. 59-2026, effective on 2 June 2026, providing additional clarification on the operation of the country's digital services VAT regime.

- Non-resident providers supplying VAT-exempt digital services must still register with the BIR, submit VAT returns, and report them as exempt transactions.
- For certain international cost-sharing arrangements, involving a foreign service provider and a Philippine subsidiary receiving the services, the foreign service provider is generally treated as the non-resident digital service provider (NRDSP) for VAT purposes.
- Philippine businesses acquiring digital services from overseas providers must continue applying the reverse charge mechanism and account for the 12% VAT on B2B transactions, including services acquired through an online booking platform.
- Companies that only facilitate real-time fund transfers in digital transactions are subject to VAT on service fees charged to customers.

France: Guidance clarifying e-reporting obligations for foreign companies

Excerpts from various sources

The French tax authorities have published new guidance outlining the e-reporting obligations that will apply to foreign companies without a permanent establishment in France. The guidance confirms that while foreign businesses are generally outside the scope of French e-invoicing, they may still be subject to separate e-reporting requirements.

The e-reporting obligation will apply from:

- 1 September 2026 for large enterprises and intermediate-sized enterprises (ISEs);
- 1 September 2027 for micro-enterprises, very small enterprises (VSEs), and SMEs;
- 1 September 2027 for businesses acting as buyers

in reverse-charge transactions and intra-Community acquisitions, regardless of company size.

Foreign businesses subject to e-reporting must select an authorized platform to transmit the required data to the French tax authorities.

UAE: New ministerial resolutions refine e-invoicing framework

Excerpts from various sources

The UAE Ministry of Finance has issued Ministerial Resolutions No. 56 and No. 66 of 2026, providing further clarity on the country's e-invoicing framework and implementation roadmap.

Ministerial Resolution No. 56 of 2026:

- Updates the accreditation requirements for service providers operating within the UAE e-invoicing framework.
- Service providers must be active Peppol-certified (i.e., use an Accredited Service Provider (ASP) authorized by the UAE Ministry of Finance) and have successfully completed OpenPeppol conformance testing.
- Service providers must have a PSP product operational for at least two years.
- Service providers must retain full compliance responsibility, even if outsourcing or using third-party technology.

Ministerial Resolution No. 66 of 2026:

- Large Businesses with annual revenue of AED 50 million or more must appoint an accredited service provider (ASP) by 30 October 2026.
- These businesses must fully implement the e-invoicing system by 1 January 2027.

The resolutions provide additional clarity on both the implementation timeline for large businesses and the eligibility criteria for accredited service providers as the UAE continues the rollout of its national e-invoicing framework.

Tanzania: 2026-2027 budget introduces VAT and digital tax measures

Excerpts from various sources

The Tanzania Ministry of Finance has announced several indirect tax, customs, and digital compliance measures under its 2026–27 Budget, effective from 1 July 2026:

- Enhanced digital tax administration includes mandatory e-payments, strengthened e-receipt systems, digital payment incentives, and digital proof requirements for selected transactions.
- VAT exemptions for imported EV charging station equipment and LPG smart meters used by cooking gas suppliers.
- VAT-related amendments, including refunds within 30 days with interest on delayed refunds, revisions to certain VAT exemptions, and new exemptions for specific sectors.
- Custom duty on certain EVs reduced to 10% (From 25%).
- Amendment to stamp duty rates and applicable thresholds.
- Digital services tax raised to 3% (from 2%) for non-resident providers.

Chile: Simplified VAT regime extended to foreign online gambling platforms

Excerpts from various sources

The Chilean Internal Revenue Service issued Resolution No. 69, extending the simplified VAT regime for digital services providers to non-resident digital platform operators supplying online gambling, casino, and betting services to Chilean residents who are not registered for VAT. Key measures included in the resolution are as follows:

- Non-resident operators providing online gambling, casino, and betting services must comply with the VAT registration, filing, and payment obligations applicable to other non-resident digital platform operators.
- Taxpayers may be excluded if they to submit VAT returns or fail to declare and pay VAT on payments from Chilean users who are not registered for VAT.
- VAT applies to the total consideration received for services.
- Non-resident digital platform operators that have supplied services during the previous 36 months must, upon registration, submit VAT returns and pay any outstanding VAT liabilities relating to those services.

