

RNM ALERT
AUGUST
NEWSLETTER

VOL NO 211

Beyond the Classroom

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EDITORIAL

Dear Readers

During the month of August 2026 Mr. Raghu Marwah, CEO visited Los Angeles, USA and met CPAs, Lawyers and businessmen focusing on cross border transactions. The USA market remains very robust.

On the Direct Tax front, the Hon'ble High Court of Delhi in the case of Ernst & Young USA LLP held that secondment payments amounted to taxable Fee for Technical Service (FTS), reinforcing a stricter approach to determine the 'real employer' in cross-border secondment arrangements, emphasizing substance over form. Secondment arrangements between MNCs, GCCs and their Indian affiliates is likely to be impacted by this judgement and warrant re-examination.

On the Assurance front, the RBI has issued the Reserve Bank of India (Non Banking Financial Companies- Statutory Audit) Directions 2026. Notable changes include, enhanced role of Boards and Audit Committees in overseeing audit function, mandatory joint audit for large NBFCs of asset size above INR 15,000 crore, enhanced branch audit coverage, rigorous eligibility criterion for audit firms and auditor rotation after 3 years.

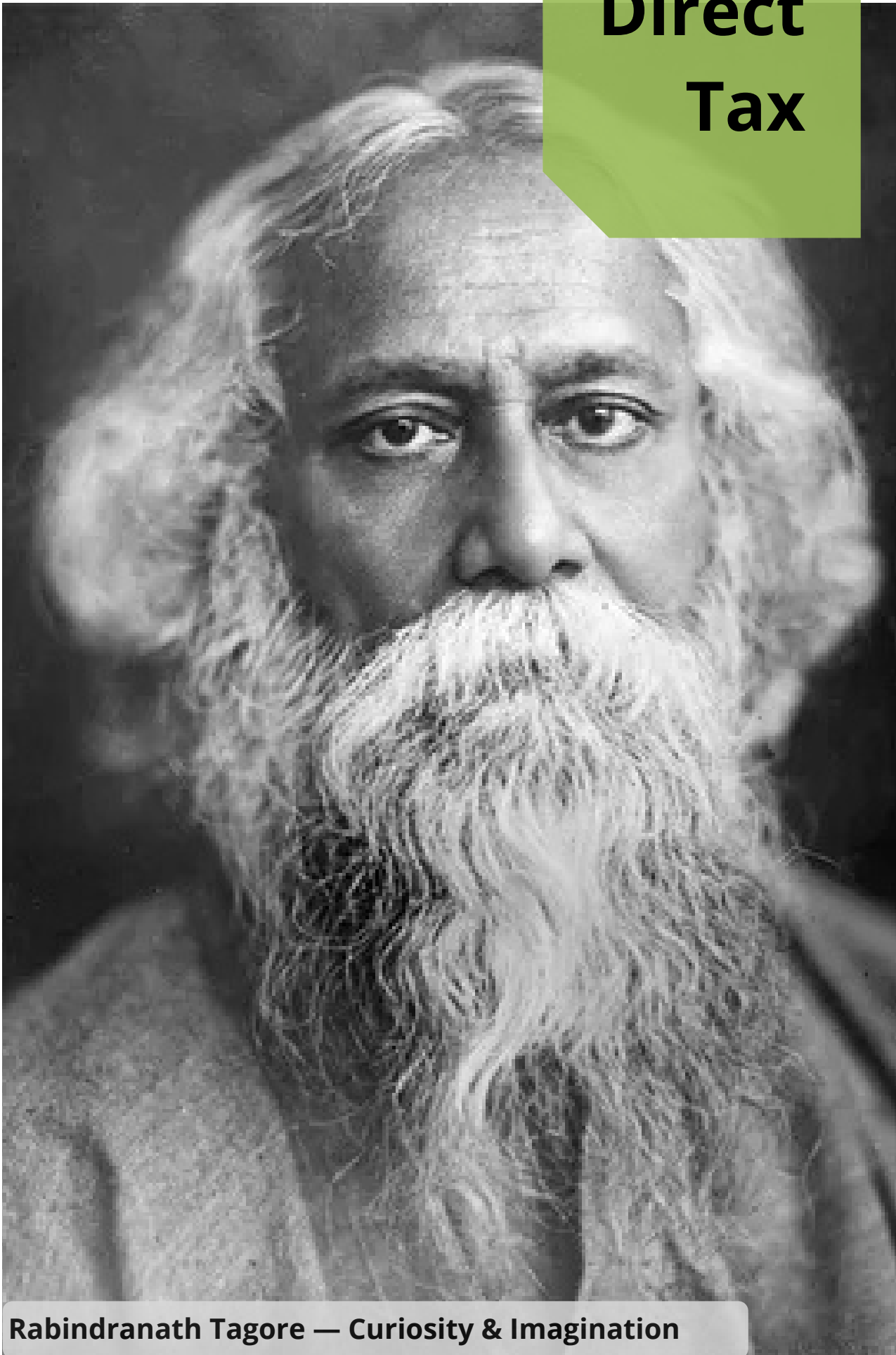
RNM Capital Trust, an Alternative Investment Fund (AIF) category 3 based out of Gift City catering to Non Residents continued its good performance in the month of August, inspite of wider markets remaining range bound.

RNM Tower, our green certified commercial leasing building in Mohan Co-operative, New Delhi during the month continued to attract a lot of leasing interest. The negotiations with various players to ensure the ideal tenant mix continues. We are very thankful to the real estate broker community for supporting our initiatives.

We would like to take this opportunity of wishing all our readers Happy Janamashami on 4 September. On this day we celebrate the birth of Lord Krishna and the triumph of truth over falsehoods.

U N Marwah
Chairman - RNM India

Direct Tax



Rabindranath Tagore — Curiosity & Imagination



1. NOTIFICATION NO. G.S.R. 732(E) [NO. 114/2026/F.NO. 370142/18/2026-TPL], DATED 14-8-2026

In exercise of the powers conferred by section 143 of the Finance Act, 2026 (4 of 2026), the Central Government issues the Foreign Assets of Small Taxpayers Disclosure Scheme Rules, 2026 and FAQs, DATED 14-08-2026

2. Income Tax Department Undertakes Verification Of Suspicious Foreign Remittances Press Release, Dated 18-8-2026

The Income Tax Dept. vide press release dated 18.08.2026; launches nationwide verification of suspicious foreign remittances; examines Form 15CB certifications.

3. ICAI issues Revised 2026 Edition of Guidance Note on Tax Audit under Section 44AB

The Direct Taxes Committee of the ICAI has issued the Eleventh Edition (Revised 2026) of the Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961. The revised Guidance Note provides comprehensive and practical guidance to Chartered Accountants on the conduct of tax audits, preparation of audit reports and reporting requirements under Forms 3CA, 3CB and 3CD.

Important Judicial Precedents

Part-A. Domestic Tax - Case Law

1. No TDS obligation on estimated year-end provisions without identified payee or ascertained liability: ITAT

[2026] 189 taxmann.com 1007 (Mumbai - Trib.) DCIT (TDS) vs. Pfizer Ltd

Where assessee-company created year-end provisions for commission, brokerage, rent, contractor payments and professional fees, but reversed them in following year and deducted TDS upon crystallisation of liabilities, mere creation of estimated provisions without an identified payee did not trigger TDS obligation, thus, section 201(1) demand was to be deleted.

