



R.C JAIN &
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NEWSLETTER

SEPTEMBER 2026



“Progress is not always about speed,
but about consistency and direction.”

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Direct Tax

MINISTRY OF FINANCE (Department of Revenue) (CENTRAL BOARD OF DIRECT TAXES)

- **Notification No. 120/2026 dated 17 September 2026**

The Central Board of Direct Taxes (CBDT), vide **Notification No. 120/2026 dated 17 September 2026**, has notified the **Income-tax (Fourth Amendment) Rules, 2026**, further amending the Income-tax Rules, 2026.

Key Highlights

- **Extension of Certain Deadlines**

The notification extends the dates prescribed under **Rules 246 and 256**:

Rule	Earlier Date	Revised Date
Rule 246(4)	30 September 2026	31 March 2027
Rule 256(4)	30 September 2026	31 March 2027

Accordingly, the applicable deadlines under these provisions have been extended by six months.

- **Revised Form No. 169 – Registration as Valuer**

A revised **Form No. 169** has been prescribed for making an application for registration as a **valuer under section 514 of the Income-tax Act, 2025**.

The revised form requires information relating to:

- Personal details and PAN
- Class of asset for which registration is sought
- Educational qualifications
- Employment and professional experience
- Experience as a valuer
- Previous registration under the Wealth-tax Act
- Grounds of disqualification

The notification also provides for different classes of assets, including immovable property, agricultural land, stocks and shares, machinery and plant, jewellery, works of art and other assets.

Registration Fee: Rs.10,000, except where the valuer is already registered under the Wealth-tax Act, 1957.

- **Revised Form No. 171 – Authorised Income-tax Practitioner**

A revised **Form No. 171** has also been prescribed for registration as an **authorised income-tax practitioner under section 515 of the Income-tax Act, 2025**.

The form requires details relating to:

- Personal and contact details
- Principal place of profession
- Partnership in a firm, where applicable
- Prescribed educational qualifications
- Existing registration under the Income-tax Act, 1961
- Disqualification, if any
- Relevant supporting documents

The applicant is also required to certify that they have been practising before income-tax authorities for **not less than one year** and have not made another application for registration under the Income-tax Act, 2025.

- **Notification No. 121/2026 dated 22 September 2026**

The Central Board of Direct Taxes (CBDT), vide **Notification No. 121/2026 dated 22 September 2026**, has notified the **Income-tax (Fifth Amendment) Rules, 2026**, amending various provisions relating to tax deduction at source (TDS) under the Income-tax Rules, 2026.

Key Update – TDS on Transfer of Immovable Property

The amendment specifically incorporates provisions relating to **TDS on consideration for transfer of immovable property by a resident individual or Hindu Undivided Family (HUF) under section 393(2) of the Income-tax Act, 2025**.

The corresponding provisions have been incorporated into **Rules 215, 218 and 219** to provide for reporting and procedural requirements relating to such TDS.

Revised TDS Forms

The notification also revises **Form Nos. 132 and 141** to incorporate transactions covered under section 393(2).

Form No. 141 now contains a dedicated **Schedule E** for reporting TDS on consideration paid for transfer of immovable property.

The Schedule requires detailed transaction information, including:

- Address and type of immovable property
- Details of all buyers and sellers
- PAN and other identification details
- Proportion of consideration payable/receivable
- Date of agreement and registration
- Stamp duty value

- Total sale consideration
- Details of instalments, where applicable
- Capital gains classification of the seller
- Amount on which TDS is applicable
- Rate and amount of TDS
- Date of deduction and payment

Transactions Involving Non-Residents

The revised forms specifically provide for reporting of **transfer of immovable property by a non-resident to a resident individual or HUF**.

Where the seller is a non-resident, additional information such as:

- Country of residence
- Tax Residency Certificate (TRC) number
- Tax Identification Number (TIN)
- Contact and address details

is required to be furnished.

Important Compliance Points

- **Each deductor is required to file a separate form** where there is more than one deductor.
- Where PAN of a non-resident is unavailable, specified identification details are required to ensure that tax is not deducted at a higher rate.
- TDS reported in the form includes **surcharge, wherever applicable, and cess**.
- The revised rules come into force from **1 October 2026**.

