



Union Budget for 2026-27

India
Discussion on budget highlights

Tax News

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Dear Reader,

The Hon'ble Finance Minister, Ms. Nirmala Sitharaman, presented the Union Budget for the financial year 2026–27 before the Lok Sabha on 1 February 2026. Against the backdrop of a challenging global environment characterised by inflationary pressures, geopolitical uncertainties, and uneven economic recovery, the Budget seeks to balance growth objectives with fiscal prudence.

Union Budget 2026 continues the Government's emphasis on sustaining economic momentum while maintaining macroeconomic stability. The proposals reflect a focus on continuity, measured reforms, and incremental changes across key policy areas.

From the perspective of individual taxpayers, the Budget does not propose any major changes to the income-tax slab rates or introduce significant new incentives. The focus instead has been on rationalisation, simplification, and continuity of the existing tax framework, with select targeted measures aimed at improving compliance and certainty.

On the direct tax front, the Budget contains a number of rationalisation and clarificatory measures affecting different categories of taxpayers. Certain proposals impacting businesses and investors reflect a continued focus on compliance and regulatory oversight. Indirect tax proposals are relatively limited in scope, with select changes aimed at procedural alignment and simplification.

The Budget is also significant in that it heralds the transition to the new Income-tax Act, proposed to come into force from 1 April 2026, replacing the Income-tax Act, 1961. The new legislation is intended to provide a more streamlined and contemporary tax framework, with an emphasis on clarity, consolidation, and ease of compliance.

As in previous years, we are pleased to present this note summarising the key proposals of Union Budget 2026. While certain measures may require further clarity through notifications, rules, and circulars, this document seeks to provide an initial overview of the proposals and their broad implications.

We hope you find this overview useful. Should you require any clarification or wish to discuss the potential impact of these proposals on your business or personal tax position, please feel free to reach out to us. We look forward to your continued association and valuable feedback.

Yours faithfully



George Joseph
Managing Partner



Executive Summary



Direct Taxation

- ▶ **Income-tax Act, 2025 – transition from 1 April 2026** – The Budget confirms the switchover to the Income-tax Act, 2025 with effect from 1 April 2026, replacing the long-standing Income-tax Act, 1961. The stated objective is a simpler, clearer and more logically structured law—including streamlined language, better sequencing of provisions and reduced cross-references—to minimize interpretational disputes and litigation. Importantly, this is positioned largely as a recodification / restructuring exercise, and not a rate-shock reform—i.e., the transition is not accompanied by any broad-based change in core tax rates or fundamental policy architecture, except where specific clarificatory or rationalization amendments have been proposed.
- ▶ **Tax rates largely unchanged (individuals / firms / companies)** – No change in slab rates for individuals under either regime; new regime continues as default (old regime only if opted in return). Corporate/firm rates and surcharge/cess broadly unchanged.
- ▶ **PF/ESI employee contribution** – Employer can now claim deduction for employees' PF/ESI and similar contributions if the amount is deposited on or before the income-tax return filing due date, instead of having to meet the labour-law due date—thereby reducing disallowances and related litigation on delayed remittances.
- ▶ **MAT overhaul** – The Budget proposes to reduce the MAT rate from 15% to 14%. However, this is coupled with a significant tightening of MAT credit set-off, restricting the ability to utilise accumulated MAT credit in future years. While the headline rate cut is modest, the net cash-tax impact could be adverse for companies carrying sizeable MAT credit balances, as the expected benefit of MAT paid in earlier years may not be fully realizable.
- ▶ **Buy-back rationalization** – The taxation of share buy-backs is proposed to be shifted fully to the "Capital gains" head, removing the earlier provision where the buy-back receipt was taxed in the nature of dividend while the acquisition cost was dealt with separately. Additionally, considering the influence of promoters in buy-back decisions, an additional tax is proposed for promoter cases, resulting in an effective tax incidence of 30% for promoters and 22% for promoter companies on gains arising from buy-backs.
- ▶ **Tax audit delays – penalty replaced with mandatory graded fee** – Failure to complete tax audit / furnish the audit report is proposed to shift from a discretionary penalty framework (often litigated on "reasonable cause") to a mandatory, time-linked fee. The fee is proposed at Rs. 75,000 or Rs. 1,50,000, depending on the period of delay, bringing greater certainty and reducing disputes.
- ▶ **Transfer pricing report delays – graded fee introduced** – Delay in furnishing the transfer pricing accountant's report is similarly proposed to move from penalty to a graded fee of Rs. 50,000 / Rs. 1,00,000, based on the duration of default, with the intent of reducing technical litigation and improving compliance discipline.
- ▶ **Safe Harbour eased for IT/ITeS (rules awaited)** – Major expansion and simplification of transfer pricing safe harbour rules, with a key proposal to club multiple IT/ITeS segments into a single "Information Technology Services" category and apply a lower, uniform safe harbour margin of 15.5% (vs. earlier 17%–24%), alongside a higher turnover threshold of Rs. 2,000 crore has been proposed.

- ▶ **TCS rationalized with relief for overseas spends/remittances** – The Budget moves multiple TCS categories towards a more uniform rate structure, while also providing targeted cash-flow relief by reducing TCS on select outward remittances/expense streams (including certain education/medical remittances and overseas tour packages), thereby lowering the upfront outflow at the time of payment/remittance.
- ▶ **ITR due dates rationalized** – The Budget proposes to extend the return filing due date for non-audit taxpayers to 31 August, easing compliance pressure and allowing better reconciliation with AIS/TIS/26AS and third-party reporting, while also expanding the revised return window to 12 months from the end of the relevant tax year to enable correction of omissions/errors and improve filing accuracy (effective from the applicable tax year as notified).

Indirect Taxation

GST – Recent amendments

- ▶ **GST – intermediary services place of supply aligned to recipient location** – The Budget proposes to remove the special “intermediary services” place-of-supply rule, which has often triggered disputes on whether a transaction is an export, import or domestic supply. Once withdrawn, intermediary services will follow the general place-of-supply principle (linked to recipient location). Accordingly, where the recipient is overseas, the Indian service provider should be able to treat the supply as an export of services (zero-rated), subject to fulfilment of export conditions; and where an Indian recipient receives such services from an overseas supplier, it will be treated as an import of services and taxed under RCM.
- ▶ **GST – post-sale discounts liberalized** – Post-sale discounts are proposed to be allowed even if they were not agreed upfront, provided the supplier issues a credit note and the recipient reverses the proportionate ITC attributable to the discount. This aligns GST treatment with commercial practice (year-end / volume rebates), improves flexibility in pricing arrangements, and is expected to reduce disputes on credit note validity and ITC reversals.

Customs

- ▶ **Customs – rate rationalization and targeted relief** – A key consumer-facing measure is the reduction in Basic Customs Duty on personal imports (goods imported for personal use through baggage/courier/post, etc.) from 20% to 10%, effective 01.04.2026 which is expected to directly lower the landed cost of a wide range of small-value consumer purchases ordered from abroad and items brought in for personal use. Alongside this, the Budget provides targeted duty reductions/exemptions for identified manufacturing inputs and for select agri/aquaculture items (to reduce input costs in those sectors). At the same time, there is a selective tightening through duty increase where exemptions are withdrawn—most notably for certain imported cameras/equipment, making such specified imports costlier.
- ▶ **Customs – sector focus** – Relief measures cover critical medicines, critical minerals/EV ecosystem, civil aviation parts, and agri/food processing inputs; export facilitation includes higher duty-free entitlement for seafood processing inputs and other enabling provisions



Direct Taxation



Key highlights

- ▶ The new Income-tax Act, 2025 will come into force from 1 April 2026, replacing the Income-tax Act, 1961, with no major changes in tax rates or substantive provisions.
- ▶ Budget 2026 retains the existing income-tax rates for individuals under both regimes, with the new tax regime continuing as the default option unless the old regime is specifically chosen in the return.
- ▶ The limit of standard deduction for salaried individuals remains unchanged.

