THE MONTHLY MAGAZINE FROM CASC

VOLUME-5 ISSUE-9 SEPTEMBER 2026

CASC BULLETIN

INDEX

Date	Topic	Speaker
03.09.2026 (Thursday)	Preparations for TAX Audit	CA. V. Sankar
10.09.2026 (Thursday)	Benami Law and its interplay with other Laws	CA. B. Ramakrishnan

Shri G.Narayanaswamy CA Study Circle Meetings will be at 5.30 p.m. and will be preceded by fellowship over High Tea at 5.00 p.m

CASC Annual Members are requested to renew their subscription for 2026 - 2027

EDITORIAL

Dear Readers,

A beginning to an end – that is how the life of a Chartered Accountant moves on. No sooner does one season of compliance close than the next quietly opens, and this edition finds us squarely in that rhythm. As you turn these pages, there is little time to relax, with the Tax Audit due date fast approaching and clients calling in with the familiar late-August urgency. Juggling deadlines while fresh updates pour in from every direction has stopped being an occasional challenge and has simply become the texture of our working life as partners in nation-building.

This fortnight alone has given us plenty to track. The *FAST-DS (Foreign Assets – Small Taxpayers Disclosure Scheme)* window is now open, offering a one-time opportunity to declare undisclosed foreign assets or foreign-sourced income on payment of a specified tax or fee – a genuine Samadhaan for taxpayers who have, wittingly or otherwise, fallen short on Schedule FA reporting over the years. The scheme runs only till *31 December 2026*, and given the documentation and valuation exercises it demands, clients would do well to start the process now rather than in the final week of December. We carry a detailed note on eligibility and procedure elsewhere in this issue.

On the indirect tax front, the *GST Council reconvenes after a gap of a full year*, with expectations running high on relief for blocked input tax credit, smoother inter-state transfer of unutilised ITC, and a resolution to the construction and works-contract credit disputes that have followed in the wake of the Safari Retreats judgment. Members with clients affected by frozen credits would be well served by watching this space closely in the coming weeks.

And even as one Budget's compliance obligations occupy us, the machinery for the next has already begun turning – *pre-Budget memorandum preparations* are underway, and this is the moment for our members to send in their suggestions and representations, so that the profession's voice is heard while the window for genuine influence is still open, not after it has closed.

Amid all this professional churn – audits, disclosures, memoranda, and the ever-present due-date calendar – we at CASC are delighted to bring you a bit of good news to look forward to. Our much-awaited *Residential Conference* will be held at

Thiruvananthapuram in January 2027. So pack your bags, bring the family along, and join us for three days of technical sessions, knowledge-sharing, networking, and — just as importantly — the camaraderie that makes this profession feel less like a treadmill and more like a fellowship. We look forward to seeing you there, in God's own country with your feet up for at least a few of those three days.

27th Annual Residential Conference (ARC) – Save the Dates!

We are delighted to announce that the 27th ARC is scheduled to be held from 23rd to 26th January 2027. We invite all our members to block the dates and be part of this much-awaited professional and fellowship gathering. The detailed brochure, containing information on the venue, registration cost and other arrangements, is enclosed with this News Bulletin. Save the Dates – 23rd to 26th January 2027!

Appeal

We, at Chartered Accountants Study Circle, request members to contribute articles for the bulletin and you may contact the editorial board regarding the same. We have been regularly conducting technical programmes every month. Members are requested to attend the programmes conducted by CASC and are also requested to send their suggestions and/or value additions to the services provided by CASC including this Bulletin. The same can be sent as hard copy to the office of the CASC or emailed to admin@casconline.org or any of the members of the Management Committee of the CASC. Any member interested in using the CASC platform for addressing our members on technical topics may kindly feel free to contact us by way of email at admin@casconline.org

For and on behalf of the Editorial Board

CA. Renuka Murali

CA. Renuka Murali

Member Editorial Board

Organised by

27th Annual Residential Conference at Lemon Tree Premier, Thiruvananthapuram 23rd – 26th January 2027

S.NO.	DELEGATE / PARTICIPATION FEES	PAYMENT TO HOTEL / REPRESENTATIVES - ACCOMODATION CHARGES	PAYMENT TO CASC CONFERENCE CHARGES	TOTAL PER PERSON
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4	CHILDREN BELOW 5 YEARS	NIL	NIL	NIL

Note : The Amounts Payable to the Hotel and to CASC are separate payments. The above payment are exclusive of travel tickets

1. For payment made to CASC, you will be issued an invoice with GST.
2. Hotel rooms are likely to be available from 11 am onwards on 23rd Jan 27. You can plan to reach Trivandrum accordingly.
3. The conference will start with hi tea on arrival and conclude with lunch on 26th Jan 27.
4. Arrangements for Dinner in train on 22 Jan 27, break fast on 23 Jan 27 and Dinner on 26 Jan 27 is made for those who travel by Ananthapuri both the directions
5. Interesting Topics and Excellent faculties are being queued up.