Where assessee created year-end expense provisions without TDS and already disallowed 30 per cent of relevant expenditure under section 40(a)(ia) for non-deduction of TDS, same non-deduction default could not again trigger assessee-in-default status under section 201, thus, demand under section 201(1) was unsustainable

2. Reassessment based solely on audit objection without new facts is invalid as mere change of opinion: ITAT

[2026] 189 taxmann.com 691 (Delhi - Trib.) Rajni Dua vs. Income-tax Officer

Where reassessment was initiated solely on basis of audit party objection with no new facts and on issues already examined in original assessment, and there was no failure by assessee in disclosing material facts, such initiation constituted a mere change of opinion and was invalid.



3. SLP dismissed: provision for discount was an allowable expenditure and no substantial question of law arose from Tribunal's order

[2026] 189 taxmann.com 327 (SC) PCIT vs. LTI Mindtree Ltd

SLP dismissed against order of High Court that where Tribunal following its earlier order in assessee's own case held that provision for discount was an allowable expenditure, since it was not case of revenue that provision for discount had not been discharged fully in year subsequent to assessment year in question, no substantial question of law arose from Tribunal's order.

4. SLP granted: issue whether Revenue's appeal involving only Rs.10 lakh penalty under Black Money Act was barred by CBDT's Rs.2 crore monetary threshold admitted for consideration

[2026] 190 taxmann.com 40 (SC) PDIT (Investigation) v. Prakash Nimmagadda

SLP granted against order of High Court that where tax effect arising from penalty under section 43 of Black Money Act was only Rs. 10 lakhs, in view of CBDT Circular prescribing monetary threshold of Rs. 2 crores for departmental appeals, such appeal before High Court was not maintainable.

5. Reassessment notices based on Shah Commission Report quashed as without jurisdiction: HC

[2026] 188 taxmann.com 1017 (Karnataka-HC) SSTA Logistics India (P.) Ltd. v. Assistant Commissioner of Income-tax

Where reassessment notices under section 148 were issued on basis of Justice M.B. Shah Enquiry Commission Report on illegal mining, in view of Sesa Sterlite Ltd. v. Asstt. CIT [2019] 107 taxmann.com 388/267 Taxman 275/417 ITR 334 (Bom.), impugned reassessment notices and consequential proceedings were liable to be quashed.





Part-B. International Tax - Case Law

1. No notional interest TP adjustment on delayed AE receivables as interest not charged from any party and pricing factors credit terms: ITAT

[2026] 189 taxmann.com 860 (Delhi - Trib.) ACIT v. Acme Cleantech Solutions (P.) Ltd.

Where assessee engaged in international transactions of sales to AEs and non-AEs did not charge interest on delayed payments from either party and established that agreed prices already factored in the credit terms, no notional interest adjustment was warranted for delayed realisation of receivables from AEs.

2. Live broadcasting licence fee not taxable as royalty u/s. 9 or Art. 13 India-UK DTAA as it lacks enduring benefit: ITAT

[2026] 189 taxmann.com 1011 (Delhi - Trib.) England and Wales Cricket Board Ltd. v. Assistant Commissioner of Income-tax, International Taxation

Where UK-based assessee received release fees from IPL franchises for permitting English players to participate in IPL, Assessing Officer sought to tax them under Article 18(2) as income of entertainers/athletes, since release fee was received by assessee and not by players themselves, and represented 10 per cent of league fee paid by franchises to players, it was not taxable in India under Article 18 of India-UK DTAA.

3. Penalty u/s. 271G deleted as assessee furnished TP study within statutory time & notice lacked specificity: ITAT

[2026] 189 taxmann.com 644 (Delhi - Trib.) Senatech India (P.) Ltd. v. DC/ACIT

Where assessee furnished its TP study report within 10 days of TPO's notice under section 92D(3), but penalty notice under section 271G failed to specify information or documents allegedly not furnished, penalty levied at 2 per cent of international transactions was unsustainable and was to be deleted.

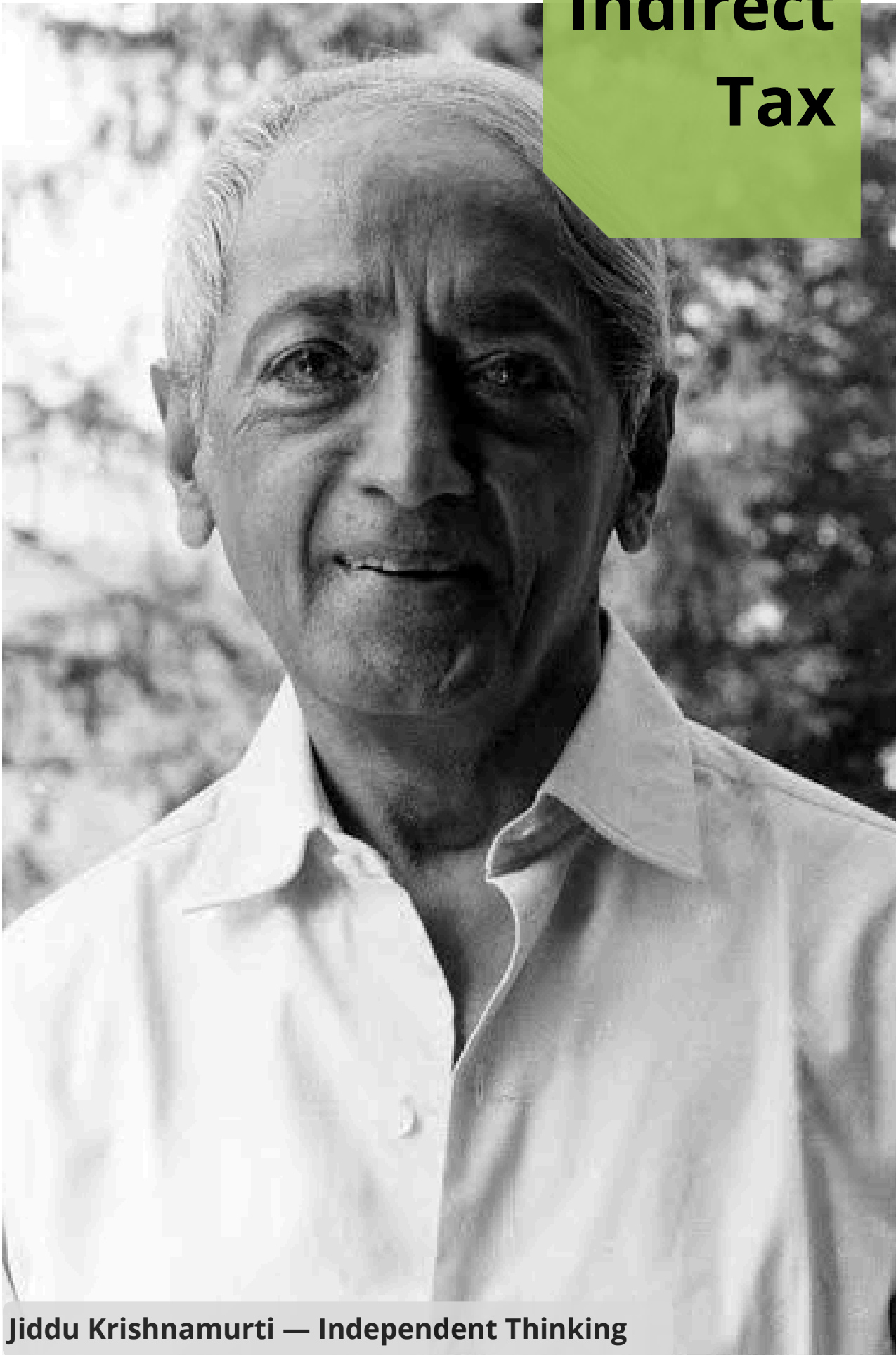
4. Final assessment order passed before DRP directions quashed; AO to issue fresh order per DRP instructions: HC

[2026] 189 taxmann.com 387 (Punjab & Haryana-HC) UCWeb Mobile (P.) Ltd. v. Assessment Unit, Income-tax Department, NFAC New Delhi

Where AO passed final assessment, demand and penalty orders while assessee's objections to DRP were pending and DRP later partly allowed objections resulting in TPO modifying original order, such final assessment, demand and penalty orders were to be set aside and matter restored for AO to pass fresh order as per revised DRP and TPO directions.