Introduction of the Income-tax Act, 2025

- ▶ The Income-tax Act, 2025 is proposed to come into force with effect from 1 April 2026, replacing the existing Income-tax Act, 1961. The new act aims to simplify and rationalize the tax law by reducing complexity, streamlining the provisions and reorganizing the Act into a more structured and user-friendly framework with fewer and clearer sections.
- ▶ While the Act focuses on ease of understanding and compliance, it does not introduce any major changes in provisions or rates when compared to the earlier act, and the substantive provisions largely remain the same.

Tax rates for individuals

- ▶ Budget 2026 does not propose any changes to the income tax rates applicable to individuals. As introduced in the earlier budget, the new tax regime continues to be the default regime, and taxpayers intending to choose the old tax regime are required to specifically exercise the option in their income-tax return.
- ▶ For the financial year 2026–27, the following tax rates are applicable to individuals under the new and the old tax regimes:

New regime		Old regime	
Income	Rate of tax	Income	Rate of tax
Below Rs. 4.00 lakhs	Nil	Below Rs. 2.50 lakhs	Nil
Rs. 4.00 to Rs. 8.00 lakhs	5%	Rs. 2.50 to Rs. 5.00 lakhs	5%
Rs. 8.00 to Rs. 12.00 lakhs	10%	Rs. 5.00 to Rs. 10 lakhs	20%
Rs. 12.00 to Rs. 16.00 lakhs	15%	Above Rs. 10.00 lakhs	30%
Rs. 16.00 to Rs.20.00 lakhs	20%		
Rs. 20.00 to Rs.24.00 lakhs	25%		
Above Rs. 24.00 lakhs	30%		

Key highlights

- ▶ No change has been proposed for surcharge for individuals.
- ▶ Tax rate of 25% has been retained for companies with turnover up to Rs. 400 crores. Other companies have a tax rate of 30%.
- ▶ Surcharges and cess remain unchanged.

- ▶ No change has been proposed for surcharge on income tax for individuals. Surcharge rates applicable for individuals is as follows:

Tax Regime	Income > Rs. 50 lakhs	Income > Rs. 1 crore	Income > Rs. 2 crores	Income > Rs. 5 crores
New regime	10% of income tax	15% of income tax	25% of income tax	25% of income tax
Old regime	10% of income tax	15% of income tax	25% of income tax	37% of income tax

Tax rates for companies and firms

- ▶ In the case of LLP and firms also, the rate of income-tax remains unchanged at 30%.
- ▶ Reduced tax rate of 25% remains unchanged for companies with a turnover of up to Rs. 400 crores. Companies having turnover exceeding Rs. 400 crores will be taxed at 30%.
- ▶ The rates applicable to companies in different scenarios are given below:

Turnover	Income tax (a)	Surcharge on (a) (b)	Education and Health Cess on (a+b)	Effective tax rate
Domestic company - profit below Rs. 1 crore:				
Below Rs. 400 crores	25%	Nil	4%	26.00%
Above Rs. 400 crores	30%	Nil	4%	31.20%
Domestic company - profit between Rs. 1 crore to Rs. 10 crores:				
Below Rs. 400 crores	25%	7%	4%	27.82%
Above Rs. 400 crores	30%	7%	4%	33.38%
Domestic company - profit above Rs. 10 crores:				
Below Rs. 400 crores	25%	12%	4%	29.12%
Above Rs. 400 crores	30%	12%	4%	34.94%

Key highlights

- ▶ Lower tax rates of 22% and 15% for companies upon satisfaction of certain conditions which remains unchanged.
- ▶ Surcharge of 7% and 12% on domestic companies with income exceeding Rs. 1.0 crore and Rs. 10.0 crores respectively which remain unchanged.
- ▶ Foreign companies with income exceeding Rs. 1.0 crore and Rs. 10.0 crores will be subject to a surcharge of 2% and 5% of income tax respectively. Tax rate for foreign companies is 35%. All these provision remain unchanged.
- ▶ Budget 2026 allows deduction of employee contributions such as PF and ESI if deposited by the due date of filing the income-tax return, replacing the earlier labour-law due date requirement.

Special rates for certain companies on satisfaction of conditions	Income S'charge tax	Cess	Eff. tax rate	
I. Domestic companies availing the benefit of new tax regime	22%	10%	4%	25.168 %
Conditions:				
- No deductions/incentive/exemptions can be claimed such as SEZ benefits, benefits of erstwhile Section 80IA, 80IAB, 80IAC, 80IB etc. except Section 80JJAA				
- Cannot claim additional depreciation				
II. Domestic company been set up and registered on or after 1 October 2019 and has commenced manufacturing on or before 31 March 2024	15	10%	4%	17.16%
Conditions:				
Apart from the conditions mentioned for companies mentioned in I. above, the additional conditions have to be satisfied:				
- Not to be formed by the splitting up and reconstruction of a business already in existence				
- Does not use any plant or machinery previously used for any purpose				
Other matters:				
Companies exercising above options will be excluded from provisions of Minimum Alternate Tax ('MAT')				
Surcharge rates applicable for such companies will be 10% rather than 7% in case of other companies.				

Relief for Employers on Deposit of Employee Contributions within due date of filing returns

- ▶ Budget 2026 proposes to simplify the rules relating to deduction of employee contributions such as PF, ESI and similar welfare funds. Under the existing provisions, employers are allowed to claim a deduction only if the employee's contribution is deposited within the due date prescribed under the respective labour laws, which often led to disallowances due to minor delays.
- ▶ To reduce litigation and ease compliance, it is now provided that the employer can claim the deduction as long as the employee's contribution is credited to the relevant fund on or before the due date for filing the income-tax return.

Key highlights

- ▶ The requirement for resident individuals and HUFs to obtain TAN for deducting tax on purchase of immovable property has been removed, irrespective of whether the seller is a resident or a non-resident.
- ▶ Eligible individuals claiming nil or lower deduction of tax on specified incomes relating to listed securities or mutual fund units held in demat form may submit declarations through their depository.
- ▶ The reporting of declarations by payers to the income-tax authorities has been relaxed from a monthly to a quarterly basis.
- ▶ The process of issuance of lower or nil tax deduction certificates has been streamlined by introducing an electronic application process.

Relief from TAN Requirement for Property Purchase from Non-Residents

- ▶ Under the existing provisions, a resident individual or a Hindu Undivided Family purchasing immovable property from a resident seller is not required to obtain a Tax Deduction and Collection Account Number (TAN) for deducting tax.
- ▶ However, when the seller is a non-resident, the buyer is currently required to obtain TAN, even though such purchases are generally limited to a single transaction. This had resulted in an additional compliance burden for individual buyers.
- ▶ To simplify and streamline the process, Budget 2026 proposes that resident individuals and HUFs will no longer be required to obtain TAN for deducting tax on the purchase of immovable property, regardless of whether the seller is a resident or a non-resident.

Single Declaration to Avoid TDS through Depository

- ▶ Individuals who are eligible to claim nil or lower deduction of tax (Form 15G / H) on certain incomes such as dividends, interest from securities and income from mutual fund units are currently required to submit separate declarations to each payer, leading to increased compliance where multiple investments are held.
- ▶ To simplify this process, it is proposed to allow such eligible individuals to submit the declaration to their depository, which will thereafter make the declaration available to the respective payers of income. Further, to ease compliance for payers, the timeline for reporting these declarations to the income-tax authorities has been relaxed from a monthly basis to a quarterly basis. This change will apply only in respect of listed securities or mutual fund units held in demat form through a recognised stock exchange in India and will be effective from 1 April 2027.