The resolution expands the scope of Chile's simplified VAT regime for digital services and introduces specific compliance requirements for foreign operators in the online gambling sector.

Transfer Pricing

Singapore: Key Updates from the Ninth Edition of the IRAS Transfer Pricing Guidelines (Effective YA 2026)

Excerpts from various sources

The Inland Revenue Authority of Singapore (IRAS) has published the Ninth Edition of its e-Tax Guide on Transfer Pricing Guidelines on 4 June 2026, introducing a new FAQ that clarifies the transfer pricing treatment of share-based compensation (SBC) costs. The guidance is effective from Year of Assessment (YA) 2026.

The updated guidance confirms that share-based compensation costs are treated as employee remuneration and should be included in the cost base. This approach aligns with the OECD publication "The Taxation of Employee Stock Options".

The clarification is particularly relevant for taxpayers applying the Transactional Net Margin Method (TNMM), including cost-plus remuneration models commonly adopted for intra-group service arrangements.

IRAS has also provided practical clarification on the treatment of three types of SBC costs:

- Incurred SBC costs (where the cost is charged by a related party and recognized in the Singapore entity's accounts),
- Uncharged SBC costs (where the cost relates to the Singapore entity but is not charged by the related party), and
- Notional SBC costs (where the cost is not charged but recognized in the accounts for accounting purposes).

While all three categories must continue to be included in the service provider's cost base for determining the arm's-length mark-up, a welcome concession applies from YA 2026. Specifically, uncharged and notional SBC costs may be excluded from the service income charged to related parties, even though the mark-up must still be applied on the full cost base. In contrast, incurred SBC costs will continue to be included in both the cost base and the service income. The change addresses a longstanding practical concern for multinational groups, where uncharged or notional SBC costs formed part of the cost base and were marked up despite the absence of an actual recharge between related parties.

The table below summarizes the treatment of SBC costs:

Category	YA 2025 and Before		YA 2026 Onwards	
	Include in Cost Base?	Include in Service Income?	Include in Cost Base?	Include in Service Income?
Incurred SBC	Yes	Yes	Yes	Yes
Uncharged SBC	Yes	Yes	Yes	No
Notional SBC	Yes	Yes	Yes	No

Our comments

The Ninth Edition guidance provides clarity on the transfer pricing treatment of SBC costs in Singapore. The concession allowing uncharged and notional SBC costs to be excluded from service income, while remaining in the cost base for arm's-length mark-up purposes, helps address practical challenges and reduces the historical mismatch in cost-plus arrangements. The update also complements Singapore's Budget 2025 EEBR measures and contributes to a more consistent tax and transfer pricing framework. Taxpayers should review their transfer pricing policies and intercompany arrangements to align with the revised guidance from YA 2026 onwards.

OECD Proposes revision to Chapter VII of OECD Transfer Pricing Guidance on Intra-group Services

Excerpts from various sources

On 1 June 2026, the OECD released a public consultation document proposing revisions to Chapter 7 of the OECD Transfer Pricing Guidelines, which provides guidance on the transfer pricing treatment of intra-group services.

The proposed revisions also seek to align the guidance on intra-group services more closely with the broader transfer pricing framework set out in Chapters 1, 2, and 3 of the OECD Transfer Pricing Guidelines.

The proposed revisions aim to further enhance clarity and provide practical illustrations by adding new examples. The revisions are not intended to change the general principles underlying the transfer pricing analysis of intra-group services.