Indirect Tax



Jiddu Krishnamurti — Independent Thinking

GST Calendar – Compliance for the month of August 2026.

Nature of Compliances	Due Date
GSTR-7 (Tax Deducted at Source 'TDS')	Sept 10, 2026
GSTR-8 (Tax Collected at Source 'TCS')	Sept 10, 2026
GSTR-1	Sept 11, 2026
IFF- Invoice furnishing facility (Availing QRMP)	Sept 13, 2026
GSTR-6 Input Service Distributor	Sept 13, 2026
GSTR-2B (Auto Generated Statement)	Sept 14, 2026
GSTR-3B	Sept 20, 2026
GSTR-5 (Non-Resident Taxable Person)	Sept 20, 2026
GSTR-5A (OIDAR Service Provider)	Sept 20, 2026
PMT-06 (who have opted for QRMP scheme)	Sept 25, 2026





Key Highlights of the August 2026

Gujarat HC Retains GST on Corporate Guarantees, Permits Valuation Below 1% Where Lower Consideration is Established.

Case: Torrent Power Ltd. v. Union of India & Ors

Facts:

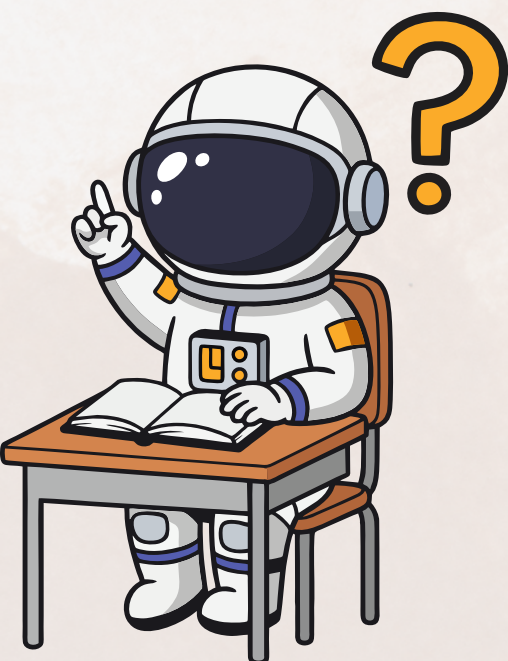
The petitioners challenged the levy of GST on corporate guarantees furnished by holding companies for their subsidiaries and also questioned the constitutional validity of Rule 28(2) of the CGST Rules. The Rule prescribed the value of such services at 1% of the amount of guarantee per annum or the actual consideration, whichever is higher. The petitioners contended that imposing a mandatory 1% valuation was excessive, particularly where the actual consideration charged for providing the guarantee was lower than 1%.

Issue:

Whether a corporate guarantee furnished by one related entity for another constitutes a taxable supply of service under GST, and whether Rule 28(2) can mandatorily prescribe 1% of the guarantee amount per annum as the taxable value even where the actual consideration is lower.

Held:

The Gujarat High Court upheld the levy of GST on corporate guarantees furnished between related persons, holding that such guarantees constitute a supply of services under Section 7(1)(c) read with Schedule I of the CGST Act, even where no consideration is charged. However, the Court read down the expression “whichever is higher” in Rule 28(2) as arbitrary and unconstitutional. Where actual, ascertainable consideration exists and is lower than 1%, GST is to be levied on the actual consideration; the 1% deemed valuation can operate where the actual value is not ascertainable or where no consideration is charged.





Supreme Court Allows Benefit of Rule 96(10) Omission to Pending IGST Refund Proceedings

Case: M/s Goodluck India Limited & Anr. v. Union of India & Ors.

Facts:

Rule 96(10) of the CGST Rules restricted exporters from claiming refund of IGST paid on exports where specified benefits under exemption notifications, including benefits relating to Advance Authorisation and EPCG schemes, had been availed. The Government subsequently omitted Rule 96(10) with effect from 8 October 2024 through Notification No. 20/2024. However, the notification did not contain any saving clause preserving the applicability of the omitted rule to proceedings that were already pending.

The dispute before the Supreme Court was whether the omission of Rule 96(10) would benefit exporters whose refund proceedings were already pending when the rule was omitted.

Issue:

Whether the omission of Rule 96(10) of the CGST Rules, with effect from 8 October 2024 and without a saving clause, would apply to pending proceedings relating to IGST refund claims, or whether the restrictions under the erstwhile rule would continue to apply to such proceedings.

Held:

The Supreme Court held that Rule 96(10) could not continue to govern pending proceedings after its omission, since the omission was not accompanied by any saving clause. The Court observed that omission of a rule effectively removes it from the statute book, and Section 6 of the General Clauses Act, 1897 does not automatically preserve proceedings upon omission of a rule. An express saving provision would have been necessary to continue the operation of the omitted rule in pending matters.

Accordingly, exporters with pending IGST refund claims could not be denied refunds by continuing to apply the restrictions contained in Rule 96(10). The Supreme Court upheld the Gujarat High Court's view and dismissed the Revenue's appeals. It also directed that the judgment be circulated to the High Courts so that similar pending matters could be disposed of expeditiously.

However, it is equally important to note that judicial opinion is not uniform. Some High Courts have held that making a notice or order available on the common portal is itself a statutorily recognized mode of service under Section 169(1)(d), and a registered taxpayer is expected to regularly monitor the GST portal. Thus, whether portal upload alone amounts to valid service depends on the facts of each case and the approach adopted by the jurisdictional High Court.



Delhi HC Rules 10% Penalty Pre-Deposit Inapplicable to Proceedings Initiated Before Amendment

Case: Gaurav Jain & Anr. v. Joint Commissioner (Appeals-II), CGST Delhi Zone & Anr.- Delhi High Court

Facts:

The petitioners were issued a Show Cause Notice (SCN) on 25 June 2025 under Section 122(1A) of the CGST Act, proposing substantial penalties without any corresponding tax demand against them personally. At that time, the law did not require a percentage-based pre-deposit for filing an appeal against such penalty-only orders.

However, with effect from 1 October 2025, the proviso to Section 107(6) was substituted to require a 10% pre-deposit of the penalty for filing an appeal against an order involving penalty but no tax demand. Although the SCN had been issued before the amendment, the Order-in-Original was passed subsequently, on 16 December 2025.