Electronic Application for Lower or Nil Tax Deduction Certificate

- ▶ The provisions relating to issuance of certificates for deduction or collection of income-tax at a lower rate or nil rate are proposed to be streamlined to reduce the compliance burden, particularly for small taxpayers.
- ▶ Under the existing framework, such certificates are issued by the Assessing Officer upon application by the payee and after due verification of the payee's income. The proposed change introduces an option for the payee to submit the application electronically before a prescribed income-tax authority, which may issue the certificate subject to fulfilment of prescribed conditions or reject the application if the conditions are not met.

Key highlights

- ▶ Additional time has been provided for filing income-tax returns by non-audit business assessees, with the due date extended from 31 July to 31 August.
- ▶ The existing due dates of 31 July for other assessees, 31 October for audit cases and 30 November for assessees with international or specified transactions remain unchanged.
- ▶ The time limit for filing a revised income-tax return has been extended from nine months to twelve months from the end of the relevant tax year, with a prescribed fee applicable for revisions made beyond nine months.

Change in Due Dates for Filing Income Tax Returns

- ▶ Budget 2026 provides additional time for filing income tax returns for certain assessees. Assessees carrying on business or profession whose accounts are not required to be audited, including partners of such firms, will now be required to file their returns by 31 August instead of 31 July.
- ▶ The due date for assessees having salary or other non-business income will continue to be 31 July. Assessees whose accounts are subject to audit will continue to file their returns by 31 October, while assessees having international or specified transactions will continue to be governed by the 30 November deadline. These revised timelines will apply from the tax year 2026–27 onwards.
- ▶ The proposed due dates are summarized as follows:

Person	Due Date
Assessees having international or specified transactions	30 November
Assessees whose accounts are required to be audited	31 October
Assessees carrying on business or profession (non-audit)	31 August
Other assessees	31 July

Extension of Time Limit for Filing Revised Income Tax Returns

- ▶ Budget 2026 proposes to extend the time limit for filing a revised income tax return in order to provide greater flexibility to taxpayers. At present, a revised return can be filed only up to nine months from the end of the relevant tax year, which often leaves no opportunity to revise the return where a belated return is filed towards the end of the allowed period.
- ▶ To address this issue, the time limit for filing a revised return is proposed to be extended to twelve months from the end of the relevant tax year, allowing taxpayers additional time to correct any omissions or errors in their returns. However, a prescribed fee will be applicable for revised returns filed beyond nine months.

Key highlights

- ▶ MAT rate reduced: 15% to 14% on book profits (from 1 Apr 2026).
- ▶ Old regime MAT: proposed to be final tax—no fresh MAT credit going forward.
- ▶ MAT credit set-off restricted: allowed only under new regime; domestic set-off capped at 25% of tax liability (risk of credits lapsing).
- ▶ The scope of filing an updated income-tax return has been expanded to allow reduction of previously declared losses and to permit filing even after receipt of a reassessment notice, subject to payment of additional tax and without levy of penalty on the disclosed income.

MAT regime overhaul – lower rate, restricted credit and push towards new regime

- ▶ For domestic companies, it is proposed that MAT would be a final tax, and no new MAT credit to be allowed. Further, no set-off of MAT credit if continuing in the old regime. Set off of MAT credit only if transitioning to the new regime during or after the tax year 2026-27. However, the MAT rate is proposed to be reduced from 15% to 14% of book profits.
- ▶ Set-off of existing MAT credit will be permitted only under the new tax regime, subject to limits:
 - ▶ Domestic companies: set-off capped at 25% of tax liability
 - ▶ Foreign companies: set-off limited to the extent normal tax exceeds MAT
- ▶ The changes are intended to facilitate migration to the new regime; however, utilisation of accumulated MAT credits may be significantly constrained, increasing the risk of slow absorption or lapse and potentially impacting MAT credit recoverability assessments.

Expanded Scope for Filing Updated Income Tax Returns

- ▶ Budget 2026 expands the scope of filing an updated income tax return to encourage voluntary compliance and reduce litigation. Earlier, an updated return could not be filed if it resulted in a loss or reduced an already declared loss, and it was also not permitted once reassessment proceedings were initiated.
- ▶ Taxpayers will now be allowed to file an updated return even if it reduces the loss originally claimed in a timely filed return. Further, even after a reassessment notice is issued, an updated return can be filed within the time specified in the notice, subject to payment of additional tax. While an extra tax outgo applies, the income disclosed through such updated return will not be subjected to penalty, providing a clear incentive to voluntarily settle matters early.

Attracting Global Business & Investment – Key proposals

- ▶ **Data centres / AI infrastructure:** Foreign companies procuring services from a specified Indian data centre are proposed to be exempt on the related India-sourced income up to 31 March 2047; services to Indian users must be routed via an Indian reseller.
- ▶ **Electronics manufacturing (bonded contract manufacturing):** Foreign companies supplying capex/equipment/tooling to an Indian bonded-warehouse contract manufacturer producing electronic goods for them are proposed to be exempt on the related income up to TY 2030–31, applicable from 1 April 2026 (TY 2026–27 onwards).

Key highlights

- ▶ Tax audit delays: penalty replaced with mandatory graded fee of Rs. 75,000 / Rs. 1,50,000 (from 1 Apr 2026).
- ▶ Similar penalty-to-fee shift proposed for TP accountant report and SFT/reportable account delays.
- ▶ Single-window penalty: under-reporting/misreporting penalty to be levied within assessment order (effective for specified cases from 1 Apr 2027).
- ▶ Unexplained income: tax rate proposed to reduce from 60% to 30%; separate penalty to be aligned under misreporting framework (from 1 Apr 2026).

Penalty and litigation reforms – shift from “penalty” to “fee”, faster closure and rationalization:

▶ Tax audit delays: penalty replaced with mandatory graded fee:

A key compliance-focused proposal relates to delays in tax audit compliance. Presently, failure to get accounts audited or furnish the audit report can attract a penalty up to the lower of 0.5% of turnover/gross receipts or Rs. 1.5 lakh, typically involving discretion and disputes around “reasonable cause”. The Budget proposes to replace this penalty with a mandatory, graded fee of Rs. 75,000 or Rs. 1,50,000, depending on the period of delay—aimed at reducing litigation and bringing greater certainty. This change is proposed to apply from 1 April 2026 (TY 2026–27 onwards).

A similar penalty-to-fee shift is also proposed for transfer pricing accountant’s report delays (graded fee of Rs. 50,000 / Rs. 1,00,000) and for non-filing / delayed filing of SFT / reportable account statements (converted into a fee, with an overall cap proposed in certain cases). These changes are proposed to apply from 1 April 2026 (TY 2026–27 onwards).

▶ Penalty for under-reporting/misreporting to be imposed within assessment order (single-window approach):

At present, when the tax department makes additions in an assessment, the penalty is usually decided later through a separate process, which can keep taxpayers uncertain for years. The Budget proposes a single-window approach, where the penalty for under-reporting/misreporting will be decided and levied within the assessment order itself, so the taxpayer knows the tax and penalty outcome at the same time. The downside is that it may lead to penalties being levied upfront with limited time to explain, increasing early cash-flow pressure and disputes in appeals.

