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KNOWL with an EDGE

What's Inside

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by: Manish Parekh
manish.parekh@hscollp.in

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Record 7.8 crore ITRs filed for AY26-27 as August 31 deadline ends

A record of more than 7.8 crore Income Tax Returns (ITRs) were filed for Assessment Year (AY) 2026-27 as on August 31, according to the Income Tax Department.

"A record 7.8 Crore+ ITRs have been filed for AY 2026-27 as on August 31, 2026," the Income Tax Department said on X. "We sincerely thank the taxpayers and professionals for their timely compliance."

The August 31 deadline formed part of the revised return-filing schedule introduced through amendments to the Income-tax Act, 1961 under the Finance Act, 2026.

For companies and taxpayers whose accounts are required to be audited, the due date is October 31, while November 30 applies to taxpayers covered by transfer-pricing provisions under Section 92E.

The change effectively gives non-audit business and professional taxpayers an additional month compared with the July-end deadline applicable to most other non-audit individual taxpayers.

https://economictimes.indiatimes.com/news/economy/finance/record-7-8-crore-itrs-filed-for-ay26-27-as-august-31-deadline-ends/articleshow/133667698.cms

Delhi HC orders Income Tax Dept not to process SC, HC judges' ITRs under new tax regime

The Delhi High Court has directed the Income Tax Department not to process income-tax returns filed by Supreme Court and High Court judges under the new tax regime amid a dispute over the tax treatment of certain allowances.

A bench of Justices Dinesh Mehta and Rajneesh Kumar Gupta has also asked the private secretaries of judges who have filed their returns under the new regime to furnish relevant details, including their Permanent Account Number (PAN), to the authorities.

The directions were passed in orders dated July 22 and August 10 on a petition filed by the Delhi Tax Bar Association.

According to the petitioner, certain allowances provided to judges are excluded from the computation of their income under Section 22D of the High Court Judges (Salaries and Conditions of Service) Act, 1954, and Section 23D of the Supreme Court Judges (Salaries and Conditions of Service) Act, 1958.

These include rent-free official accommodation, conveyance allowance, sumptuary allowance and leave travel concession.

The petitioner has challenged a September 12, 2025 memorandum issued by the Central Board of Direct Taxes (CBDT), which stated that under the new tax regime, these allowances would not be exempted as the regime does not provide for deductions and exemptions.

In its July 22 order, the court said that, prima facie, Sections 22D and 23D override the provisions of the Income-Tax Act and that the issue raised in the petition requires consideration.

The court allowed judges to file their returns or revised returns by reflecting the disputed allowances under the caption "receipts not in the nature of income".

https://www.cnbctv18.com/india/delhi-hc-orders-income-tax-dept-not-to-process-sc-hc-judges-itrs-under-new-tax-regime-19967723.htm

Income Tax Department undertakes verification of suspicious foreign remittances

Based on ground intelligence and analysis of data on outward foreign remittances, the Income Tax Department has identified several suspicious entities that remitted large amounts of foreign exchange over the last three years. A nationwide network of entities engaged in remitting funds abroad was uncovered during a search operation conducted on a group of fictitious charitable trusts involved in providing accommodation entries against bogus donations/contributions. Preliminary ground verification revealed that the entities making these remittances were either non-filers or were filing income-tax returns showing very small turnovers. The turnovers had no apparent correlation with the large amounts of money being remitted abroad. They also did not appear to match the stated purpose of the remittances, such as payment for freight, import of software, or import of consulting services.

Further ground-level intelligence revealed that these entities were not actually operating from the addresses declared by them. Further analysis of the data also revealed that a large number of Form15CBcertificates were issued by a relatively small group of professionals. The remitted funds were also received by a clustered group of entities. Form 15CB, read with Rule37BBof the Income-tax Rules, 1962 (corresponding to Form 146 read with Rule 220 of the Income-tax Rules, 2026), requires the Accountant certifying a foreign remittance to verify its taxability with reference to the books of account and other relevant documents. However, the findings raise concerns about whether adequate due diligence was carried out by the Accountants before issuing these certificates.