GST

Dharmatic Entertainment Pvt. Ltd. / Dharma Productions Pvt. Ltd.

v/s

State of Maharashtra & Ors.

Bombay High Court | 10 September 2026

Citation / Reference: 2026:BHC-OS:20584-DB; W.P. Nos. 2029 of 2025 & connected petition

Key Issue: Classification of licensing of copyright in cinematographic films: 12% GST as IP rights in goods other than IT software versus 18% GST as IT software.

- **Facts of the case**

The petitioners produce films, web series and other audio-visual content and own copyrights in their works. They entered into rights licence agreements with distributors for commercial exploitation.

For FY 2017-18 to FY 2020-21, they classified the licensing under SAC 997332 and paid GST at 12%, relying on the then applicable entry for intellectual property rights in goods other than Information Technology Software. The tax authorities disputed the classification and treated the supplies as Information Technology Software services taxable at 18%. The disputed tax was about ₹79.73 crore, besides interest and penalty.

- **Judgment / Court's Reasoning**

The Court examined Heading 9973 and the statutory definition of Information Technology Software. It noted that the rate notification separately provided for IP rights in goods other than IT software and for IT software.

The Court found that the authorities had not adequately shown how a cinematographic film, a passive audio-visual work incapable of execution, manipulation or interactivity, could satisfy the statutory definition of IT software.

The Court rejected treating the technological mode of transmission as determinative. Classification should follow the dominant nature and essential character of the supply.

The Court also found deficiencies in the adjudication orders, which substantially reproduced the show-cause allegations without adequately dealing with the taxpayer's classification submissions and the relevant statutory entries.

- **Conclusion**

The Bombay High Court allowed the writ petitions and set aside the impugned orders, finding jurisdictional errors apparent on the record.

- **Practical GST Takeaway**

For film, OTT, media and digital-content businesses, classification should be based on the precise statutory entry and essential character of the supply. Digital transmission or use of IT infrastructure, by itself, should not automatically convert a copyright/content licence into IT software.

The case also highlights the need for reasoned adjudication that independently addresses the taxpayer's submissions.

Primary judgment source: <https://indiankanoon.org/doc/91013081/>

M/s S.B. Enterprises
v/s
Directorate General of GST Intelligence & Ors.
Jharkhand High Court | 15 September 2026

Citation / Reference: W.P. (T) No. 265 of 2025

Key Issue: Validity of GST orders passed against a deceased proprietor after the proprietor's death.

- **Facts of the case**

M/s S.B. Enterprises, Deoghar, was a proprietorship concern of Late Shibu Prasad Das, who died on 15 September 2020.

GST-related orders were subsequently passed on 27 December 2021, 26 July 2022 and 28 August 2024 against the earlier proprietor. The petitioner challenged these orders before the Jharkhand High Court.

The parties agreed that the issue was covered by the Court's earlier order dated 11 June 2026 in W.P. (T) No. 3862 of 2026 involving the same petitioner and identical reliefs.

- **Judgment / Court's Reasoning**

The High Court adopted the reasoning of its earlier order. The key procedural defect was that the impugned orders had been passed against Shibu Prasad Das after his death.

The Court distinguished between setting aside an order improperly passed against a deceased proprietor and extinguishing the underlying tax claim. It therefore preserved the department's liberty to pursue its claims through a procedure permitted by law against the appropriate person/successor.

- **Conclusion**

The Court quashed and set aside the orders dated 27 December 2021, 26 July 2022 and 28 August 2024 because they had been passed against the earlier proprietor after his death. The respondents were left free to take appropriate steps in accordance with law.

- **Practical GST Takeaway**

Practitioners dealing with proprietorships should verify whether the proprietor is alive before continuing assessment, demand or recovery proceedings. A proceeding should not simply continue in the deceased person's name; the department must follow the legally applicable mechanism for pursuing any surviving liability against the appropriate successor/legal representative.