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GLIMPSES FROM SHRI G.NARAYANASWAMY CA STUDY STUDY CIRCLE MEETING HELD ON 13.08.2026

SPEAKER - CA R. LOGANATHAN

TOPIC - INTRICACIES IN ITR 3/4/5

GLIMPSES FROM SHRI.G.NARAYANASWAMY CA STUDY STUDY CIRCLE MEETING HELD ON 20.08.2026

SPEAKER - CA..S.RAMESH **TOPIC - AS FOR NON-CORPORATE ENTITIES**

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ANNOUNCEMENTS

1. The copies of the material used by the speakers and provided to CASC for distribution, for the regular meetings held twice in a month is available on the website and is freely downloadable.
2. Earlier issues of the bulletin are also available on the website in the "News" column.

The soft copy of this bulletin will be hosted on the website shortly.

READER'S ATTENTION

You may please send your Feedback / Contributions / Queries on Direct Taxes, Indirect Taxes, Company Law, FEMA, Accounting and Auditing Standards, Allied Laws or any other subject of professional interest to *admin@casconline.org*

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RECENT JUDGEMENTS IN VAT / CST / GST

CA. V.V. SAMPATHKUMAR

Non-consideration of reply: The petitioner had reversed the entire disputed ITC before issuance of the DRC-01 notice, but the assessment was completed without considering this as no reply was filed. The Court set aside the assessment and Section 161 rejection order, remanding the matter for fresh adjudication subject to deposit of 25% of the disputed tax. **M/s.Thansi Traders Vs The Assistant Commissioner (st), Surappattu Assessment Circle, WP No. 16527 of 2026 Dated: 27-04-2026**

Documents not produced: Although the petitioner had replied to the DRC-01 notice and attended the personal hearing, relevant supporting documents were not produced. Granting one final opportunity, the Court set aside the impugned order and remanded the matter for fresh adjudication, subject to deposit of 25% of the disputed tax within thirty days **M/s.. Shriram Gases, Vs The Deputy State Tax Officer-1 Thiruparankundram Assessment Circle, Madurai. WP(MD) No.18631 of 2026 Dated: 03.07.2026**

Waiver of interest: In view of the fact that the Petitioner has admitted to the tax liability, there can be no waiver of interest if the Petitioner this case and the WP is dismissed. **M.Velusamy Vs 1. The State Tax Officer, Karur-3 Assessment Circle, 2. The Deputy State Tax Officer-2, Karur Circle, Karur. WP(MD) No.18598 of 2026 Dated: 03.07.2026**

Reply not filed: The impugned order, passed for non-filing of a reply to the DRC-01 notice, was quashed subject to the petitioner depositing 25% of the disputed tax, after adjusting recoveries already made. The petitioner was permitted to file a reply and the bank attachment was ordered to stand vacated upon compliance. **M/s.Lakshmi Traders Vs 1. The DCTO, Lalgudi Assessment Circle, 2. The Branch Manager, Tamilnad Mercantile Bank Ltd, WP(MD) No.18654 of 2026 Dated: 03.07.2026**

Section 73 or 74: The Court held that, in the absence of allegations of fraud, wilful misstatement or suppression, proceedings could not be concluded under Section 74 when the show cause notice was issued under Section 73. Accordingly, the assessment and Section 128A rejection orders were set aside, with liberty to seek relief under Section 128A afresh. **M/s. WFB Baird and Company India Private Limited Vs The State Tax Officer I, Data Analytical Unit, Erode Division and others WP Nos. 24237 & 24239 of 2026 DATED: 07-07-2026**

Ignoring records evidence of purchases: Finding a palpable error in the assessment, the Court noted that the adjudicating authority ignored the petitioner's gate entry records evidencing purchases from M/s.. Guruvammal Tex. Accordingly, the impugned order dated 19.06.2026 was quashed and the matter remanded for fresh consideration after examining the documents produced by the petitioner. **M/s.Anbalaki Tex Vs. STO (ST), Sriviliputhur Assessment Circle, W.P(MD) No.18992 of 2026 Dated: 07.07.2026**