On 18.08.2026, the Department launched a nationwide detailed verification exercise to verify these foreign remittances, focussing on shell entities, the persons behind them, and the professionals who have issued Form 15CB certificates. Entities located in districts along the country's land borders and remitting significant amounts of money abroad have also been covered in the exercise. The exercise has covered approximately 394entities (including 117 entities located in land-border States), and 36 professionals.

The Department emphasises that Accountants issuing certificates inForm15CB/Form 146 are expected to exercise due care, diligence and professional judgment. They should properly examine the underlying transactions and relevant facts before certifying the remittances, as these certifications play an important role in maintaining trust in the system.

Further investigations are currently underway.

https://www.incometaxindia.gov.in/documents/d/guest/18-08-2026-press-release

Enabling Filing of Appeals in Cases Involving NIL or Zero Demand Amount – reg.

In cases where a dispute regarding liability exists but the demand amount is reflected as "NIL" or "Zero" in the demand order, and payment has been made by the taxpayer prior to the issuance of the demand order, the previous validation restricting the filing of an appeal against such demand orders has been removed from the GST Portal. Accordingly, taxpayers are now enabled to file an appeal in Form GST APL-01 against demand orders reflecting a NIL or Zero demand amount.
Taxpayers facing the above issue may now file an appeal in Form GST APL-01 against such demand orders.

In case of any query or difficulty while filing the appeal, taxpayers may raise a ticket with the GST Helpdesk for assistance.

GSTN Rolls Out Three Registration Simplifications

Effective from 1 September 2026; announced Sep 10–11, 2026

GSTN pushed out a cluster of usability upgrades to the registration process, all live on the portal already:

a) Auto-Population for Additional GST Registrations under the Same PAN
Businesses that already hold an active GSTIN and need an additional registration — whether expanding into a new state or adding a place of business in the same state — no longer have to re-key information from scratch. While filling Part-B of FORM GST REG-01, the applicant selects selects "Yes – Auto-Populate Details," and the system pulls eligible details from the existing GSTIN into the new application. As a safeguard, the Primary Authorised Signatory of the existing GSTIN must approve this via OTP before any data transfers over. Once verified, the new form auto-fills, and the applicant can still review and edit before saving. Promoters/Partners tied to the existing registration also get an SMS and email alert once the OTP verification is complete, so nobody is caught unaware that their registration data was reused elsewhere. GSTN is framing this as "Less Data Entry, Less Time, More Convenience."

b) Contextual Guidance in FORM GST REG-01
Rather than leaving applicants to guess what a field wants or hunt for instructions elsewhere, the form now surfaces relevant guidance messages right next to the fields that need them, plus hover-triggered tooltips for extra detail — a "Hover – Learn – Proceed" model. The goal is fewer incomplete or incorrect applications and less reliance on external help (consultants, helpdesks) for routine field-level doubts.

c) Geo-Coordinate Based Jurisdiction Auto-Population
The portal can now auto-populate the correct State and Centre tax jurisdiction using geo-coordinates supplied during registration, removing the manual (and error-prone) task of self-selecting jurisdiction from a list.

Together, these three changes target the same pain point — friction and errors during registration — from different angles: less re-entry, better in-form guidance, and automated jurisdiction mapping.

by: Bhavesh Shah
bhavesh.shah@hscollp.in

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India Liberalises E-Commerce FDI Framework to Boost Exports

The Government has announced a significant liberalisation of India's Foreign Direct Investment (FDI) policy for the e-commerce sector through Press Note No. 3 (2026 Series). The key reform permits an e-commerce entity to undertake an inventory-based model exclusively for exports of goods manufactured and/or produced in India, thereby relaxing the existing restrictions applicable to inventory-based and B2C e-commerce models.

Under the existing FDI framework, foreign investment is permitted in B2B e-commerce and marketplace models, while FDI is not permitted in B2C e-commerce or inventory-based e-commerce where the e-commerce entity owns the inventory and sells directly to consumers. The latest policy change creates a specific exception where such inventory-based activity is undertaken exclusively for exports.

The new framework provides that an e-commerce entity may engage in an inventory-based model exclusively for exporting goods/products manufactured or produced in India. Such exports will be subject to the applicable provisions of the Foreign Trade Policy 2023, Handbook of Procedures and FEMA regulations governing export of goods and services.