Primary judgment source: <https://indiankanoon.org/doc/157821143/>

Shri Krishna Industries through its Proprietor Prop. Mohan Lal
v/s
Commissioner of Central Goods & Services Tax & Ors.
Delhi High Court | 18 September 2026

Citation / Reference: 2026:DHC:7977-DB; W.P.(C) 4897/2025

Key Issue: Whether Central GST proceedings under Section 74 were barred by Section 6(2)(b) because State GST authorities had earlier initiated Section 73 proceedings concerning ITC.

- **Facts of the case**

The petitioner challenged show-cause notices dated 2 August 2024 and 4 August 2024 issued under Section 74 of the CGST Act and the consequential orders.

The petitioner argued that State GST authorities had already initiated Section 73 proceedings concerning ITC allegedly availed from M.R. Enterprises and that the subsequent Central proceedings concerned the same subject matter. Reliance was placed on Section 6(2)(b) of the CGST Act.

Section 6(2)(b) of the CGST Act, 2017, it deals with **overlapping proceedings by Central and State GST authorities**: once proceedings on a particular subject matter have been initiated by one authority, the other authority cannot initiate proceedings on the **same subject matter**.

- **Judgment / Court's Reasoning**

The Court examined whether the two proceedings actually concerned the same subject matter. It emphasised that the test is not simply the same taxpayer, financial year or broad ITC issue; the particular liability or contravention being adjudicated must be compared.

The Court considered the distinction between the earlier State proceedings under Section 73 and the Central proceedings under Section 74, which were based on allegations of fraudulent ITC through invoices without actual supply.

The Court held that the petitioner had not established that the specific contravention forming the basis of the Section 74 proceedings had already been adjudicated in the earlier State proceedings. Therefore, the Section 6(2)(b) bar was not established on the facts before the Court.

- **Conclusion**

The Delhi High Court dismissed the writ petition. It held that the petitioner had not demonstrated that the Central proceedings were barred by Section 6(2)(b) because the same-subject-matter requirement was not established.

- **Practical GST Takeaway**

Before raising a Section 6(2)(b) objection, compare the tax period, invoices/transactions, ITC or tax liability, exact allegation, statutory provision and what was actually adjudicated in the earlier proceeding.

The same taxpayer or period alone is not sufficient. The factual and legal subject matter must materially overlap.

Primary judgment source: <https://indiankanoon.org/doc/184401573/>

ROC & MCA STATUTORY COMPLIANCES FOR LLPs (FY 2025–26)

Applicable Period: Financial Year 2025–26

Target Audience: Designated Partners, Finance Teams & Compliance Officers

Overview

All Limited Liability Partnerships (LLPs) registered under the Limited Liability Partnership Act, 2008 are statutorily required to complete their annual regulatory filings with the Ministry of Corporate Affairs (MCA) and the Income Tax Department. Ensuring timely completion of these mandatory filings protects the LLP from heavy cumulative daily penalties and maintains its active statutory status.

Below is the structured overview of statutory forms, audit requirements, key benefits of timely compliance, action steps, and conclusions.

Key LLP Annual Forms & Compliance Timelines

- **Form 8 (Statement of Account & Solvency):**

Purpose: Declaration of solvency along with the LLP's Balance Sheet and Statement of Income and Expenditure for FY 2025–26.

Due Date: October 30, 2026.

Penalty for Delay: Rs.100 per day until filed, without any upper limit or capping.

Audit Applicability Criteria for Form 8

An LLP is required to get its accounts audited by a practicing Chartered Accountant ONLY if it meets either of the following thresholds:

Turnover Threshold: Total turnover exceeds Rs. 40 Lakhs in the financial year.

Contribution Threshold: Total partner capital contribution exceeds Rs. 25 Lakhs.

Note: LLPs below both specified thresholds are eligible to file self-certified financial statements in Form 8.

Key Benefits

Avoidance of Steep Daily Penalties: Eliminates the imposition of the fixed late fee of Rs.100 per day per form under Section 403.

Maintenance of Active Status: Prevents the LLP from being marked as defaulted or incurring restrictions on corporate actions.

Clean Financial & Credit Standing: Ensures smooth approval for bank loans, government tenders, vendor on boarding, and investor due diligence.