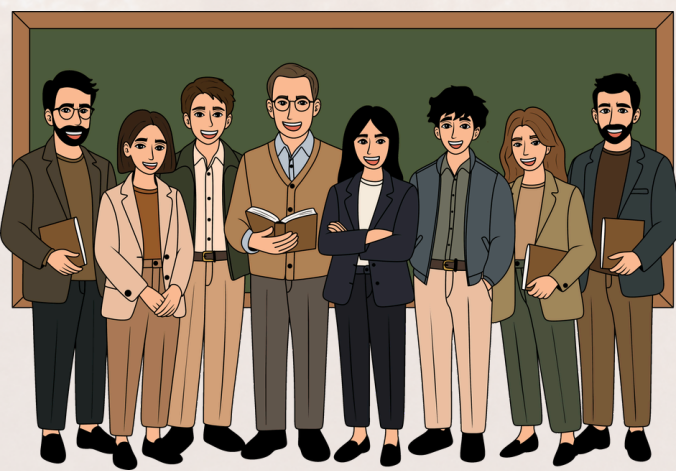
Issue:

Whether the newly introduced requirement of 10% pre-deposit of penalty would apply where the SCN was issued before 1 October 2025, but the adjudication order imposing the penalty was passed after the amendment came into force.

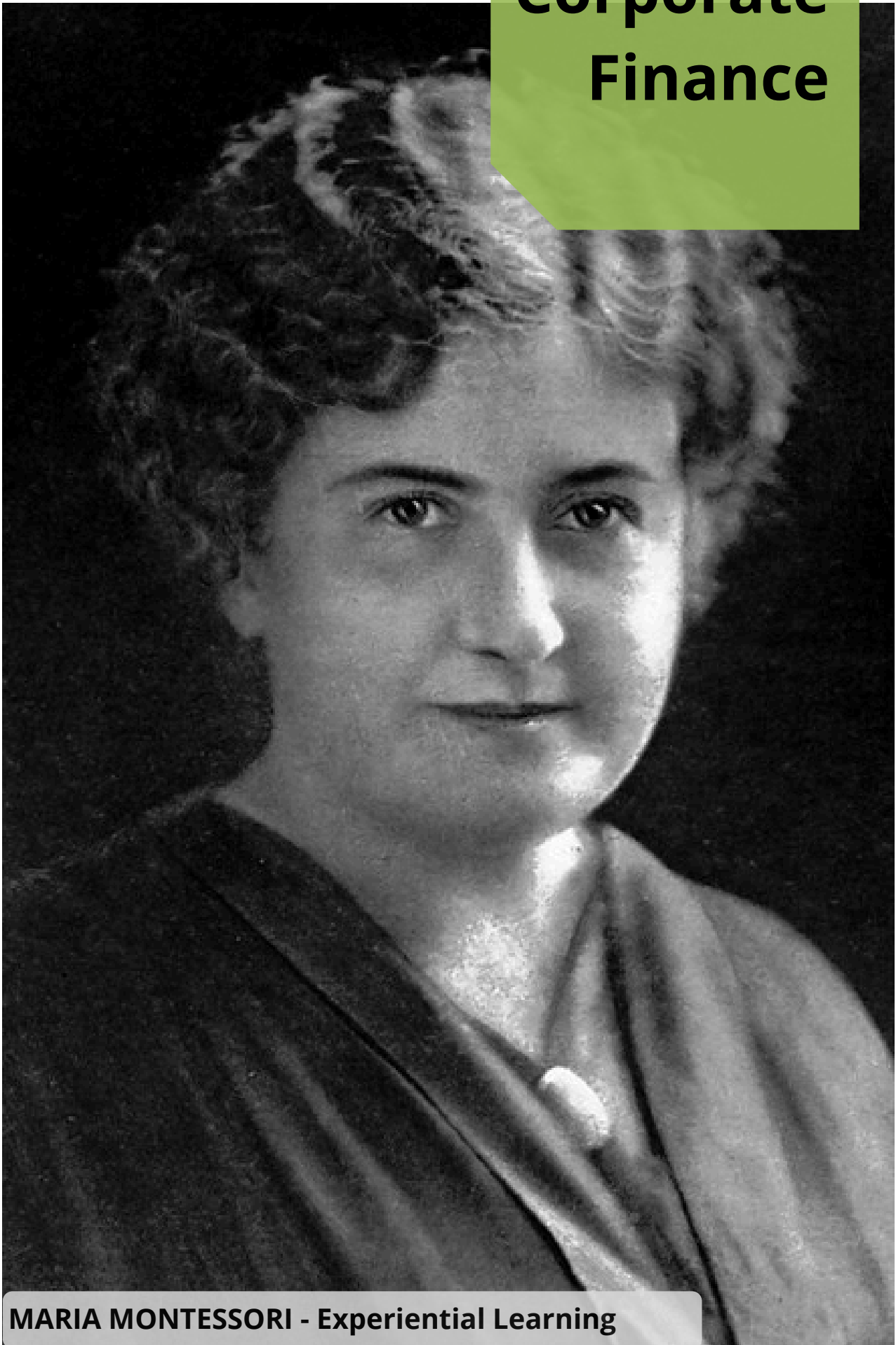
Held:

The Delhi High Court held that the 10% pre-deposit requirement would not apply in such cases. The Court observed that the right of appeal is a substantive right and becomes vested when the legal dispute, or lis, commences. In tax proceedings, the lis commences with the issuance of the SCN, because that is when the Department formally asserts liability against the taxpayer and calls upon them to respond.

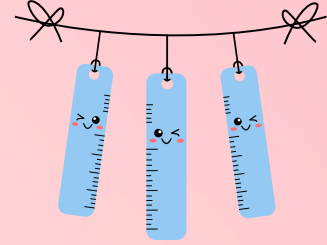
Since the SCN in the present case was issued on 25 June 2025, before the amended provision came into force, the subsequent amendment could not impose the new and more onerous 10% pre-deposit condition on the petitioners. The Court accordingly directed the appellate authority to entertain the appeals without insisting on the 10% penalty pre-deposit.



Corporate Finance



MARIA MONTESSORI - Experiential Learning



Bank Of America To Take 49.9% Stake In Jio Credit For \$1.9 Bn

Bank of America has agreed to invest up to USD 1.92 billion (around INR 18,268 crores) in Jio Credit, the non-bank lending arm of Jio Financial Services, initially acquiring a 26.5% stake with the potential to increase its holding to 49.9% through warrants. Under the transaction, Jio Credit will issue equity shares worth up to USD 695 million (around INR 6,613 crores) and warrants worth USD 1.23 billion (around INR 11,655 crores) to BofA through a preferential allotment, valuing Jio Credit at approximately USD 3.8 billion (around INR 36,100 crores). The partnership will combine Jio Financial Services' scale, digital capabilities and customer base with BofA's global financial expertise, providing Jio Credit with additional capital to support its expansion. Jio Credit's AUM has crossed USD 3 billion (around INR 28,500 crores) within two years of operations, highlighting its rapid growth. The transaction reinforces Jio Financial Services' strategy of partnering with global financial institutions across its lending, insurance, payments and asset management businesses. It also comes amid increasing foreign investment in India's rapidly expanding banking and NBFC sector, as global lenders seek exposure to the country's strong credit growth. The partnership is expected to further strengthen Jio Credit's ability to expand its lending portfolio and reach a broader customer base across India.

(Source: VC Circle, 13th August 2026)

Private Equity

KKR Expands India Healthcare Platform With \$1.4 Bn Medcover Deal

US private equity firm KKR has agreed to acquire 100% of Swedish healthcare provider Medcover AB's India hospital business at an enterprise value of USD 1.4 billion (around INR 13,190 crores). Medcover India operates 24 multi-specialty hospitals with approximately 4,800 beds across South and West India. The acquisition marks KKR's largest healthcare investment in India and will further strengthen its hospital platform, alongside its existing investments in Baby Memorial Hospital and Healthcare Global Enterprises. KKR plans to leverage the platform to expand its presence in India's healthcare sector and enhance clinical, technological and infrastructure capabilities.