Importantly, the existing restrictions relating to B2C and inventory-based e-commerce will not apply to exports undertaken through e-commerce platforms in accordance with the newly introduced provision.

The reform is specifically intended to facilitate greater exports by Indian sellers through easier and increased access to global markets.

The change could enable global e-commerce players and foreign-funded Indian entities to play a more direct role in aggregating, holding and selling Indian-manufactured products to overseas customers. This can potentially provide Indian manufacturers and MSMEs with access to global consumer markets without requiring them to independently establish a sophisticated overseas distribution network.

The Press Note states that the policy change will become effective from the date of the corresponding FEMA notification.

Press Note No. 3 (2026 Series) issued by The Department for Promotion of Industry and Internal Trade ('DPIIT') on 23 July 2026

From SOFTEX to EDF: RBI Reshapes Export Compliance for Software and Service Exporters

The Reserve Bank of India (RBI) has undertaken a significant overhaul of India's foreign exchange framework governing exports and imports through the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, notified vide Notification No. FEMA 23(R)/2026-RB dated 13 January 2026. The new framework will come into effect from 1 October 2026 and replaces the existing export framework under the 2015 Regulations.

One of the most consequential changes for India's technology and services sector is the move away from the separate SOFTEX reporting mechanism for software exports towards a unified Export Declaration Form (EDF) covering exports of goods, services and software.

Effective October 1, 2026, an exporter of services, including software, will be required to furnish an EDF specifying the full export value of services within 30 days from the end of the month in which the invoice is raised. An exporter having multiple service exports during a month may submit a single EDF covering all such exports for that month. For services other than software, the EDF may also be submitted on or before receipt of payment.

For software exporters, this effectively replaces the existing SOFTEX-based reporting route with a consolidated mechanism. The specified authorities for software exports include Authorised Dealers, STPI or SEZ authorities.

The framework also seeks to integrate export reporting more closely with the RBI's Export Data Processing and Monitoring System (EDPMS), thereby providing a more uniform mechanism for monitoring export transactions and their subsequent realisation.

by: Bhavesh Shah
bhavesh.shah@hscollp.in

For businesses operating in the software, SaaS, IT-enabled services, consulting and professional services sectors, export documentation often interacts with several regulatory frameworks simultaneously. The same underlying transaction may have implications under FEMA, GST, SEZ/STPI regulations, banking documentation and internal accounting and ERP processes.

The introduction of a common EDF therefore creates an opportunity to rationalise these processes. Businesses should assess whether the information captured in their invoices, ERP systems, export documentation and GST records are consistent with the information that will ultimately be reported through the EDF.

The framework also gives greater operational responsibility to Authorised Dealer banks, including developing internal policies and SOPs covering areas such as extensions, reduction in export value, set-off of export receivables against import payables, third-party payments and export/import advances.

Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 — Notification No. FEMA 23(R)/2026-RB dated 13 January 2026; operational directions issued through A.P. (DIR Series) Circular No. 20 dated 16 January 2026.

by: Bhavesh Shah
bhavesh.shah@hscollp.in

Indian Subsidiary Does Not Create a PE Merely Due to Parent-Level Control

In a significant ruling concerning the taxation of multinational enterprises, the Mumbai Bench of the Income-tax Appellate Tribunal (ITAT), in the case of Bloomberg LP, held that the presence of an Indian subsidiary distributing the products and services of its US parent on a principal-to-principal basis did not, by itself, constitute a Permanent Establishment (PE) of the foreign enterprise in India. The Tribunal rejected the Revenue's contention that the Indian subsidiary constituted either a Service PE or a Dependent Agent Permanent Establishment (DAPE) under the India–USA tax treaty.

Background

Bloomberg LP, a US tax resident engaged in providing financial information, news and market data, entered into a distribution arrangement with its Indian subsidiary. The Indian company was authorised to distribute Bloomberg's products and services in India and was responsible for contracting with Indian customers, billing, collections, infrastructure and regulatory requirements. Bloomberg earned a licence fee from the Indian subsidiary and offered the same to tax in India as royalty.