Protection of Designated Partners: Protects partners from statutory notices, prosecution, or personal financial liabilities.

Action Required

LLPs and Designated Partners should immediately perform the following steps:

- **Finalize & Reconcile Accounts:** Complete **Tally/accounting** entry reconciliation and prepare the final Balance Sheet and Profit & Loss statement for FY 2025–26.
- **Verify Audit Applicability:** Confirm whether the turnover or contribution crosses the Rs. 40 Lakhs / 25 Lakhs threshold to initiate audit procedures if required.
- **Execute Statements:** Ensure all partners sign the Statement of Account & Solvency along with the solvency declaration.
- **Initiate MCA Filings:** Submit Form 8 on the MCA V3 portal well before **30th October 2026** to avoid peak portal traffic and late fees.
- **Preserve Challans:** Download and safely archive all SRN receipts, challans, and approved form copies for audit trail and bank verification.

Conclusion

Timely submission of **Form 8** and associated tax filings offers a critical opportunity for LLPs to maintain seamless regulatory compliance at optimal cost. Designated Partners should utilize the remaining timeline efficiently and complete all eligible filings well before **30th October 2026** to avoid additional fees and adverse statutory enforcement action.

RBI

RBI/2026-27/256

FIDD.CO.PSD.BC.No.10/04.09.001/2026-27

September 11, 2026

Reserve Bank of India (Priority Sector Lending – Targets and Classification) Third Amendment Directions, 2026.

The RBI has amended the Priority Sector Lending (PSL) Directions, 2025, by reducing the period for which certain FCNR(B) and NRE deposit-linked advances can be excluded from Adjusted Net Bank Credit (ANBC) for computation of priority sector lending targets. The amendment is effective immediately.

RBI Revises ANBC Exemption for FCNR(B) and NRE Deposit-Linked Advances

- **Reduction in Exemption Period:** RBI has amended the PSL Directions, 2025, by replacing the earlier cut-off date of September 30, 2026 with August 31, 2026 for the specified exemption from ANBC.
- **FCNR(B) Deposits:** Advances extended in India out of eligible fresh FCNR(B) deposits will qualify for exclusion from ANBC, subject to the applicable CRR/SLR exemption conditions.
- **NRE Deposits:** Similarly, advances extended in India out of eligible NRE term deposits of three years or more will qualify for the prescribed ANBC exclusion, subject to the applicable conditions.
- **Outstanding Deposit Limitation:** The amount excluded from ANBC for determining PSL targets cannot exceed the outstanding eligible FCNR(B)/NRE deposits qualifying for exemption from CRR/SLR requirements.
- **Impact on Banks:** Banks will need to consider the revised August 31, 2026 cut-off date while computing ANBC and determining compliance with applicable priority sector lending targets.
- **Effective Immediately:** The amendment has come into force with immediate effect and modifies the relevant provision under paragraph 6.1 of the PSL Directions, 2025.

RBI/2026-27/254

A.P. (DIR Series) Circular No. 21

September 08, 2026

Review of Circulars issued under Foreign Exchange Management Act, 1999 (FEMA)

- **Regulatory Rationalisation:** RBI is undertaking a comprehensive review of circulars issued under the Foreign Exchange Management Act, 1999 (FEMA) to rationalise and streamline the existing regulatory framework.
- **Seven Circulars Withdrawn:** As part of this exercise, RBI has withdrawn seven AP (DIR Series) circulars which are no longer operative due to subsequent amendments, redundancy, overlap or supersession by newer regulations.
- **Key Areas Covered:** The withdrawn circulars primarily relate to External Commercial Borrowings (ECB), including ECB in Indian Rupees, Rupee-denominated bonds, infrastructure-sector definitions, import of services and ECB by SIDBI.
- **Other Circulars Withdrawn:** The review also covers provisions relating to investments by non-residents in tax-free bonds and the Money Transfer Service Scheme – List of Sub Agents.
- **No New Compliance Requirement:** The withdrawal is essentially a regulatory housekeeping measure for provisions that have already ceased to operate. It does not by itself introduce any new FEMA compliance requirement.
- **Applicability:** Authorised Persons are required to take note of the withdrawal and communicate the same to their concerned constituents, wherever relevant.