▶ Unexplained income: harsh tax-and-penalty regime softened (60% to 30%):

Presently, income assessed as “unexplained” (unexplained credits/investments/assets/expenditure etc.) is currently taxed at a special rate of 60%, with a separate penalty provision also applying; in practice, the effective tax outgo (after surcharge and cess) often comes to roughly 62% to 78% depending on the surcharge applicable.

The Budget proposes to reduce the base tax rate from 60% to 30% and remove the separate penalty, bringing such cases under the general under-reporting / misreporting penalty framework. Post change, the effective tax outgo for such cases would typically be around 31% to 39% (again depending on surcharge).

Key highlights

- ▶ Immunity expanded: settlement route extended to certain misreporting cases on payment of additional tax (100% / 120%).
- ▶ FAST-DS 2026: one-time, time-bound window to declare missed foreign assets/foreign income (small taxpayers).

Penalty and litigation reforms – shift from “penalty” to “fee”, faster closure and rationalization: (continued..)

- ▶ **Immunity from penalty provisions expanded (settlement incentive):**
- ▶ At present, tax laws allow a taxpayer to seek immunity (relief) from penalty and prosecution in limited situations—usually when the taxpayer accepts the assessment, pays the tax and interest on time, and does not file an appeal.
- ▶ The Budget proposes to expand this immunity benefit to cover certain cases that are treated as misreporting-related (i.e., more serious than simple under-reporting), so that disputes can be closed early instead of going into long litigation.
- ▶ However, this purported relief comes at a cost: the taxpayer must pay an additional tax in place of the normal penalty—typically 100% or 120% of the tax on the disputed income (as specified under the scheme), based on which the taxpayer gets immunity from penalty/prosecution for that matter.

One-time chance to regularize missed foreign asset disclosures :

- ▶ Earlier, the Government had provided a one-time window to voluntarily declare undisclosed foreign assets (acquired up to 31 March 2015) for resident individuals on payment of tax and penalty. However, despite this, a large number of non-disclosure cases still persist.
- ▶ However, it appears that most non-compliance relates to small taxpayers missing disclosures unintentionally—such as ESOP/RSU holdings, old low-value foreign bank accounts (e.g., students), overseas savings/insurance of returning NRIs, or assets held during overseas deputation. Information received under Automatic Exchange of Information (AEOI) also indicates foreign asset non-disclosure by many PAN holders, which was evident from the large number of foreign asset notices issued in December after filing returns for FY 2024–25.
- ▶ Accordingly, it is proposed to introduce the Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026 (FAST-DS 2026)—a time-bound scheme for declaration of foreign assets and foreign-sourced income, with payment of tax or fee depending on the nature and source of acquisition. The scheme also offers limited immunity from penalty and prosecution under the Black Money Act for matters disclosed, while excluding serious cases (those involving prosecution or proceeds of crime).

Key highlights

- ▶ **DRP route:** assessment timelines clarified (general deadline applies only up to draft stage; special timeline applies for final order) – retrospective.
- ▶ **Transfer pricing order:** “60-day” window computation clarified (to avoid orders being struck down on technical limitation interpretation) – retrospective.
- ▶ **Share buy-back:** taxability proposed to move to capital gains (instead of dividend-style treatment) from TY 2026–27.
- ▶ **Promoters:** additional levy proposed on buy-back gains – effective 30% (promoters) / 22% (promoter companies).

DRP and transfer pricing timelines clarified to reduce litigation (retrospective)

- ▶ The proposal seeks to settle disputes on assessment time-limits in cases where a draft order is first issued (typically in transfer pricing and certain non-resident matters). Taxpayers may accept the draft or object before a specialised panel. Courts have differed on whether the entire process must fit within the general assessment deadline, resulting in litigation. The amendment clarifies (overriding rulings) that the general deadline applies only up to the draft stage, and a separate timeline applies for finalising the order thereafter, even if it goes beyond the general limit. This is proposed to apply retrospectively and will be aligned with the new Income-tax law effective 1 April 2026.
- ▶ Separately, the proposal clarifies how to count the “60 days” window available to the transfer pricing authority to issue its order before the assessment deadline. Courts have differed on whether the last day (the limitation date) is included in this 60-day computation, and many assessments have been struck down on this technical interpretation despite the intent being otherwise. The amendment clarifies the computation method to ensure uniform application, reduce technical challenges, and improve certainty—again with retrospective effect, and corresponding alignment in the new law from 1 April 2026.

Share buy-back taxation shifted to capital gains (effective Tax year 2026–27)

- ▶ Under the existing framework (as introduced from 1 October 2024 and mirrored in the Income-tax Act, 2025), the buy-back consideration received by shareholders is taxed in the nature of dividend, while the cost of acquisition of the shares extinguished is separately recognised as a capital loss. This resulted in an anomalous split—receipt taxed under one head and the corresponding cost being dealt with under another—often creating an artificial capital loss outcome.
- ▶ Budget 2026 proposes to rationalise this by shifting the tax treatment of buy-back proceeds fully into the “Capital gains” regime—i.e., the buy-back consideration will no longer be treated as dividend and will instead be taxed as capital gains, with corresponding changes to the computation mechanism. Further, considering the specific influence of promoters in buy-back decisions, an additional tax is proposed for promoter cases, resulting in an effective tax incidence of 30% for promoter shareholders and 22% for promoter companies on gains arising from buy-backs.

Key highlights

- ▶ TCS on scrap: reduced from 1% to 0.1% (liquidity relief to scrap sellers).
- ▶ TCS on overseas tour packages: reduced from 20% to 5% (lower upfront cash outflow).
- ▶ TCS on small LRS remittances: rationalised / reduced to ease compliance and avoid excess collection.
- ▶ Crypto/VDA: penalty framework for reporting defaults codified (non/incorrect reporting).
- ▶ Conditional deductions/exemptions: amounts can be taxed later if conditions are violated (prevents permanent tax benefit due to transition).

Rationalization of TCS rates

- ▶ To ease compliance and avoid duplication of tax collection, the Finance Bill, 2026 proposes rationalization of TCS rates in select transactions having widespread practical impact. Key changes inter-alia include the following:

Particulars	Existing position	Proposed Key impact change
Sale of Scrap	1%	0.1% Significant reduction in TCS burden; improves liquidity for scrap sellers and avoids excessive tax collection.
Remittances under LRS – Medical treatment/ education exceeding 10 lakhs	5%	2% Substantial reduction in upfront tax outflow for individuals making foreign remittances.
Overseas tour packages	5% upto 10 lakhs/ 20% for balance	2% Lower cash outflow for customers and simplified pricing/compliance for tour operators. However, threshold limit of 10 lakhs has been removed.

Penalty Provisions relating to Crypto / Virtual Digital Assets

- ▶ The Bill proposes specific penalty provisions for defaults relating to income from Virtual Digital Assets (VDA). Penalty exposure has been clearly codified, reducing ambiguity in cases of:
 - ▶ Non-reporting or misreporting of crypto income
 - ▶ Incorrect disclosures in returns
- ▶ Crypto investors and traders must ensure accurate reporting and compliance, as penalty exposure is now more clearly defined.

Amount allowed as deduction earlier to be treated as income in a later year if conditions violated

- ▶ The Finance Bill, 2026 clarifies that where any sum has been allowed as a deduction or excluded from total income in an earlier tax year, and such deduction or exemption was subject to fulfilment of specified conditions, and if the conditions are violated in a subsequent year, Then such amount shall be deemed to be income of the subsequent year, and taxed under the same head of income under which it would have been taxable earlier.
- ▶ The intent of the provision is to prevent permanent tax benefit arising merely due to transition from the repealed Income-tax Act, 1961 to the Income-tax Act, 2025, and to ensure that conditional deductions and exemptions continue to be monitored and enforced even in subsequent years.