CGST Act, Section 17(2) and Rule 42: The Court found that the impugned assessment ignored an earlier reasoned order holding that the disputed transactions were non-GST/non-supply items and that Section 17(2) and Rule 42 were inapplicable. Accordingly, the assessment was set aside and remanded for fresh adjudication after granting the petitioner an opportunity of hearing. **M/s. Krishna Fabrications Pvt. Ltd Vs STO (ST), Maraimalai Nagar Assessment Circle, WP No. 24930 of 2026 Dated: 10-07-2026**

Penalty and Late Fee: Both late fee and general penalty were imposed and that said orders are not in consonance with law laid down by this Court in Kandhan Hardware. In order to maintain consistency, following Kandhan Hardware, impugned orders are set aside only insofar as imposition of general penalty is concerned. **M/s.Geotech Offshore Structures Pvt Ltd Vs The State Tax Officer,**

Royapuram Assessment Circle, The Deputy State Tax officer-I Royapuram Assessment Circle, WP Nos. 25006 etc of 2026 Dated: 10-07-2026

Interest: The petitioner paid the entire tax liability within 30 days of the show cause notice. As the impugned order acknowledged such payment, the Court held that the penalty required reconsideration. While sustaining the interest levy, it set aside the penalty and remanded the matter for fresh adjudication after hearing the petitioner. **M/s.Sri Hari Krishna Agencies Vs 1. The State Tax Officer, Arakkonam Assessment circle, 2. Commercial Tax Officer, Arakkonam, Vellore District. WP No. 24936 of 2026 Dated: 10~07~2026**

Reversal of ITC: Observing that the issue of exempt supplies and corresponding ITC reversal had already been addressed in the earlier order dated 20.11.2025, the Court held that its reconsideration was unwarranted. The impugned orders were partly set aside, the matter remanded on the exempt supply issue and the related bank attachment lifted. **M/s. Win Power Engineering Private Limited Vs 1. The Assistant Commissioner (ST)(FAC) Kundrathur Assessment Circle, 2. The Manager, South Indian Bank, Chennai Nungambakkam Branch, WP Nos. 20929 and 20930 of 2026 Dated: 13-07-2026**

Error: The petitioner contended that only eligible ITC was claimed and the discrepancy arose from an inadvertent clerical error in the annual return. As the adjudicating authority confirmed the demand without considering the petitioner's replies or recording findings, the Court set aside the impugned order and remanded the matter for fresh consideration. **M/s. A.P Group Traders Vs The Commercial Tax Officer, Gudalur Assessment circle, WP No. 24934 of 2026 DATED: 22-07-2026**

Seigniorage charges: Following its consistent approach in GST on seigniorage matters, the Court set aside the impugned order subject to payment of 10% of the GST demand on seigniorage and 25% of the outward supply tax demand within thirty days fresh orders were directed, with enforcement of the seigniorage demand deferred pending the Supreme Court's decision. **R. Raguraman Vs The Deputy Commercial Tax Officer-2 Cuddalore (Town), WP No. 26562 of 2026 DATED: 22-07-2026**

Verification of C-forms: Pursuant to the Tribunal's remand directing verification of C-forms, the petitioner submitted representations with available C-forms. As no fresh orders were passed, the High Court directed the assessing authority to consider the representations, verify the C-forms and pass orders in accordance with law within two months. **M/s. Schneider Electric Infrastructure Ltd, Vs Assistant Commissioner (ST), Padi assessment circle, WP No. 26934 of 2026 DATED: 23-07-2026**

Wrong assessment: The petitioner could not attend the personal hearing due to hospitalization and contended that the assessment wrongly considered the all-India turnover instead of the Tamil Nadu turnover reflected in the Annual Information Statement (AIS). Without prejudice, the petitioner agreed to remit 10% of the disputed tax demand. Holding that a prima facie case for reconsideration was made out regarding turnover computation, the Court set aside the impugned orders and remanded the matters, subject to payment of 10% of the disputed tax. **M/s. A G International, Vs The State Tax Officer, Inspection – III, Vellore Division, WP Nos. 27147 and 27149 of 2026 DATED: 24-07-2026**

No reply to SCN: The assessment was confirmed as the petitioner neither replied to the show cause notice not attended the personal hearing. The petitioner agreed to remit 10% of the disputed tax demand. Subject to such payment within thirty days, the impugned order dated 24.03.2026 was set aside and the matter remanded for fresh consideration. **M/s. S M V Projects Vs The Assistant commissioner ST, Avarampalayam Assessment circle, WP No. 27191 of 2026 DATED: 24-07-2026**