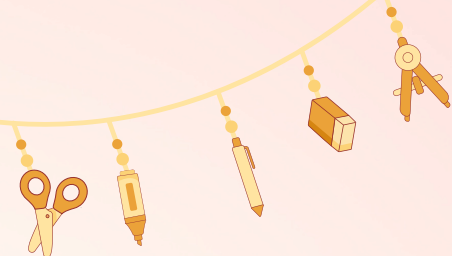
(Source: VC Circle, 6th August 2026)

Keertana Finserv Raises \$24 Mn In Maiden External Funding Round

Hyderabad based NBFC Keertana Finserv has raised USD 24 million (around INR 230 crores) from asset management firm Neo Wealth Partners in its first external equity funding round, primarily through compulsorily convertible preference shares (CCPS). The capital will strengthen its balance sheet and support expansion of its gold loan business, including branch network expansion and entry into new markets. The company will also invest in technology, operational infrastructure and enhanced product and customer offerings.

(Source: VC Circle, 17th August 2026)





Tata Group's Nelco Bets On Satellite Communications Firm Elveo Mobile

Mumbai listed Nelco, the satellite communications arm of the Tata Group, has invested USD 20 million (around INR 191 crores) in Elveo Mobile through compulsorily convertible debentures (CCDs), carrying a 7% annual compounded return. The investment is aimed at establishing a long-term partnership for the provision and commercialisation of satellite-based direct-to-device (D2D), IoT and related communication services in India and other markets. Elveo Mobile, formed through the merger of Lynk Global and Omnispace, is developing a non-geostationary satellite network to provide mobile connectivity directly to phones and connected devices.

(Source: VC Circle, 17th August 2026)

Bharat Value Fund Invests In Ethnic Sweets Brand Dharwad Pedha

Bharat Value Fund, managed by The Wealth Company, has invested USD 31.3 million (around INR 300 crores) in ethnic sweets and snacks brand Dharwad Big Mishra Pedha to support its transition from a regional brand to a national food platform. The company plans to expand its portfolio of nearly 700 SKUs across sweets, namkeen and bakery products, while scaling its restaurant and bakery formats across India. With over 200 exclusive outlets and around 10 million customers annually, the company aims to add 100 outlets and enter more than 50 new cities over the next two years.

(Source: VC Circle, 18th August 2026)

Sachin Bansal Led Navi Raises \$100 Mn From Prosus

Bengaluru based financial services company Navi Ltd. has raised USD 100 million (around INR 950 crores) from Dutch technology investor Prosus, marking the company's first significant external equity investment after being largely funded by founder Sachin Bansal and debt. Navi offers digital financial services including personal and home loans, insurance, mutual funds and UPI payments, with its lending arm Navi Finserv's AUM crossing \$1.36 billion (around INR 13,000 crores) in FY26. The investment will support Navi's continued growth and expansion across its financial services businesses. The transaction remains subject to customary closing conditions and regulatory approvals, including clearance from the Competition Commission of India.

(Source: VC Circle, 19th August 2026)



Venture Capital

Water Raises \$2.5 Million in Funding

Hyderabad-based physical AI startup Water has raised \$2.5 million (around INR 23 crores) in a funding round led by Endiya Partners, with participation from Pullela Gopichand, Rohit Chennamaneni, Nandan Reddy and other angel investors. Founded by Teja Vinukollu and Haneesh Mourya Desu, the company is developing adaptive products such as FLOW, an intelligent chair, and CAMA, an adaptive bed, powered by its VORTEX AI model. The funds will support further technical validation and product development, with the company having already developed a near-production-ready adaptive sleep system and filed a foundational safety patent.

(Source: VC Circle, 24th August 2026)

Third Wave Coffee Raises \$43 Mn in Series D Funding

Homegrown coffee chain Third Wave Coffee has raised \$43 million (around INR 408 crores) in a Series D round comprising primary and secondary capital, led by existing investor WestBridge Capital, with participation from Creagis and other individual investors. The company plans to use the funds to expand its geographic presence, strengthen its footprint in high-potential cities and accelerate its Third Rush Desserts business. Founded in 2016, Third Wave currently operates over 240 cafés across India and aims to reach 320 cafés by the end of the fiscal year.

(Source: VC Circle, 24th August 2026)

Airbound Bags Early Stage Funding

Airbound, a Bengaluru-based aerospace startup founded in 2023, has raised \$37 million (around INR 348 crores) in Series A funding led by Greenoaks, taking its total funding to nearly \$50 million. (around INR 470 crores) The company is developing autonomous transport aircraft and plans to use the funds to scale engineering, manufacturing and go-to-market activities. It has completed over 1,000 autonomous flights for Narayana Health and signed an agreement with the Andhra Pradesh government to develop a drone delivery network, with plans to scale to 10,000 daily flights across healthcare, retail and e-commerce.

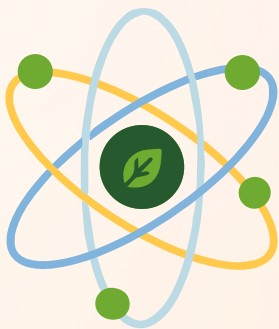
(Source: VC Circle, 25th August 2026)



Nexedge Capital Raises \$20 Million in Maiden Funding Round

Nexedge Capital, a New Delhi-based wealth management and multi-family office firm founded in February 2025 by Anirudh Taparia, has raised \$20 million (around INR 188 crores) in its maiden funding round led by Mirae Asset Venture Investment and Elev8 Venture Partners. The company, which has scaled to over \$3 billion (around INR 28,626 crores) in assets under management across around 1,300 clients, plans to use the capital to strengthen its technology platform and expand its senior banker network and presence across India, particularly in Tier II and III cities.

(Source: VC Circle, 25th August 2026)



Utsav Raises \$3.8 Mn in Series A Funding

Kolkata-based religion-tech and puja booking platform Utsav has raised \$3.8 million (around INR 36 crores) in a Series A round led by Atomic Capital, with participation from existing investors India Quotient and Equanimity Investments. Founded by Sourajit Basu, Ankita De and Prajata Samanta, Utsav enables devotees to book temple pujas, receive e-prasad and consecrated prasada, consult verified pandits and participate in rituals remotely. The company plans to use the funds to expand its temple network, enhance personalisation, improve fulfilment and logistics, and strengthen services for the Indian diaspora.

(Source: VC Circle, 25th August 2026)

Mergers & Acquisitions

KKR-Backed Advanta To Acquire Egypt-Based Seed Company

KKR-backed global seeds platform Advanta Enterprises is set to acquire Egypt-based seed company Misr Hytech Seed International for \$110 million (around INR 1,051 crores), strengthening its presence in the Middle East and Africa. The acquisition will give Advanta a leadership position in the region's white and yellow corn seed market and expand its seed portfolio and regional footprint. Advanta will acquire a 99.98% stake in Misr Hytech through its holding company, subject to regulatory approvals. The transaction is expected to close by January 31, 2027 and forms part of Advanta's strategy of expanding its global seeds business through acquisitions.