Key highlights

- ▶ SGB redemption exemption: restricted to original individual subscribers (at the time of issue).
- ▶ SGB to be held till maturity to claim the exemption.
- ▶ Multiple IT/ITeS segments proposed to be clubbed into "Information Technology Services" with a uniform 15.5% margin (vs. earlier 17%–24%)
- ▶ 15% cost-plus for resident data centre services to related foreign cloud providers, and 2% of invoice value for non-resident bonded warehousing of electronics components
- ▶ Safe Harbour Rules amendments have been Announced in Budget communication but not in the Finance Bill. Detailed conditions/procedures to yet to be notified.

Exemption relating to Sovereign Gold Bonds

- ▶ The Finance Bill, 2026 clarifies and rationalizes the exemption available on redemption of Sovereign Gold Bonds (SGBs).
- ▶ The exemption from capital gains tax shall apply only where:
 - ▶ The SGBs are subscribed to by an individual at the time of original issue, and
 - ▶ Such bonds are held continuously by the individual until redemption on maturity.
- ▶ This amendment ensures that the tax benefit is restricted to genuine long-term individual investors, and not extended to secondary market purchasers or interim transfers.

Safe Harbour rules eased for IT/ITeS, data centres and electronics warehousing (rules awaited)

- ▶ Budget 2026 signals a major rationalisation of transfer pricing safe harbour rules to reduce disputes and provide certainty—especially for the IT/ITeS sector and new investment themes like data centres and electronics manufacturing logistics. On the IT/ITeS side, multiple separate categories (software development, ITeS, KPO, contract software R&D) are proposed to be clubbed into a single "Information Technology Services" category, with a materially higher turnover eligibility threshold (Rs. 300 crore to Rs. 2,000 crore) and a uniform safe harbour margin of 15.5% (replacing earlier segment-wise margins of 17%–24%). The process is also proposed to be more rule-driven/automated, reducing officer-level examination, and the option is expected to be available for a continuous 5-year period at the taxpayer's choice.
- ▶ In addition, new safe harbours are proposed to support manufacturing and infrastructure: a 15% cost-plus safe harbour for resident entities providing data centre services to related foreign cloud service providers, and a 2% of invoice value safe harbour for non-residents warehousing components in bonded warehouses (to enable just-in-time supply chains for electronic manufacturing). These are expected to be notified through amendments to the Safe Harbour Rules (rather than the Finance Bill), and align with the new law's framework recognising safe harbour as a mechanism where tax authorities accept the declared transfer price when prescribed conditions are met.
- ▶ These proposals were highlighted in the Budget speech however are not part of the Finance Bill itself—detailed rules/conditions are yet to be notified and rolled out through amendments to the Safe Harbour Rules, after which the operational framework (eligibility, documentation and procedural mechanics) will become clear.



Indirect Taxation



Key highlights

- ▶ Post-sale discounts will now be allowed under GST even without prior agreement, provided a credit note is issued and the recipient reverses the input tax credit.
- ▶ Intermediary services will now be treated as exports when provided to foreign clients, reducing GST burden and improving ease of doing business.
- ▶ Provisional refunds will be permitted for inverted duty structure claims, improving cash flow pending final sanction.

Post Sale Discounts – Change in GST provisions :

- ▶ Before Budget 2026, post-sale discounts were allowed under GST only if they were agreed upon in advance and mentioned in the original agreement or invoice. If this condition was not met, GST could not be reduced on such discounts.
- ▶ Now, post-sale discounts will be allowed even if they were not agreed in advance, provided a credit note is issued and the customer reverses the related input tax credit.
- ▶ This change simplifies compliance and gives businesses more flexibility in offering discounts after sales without losing GST benefits.

Place of Supply of Intermediary Services – Change in GST Provisions :

- ▶ Under the existing GST provisions, the place of supply of intermediary services was deemed to be the location of the service provider. Consequently, intermediary services provided by overseas agents to Indian businesses were generally not treated as taxable in India.
- ▶ The Budget proposes to remove this special rule. Going forward, the place of supply of intermediary services will be determined based on the location of the recipient, in line with the general GST provisions.
- ▶ As a result, intermediary services received by a registered person in India from a supplier located outside India will now be treated as import of services and will be liable to GST under the Reverse Charge Mechanism (RCM).

Provisional refund enabled for inverted duty structure claims:

- ▶ The Budget proposes to amend the CGST law to allow taxpayers claiming refund on account of an inverted duty structure (i.e., accumulation of ITC due to higher GST rate on inputs than on output supplies) to receive a provisional refund during processing. This is expected to ease working-capital constraints by releasing funds upfront, while the department completes verification and issues the final refund order—thereby aligning inverted duty refunds with the broader provisional refund mechanism and reducing cash-flow stress for manufacturing/trading sectors facing persistent ITC accumulation.

Key highlights

- ▶ Consumer relief: BCD on personal imports cut from 20% to 10% (effective 01.04.2026)
- ▶ Green manufacturing: Solar glass input (Sodium antimonate) moved to Nil BCD (supports solar value chain)
- ▶ Electronics/Appliances: Microwave oven parts/components for manufacture – Nil BCD
- ▶ Aviation push: BCD on civil aviation / aircraft manufacturing components (incl. engines) reduced
- ▶ Aquaculture: Prawn/shrimp feed duty reduced
- ▶ Selective increase: Imported cameras/equipment becomes

Customs duty rationalisation and targeted tariff relief

- ▶ Through Budget 2026, the Government has continued its calibrated approach to customs duty rationalization - balancing lower landed costs and trade competitiveness with selective protection for strategic sectors.
- ▶ Key changes include:
 - a. **Consumer-facing relief** through a reduction in customs duty on personal imports, aimed at easing the cost of overseas purchases and high-end consumer goods.
 - b. **Manufacturing competitiveness** supported by duty reductions / exemptions on select raw materials, critical inputs and capital goods, intended to address cost pressures and improve export readiness.
 - c. **Social welfare focus** via duty exemptions on critical medicines, improving affordability for priority healthcare needs.
 - d. **Selective protection** through higher duties on specific imports (e.g., live animals), reflecting a cautious approach where domestic capacity or sensitivities exist.
- ▶ Overall, the customs proposals in this Budget are seen as pro-growth and efficiency-oriented, with benefits expected to vary by sector depending on import intensity, supply chain structure, and the ability to pass on cost reductions.

Major changes in BCD:

- ▶ Following are the important items for which Budget 2026 has changed basic customs duty ('BCD') w.e.f 2nd February, 2026:

Item	Existing	Proposed
Personal imports (dutiable goods imported for personal use)	20%	10%
Solar glass input – Sodium antimonate (for use in manufacture of solar glass)	7.5%	Nil
Microwave ovens – specified parts/components for manufacture	As applicable	Nil
Imported Cameras/Equipment	Nil	10%
Civil aviation / aircraft manufacturing – components/parts incl. engines	40%	20%
Motorcycles and cycles fitted with an auxiliary motor	100%	70%
Makhana, other roasted nuts and Seeds	150%	30%
Prawn and shrimps feed	15%	5%
Seeds, fruit and spores, of a kind used for sowing	30%	20%

Key highlights

► What becomes costlier:

- Imported Cameras/Equipment
- Specific Fertilizers
- Coffee Machines

► What becomes cheaper:

- Personal Imports
- Medicines
- Civilian Aircraft Components
- Leather & Textiles
- Shrimp & Fish Feed
- Critical minerals
- EV Batteries & Solar Panels
- Microwave Ovens
- Aircraft parts

The impact of Budget 2026 on key sectors (Customs Duty changes):

Electronics and Consumer Goods:

- A significant consumer-oriented measure is the reduction of basic customs duty on personal imports from 20% to 10%, which is expected to lower landed costs for electronics, high-end gadgets and branded consumer goods. This move reflects a shift towards easing compliance and aligning duties with global consumption patterns.