(The Author is a Chennai based Chartered Accountant in Practice. He can be reached at vvsampat@yahoo.com)

CASE LAWS - GST

CA. VIJAY ANAND

1. **GST - PREFERENTIAL LOCATION CHARGES COLLECTED BY DEVELOPER TREATED AS PART OF CONSTRUCTION SERVICES AND LIABLE AT THE SAME RATE - ORDERS PASSED BY AAR & AAAR CONTRARY TO FAVOURABLE CIRCULAR - QUASHED**

In DLF Ltd. v. Commissioner of CGST 2026(110) GSTL 36/ (2026) 42 Centax 437 (P & H), the assessee filed an application seeking advance ruling as to whether the charges collected by the petitioner against preferential location of its flats are to be taxed independently or along with its main activity of construction/development for which the authority ruled that the charges collected by the assessee against preferential location of the flats are to be taxed independent of the charges received by the petitioner towards development/ construction. The petitioner's appeal before the appellate authority was dismissed.

However the GST Council, at its 54th meeting, recommended that the charges received by developers against preferential location of flats are not to be taxed separately but along with charges collected for the supply of construction service and this was followed by the Circular was issued by the Government of India, Ministry of Finance, Department of Revenue (Tax Research Unit) which was to the effect that choice of location of an apartment was an integral part of supply of construction services and therefore, location charge was nothing but a part of consideration charged for the supply of construction services for an apartment before issuance of completion certificate and therefore, the charges for preferential location of an apartment would attract GST at the same rate as construction services. On a writ petition the high court observed as under:

1. The issue raised and decided by the Authority, through its order dated 28.08.2020 & upheld by the appellate authority through order dated 28.03.2022, was that the charges accepted by the petitioner on account of preferential location of an apartment were to be separately taxed from the charges collected for the supply of other construction services because such charges were not an integral part of supply of construction services.

2. The recommendation by the GST Council dated 09.09.2024 was accepted by the Government of India and accordingly, through

Circular dated 11.10.2024, issued under Section 168(1) of the Act, a clarification in this regard was issued.

3. Thus, after accepting the recommendation made by the GST Council, acknowledged that the charges collected by developers like the petitioner against preferential location of an apartment would attract GST at the same rate as applicable to construction services before issuance of the apartment's completion certificate.

4. The Circular dated 11.10.2024, issued under Section 168(1) of the Act, binds the respondent-authorities and, being in the nature of a clarification, would also have retrospective application.

Hence, the impugned order of the Authority along with order of the appellate authority, which were contrary to the clarification given through the Circular dated 11.10.2024, were quashed.

2. **GST – SERVICES PROVIDED BY ELECTRICITY REGULATORY COMMISSION – ARTIFICIAL BIFURCATION BETWEEN ADJUDICATORY AND REGULATORY ROLES - NOT A SUPPLY**

In Assam Electricity Regulatory Commission v. UOI 2026(110) GSTL 303/(2026) 42 Centax 331 (Gau.), adjudication orders were passed demanding service tax / GST on the Regulatory Commission's discharge quasi-judicial functions against which writ petitions were filed before the high court which observed as under:-

1. The Delhi High Court, in Central Electricity Regulatory Commission v. Additional Director Directorate General of GST Intelligence (DGGI) 2025 (95) G.S.T.L. 277 (Del.) = (2025) 26 Centax 239 (Del), held, that the regulatory functions discharged by the Electricity Regulatory Commissions, including tariff determination and licensing, are statutory in nature and cannot be construed as activities undertaken in the course or furtherance of 'business' within the meaning of section 2(17) read with section 7. The fees collected for such functions do not constitute consideration for a taxable supply.

2. Further, having regard to the quasi-judicial character of the Commissions, their functions fall within the exclusion under Schedule III relating to services by courts and tribunals, and no artificial bifurcation between adjudicatory and regulatory functions is permissible.

3. The attempt of the Department to classify such activities, as 'support services' cannot override the statutory exclusion.

4. Consequently, the show-cause notices seeking to levy GST on regulatory fees having held unsustainable in law, the Delhi High Court set aside and quashed the same.

5. This judgment has attained finality upon dismissal of Additional Director Directorate General of GST Intelligence (DGGI) v. Central Electricity Regulatory Commission 2025 (102) G.S.T.L. 98 (S.C.) = (2025) 34 Centax 195 (S.C.).