(Source: VC Circle, 17th August 2026)

Jubilant Ingrevia to Acquire 40% of Zettaone for \$19.8 Mn

Jubilant Ingrevia Ltd has entered into a binding agreement to acquire a 40% stake in Noida-based electronics design and manufacturing company Zettaone Technologies for \$19.8 million (around INR 189.2 crores) in cash. The transaction, structured in two tranches expected to close by November 2026 and September 2027, will make Zettaone an associate company of Jubilant Ingrevia. Zettaone provides end-to-end electronics product development and manufacturing services across aerospace, defence, semiconductor, automotive and healthcare sectors. The acquisition aligns with Jubilant Ingrevia's "Pinnacle" growth strategy and marks its entry into Electronics Development and Manufacturing Services (EDMS)

(Source: VC Circle, 19th August 2026)

Yantra Packs Raise Seed Funding

Gurugram-based reusable packaging startup Yantra Packs has raised \$1.2 million (around INR 12 crores) in a seed funding round from Caret Capital to expand its reusable packaging asset pool and strengthen its technology platform, Trakkia. The company provides reusable pallets, crates, containers and other returnable transport items to enterprises through a packaging-as-a-service model. Yantra Packs currently serves over 30 enterprise customers, with more than 250,000 containers in circulation across eight warehouses and over 100 customer touchpoints. The fresh capital will also support expansion across key manufacturing clusters and strengthen its asset management, logistics, maintenance and team capabilities.

(Source: VC Circle, 20th August 2026)

TCS to Acquire Porsche's MHP for \$320 Mn

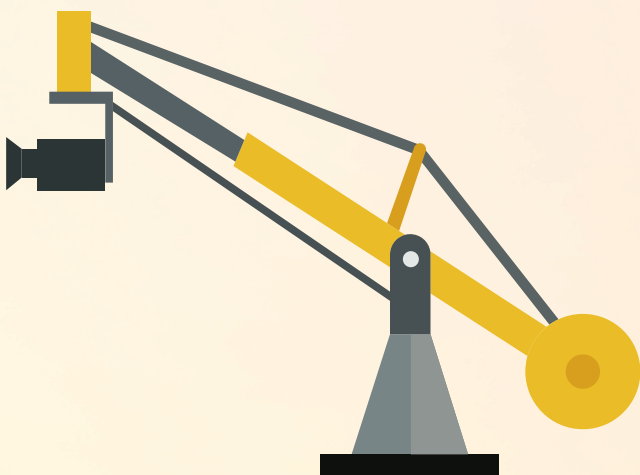
Tata Consultancy Services (TCS) will acquire Porsche AG's automotive and consulting unit MHP for an enterprise value of \$320 million (around INR 3008 crores), with the transaction expected to close within 3-4 months. The acquisition forms part of a broader five-year partnership under which Porsche has committed \$1.46 billion to TCS and MHP for AI deployment across engineering, manufacturing, operations and customer experience, as well as automotive technology and software-defined mobility platforms. The deal is expected to strengthen TCS's automotive capabilities and add to revenue, while having a broadly neutral impact on its stock, according to analysts.

(Source: VC Circle, 24th August 2026)

Hero MotoCorp To Increase Stake In Ather With \$184 Mn Share Purchase

Hero MotoCorp has agreed to acquire additional shares in electric scooter maker Ather Energy for up to \$184 million (around INR 1,758 crores) from an existing shareholder, increasing its stake from 29.88% to approximately 32.8%. The investment comes shortly after Ather allotted convertible warrants worth \$100 million (around INR 960 crores) to Hero MotoCorp through a separate preferential issue. The transaction will further strengthen Hero MotoCorp's position in India's rapidly expanding electric two-wheeler market. Ather has recently reported improved financial performance, with a significantly narrower loss in the first quarter driven by strong demand for its family oriented electric scooter offerings.

(Source: VC Circle, 28th August 2026)

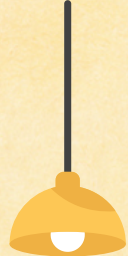


Transaction & Regulatory Advisory Services



DR. VERGHESE KURIEN - Knowledge into Action

Key Regulatory & Legal Updates in August 2026



1.MCA

- **CCFS-2026 window extended further to 15 September 2026**

MCA extended the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) — which allows companies to complete pending statutory filings with relief on additional fees/consequences — from 31 August 2026 to 15 September 2026, following stakeholder representations for further time. This is the second extension of the Scheme; it was earlier extended from 15 July 2026 to 31 August 2026 vide Circular No. 03/2026 dated 8 July 2026, on account of the MCA21 data-centre fire (5 June 2026) and related restoration work.

Read More: <https://www.mca.gov.in/>

- **Companies (Indian Accounting Standards) Amendment Rules, 2026 notified**

MCA amended Ind AS 101, 107, 109, 110 and 7 under the Companies (Indian Accounting Standards) Rules, 2015. The amendments introduce accounting/disclosure provisions for green-power purchase contracts, ESG-linked loans and e-payment/digital settlement arrangements. Most changes take effect from the dates specified in the notification — companies should assess impact on FY 2026-27 financial statements and disclosures.

Read More: <https://www.mca.gov.in/>

2. FEMA / RBI

- **Amendment to the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993**

The Government has amended the framework governing **Foreign Currency Convertible Bonds (FCCBs)** and Depository Receipts (DRs) during August 2026. The amendment updates the regulatory framework applicable to the issue of FCCBs and ordinary shares through the Depository Receipt mechanism, thereby aligning the framework with the prevailing foreign investment and capital-market regulatory regime. The amendment was notified in August 2026 by the Department of Economic Affairs.

Read More: <https://dea.gov.in/press-release/amendment-issue-foreign-currency-convertible-bonds-and-ordinary-through-depository>

- **Introduction of Foreign Exchange Management (Authorised Persons) Regulations, 2026**

The Reserve Bank of India has notified the Foreign Exchange Management (Authorised Persons) Regulations, 2026, establishing an updated regulatory framework governing Authorised Persons under FEMA. The revised framework consolidates and updates the regulatory provisions applicable to Authorised Persons and is intended to streamline the administration of foreign exchange transactions and strengthen the regulatory framework governing authorised entities.

Read More: https://www.rbi.org.in/scripts/bs_viewfemanewnotification.aspx

- **Clarification on Special Rupee Vostro Accounts**

The Reserve Bank of India has issued further directions relating to Special Rupee Vostro Accounts (SRVAs), which facilitate international trade settlement in Indian Rupees. The framework enables authorised dealer banks to facilitate cross-border trade transactions through designated rupee accounts maintained by overseas correspondent banks, thereby supporting greater use of the Indian Rupee in international trade settlement.

Read More: https://www.rbi.org.in/scripts/bs_viewfemanewnotification.aspx



3. Securities and Exchange Board of India (SEBI)

- **Relaxation in KYC norms for individual Persons Resident Outside India**

SEBI introduced relaxations in the Know Your Client (KYC) framework for individual Persons Resident Outside India, including NRIs, OCIs and foreign nationals. The development is intended to simplify and facilitate securities market participation and KYC compliance for eligible non-resident individuals. SEBI also issued a consultation paper on **14 August 2026** to review the KYC process applicable to individual Persons Resident Outside India.

Read More: <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes&search=KYC&utm>

- **Extension of timeline for implementation of revised norms for ETFs**

SEBI extended the implementation timeline for certain provisions relating to **base price, price bands, call auction in the pre-open session and close-out procedure for Exchange Traded Funds (ETFs)**. The extension provides additional time to market infrastructure institutions and other stakeholders for implementing the revised operational framework prescribed under SEBI's earlier circular dated 15 June 2026. The extension circular was issued on **28 August 2026**.

