



Monthly Newsletter
October 2026

Extension of due date of filing ITR by specified persons

- ❑ The CBDT has extended the due date for filing the Income tax return (ITR) for AY 2026-27 (FY 2025-26), for persons whose accounts are required to be audited, from 31.10.2026 to 21.11.2026. As a result, the specified date for furnishing the tax audit report for these persons also shifts from 30.9.2026 to 21.10.2026.

www.incometaxindia.gov.in/documents/d/guest/circular-7-2026-pdf

TAN not required by resident individual / HUF buying immovable property from non-resident

- ❑ The Finance Act 2026 had amended section 397(1)(c) of the Income-tax Act 2025 to provide that a resident individual or Hindu undivided family (HUF) required to deduct tax under section 393(2) on consideration payable for the transfer of any immovable property to a non-resident is not required to obtain a Tax Deduction and Collection Account Number (TAN). In order to give effect to this amendment, the CBDT has amended Rules 215, 218 and 219 of the Income-tax Rules, 2026 and Forms 132 and 141. These changes are effective from 1.10.2026.

www.incometaxindia.gov.in/documents/d/guest/notification-no-121-2026-pdf

Reassessment notice quashed u/s 148 by Delhi HC

- ❑ The Delhi High Court (HC) in a recent ruling in the case of Elsevier BV v. ACIT quashed reassessment notice issued u/s 148 of the Income-tax Act, 1961, ruling that the issuance of notice constituted a mere change of opinion and was without jurisdiction under Section 147, thus notice under Section 148 was to be quashed.

Facts:

- ❑ The petitioner, a company incorporated in the Netherlands and tax resident there, received subscription fees from Indian subscribers for access to its database (e-books/e-journals/e-articles) in the fields of Science & Technology and Health Sciences. It filed an application before the Authority for Advance Rulings (AAR) in May 2013 on the taxability of these receipts. The AAR held that the receipts were not 'royalty' under Article 12 of the India-Netherlands DTAA, and characterized them as business income, and directed the AO to ascertain whether a Permanent Establishment (PE) of the petitioner existed in India.
- ❑ For AY 2016-17, the petitioner filed its ITR declaring nil income. The case was selected for scrutiny. The Assessing Officer (AO) issued questionnaires and obtained information, including on the existence of PE. Based on the petitioner's detailed reply, the AO came to a conclusion that the petitioner did not have a PE in India and passed an assessment order under Section 143(3) assessing the petitioner at returned income.

- ❑ Subsequently, a notice dated 31.03.2023 was issued under Section 148A(b) alleging income had escaped assessment. The petitioner replied to the notice. By order dated 28.04.2023 under Section 148A(d), the AO rejected the objections and issued a notice of the same date under Section 148. The petitioner filed a writ petition before the High Court.

HC Judgement

- ❑ The amount which the petitioner company had received from Indian subscriber has been held not to be royalty by the AAR. While doing so, the AAR had also categorically held that such receipts are business income and in absence of any PE, the same cannot be subjected to tax under the Act. The existence of the PE was required to be examined by the AO.
- ❑ A perusal of the assessment order shows that the AO has assessed the petitioner at returned income. While doing so, he has not dilated upon or recorded a finding about the existence of petitioner's PE in India. However, the petitioner had given detailed explanation/reply on the matter relating to non-existence of a PE.
- ❑ The Court observed that the AO cannot undertake the exercise under Section 148 for his own fault, folly or failure, because the same would fall foul to the scope of Section 148 and hit at the root of basic fabric of tax adjudication viz, certainty and finality of the assessment proceedings.
- ❑ For the reasons aforesaid the Delhi HC held that the reassessment proceedings initiated against the petitioner under Section 148 is illegal, arbitrary and beyond the scope of Section 148. The notice was thereby quashed.

Elsevier BV v. ACIT (2026) 190 taxmann.com 688 (Delhi)



COMPANY LAW Talk

Recent ROC Adjudication Orders reinforce Directors' responsibility u/s 134 of the Companies Act

- ❑ Recent adjudication orders of the Registrar of Companies in the below cases reinforce the fact that deficiencies in the contents, disclosures and execution of the Board's Report can attract penal consequences. The Board's Report is a statutory document under the Companies Act, 2013 and not merely an attachment to the Annual Report.
 - **Reward360 Global Services Private Limited**
ROC Bangalore | Order dated 17 October 2025
The Company and its Directors were proceeded against for non-compliance with Section 134(8) of the Companies Act, 2013, arising from failure to provide prescribed disclosures in the Board's Report for multiple financial years. The adjudicating authority imposed a penalty of Rs. 4 lakh.
 - **Shree Krishna Impex Ventures Limited**
ROC Gwalior | Order dated 18 September 2025
The Company was found to have deficiencies in its Board's Report for FY 2020-21, including non-disclosure of certain Board meetings. The Board's Report filed with Form AOC-4 was also found to be incomplete and unsigned. Penalty of Rs. 1,50,000 was imposed on the Company and Rs. 25,000 each, on the two Directors.

FEMA Talk

Reduction in time period for realization and repatriation of export proceeds

- ❑ The Reserve Bank of India (RBI) in a recent notification, has made following amendments to the Foreign Exchange Management (Export and Import of Goods and Services) Regulations 2026:
 - Time period for realization and repatriation of export proceeds has been reduced from 15 months to 9 months from the date of shipment (in case of goods) and from the date of invoice (in case of services);
 - Where the export of goods and services is invoiced or/and settled in Indian Rupees, the period for realisation of export value has been reduced from 18 months to 12 months from the shipment of goods/invoice of services.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13714&Mode=0>

Other Laws

Enhancement in wage ceiling for coverage under EPFO

- ❑ The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of the Ministry of Labour & Employment to enhance the wage ceiling for mandatory coverage under the Employees' Provident Fund Organisation (EPFO) from Rs.15,000 to Rs.25,000 per month. The decision is expected to bring more than 5.1 Mill. additional employees within the ambit of mandatory EPFO coverage, significantly widening social security protection for workers.
- ❑ The EPFO wage ceiling remained unchanged throughout the decade from 2004 to 2014, before being substantially enhanced to Rs.15,000 in September 2014. The present decision carries forward this approach by further raising the ceiling to Rs.25,000 to reflect the sustained wage growth, rising incomes and a continued expansion of formal employment over the intervening years.

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For further information on how we can help address your tax issues and compliance requirements, please contact any of our expert team or write to us at enquiries@inventureadvisers.com.

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