The Revenue alleged that the Indian subsidiary constituted a DAPE because it was economically dependent on Bloomberg, distributed Bloomberg's products and operated under its control. It also contended that visits by Bloomberg employees to India for training, information gathering and product support created a Service PE.

Tribunal's Ruling

On the issue of Service PE, the Tribunal noted that the activities undertaken by Bloomberg's employees in India, such as supervision, training, administrative support and information gathering, had consistently been described as stewardship or auxiliary activities, and the Revenue had not established otherwise. Further, where services fall within the scope of royalties or Fees for Included Services (FIS) under Article 12 of the treaty, they are excluded from the Service PE provision under Article 5. In the absence of a detailed examination establishing otherwise, a Service PE could not be inferred.

On DAPE, the Tribunal placed emphasis on the actual contractual arrangements. The Indian subsidiary independently entered into contracts with customers, bore the associated obligations and costs, and there was no privity of contract between Bloomberg and the Indian customers. Importantly, there was no evidence that the subsidiary habitually concluded contracts, maintained stock for Bloomberg or secured orders on Bloomberg's behalf.

The Tribunal also held that parent-level oversight and control over product standards and distribution protocols do not automatically create a DAPE.

Importantly, the Tribunal observed that even assuming a DAPE existed, no further profits could be attributed to the Indian PE, since the Transfer Pricing Officer had already accepted the transactions between Bloomberg and its Indian subsidiary to be at arm's length.

Bloomberg LP v. ADIT (ITA Nos. 5529 & 5530/Mum/2014)

US Limited Partnership: Firm or Company? Mumbai ITAT Calls for Treaty-Based Determination

The Mumbai Bench of the Income-tax Appellate Tribunal (ITAT), in Pabrai Investment Fund IV, L.P.1, has examined an important question concerning the classification of a Delaware-based limited partnership for Indian income-tax purposes. The Tribunal held that such classification cannot be determined merely by relying on the status assigned to the entity in its Indian PAN. Instead, its legal and tax character under the laws of its home jurisdiction, read with the applicable India–US tax treaty, needs to be examined.

Background

Pabrai Investment Fund IV, L.P. was a limited partnership established under the laws of Delaware, USA, and was registered with SEBI as a Foreign Portfolio Investor. For FY 2017–18, the Fund filed its Indian income-tax return on 21 September 2018, claiming carry-forward of short-term capital losses.

However, its PAN reflected the status of a "firm".

by: Bhavesh Shah
bhavesh.shah@hscollp.in

Consequently, the Centralized Processing Centre (CPC) treated 31 August 2018 as the applicable return-filing due date for a firm and denied the carry-forward of losses since the return was filed thereafter.

The taxpayer contended that, being a separate legal entity incorporated outside India, it should be treated as a company, in which case the applicable due date would have been 30 September 2018 and the return would have been filed within time.

Tribunal's Ruling

The Tribunal observed that the expressions "firm" and "partnership" under the Income-tax Act derive their meaning from the Indian Partnership Act, 1932 and the Limited Liability Partnership Act, 2008. Since the Indian Partnership Act applies to partnerships constituted under Indian law, a foreign limited partnership cannot automatically be treated as an Indian "firm".

However, the Tribunal stopped short of conclusively treating the US LP as a company. It held that its status must be determined after examining its legal constitution and tax treatment in Delaware, together with the relevant provisions of the India–US tax treaty.

In particular, the Tribunal noted that if the US limited partnership is itself taxed as an entity in the US, it may potentially qualify as a company for Indian tax purposes. Conversely, if the partnership is fiscally transparent and its income is taxed directly in the hands of its partners, the conclusion could be different.

The matter was therefore remanded to the tax officer for determination of the Fund's correct status and, consequently, whether its return was filed within the applicable due date and whether the STCL could be carried forward.

The Tribunal also upheld the CPC's action in processing the return based on the PAN status available in its system. It observed that CPC's powers under Section 143(1) are limited to specified adjustments and that determining the correct legal status of a foreign entity involves a detailed examination falling outside the normal scope of automated processing.