Read More: <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes&search=Trade&utm>

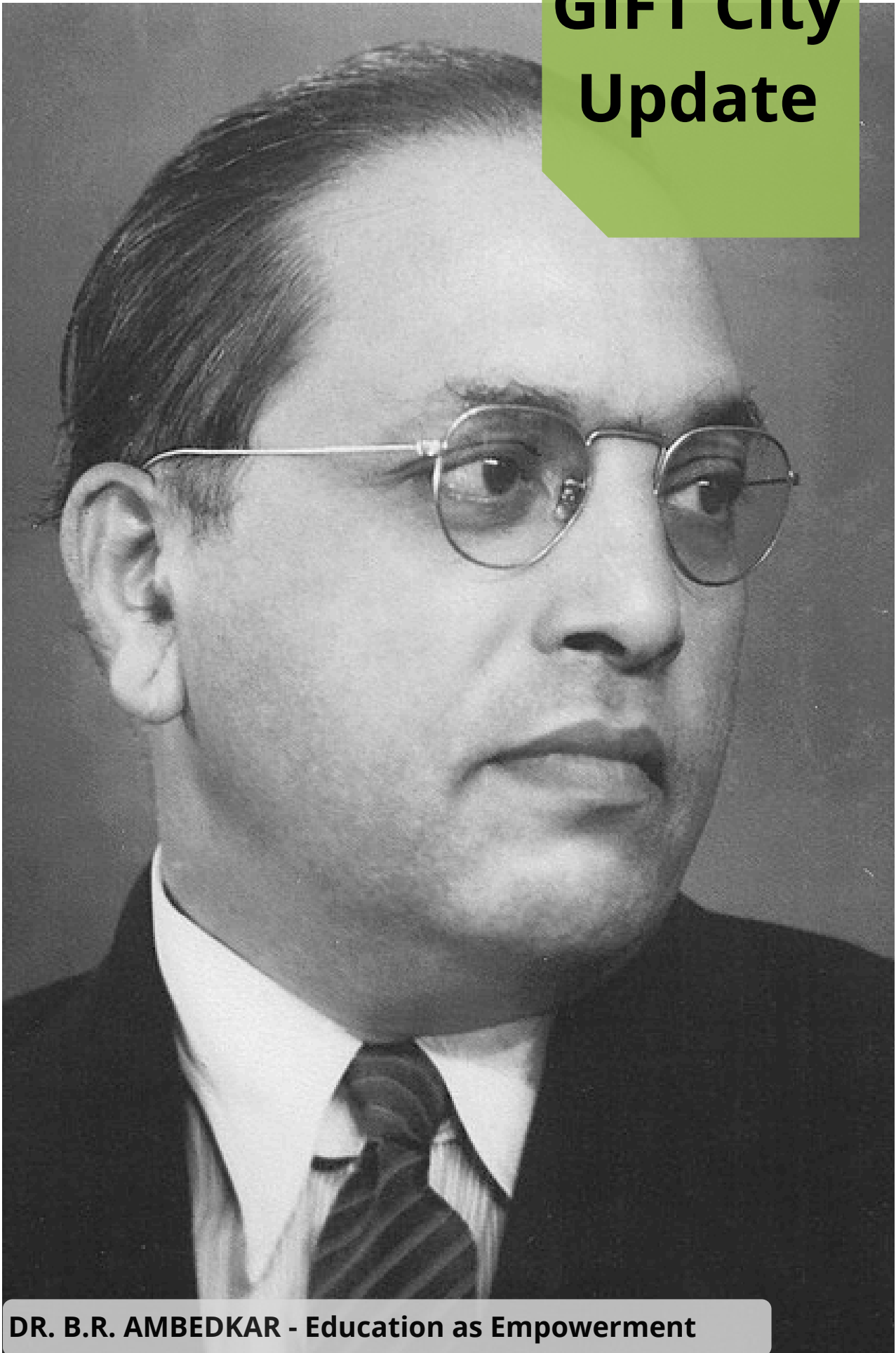
- **Enabling sharing of KYC information with IFSCA-regulated entities**

SEBI issued a circular on 20 August 2026 enabling KYC Registration Agencies (KRAs) to share information with entities regulated by the International Financial Services Centres Authority (IFSCA). This measure aims to facilitate regulatory coordination and potentially reduce duplication in KYC-related processes across entities operating in the Indian securities market and the IFSC ecosystem.

Read More: <https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes&search=Services&utm>



GIFT City Update



DR. B.R. AMBEDKAR - Education as Empowerment



10th Aug 2026: IFSCA Tightens Compliance on Validity of SEZ Approvals

The International Financial Services Centres Authority (IFSCA) has directed all regulated entities to ensure that they continuously hold a valid Letter of Approval (LoA) under the Special Economic Zones (SEZ) Act, along with the relevant IFSCA registration, licence or other regulatory approval.

The regulator clarified that a valid LoA is a prerequisite for obtaining IFSCA approvals and conducting permissible activities within an International Financial Services Centre (IFSC). Entities must also ensure timely renewal of their LoAs, with renewal applications required to be submitted at least two months before expiry.

IFSCA has cautioned entities against conducting business without valid approvals. Non-compliance could attract penal or enforcement action under the IFSCA Act, SEZ Act and related regulations.

The move reinforces IFSCA's focus on maintaining continuous regulatory compliance among entities operating within India's IFSC ecosystem.

11th Aug 2026: IFSCA Warns Against Misuse of Logo and Impersonation Scams

The International Financial Services Centres Authority (IFSCA) has warned the public and market participants about unauthorised use of its logo and false claims of regulatory approval by certain entities.

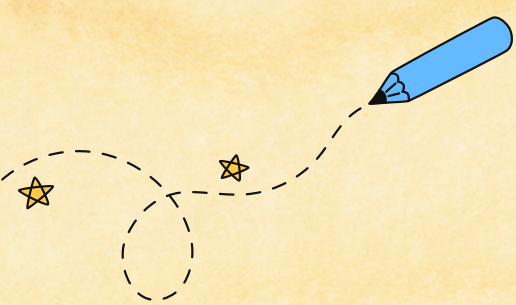
The regulator cautioned that its logo must not be used on websites, social media, advertisements or other marketing material without permission. Entities also cannot claim to be authorised, registered or regulated by IFSCA unless such approval has been formally granted and remains valid.

IFSCA has urged stakeholders to verify an entity's regulatory status through its official directory before entering into any transaction. It has also warned against impersonation, deepfakes, "boss scams" and other forms of digital fraud involving the IFSC ecosystem.

The regulator clarified that official IFSCA communications are issued through email addresses ending in @ifsc.gov.in and advised the public to verify the authenticity of suspicious communications.

The move underscores IFSCA's efforts to protect investors and maintain the integrity of the IFSC financial ecosystem.





18th Aug 2026: IFSCA Proposes GPU Leasing Framework to Boost India's AI Infrastructure

The International Financial Services Centres Authority (IFSCA) has issued a consultation paper proposing to recognise operating leases, including hybrid operating-financial leases, of GPUs and related data-centre equipment as a financial product in GIFT IFSC.

The move comes as demand for AI computing infrastructure surges globally. The GPU market, valued at around \$65 billion in 2024, is projected to reach \$400–500 billion by 2030, implying annual growth of roughly 30–35%.