6. The Karnataka High Court, in Karnataka Electricity Regulatory Commission v. Joint Commissioner Central Tax (2026) 154 GSTR 472 (Kar.) and the Himachal Pradesh High Court, in Himachal Pradesh Electricity Regulatory Commission v. Union of India [MANU/HP/0056/2026], have taken the following positions:-

(i) A regulatory commission is a statutory body vested with adjudicatory and regulatory functions;

(ii) Such functions are neither in the nature of trade, commerce, nor business;

(iii) The element of "consideration" as contemplated under Section 2(31) is absent;

(iv) Schedule III expressly excludes services rendered by courts and tribunals; and

(v) Any attempt to artificially segregate regulatory and adjudicatory functions is untenable.

Hence, the high court set aside the adjudicating and appellate orders as well as the SCNs.

3. GST – AFFILIATION SERVICES OF UNIVERSITY – EXEMPTED UNDER ENTRY 66 OF NOTIFICATION NO.12/2017

In University of Mumbai v. UOI 2026(110) GSTL 329/(2026) 42 Centax 361 (Bom.), the petitioner is a University established under the Bombay University Act, 1953 and thereafter it was governed under the provisions of Maharashtra Universities Act, 1994, which came to be repealed and succeeded by promulgation of the Maharashtra Public Universities Act, 2016 with effect from 1 March, 2017.

The adjudicating authority confirmed the demand u/s 74 on the collection of "affiliation fees" by the petitioner along with interest and penalty for the financial year 2017-18 to 2022-23 overlooking the assessee's defence for exclusion of the same as they are statutory in nature and was also sustained during the assessee's request to rectify the same.

On a writ petition, the high court observed as under:

1. On a plain reading of Section 7(1)(*a*), it is clear that the expression 'supply' in the present context necessarily would include all forms of supply of goods or service or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course of furtherance of business. In our opinion, considering the nature of the statutory activities being undertaken by the University and in relation thereto, collecting of the affiliation fees certainly cannot be held to be a from of supply of any service of the nature as contemplated in clause (*a*) of Section 7(1).

2. The respondent's contention of simplicitor selecting the words "furtherance of business" to submit that the business would be required to be understood in the context of Section 2(17)(*a*), is not well founded inasmuch as the words 'furtherance of business' as used in clause (*a*) of Section 7(1) are required to be read not in isolation but in the context of the preceding contents

of clause (*a*), i.e., that supply of goods or services in the context such as sale, transfer, barter, exchange, licence, rental, lease or disposal which is made or agreed to be made for a consideration either in the course or furtherance of business.

3. It is thus difficult to accept the respondent's contentions as canvassed that the nature of the activities of the University which are singularly and purely intended to further the object and intention of the Act can at all be categorized as trade, commerce, manufacture, profession, vocation, adventure, wager etc.

4. A perusal of the object and intention of the Maharashtra Public Universities Act, 2016 would indicate that the petitioner-university undertaking "business" in collection of the affiliation fees, in our opinion, would amount to doing violence to the purpose and intention of the legislation.

5. Thus, having examined Section 7 and its purport in regard to its applicability in the context of the petitioner University receiving affiliation fee, in our opinion, there ought not to be any ambiguity that the collection of affiliation fees by the petitioner University in the discharge of its statutory functions, as noted hereinabove, can at all amount

to a "supply" as defined under Section 7 of the CGST Act. As a consequence thereto, once such activity itself is not 'supply' and/or it is not business within the meaning and purview of sub-section 1(*a*) of Section 7, there is no question of the charging provision i.e. Section 9 which provides for levy and collection being applicable.

6. As a sequel thereto, once Sections 7 and 9 itself are not applicable, the proper officer would not have jurisdiction to issue show cause notice under section 74.

7. It is well settled that GST is a destination-based tax. If the said provisions are to be made applicable to affiliation fees, an intention would be required to be gathered that it is its students who may ultimately become liable to bear the brunt of such taxes. This does not appear to be an intention including to consider canvass of the exemption notification dated 28 June 2017, whereby the education activities as specified in the said notification are being exempted.

8. If that be so, how the statutory university can itself be subjected to any levy of GST and that too taking recourse to Sections 7 and 9. Thus looked from any angle, the insistence of the proper officer to levy GST on the affiliation fees being received by the

petitioner-university appears to be lacking any basis either under the GST laws and even otherwise.