A key focus of the draft is the introduction of more detailed guidance on the accurate delineation of intra-group service arrangements and the application of the benefit test. While the core definition remains unchanged, the OECD provides additional clarification that a benefit may arise during or after the activity; need only be reasonably expected at the time the activity is performed, rather than guaranteed; should be assessed at the level of the recipient entity; and should be analyzed separately from the determination of arm's-length remuneration.

The OECD has also expanded its discussion on shareholder activities, stewardship activities, duplicative services, incidental benefits, and on-call services, providing additional guidance on when such activities should or should not attract a charge.

The draft also includes additional guidance on distinguishing service arrangements from transactions involving intangibles, including examples involving proprietary know-how and AI-enabled business models. The draft also clarifies that a cost-based method should not automatically be considered the preferred method for intra-group services and expands the discussion of CUP limitations, profit split applications, and pass-through costs.

Documentation expectations are also expanded, though this could prove disproportionate for smaller transactions. Twenty-one detailed examples are provided covering all of the above, to reduce controversy at the audit stage by providing both taxpayers and examiners with a common reference point.

Our comments

While the OECD has clarified that the proposed revisions are not intended to change the fundamental transfer pricing principles applicable to intra-group services, the draft reflects a clear move towards greater emphasis on benefit substantiation, accurate delineation, and contemporaneous documentation. The proposed revisions are open for public consultation until 22 July 2026. MNE groups should stress-test management fee, shared service, and head-office charge structures against the enhanced guidance and consider providing feedback where the proposals may result in disproportionate compliance burdens.

Compliance Calendar

Direct Tax
Indirect Tax

7 July 2026

- Due date for deposit of TDS for the period April 2026 to June 2026, when the Assessing Officer has permitted quarterly deposit of TDS under section 392(1) or 393(1) [Table Sl. Nos. (1)(i) and (ii), and 5(ii) and (iii)] of the Income-tax Act, 2025.
- Uploading of declarations received in Form No. 127 (Income-tax Rules, 2026) from the buyer in the month of June 2026.
- Upload the declarations received from recipients in Form No. 121 (Income-tax Rules, 2026) during the quarter ending June 2026.
- Due date for the deposit of tax deducted/collected for the month of June 2026. However, all sums deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day on which tax is paid without production of an Income Tax Challan.

15 July 2026

- Due date for furnishing Form No. 137 (Income-tax Rules 2026) by an office of the Government where TDS/TCS for the month of June 2026 has been paid without the production of a challan.
- Issue of certificate in Form No. 132 (Income-tax Rules, 2026) under section 395(4) of the Income-tax Act 2025 for tax deducted at source under section 393(1) [Table Sl. No. 2(i), 3(i), 6(ii) & 8(vi)] of the Income-tax Act, 2025 in the month of May 2026.
- Furnishing of quarterly statement in Form 147 (Income-tax Rules, 2026) to be furnished by an authorised dealer in respect of remittances made for the quarter ending June 2026
- Furnishing of quarterly statement in Form 148 (Income-tax Rules, 2026) to be furnished by a unit of IFSC, as referred to section 147(1)(b) of the Income-tax Act, 2025, in respect of remittances made for the quarter ending June 2026.
- Statement in Form 1 (Income-tax Rules 2026) by the stock exchange for the month of June 2026, in respect of transactions in which client codes have been modified after registering in the system.
- Furnishing of statement in Form No. 92 (Income-tax Rules 2026) by the specified fund or stock broker in respect of a non-resident referred to in Rule 157 of the Income-tax Rules 2026 for the quarter ending 30 June 2026

10 July 2026

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

11 July 2026

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

13 July 2026

- GSTR-6 for the month of June 2026 to be filed by Input Service Distributors (ISDs).
- GSTR-5 for the month of June 2026 to be filed by Non-Resident Foreign Taxpayers.
- Uploading B2B invoices using Invoice Furnishing Facility (IFF) under the QRMP scheme for the month of June 2026 by taxpayers with aggregate turnover of up to INR 50 million

18 July 2026

- CMP-08 for the quarter of April 2026 to June 2026 to be filed by taxpayers under the composition scheme.