Medicines – Health care industry:

- Budget 2026 has continued its healthcare-focused approach by exempting customs duty on several critical and high-cost medicines, including drugs used in cancer treatment and rare diseases. This measure is aimed at reducing treatment costs and improving accessibility, particularly for patients dependent on imported formulations and specialised therapies.

Manufacturing, EVs and Renewable Energy – Critical minerals & inputs:

- Customs duty exemptions and reductions have been extended to a wide range of critical minerals, rare earth elements, lithium compounds, cobalt, graphite and allied inputs, which are essential for EV manufacturing, battery storage, renewable energy, electronics, defence and high-technology sectors. These measures are expected to lower input costs, correct duty inversion issues and strengthen domestic manufacturing ecosystems.

Seafood Export :

- The duty-free import limit for specified seafood processing inputs is proposed to be increased from 1% to 3% of the previous year's FOB export turnover. This measure seeks to provide relief to seafood exporters by reducing input costs and enhancing export competitiveness.
- Further, a proposal has been made to insert a new Section 56A to provide special provisions for fishing and fishing-related activities by Indian-flagged fishing vessels operating beyond the territorial waters of India. This measure seeks to facilitate the duty-free import of fish harvested beyond territorial waters and to treat fish landed at foreign ports as exports, in the manner prescribed

Textile and Garment Exports :

- The time period for the export of value-added products manufactured from specified inputs imported at a concessional rate of duty has been extended from six months to twelve months.



Ready Reckoner

- Key TDS rates
- Reverse charge mechanism under GST
- Quoting of PAN
- Reporting financial transaction
- Compliance calendar



Ready Reckoner

Key TDS Rates:

Nature of payment under Section 393	Sub Section Table Sl. no.	Cut-off amount (INR)	Rate % (Individual)	Rate % (Others)
Dividend	(1) (7.)	10,000	10%	10%
Interest other than interest on security (by bank)	(1) (5ii.)	Others 50,000 Sen. Citizens 1,00,000	10%	10%
Interest other than interest on securities (by others)	(1) (5iii.)	10,000	10%	10%
Payments to Contractors (includes payment for supply of manpower)	(1) (6.)	30,000	1%	2%
Commission or brokerage	(1) (1ii.)	20,000	2%	2%
Rent (Land / building / furniture)	(1) (2ii.)	Rs 50,000 per month or part of a month	10%	10%
Rent (plant & machinery / equipment)	(1) (2ii.)	Rs 50,000 per month or part of a month	2%	2%
Consideration for transfer of immovable property	(1) (3i.)	50,00,000	1%	1%
Rent paid by individual / HUF not subject to tax audit	(1) (2i.)	50,000 per month	2%	2%
Payment under joint development agreement to resident individual who transfers land / building	(1) (3ii.)	Nil	10%	NA
Professional / Royalty / Non-compete fee	(1) (6iia.)	50,000	10%	10%
Technical service (not being a professional service)	(1) (6iib.)	50,000	2%	2%
Any remuneration or commission paid to director of the company (other than those covered under Section 192)	(1) (6iic.)	-	10%	10%
Contracts / professional charges / paid by individual / HUF not subject to tax audit	(1) (6ii.)	50,00,000	2%	2%
Cash withdrawals (from bank, co-operative bank, post office) other than co-operative societies	(3) (5)	Withdrawals in excess of Rs. 1 crore a year	2%	2%
Payment of salary, remuneration, interest, bonus or commission by partnership firm to partners	(1) (8)	20,000	10%	10%

Ready Reckoner

Key TDS Rates – Continued

Nature of payment under Section 393	Sub Section Table Sl. no.	Cut-off amount (INR)	Rate % (Individual)	Rate % (Others)
Consideration paid by e-commerce operator for sale of goods or provision of services through its platform	(1) (8v.)	5,00,000 (Individual)	0.10%	0.10%
Purchase of goods by a buyer whose turnover exceeds Rs. 10 crores	(1) (8ii.)	50,00,000	0.10%	0.10%
Benefit or perquisite of a business or profession	(1) (8iv.)	20,000	10%	10%
Purchase of virtual digital assets	(1) (8vi.)	50,000	1%	1%
Non Residents	(2) (1-17.)	TDS is to be deducted on a case to case basis, at rates to be determined based on DTAA or Income-tax Act, whichever is beneficial and also subject to certain conditions		

Notes

- ▶ **For payments to Contractors:** Where the aggregate of the amounts paid / credited or likely to be paid / credited to a contractor exceeds INR 100,000 during the financial year, TDS has to be deducted.
- ▶ **No PAN for the payee:** TDS of 20% has to be deducted if the deductee does not furnish his PAN.
- ▶ **No TDS on goods transport:** No deduction shall be made from any sum credited or paid to the account of a contractor during the course of business of plying, hiring or leasing goods carriages if he furnishes declaration that he owns not more than 10 goods carriage vehicles and also furnishes his PAN, to the person paying or crediting such sum.

Key TCS Rates

- Tax is to be collected at source by sellers at the time of making specified sales to their customers. Seller will have to collect tax at source from the customers at the prescribed rates and remit it to the government on or before the 7th of the following month. Separate returns on quarterly basis will have to be submitted to the tax department.

Sub Section Table Sl. no.	Nature of receipt under section 394	Cut-off amount (INR)	Rate % (Existing)	Rate % (Proposed)
(1) (1.)	Alcoholic liquor for human consumption	Nil	1%	2%
(1) (2.)	Tendu leaves	Nil	5%	2%
(1) (3.)	Timber or any other forest produce obtained under a forest lease	Nil	2%	No Change
(1) (3.)	Timber obtained by any mode other than under a forest lease	Nil	2%	No Change
(1) (4.)	Waste and scrap from the manufacture or mechanical working of materials	Nil	1%	2%
(1) (6.)	Sale of motor vehicle and other class of assets to be notified	10,00,000	1%	No Change
(1) (7.)	(i) Authorized dealer receiving amounts to be remitted outside India under the Liberalised Remittance Scheme ('LRS') of RBI for education and medical treatment.	10,00,000	5%	2%
	(ii) Any other case relating to foreign remittances under LRS	10,00,000	20%	No Change
(1) (8.)	Seller of overseas tour package which offers visit to a country outside India including travel and hotel stay	Nil	20%	2% without any threshold

Furnishing of statement of financial transactions

Prescribed class of persons will have to furnish details of certain financial transaction entered by them during the year with the Income Tax Department. The list of some of these transactions which has to be reported by persons/entities are given below:

Class of persons	Nature of transactions	Value of transaction
Any entity/person who is liable for audit under IT Act	Receipt of cash against sale of goods or services	Cash payments exceeding Rs. 2,00,000 in a year
Company or institution issuing bonds or debentures	Receipt from any person for acquiring bonds or debentures issued by the company or institution	Aggregating to Rs. 10,00,000 or more in a year
Company	Receipt from any person for acquiring shares issued by the company	Aggregating to Rs. 10,00,000 or more in a year
Company listed in a stock exchange	Buy back of shares from any person (other than the shares bought in the open market)	Aggregating to Rs. 10,00,000 or more in a year
Authorized dealer in foreign exchange	Receipt from any person for sale of foreign currency including credit of such currency to foreign exchange card or expense in such currency through a debit or credit card or through issue of travellers cheque or draft or any other instrument	Aggregating to Rs. 10,00,000 or more in a year
Registrar or sub-registrar	Sale or purchase of any immovable property	Payments/value as per stamp valuation exceeding Rs. 30,00,000

Annual reporting of transactions in Form 61A

All transactions covered under the various provisions mentioned in the above table will have to be reported to the Income Tax Department. The reporting will be done electronically in Form 61A. Form 61A will have to be furnished on or before 31st May each year. Non filing will lead to a penalty of Rs. 500 per day.