9. Having reached the aforesaid conclusion, there is no need to delve on the settled principles of law in the several decisions considering the scope and ambit of the term "education", and as to what would amount to education. If statutory University constituted under the State Legislation, is not to be considered to be engaged in education, but in business, this is as good as making a mockery of the University law and/ or a gross absurdity to read the Maharashtra Public Universities Act in the manner the GST authorities, intend to construe for the purpose of levy.

10. Thus, on first principles, the proper officer has acted wholly without jurisdiction in issuing show cause notice and for the further action of passing the Order-in-Original levying and demanding GST from the petitioner on the affiliation fees.

11. Similar views were expressed in Principal Additional General, DGGI v. Rajiv Gandhi University of Health Sciences (2025) 32 Centax 536 (Kar.), Rajasthan Technical University v. UOI (CWP No. 9556 of 2024) and Goa University v. Joint Commissioner 2025 (96) GSTL 513 (Bom.)

12. The petition insofar as challenge to the impugned order-in-original to be set aside, needs to succeed.

13. Even assuming that the collection of affiliation fees was to attract the levy of GST (when it is not) certainly the impugned notification when it covers educational institutions and in regard to the nature of services as set out in the notification in heading '9992' or heading '9963', the same needs to apply also to the University as held in Goa University v. Joint Commissioner 2025 (96) GSTL 513 (Bom).

14. Consequently, the contention of the respondents cannot be accepted.

Hence, the petition was allowed and the impugned order was set aside.

4. APPEALS TO APPELLATE AUTHORITY – EFFECTIVE DATE OF COMMUNICATION COULD BE ACTUAL COMMUNICATION TO ASSESSEE UNLESS REBUTTED BY REVENUE

In Manoj Kumar v. State of Uttar Pradesh 2026 (110) GSTL 408/ (2026) 43 Centax 154 (All.), writ petitions were filed assailing the legality and validity of the impugned appellate orders passed by the respective appellate authorities dismissing the appeals preferred by the petitioners against the assessment/ adjudication orders solely on the ground of delay and laches, without entering into the merits of the controversy involved in the matter. The high court observed as under:

1. Revenue has utterly failed in the impugned orders to note the law laid down in Bombino Agro Industries Limited v. State of U.P 2026 (105) GSTL 280 (All.) , which has been followed in Associate Molasses Transport Company v. State of U.P. (Writ Tax No. 536 of 2026). The Revenue has to endeavor to rebut the submissions made by the respective dealers with regard to actual date of communication by bringing on record cogent materials. Once the Revenue has utterly failed to rebut the submissions made by the respective parties, the impugned orders cannot sustain in the eye of law.

2. The appellate authorities were bound to give its own independent finding while passing the impugned orders, but the appellate authority has utterly failed to follow the directions in the above-noted judgements and therefore, the impugned orders cannot be sustained in the eyes of law.

3. Accordingly, the impugned appellate orders passed in all the writ petitions were quashed.

Hence, the appeals were allowed and the matters were remitted to the respective Appellate Authorities concerned for passing fresh orders within a period of two month, strictly, in accordance with law, after due consideration of the principles laid down in Bombino Agro Industries Limited v. State of U.P 2026 (105) GSTL 280 (All.) and Associate Molasses Transport Company v. State of U.P. (Writ Tax No. 536 of 2026).

5. **GST - SALE OF NATURAL GAS AND PROVISION OF TRANSMISSION SERVICES - DEMAND OF GST ON TRADING VEHICLES FOR RECOVERY OF GST FROM CUSTOMERS ALONG WITH PRICE - NOT SUSTAINABLE**

In Gail (India) Ltd. v. Addl. Commr GST & CE, Trichirappalli 2026(110) GSTL 475/(2026) 42 Centax 269 (Mad.), the petitioner is engaged in two lines of business, namely, (i) the sale of natural gas to its customers; and (ii) the provision of transmission services for natural gas. In respect of transmission services, customers procure natural gas directly from suppliers such as ONGC, and GAIL provides pipeline infrastructure for transporting such gas to the customers' premises. Natural gas falls within the ambit of State taxation by virtue of its inclusion in Entry 54 of List II of the Seventh Schedule to the Constitution of India. Therefore, in respect of the sale of natural gas within the State of Tamil Nadu, tax is leviable under the provisions of the Tamil Nadu Value Added Tax Act, 2006. Under the CGST Act, GAIL is liable to pay tax only on the consideration received towards transmission charges.