20 July 2026

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

22 July 2026

- GSTR-3B for the quarter of April 2026 to June 2026 to be filed by taxpayers under the QRMP scheme and having principal place of business in Category 1 States.

24 July 2026

- GSTR-3B for the quarter of April 2026 to June 2026 to be filed by taxpayers under the QRMP scheme and having principal place of business in Category 2 States.
- Payment of tax through GST PMT-06 by taxpayers under the QRMP scheme for the month of June 2026.

Compliance Calendar

Direct Tax
Indirect Tax

30 July 2026

- Furnishing of challan-cum-statement in Form No. 141 (Income-tax Rules 2026) in respect of deduction of tax under section 393(1) [Table Sl. No. 2(i), 3(i), 6(ii) & 8(vi)] of the Income-tax Act, 2025 for the month of June, 2026

31 July 2026

- Filing of quarterly statement in Form No. 138 (Income-tax Rules 2026) by employers responsible for TDS from salaries paid to employees under section 392 or by a specified bank in respect of income paid to a specified senior citizen under section 393(1) [Table: Sl. No. 8(iii)] of the Income-tax Act, 2025, for the quarter ending June 30, 2026
- Filing of quarterly statement of collection of tax at source under section 397(3)(b) of the Income-tax Act, 2025 in Form No. 143 (Income-tax Rules 2026) for the quarter ending June 30, 2026
- Furnishing of Form No. 10E (Income-tax Rules, 1962) by an employee claiming relief under section 89 (Income-tax Act, 1961) when salary is paid in arrears or in advance, etc. (if the assessee is required to submit the return of income on or before July 31, 2026)
- Furnishing of statement in Form No. 10-EE (Income-tax Rules, 1962) for exercising the option to claim relief under section 89A (Income-tax Act, 1961) for income arising from retirement benefit account maintained in a notified country at the time of withdrawal or redemption (if the assessee is required to submit the return of income on or before July 31, 2026)
- Furnishing of statement in Form No. 3CFA (Income-tax Rules, 1962) for exercising the option to pay tax at a concessional rate under section 115BBF (Income-tax Act, 1961) for income in the nature of royalty arising from patent developed and registered in India (if the assessee is required to submit return of income by July 31, 2026)
- Furnishing of declaration in Form No. 10BA (Income-tax Rules, 1962) by an assessee claiming deduction under Section 80GG (Income-tax Act, 1961) in respect of the rent paid for residential accommodation (if the assessee is required to submit the return of income on or before July 31, 2026)
- Furnishing of certificate of foreign inward remittance in Form No. 10H (Income-tax Rules, 1962) by a resident individual being an author/ patentee claiming deduction under Section 80QQB/80RRB (Income-tax Act, 1961) in respect of income earned from any source outside India (if the assessee is required to submit the return of income on or before July 31, 2026)
- Furnishing of the certificate in Form No. 10-IA (Income-tax Rules, 1962) from the medical authority certifying 'person with disability', 'severe disability', 'autism', 'cerebral palsy' or 'multiple disability' for the purposes of sections 80DD and 80U (Income-tax Act, 1961). (if the assessee is required to submit the return of income on or before July 31, 2026)
- Intimation in Form II by Sovereign Wealth Fund in respect of investment made in India for quarter ending June, 2026
- Due date for furnishing the return of income for the Assessment Year 2026–27 by an assessee, other than the following:
  - An assessee, including a partner of a firm or the spouse of such partner (where Section 5A of the Income-tax Act, 1961 applies), to whom the provisions of Section 92E of the Income-tax Act, 1961 apply;
  - A company to whom the provisions of Section 92E of the Income-tax Act, 1961 do not apply;
  - An assessee whose accounts are required to be audited, to whom the provisions of Section 92E of the Income-tax Act, 1961 do not apply;
  - A partner of a firm whose accounts are required to be audited, or the spouse of such partner (where Section 5A of the Income-tax Act, 1961 applies), to whom the provisions of Section 92E of the Income-tax Act, 1961 do not apply;
  - An assessee having income from business or profession whose accounts are not required to be audited, and to whom the provisions of Section 92E of the Income-tax Act, 1961 do not apply; and
  - A partner of a firm whose accounts are not required to be audited, or the spouse of such partner (where Section 5A of the Income-tax Act, 1961 applies), to whom the provisions of Section 92E of the Income-tax Act, 1961 do not apply.
- Intimation in Form No. 175 (Income-tax Rules, 2026) by a pension fund in respect of each investment made in India for quarter ending June, 2026