For overseas investment vehicles filing tax returns in India, the decision underscores the importance of ensuring that the PAN status, return form and legal/tax character of the entity are aligned. Any inconsistency can have consequences not only for the filing mechanism but also for substantive rights such as the carry-forward of tax losses.

Pabrai Investment Fund IV, L.P. v. ADIT (ITA No. 637/Mum/2025)

by: Mayura Niphadkar | Pinkesh Jain
corplaw@hscollp.in | pinkesh.jain@hscollp.in

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Extension of the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)

The Ministry of Corporate Affairs (MCA) has extended the last date of Companies Compliance Facilitation Scheme, 2026 (CCFS- 2026) upto 15th September, 2026

The Companies can now avail the benefit of the scheme by filing their pending Annual Filing forms for the previous years upto 15th September, 2026

https://www.mca.gov.in/bin/dms/getdocument?mds=yUMIZDLGsXa%252BZT6QKuxDag%253D%253D&type=open

Companies (Indian Accounting Standards) Amendment Rules, 2026

In exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013, the Companies (Indian Accounting Standards) Rules, 2015 in consultation with the National Financial Reporting Authority (NFRA) has been amended which may be called the Companies (Indian Accounting Standards) Amendment Rules, 2026

Effective date of notification is 12th August, 2026

The Indian Accounting Standards ('Ind AS') which were amended by the Companies (Indian Accounting Standards) Amendment Rules, 2026, are as follows:

- **Ind AS 101**- First time adoption of Ind AS when transitioning from previous local accounting frameworks;
- **Ind AS 107**- Financial Instruments: Disclosures for what companies must report about their financial instruments;
- **Ind AS 109**- This Accounting Standard sets out the principles for reporting financial assets and financial liabilities, ensuring financial statements provide relevant and useful information;
- **Ind AS 110**- How a parent company controls one or more smaller companies;
- **Ind AS 07**- How the Company's Cash Flow changes over time.

https://www.mca.gov.in/bin/dms/getdocument?mds=or7qLBnXTOzP8cLwIQLfzw%253D%253D&type=open

Due dates for the Month of October, 2026#

Regulation	Due Date	Compliance	Description
The Companies Act, 2013 / LLP Act	On or before 29th October, 2026	Form AOC – 4	Form for filing financial statement and other documents with the Registrar
	On or Before 29th October, 2026	Form AOC – 4 XRRL	Form for filing XBRL document in respect of financial statement and other documents with the Registrar
	On or Before 30th October, 2026	LLP Form 8	Form 8 Annual Return of Limited Liability Partnership for FY 2025-26
	On or Before 30th October, 2026	Form MSME I	Furnishing of half-yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprise for the period from April, 2026 to September, 2026
Income Tax Act, 1961	7-Oct-26	TDS/TCS Payment	Due date for deposit of tax deducted/collected for the month of September, 2026.
	15-Oct-26	TCS Return	Quarterly statement of TCS deposited for the quarter ending September 30, 2026
	15-Oct-26	121 (Old Form 15G/15H)	Upload declarations received from recipients in Form No. 121 (Old Form 15G/15H) during the quarter ending September 30, 2026
	30-Oct-26	TCS Certificate	Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2026
	31-Oct-25	Form 3CEAB	Intimation by a designated constituent entity, resident in India, of an international group in Form no. 3CEAB for the accounting year 2025-26
	31-Oct-26	TDS Return	Quarterly statement of TDS deposited for the quarter ending September, 2026
	31-Oct-26	Form 98 (Old Form 61)	Copies of declaration received in Form No. 97 (Old Form 60) during April 1, 2026 to September 30, 2026 to the concerned Director/Joint Director
	31-Oct-26	ITR	Due date for filing of return of income for the assessment year 2026-27 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c)partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies
	31-Oct-26	Form 3CEB	Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction."
	31-Oct-26	Tax Audit (TP Case)	Audit report under section 44AB for the assessment year 2026-27 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under
Goods and Service Tax (GST)	10-Oct-26	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of September 2026
	10-Oct-26	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of September 2026
	11-Oct-26	GSTR -1	Return of outward supplies of taxable goods and/or services for the Month of September 2026 (for Assesses having turnover exceeding 5 Cr.)
	13-Oct-26	GSTR -1	Quarterly return of outward supplies of taxable goods and/or services for the Quarter July to September, 2026
	13-Oct-26	GSTR 6	Return for Input Service Distributors for the month of September 2026
	20-Oct-2025 or 22-Oct-2025	GSTR-3B	Simple GSTR return for the Month of September 2026 (based on category of taxpayer)