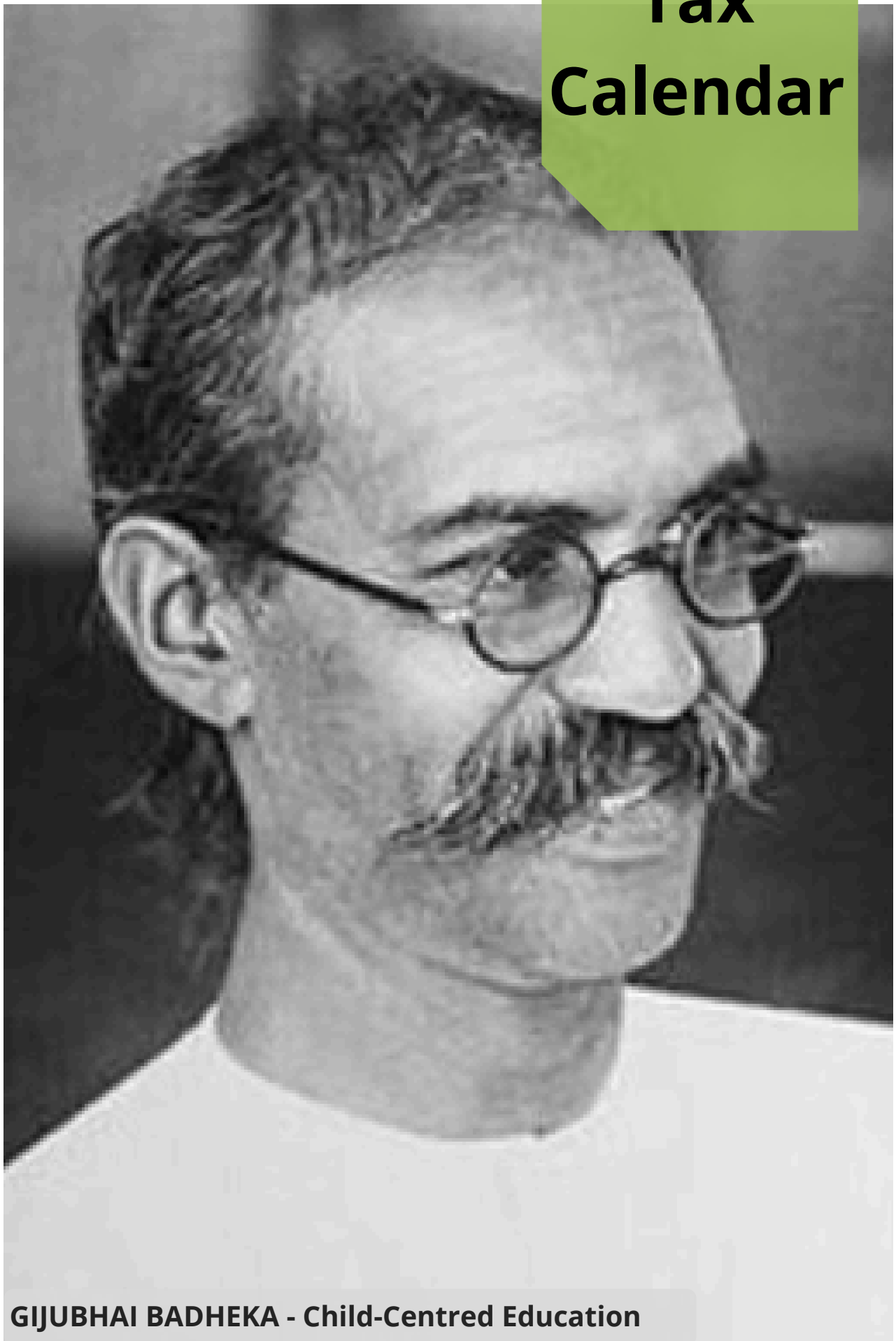
India currently has less than 5% of global AI-optimised computing capacity and remains almost entirely dependent on imports for GPUs. India's AI GPU capacity stood at around 38,000 units in October 2025 and is expected to reach 1 lakh by end-2026. Over the next five years, AI adoption could drive deployment of 6.5–7 lakh GPUs in Indian data centres, potentially creating a \$23 billion investment opportunity.

IFSCA believes leasing can help bridge this gap by allowing cloud providers, data-centre operators, hyperscalers and enterprises to access expensive computing infrastructure without making large upfront investments. It also shifts technology-obsolescence and residual-value risks to specialised lessors, which can redeploy equipment as technology and workloads evolve.

The proposed framework is aimed at attracting GPU and data-centre equipment leasing activity to GIFT IFSC, similar to the established aircraft and ship-leasing models. If implemented, it could strengthen GIFT IFSC's role in financing India's rapidly expanding AI and data-centre infrastructure.



Tax Calendar



GIJUBHAI BADHEKA - Child-Centred Education

August 2026 - Tax Calendar

7 TH SEP	Due date of Deposit of TDS/ TCS for the Month of Aug, 2026
7 TH SEP	Uploading of declarations received in Form No. 127 (Income-tax Rules, 2026) from the buyer in the month of August, 2026
14 TH SEP	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 July, 2026
15 TH SEP	2 nd instalment of advance tax for the Tax Year 2026-27
30 TH SEP	Furnishing report under section 115JB (Income-tax Act, 1961) in Form No. 29B (Income-tax Rules, 1962) for computing the book profits of the company during the previous year 2025-26 (if the assessee is required to submit return of income on October 31, 2026)
30 TH SEP	Furnishing report under section 115JC (Income-tax Act, 1961) in Form No. 29C (Income-tax Rules, 1962) for computing Adjusted Total Income and Alternate Minimum Tax of the person other than company during the previous year 2025-26 (if the assessee is required to submit return of income on October 31, 2026)
30 TH SEP	Furnishing of the report in Form No. 3CEA (Income-tax Rules, 1962) relating to computation of capital gains in case of slump sale taxable under section 50B (Income-tax Act, 1961) (if the assessee is required to submit return of income on October 31, 2026)
30 TH SEP	Furnishing of certificate in Form No. 10-IJ (Income-tax Rules, 1962) issued by a Chartered Accountant certifying the annual statement of exempt income of the specified fund, being a category-III AIF, under section 10(23FF) (Income-tax Act, 1961) (if the assessee is required to submit the return of income on or before October 31, 2026)

August 2026 - Tax Calendar

30 TH SEP	Furnishing of Audit Report in Form No. 10CCB (Income-tax Rules, 1962) by assessee claiming deduction under section 80-I, 80-IA, 80-IB or section 80-IC (Income-tax Act, 1961) (if the assessee is required to submit the return of income on or before October 31, 2026)
30 TH SEP	Furnishing report in Form No. 10DA (Income-tax Rules, 1962) certifying the claim for additional employee cost under section 80JJAA (Income-tax Act, 1961) during the previous year 2025-26 (if the assessee is required to submit return of income on or before October 31, 2026)
30 TH SEP	Due date for filing of audit report under section 44AB (Income-tax Act, 1961) for the assessment year 2026-27 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2026)
30 TH SEP	Furnishing of Audit report in Form No. 10B/10BB (Income-tax Rules, 1962) by a fund or trust or institution or any university or other educational institution or any hospital or other medical institution.
30 TH SEP	Furnishing audit report in Form No. 3AC (Income-tax Rules, 1962) by assessee claiming deduction under section 33AB (Income-tax Act, 1961) for the previous year 2025-26 (if the assessee is required to submit return of income on October 31, 2026)







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