Mandatory modes of electronic payment

Entities with turnover exceeding Rs. 50 crores will have to mandatorily provide the following prescribed electronic modes of payment

- ▶ Debit Card powered by RuPay
- ▶ Unified Payments Interface (UPI) (BHIM-UPI)
- ▶ Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code)

A penalty of Rs. 5,000 per day will be leviable to entities which fail to provide the above three facilities for electronic modes of payment.

Ready Reckoner

Transactions in relation to which permanent account number is to be quoted in documents

Every person should quote their PAN in all documents pertaining to transactions prescribed. List of such transactions are as below:

Nature of transaction	Value of transaction
Sale / purchase of motor vehicle	All transactions
Application for opening bank account	All transactions
Application for credit / debit cards	All transactions
Opening DEMAT account with depositor	All transactions
Payment to a hotel or restaurant against a bill or bills at any one time	Cash payments exceeding Rs. 50,000
Payments in connection for travelling to a foreign country including purchase of foreign currency	Cash payments exceeding Rs. 50,000
Purchase of mutual fund units	All payments exceeding Rs. 50,000
Purchase of debentures and bonds in a company or an institution	All payments exceeding Rs. 50,000
Payment to the Reserve Bank of India, for acquiring bonds issued by it.	All payments exceeding Rs. 50,000
Deposit with a banking company or a co-operative bank	Cash payments exceeding Rs. 50,000
Purchase of bank drafts or pay orders or bankers' cheques	Cash payments exceeding Rs. 50,000
Fixed deposits with banks, post office, NBFC's and Nidhi Companies	Payments exceeding Rs. 50,000 or aggregating to more than Rs. 5,00,000 during a financial year
Payment for one or more pre-paid payment instruments, to a banking company or a co-operative bank	Amounts aggregating to more than Rs. 50,000 during a financial year
Sale or purchase, by any person, of shares of an unlisted company	Payments exceeding Rs. 1,00,000 per transaction
Sale or purchase of securities other than shares	Payments exceeding Rs. 1,00,000 per transaction
Sale or purchase of immovable property	Payments / value as per stamp valuation exceeding Rs. 10,00,000
Any other sale or purchase, by any person, of goods or services	Amount exceeding Rs. 2,00,000 per transaction

Form 60

Any person entering into any transaction referred in the above table and raising bills should ensure that the PAN has been correctly furnished and the same has been mentioned in the document. In case the PAN is not available then a declaration to that extent should be obtained in Form 60.

Details of declarations received in Form 60 needs to be filed with the Income Tax Department on half yearly basis by 31st October and by 30th April each year in Form 61.

Ready Reckoner: Reverse charge mechanism under GST

Reverse charge mechanism under GST

- ▶ Under the normal taxation regime, the supplier collects the tax from the buyer and deposits the same after adjusting the output tax liability with the input tax credit available. But under the reverse charge mechanism, the liability to pay tax shifts from the supplier to the recipient.
- ▶ Unlike Service Tax, there is no concept of partial reverse charge. The recipient has to pay 100% tax on the supply.
- ▶ The liability for remittance of GST under the reverse charge mechanism by the recipient arises in the following scenarios:

Description of service
Legal services provided by an advocate or a firm of advocates
Services provided by a goods transport agency in respect of transportation of goods by road
Services supplied by an arbitral tribunal to a business entity
Services provided by way of sponsorship to any body corporate or partnership firm
Services supplied by an insurance agent to any person carrying on insurance business
Support services provided by Government / local authority in relation to (1) renting of immovable property (2) other specified services (postal service, transportation of goods or passengers, services in relation to aircrafts or vessels)
Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company
Supply of security services by non-corporate to a registered person
Supply of specified categories of goods and services to notified classes of registered persons [such categories of goods and services and classes of registered persons are yet to be notified]
Services supplied through an E-commerce operator
Services supplied by a directors of a company or a body corporate
Services of lending of securities under Securities Lending Scheme, 1997 of SEBI
Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.
Services received from a supplier outside India by a registered person
Services of renting of commercial properties as well residential properties by an unregistered person to a registered person.

FEBRUARY 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
26	27	28	29	30	31	1
2	3	4	5	6	7 TDS PAYMENT	8
9	10 GSTR 7, GSTR 8 & PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 6	14	15 PF, ESIC & FORM 16A
16	17	18	19	20 GSTR 3B, GSTR 5 & GSTR 5A	21	22
23	24	25 PMT-06 FOR JANUARY	26	27	28 PT (HALF YEARLY)	1

MARCH 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
23	24	25	26	27	28	1
2	3	4	5	6	7 TDS PAYMENT	8
9	10 GSTR 7, GSTR 8 & PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 6	14	15 PF, ESIC & ADVANCE TAX (4th INSTALMENT AY 2026-27)
16	17	18	19	20 GSTR 3B, GSTR 5 & GSTR 5A	21	22
23	24	25 PMT-06 FOR FEBRUARY	26	27	28	29
30	31 UPDATED RETURN (AY 2023-24) & FORM 3CEAD (FY 24-25)	1	2	3	4	5

APRIL 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	31	1	2	3	4	5
6	7	8	9	10 GSTR 7, GSTR 8, PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12
13 GSTR 1 (QUARTERLY) & GSTR 6	14	15 PF & ESIC	16	17	18 CMP 08 (JAN-MAR 2026)	19
20 GSTR 3B, GSTR 5 & GSTR 5A	21	22 QUARTERLY GSTR - 3B (QRMP)	23	24 QUARTERLY GSTR - 3B (QRMP)	25 PMT-06 FOR MARCH	26
27	28	29	30 TDS (FOR MARCH)	1	2	3

MAY 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	1	2	3
4	5	6	7 TDS PAYMENT	8	9	10 GSTR 7, GSTR 8, PMT 01
11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 6	14	15 PF, ESIC, TCS RETURN (JAN-MAR 2026), FORM 16A	16	17
18	19	20 GSTR 3B, GSTR 5 & GSTR 5A	21	22	23	24
25 PMT-06 FOR APRIL	26	27	28	29	30 FORM 11 FOR LLP & QUARTERLY CERTIFICATE FOR THE QUARTER ENDED 31-03-26	31 TDS QUARTERLY STATEMENT & RETURN (JAN-MAR 2026), FORMS 61A, 61B, 10BD, 10BE

JUNE 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4	5	6	7 TDS PAYMENT
8	9	10 GSTR 7, GSTR 8, PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 6	14
15 PF, ESIC, ADVANCE TAX (Q1 AY 2027-28), FORM 16 (AY 2026-27)	16	17	18	19	20 GSTR 3B, GSTR 5 & GSTR 5A	21
22	23	24	25 PMT-06 FOR MAY	26	27	28
29	30 TDS QUARTERLY STATEMENT, FORM DPT 03, STT RETURN	1	2	3	4	5