by: Pinkesh Jain
pinkesh.jain@hscollp.in

Due dates for the Month of October, 2026#

Regulation	Due Date	Compliance	Description
PT Act 1975 (Employee)	15-Oct-26	PT Employees	PT Payment for the month of Sept, 2026
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Oct-26	PF Payment	PF Payment for the month of Sept, 2026
Employees' State Insurance Act, 1948 - (ESIC)	15-Oct-26	ESIC Payment	ESIC Payment for the month of Sept, 2026

The above due date calender contains compliances generally applicable to taxpayers and this calender has been compiled by HSCo on basis of data available on various portals and other sources. One should always check applicable compliances based on their business needs and should also check updated due dates, if any, on the government portal before making the compliance.

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1000+
Clients

15+
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Partners with:

153+ Years
Collective Experience

CPA Member
AICPA - USA

ACA Member
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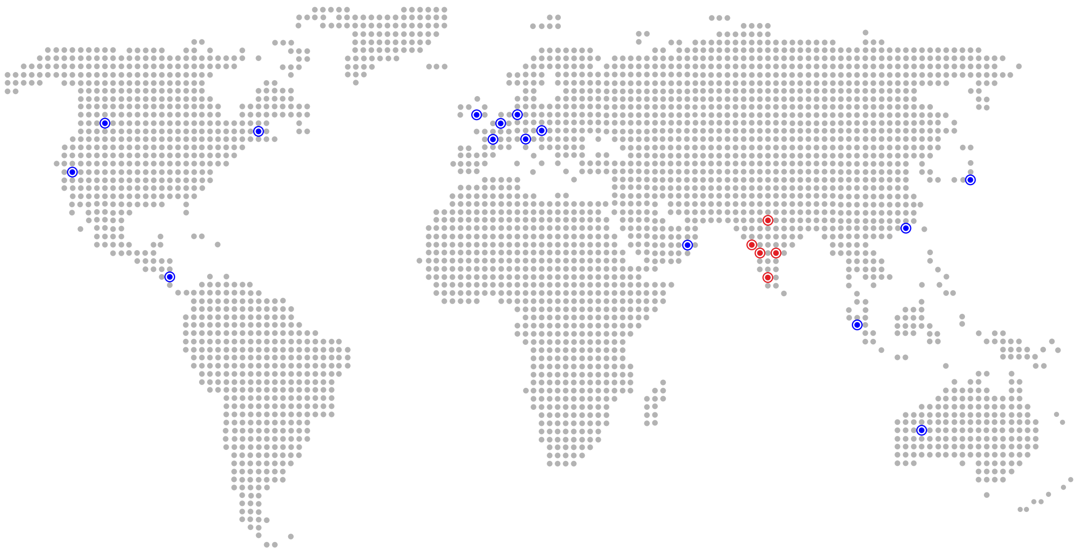

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India Setup | Offshore Accounting | Business Support
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Mumbai (HO)
409 / 410, Dalamal Chambers,
New Marine Lines,
Mumbai – 400 020

E: hs@hscollp.in

Delhi
B-415, Ansal Chamber-I,
3 Bhikaji Cama Place,
New Delhi – 110 066

E: delhi@hscollp.in

Bangalore
Brigade IRV, 9th & 10th Floor, Nallurahalli,
Whitefield,
Bangalore – 560 066

E: bangalore@hscollp.in

Pune
1A, 2nd Floor, City Vista,
Fountain Road,
Kharadi,
Pune – 411 014

E: pune@hscollp.in

Hyderabad
Level 1, Sanali Info Park,
8-2-120/113, Road No. 2,
Banjara Hills,
Hyderabad - 500 034

E: hyderabad@hscollp.in