Since GAIL is engaged in these two distinct activities across the country, it obtained separate GST registrations for the sake of uniformity, namely: (i) for the transmission vertical; and (ii) for the trading vertical.

In a transaction involving the sale of natural gas, the seller undertakes to deliver the gas to the buyer's doorstep. Accordingly, the sale price agreed with the customer includes all expenses incurred up to the place of delivery, that is, the customer's premises. Such a composite transaction is subject to VAT in its entirety and, as a natural corollary, falls outside the ambit of GST. GAIL has been paying VAT at the applicable rate of 5% on such transactions and has been regularly filing VAT returns in respect thereof.

Insofar as the trading vertical is concerned, GAIL filed Form GSTR-3B and reported the sale of gas as "non-taxable supplies." As per the GST regime, GAIL, on its own volition, bifurcated the transmission component embedded in the sale of gas and discharged GST under a separate registration pertaining to the transmission vertical. This arrangement was purely internal and adopted to ensure compliance with GST provisions. The transmission vertical paid GST at the applicable rate and raised invoices on the trading vertical. The trading vertical, in turn, while supplying gas to customers, recovered the said GST component through reimbursement, in addition to the base price, margin, and transmission charges. There is no discrepancy between the total amount collected from customers and the total tax remitted to the Government by the transmission vertical.

A Show Cause Notice was issued on the assessee, overlooking the detailed presentation explaining the transaction structure was made, alleging that GAIL had contravened Section 76(1) and calling upon GAIL to show cause as to why interest, penalty, and an amount of Rs.14,63,42,506/- allegedly collected from customers should not be recovered. On a writ petition, the high court observed as under:

1. On the very same set of allegations, the Gujarat Wing of the Revenue dropped the proceeding in identical show cause notices holding that the transmission vertical had duly paid the tax at the applicable rate; and the action of the trading vertical is not a collection of tax but a reimbursement of the sum paid by the transmission vertical.

2. After considering all the materials on record and accounts submitted by GAIL, a finding has been arrived at by the Revenue that the exact amount as collected from the customers of GAIL for the GST component is paid to the Government exchequer.

3. Thus, what remains is to consider the question of law pure and simple regarding the interpretation of Section 76. It is only in this context that this writ petition was entertained at the show cause notice stage in the year 2020, and the parties have completed their pleadings, and submissions have also been made on the merits. The matter has been pending for more than 5 years, and at this stage, it is not appropriate to relegate GAIL before the Assessing Authority. More importantly, to decide the issue, it is not necessary to look into any additional material from GAIL.

4. GAIL is a company and therefore a person. The incidence of tax falls on the transaction, i.e., transmission services and the collection of charges by GAIL. There is no dispute about the rate of tax, the quantum of tax, the requirement that the incidence be borne by its customers availing the services, or that every penny collected has been paid to the Government.

5. Section 76 is clear and simple. Any person collecting any money as tax cannot retain it for himself, even if the tax is not chargeable. Ultimately, it is the person who wrongfully bore the incidence of tax who is entitled to a refund, and the person who collects has no say. Thus, neither is the tax amount wrongly collected, nor is it wrongfully retained.

6. There can be no two opinions that GAIL (Transmission Vertical) and GAIL (Trading Vertical), having obtained two registrations, are two distinct persons for the purposes of the Act. Even then, at best, it can be said that GAIL (Trading Vertical), instead of paying and remitting the tax under that registration, had paid the same through GAIL (Transmission Vertical).

7. Section 22 mandates registration in every State. Section 25 Act prescribes the procedure by which, even within the state, separate registrations are permitted.

8. In this case, the payment is not claimed through another distinct entity registered in another State, but rather through one in the same State. Thus, it is claimed as a payment-and-reimbursement arrangement by the same person, GAIL. It must be borne in mind that the proceedings are u/s 76 , which itself starts with a non-obstante clause and purports to deal with the collection of tax and its non-remittance to the Government exchequer, and not with technical considerations of this kind.

9. Neither a party using multiple registrations in the same State can justify non-payment of any tax collected, nor can it justify invoking Section 76, despite honest and accurate payment, merely because the establishment is a distinct person in the same State.

10. A careful reading of the show cause notice shows that a finding is made that, under the GST regime, the concept of composite supply does not apply and that the transmission component is taxable, which is not contested by GAIL as they are paying tax on the said component.

11. The second finding is that, as per Section 76, any amount representing tax is required to be remitted irrespective of whether supplies in respect of such amount were collected or taxable, which is also not contested.