September 21, 2026

Reserve Bank of India (Commercial Banks - Minimum Capital Requirements for Market Risk) Directions, 2026.

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Minimum Capital Requirements for Market Risk) Directions, 2026 to revise and strengthen the regulatory framework for computation of capital requirements against market risk. The Directions are aimed at aligning the Indian banking sector’s market risk capital framework with the revised Basel III standards and enhancing risk measurement, capital adequacy and disclosure requirements for commercial banks.

1. The Directions shall come into effect from April 1, 2027 and shall apply to Commercial Banks (excluding Small Finance Banks, Payments Banks and Local Area Banks).
2. The framework provides a clear distinction between the Trading Book and Banking Book, with investment classification aligned with the applicable regulatory framework.
3. Banks are required to calculate market risk capital requirements under the prescribed Simplified Standardised Approach (SSA) covering major risk categories such as:
 - Interest rate risk;
 - Equity risk; and
 - Foreign exchange risk.
4. The Directions provide revised treatment for certain exposures, including specified investments held in the trading book and eligible hedging arrangements.
5. Banks are required to maintain market risk capital at both standalone and consolidated levels and comply with applicable disclosure requirements.
6. Banks should review their existing market risk management framework, internal policies and capital computation processes to ensure compliance with the revised requirements.

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DOR.MRG.REC.No.232/00-00-017/2026-27

September 22, 2026

Reserve Bank of India (All India Financial Institutions - Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026

The Reserve Bank of India has amended the All India Financial Institutions – Classification, Valuation and Operation of Investment Portfolio Directions, 2025 to prescribe a clear and uniform framework for valuation of investments in Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).

- 1.** RBI has introduced specific provisions for valuation of InvIT and REIT units and other instruments held by All India Financial Institutions (AIFIs).
- 2.** Quoted securities issued by InvITs/REITs and quoted units shall be valued as per the existing valuation methodology applicable to quoted securities.
- 3.** Unquoted InvIT and REIT units shall be valued at the Net Asset Value (NAV) disclosed by the respective InvIT/REIT.
- 4.** In case the InvIT/REIT fails to compute and disclose NAV as prescribed under applicable SEBI Regulations, the value of such units shall be considered as ₹1 for the purpose of valuation under RBI Directions.
- 5.** The same valuation treatment shall apply to InvIT/REIT units classified as infrequently traded under the relevant SEBI Regulations.
- 6.** Other unquoted instruments issued by InvITs and REITs shall be valued according to the methodology prescribed under the existing RBI valuation framework.
- 7.** The amendment is effective from the date of issue and applies to All India Financial Institutions.

September 22, 2026

Reserve Bank of India (Commercial Banks - Classification, Valuation, and Operation of Investment Portfolio) Third Amendment Directions, 2026

The Reserve Bank of India has amended the Commercial Banks – Classification, Valuation and Operation of Investment Portfolio Directions, 2025 to bring clarity and ensure uniform practices for valuation of investments in Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).

1. RBI has introduced specific valuation guidelines for units and other instruments issued by InvITs and REITs under the fair valuation framework.
2. Quoted InvIT/REIT units and securities shall be valued in accordance with the existing valuation methodology applicable to quoted securities.
3. Unquoted InvIT/REIT units shall be valued based on the Net Asset Value (NAV) disclosed by the respective InvIT/REIT.
4. Where an InvIT or REIT fails to compute and disclose NAV as required under the applicable SEBI Regulations, the value of such units shall be considered as ₹1 for the purpose of valuation under RBI Directions.
5. The same valuation treatment shall also apply to InvIT and REIT units classified as infrequently traded under the relevant SEBI Regulations.
6. Other unquoted instruments issued by InvITs and REITs shall continue to be valued as per the valuation methodology prescribed for such instruments under RBI Directions.
7. The amendment is effective from the date of issue and applicable to Commercial Banks.

- Prepared by Aayushi Sinha & Reviewed by Atharva Vaishampayan

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