Compliance Calendar

Direct Tax

Indirect Tax

31 July 2026

- Filing of quarterly statement in Form No. 140 (Income-tax Rules 2026) by deductors responsible for deduction of tax at source on non-salary payments such as commission, brokerage, professional fees, rent, etc., made to residents for the quarter ending June 30, 2026
- Filing of quarterly statement of tax deposited in Form No. 142 (Income-tax Rules 2026) in relation to transfer of virtual digital asset under section 393(1) [Table: S. No. 8(vi)] of the Income-tax Act, 2025 to be furnished by an Exchange for the quarter ending June 30, 2026
- Filing of quarterly statement of TDS in Form No. 144 (Income-tax Rules 2026) in respect of payments other than salary made to non-residents for quarter ending June 30, 2026
- Furnishing of certificate in Form No. 10CCD (Income-tax Rules, 1962) by a resident individual being an author (including a joint author) claiming deduction under section 80QQB (Income-tax Act, 1961) in respect of royalty income (if the assessee is required to submit return of income on or before July 31, 2026)
- Furnishing of Form No. 5C (Income-tax Rules, 1962) containing details of attribution of capital gain taxable under section 45(4) (Income-tax Act, 1961) to the capital asset remaining with the firm, AOP, or BOI after reconstitution (if the firm, AOP, or BOI is required to furnish return of income on or before July 31, 2026)
- Furnishing of Form No. 10BBD (Income-tax Rules, 1962) reporting details of funds received from eligible persons, directly or through an Alternative Investment Fund, during the Previous Year 2025-26 (if the assessee is required to submit return of income on or before July 31, 2026)
- Furnishing of certificate in Form No. 10CCE (Income-tax Rules, 1962) by a resident individual being a patentee claiming deduction under section 80RRB (Income-tax Act, 1961) in respect of royalty income on patents (if the assessee is required to submit return of income on or before July 31, 2026)

31 July 2026

- Furnishing of Form No. 3CT (Income-tax Rules, 1962) by the transferor of shares or interests in, a company or an entity that derives its value substantially from assets located in India, duly certified by an accountant for apportionment of income attributable to assets located in India. (if the assessee is required to submit the return of income on or before July 31, 2026)
- Furnishing of statement in Form No. 3AF (Income-tax Rules, 1962) containing the particulars of expenditures specified under Section 35D(2)(a) (Income-tax Act, 1961) (if the assessee is required to submit the return of income on or before August 31, 2026)

7 August 2026

- Due date for deposit of Tax deducted/collected for the month of July, 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
- Uploading of declarations received in Form No. 127 (Income-tax Rules, 2026) from the buyer in the month of July, 2026

10 August 2026

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

11 August 2026

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

13 August 2026

- GSTR-6 for the month of July 2026 to be filed by Input Service Distributors (ISDs)
- GSTR-5 for the month of July 2026 to be filed by Non-Resident Foreign Taxpayers
- Uploading B2B invoices using Invoice Furnishing Facility (IFF) under the QRMP scheme for the month of July 2026 by taxpayers with aggregate turnover of up to INR 50 million

***Category 1 states** - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.*

***Category 2 states** - Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.*

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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.

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