JULY 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
29	30	1	2	3	4	5
6	7 TDS PAYMENT	8	9	10 GSTR 7, GSTR 8, PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12
13 GSTR 1 (QUARTERLY), GSTR 5 & GSTR 6	14	15 PF, ESIC & TCS RETURN (APR-JUN 2026)	16	17	18 CMP 08 (APR-JUN 2026)	19
20 GSTR 3B & GSTR 5A	21	22 QUARTERLY GSTR - 3B (QRMP)	23	24 QUARTERLY GSTR - 3B (QRMP)	25 PMT-06 FOR JUNE	26
27	28	29	30 QUARTERLY TCS CERTIFICATE FOR QUARTER ENDED 30-06-26	31 TDS RETURN (APR- JUN 2026) & ANNUAL ITR-1 & 2 FOR AY 2026-27	1	2

AUGUST 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	31	1	2
3	4	5	6	7 TDS PAYMENT	8	9
10 GSTR 7, GSTR 8, PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 5 & GSTR 6	14	15 PF, ESIC & FORM 16A FOR THE QUARTER ENDED JUNE 2026	16
17	18	19	20 GSTR 3B & GSTR 5A	21	22	23
24	25 PMT-06 FOR JULY	26	27	28	29	30
31 PT (HALF YEARLY) ANNUAL ITR FOR AY 2026-27 OF ASSEESSES CARRYING ON BUSINESS OR PROFESSION (NON AUDIT)	1	2	3	4	5	6

SEPTEMBER 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31	1	2	3	4	5	6
7 TDS PAYMENT	8	9	10 GSTR 7, GSTR 8, PMT 01	11 GSTR 1 & GST ANX 1 (MONTHLY)	12	13 GSTR 5 & 6
14	15 PF, ESIC, ADVANCE TAX (Q2 AY 2027- 28)	16	17	18	19	20 GSTR 3B & GSTR 5A
21	22	23	24	25 PMT-06 OF AUGUST	26	27 AOC-4 FOR OPC (180 DAYS FROM FY CLOSURE)
28	29	30 TDS QUARTERLY STATEMENT & TAX AUDIT REPORT IN FORM 3CA/3CB, DIR 3 KYC/KYC	1	2	3	4

OCTOBER 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29	30	1	2	3	4
5	6	TDS PAYMENT	8	9	GSTR 7, GSTR 8, PMT 01	GSTR 1 & GST ANX 1 (MONTHLY)
12	GSTR 1 (QUARTERLY), GSTR 5 & GSTR 6	14	PF, ESIC & TCS RETURN (JUL-SEP 2026)	16	17	CMP 08 (JUL-SEP 2026)
19	GSTR 3B & GSTR 5A	21	QUARTERLY GSTR - 3B (QRMP)	23	QUARTERLY GSTR - 3B (QRMP)	ITC 04 (HALF YEARLY) IF AATO > Rs.5 CRORES; PMT-06 OF SEP
26	27	28	29	QUARTERLY TCS CERTIFICATE FOR THE 2nd QUARTER, AOC 4 LAST DATE & FORM 8 FOR LLP	TDS RETURN, FORM 3CEB, FORM 3CA / 3CB & 3CD (FOR 3CEB CASES) & ITR FOR COMPANIES	1

NOVEMBER 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
26	27	28	29	30	31	1
2	3	4	5	6	TDS PAYMENT	8
9	GSTR 7, GSTR 8, PMT 01	GSTR 1 & GST ANX 1 (MONTHLY)	ESIC HALF YEARLY RETURN (APRIL 26 - SEPT 26)	GSTR 5 & GSTR 6	14	PF, ESIC, FORM 16A FOR THE QUARTER ENDED SEPTEMBER 26
16	17	18	19	GSTR 3B & GSTR 5A	21	22
23	24	PMT-06 OF OCTOBER	26	27	28	MGT 7/7A LAST DATE
ITR (AY 2026-27) FOR TRANSFER PRICING CASES	1	2	3	4	5	6

DECEMBER 2026

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	1	2	3	4	5	6
7	8	9	10	11	12	13
TDS PAYMENT			GSTR 7, GSTR 8, PMT 01	GSTR 1 & GST ANX 1 (MONTHLY)		GSTR 5 & GSTR 6
14	15	16	17	18	19	20
	PF, ESIC, ADVANCE TAX (Q3 AY 2027-28)					GSTR 3B & GSTR 5A
21	22	23	24	25	26	27
				PMT-06 OF NOVEMBER		
28	29	30	31	1	2	3
			TDS QUARTERLY STATEMENT, GSTR 9, GSTR 9C, GSTR 9B			

JANUARY 2027

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29	30	31	1	2	3
4	5	6	7	8	9	10
			TDS PAYMENT			GSTR 7, GSTR 8, PMT 01
11	12	13	14	15	16	17
GSTR 1 & GST ANX 1 (MONTHLY)		GSTR 1 (QUARTERLY), GSTR 5 & GSTR 6		PF, ESIC, TCS RETURN (OCT-DEC 2026), ITR - REVISED/LATE RETURN		
18	19	20	21	22	23	24
CMP 08 (OCT-DEC 2026)		GSTR 3B & GSTR 5A		QUARTERLY GSTR - 3B (QRMP)		QUARTERLY GSTR -3B (QRMP)
25	26	27	28	29	30	31
					QUARTERLY TCS CERTIFICATE FOR THE 3rd QUARTER	TDS RETURN

Note to Reader & Glossary

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We have used the following sources while preparing this document

1. The Finance Bill, 2026
2. The Finance Minister's Budget speech, February 1, 2026
3. Various notifications issued by the Central Board of Indirect Taxes & Customs

Glossary

AEOI	: Automatic Exchange of Information	ITC	: Input Tax Credit
AI	: Artificial Intelligence	ITR	: Income Tax returns
AIS/TIS	: Annual Information Statement/ Tax Information Statement	KPO	: Knowledge Process Outsource
ALP	: Arms Length Price	Lakhs	: Hundred thousands
AO	: Assessing Officer	LLP	: Limited Liability Partnership
BCD	: Basic Customs Duty	LRS	: Liberalized Remittance Scheme
Budget 2026	: Union Budget for 2026 - 27	MAT	: Minimum Alternate Tax
CGST Act	: Central Goods and Services Tax Act, 2017	NBFC	: Non Banking Financial Company
DRP	: Dispute Resolution Panel	PAN	: Permanent Account Number
DTAA	: Double Taxation Avoidance Agreement	PF	: Provident Fund
EPF	: Employees Provident Fund	R&D	: Research & Development
ESIC	: Employees State Insurance Corporation	RBI	: Reserve Bank of India
ESOP	: Employee Stock Option Plan	RCM	: Reverse Charge Mechanism
EV	: Electric Vehicle	RSU	: Restricted Stock Unit
FAST-DS	: Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026 (FAST-DS 2026)	SEBI	: Securities & Exchange Board of India
FOB	: Free on Board	SEZ	: Special Economic Zone
FY	: Financial Year	SFT	: Specified Financial Transaction
GJA	: G. Joseph & Associates	SGB	: Sovereign Gold Bond
GST	: Goods & Services Tax	STCG	: Short Term Capital Gains
HUF	: Hind Undivided Family	STT	: Securities Transaction Tax
INR /Rs.	: Indian Rupee	TAN	: Tax Deduction and collection Account Number
IT Act	: Income-tax Act, 1961/Income-tax, 2025	TCS	: Tax Collected at Source
IT/Ites	: Information Technology Enabled Services	TDS	: Tax Deducted at Source
		TP	: Transfer Pricing
		TY	: Tax Year
		UPI	: Unified Payments Interface
		VDA	: Virtual Digital Asset
		w.e.f	: With Effect From
		w.e.h	: Whichever Is Higher
		w.r.t	: With Reference To

GJA Learning.