12. The third finding is that GAIL has collected an amount representing tax, and it appears that they are liable to pay the said amount to the Government. This finding is not taken exception to. Upon this finding, the payment by GAIL through the other registration in the same State is not taken into account at all, and the show cause notice completely ignores it, having recorded the payment in clear terms in the initial paragraphs.

13. Section 76 proceedings are no method to justify double taxation. By just ignoring the same, the show cause notice proceeds to quantify the amount payable and the penalty.

14. In view of the special and peculiar facts and circumstances of the instant case, warrant interference with the show cause notice.

Accordingly, the writ petition stands allowed and the impugned Show Cause Notice was quashed.

6. GST - SCN ISSUED BY DGGI FOR WHICH ADJUDICATION DONE BY ASSISTANT COMMISSIONER AS AGAINST A MANDATORY DISCUSSION OF ASST. COMMISSIONER OR JOINT COMMISSIONER OR COMMISSIONERS - NOT SUSTAINABLE

In KAY ARR Engineering Services v. AC of GST & CE, Coimbatore 2026 (110) GSTL 526 (Mad.) / 43 Centax 393 (Mad.), the adjudicating authority confirmed the demand issued by DGGI. On a writ petition, the high court observed as under:

1. It is submitted that by virtue of the latest amendment, for notices issued by the DGGI, only an officer in the rank of Additional Commissioner or Joint Commissioner is competent to pass the adjudication order whereas in the present case, the impugned order has been passed by the Assistant Commissioner of GST & Central Excise, who lacks the jurisdiction to adjudicate notices issued by the second respondent.

2. Notification No. 02/2017-Central Tax dated 19.06.2017 as amended by amended by Notification No.2/2022 - Central Tax dated 11.03.2022 was issued in exercise of the powers conferred under Section 3 read with Section 5 of the Central Goods and Services Tax Act, 2017, and Section 3 of the Integrated Goods and Services Tax Act, 2017 wherein the Central Board of Excise and Customs appointed the officers specified therein as "proper officers" and designated the Central Tax Officers subordinate to them, vesting them with all powers under the said Acts and the Rules framed thereunder, in respect of the jurisdiction specified in the table appended thereto.

3. Accordingly, in respect of notices issued by officers of the Directorate General of Goods and Services Tax Intelligence (DGGI), only the Additional Commissioner or Joint Commissioner of Central Tax has been notified / designated to pass orders.

4. However, the impugned Order-in-Original has been passed by the first respondent, which is clearly contrary to Notification No.2/2022 - Central Tax dated 11.03.2022.

5. Therefore, the impugned order suffers from procedural irregularity and has been passed in violation of the aforesaid notification.

Hence, the impugned order was quashed and the case was remitted back to pass a fresh order by any competent authority as per Notification No. 02/2017-Central Tax dated 19.06.2017 modified by Notification No. 27/2024 dated 25.11.2024 on merits and in accordance with law, as expeditiously as possible.

7. **GST – PROVISION OF EDUCATION CONSULTANCY, MARKETING AND RECRUITMENT SUPPORT SERVICES TO FOREIGN UNIVERSITIES – NOT INTERMEDIARY SERVICES – ELIGIBLE FOR REFUND – SUBJECT TO COMPLIANCES OF CONDITION**

In Fateh Education Consulting Pvt. Ltd. v. AC, CGST Division, New Delhi 2026(110) GSTL 582/(2026) 42 Centax 468 (Del.), the petitioner is engaged in providing education consultancy/ marketing and recruitment support services to foreign universities and claimed refund of u/s 54 which was also granted. Subsequently, the same was demanded by way of confirmation of demand owing to the fact that the petitioner was promoting courses of foreign universities, identifying suitable prospective students, assisting in recruitment of such students, and receiving commission linked to tuition fees paid by such students consequent to which he was liable to be treated as an intermediary u/s 2(13) of the IGST Act. On a writ petition, the high court observed as under:-

1. The question whether education consultancy, marketing and recruitment support services rendered by an Indian entity to foreign universities would qualify as export of services, or would fall within the ambit of "intermediary" services under Section 2(13) of the IGST Act, has already been considered by in Commissioner of DGST v. Global Opportunities (P) Ltd (2025) 36 Centax 47 (Del.) wherein it was held that that where the Indian entity renders educational consultancy/marketing services to foreign universities, raises invoices upon such foreign universities, and receives consideration from them, such services

would not constitute intermediary services merely because students in India are incidentally assisted in the process.

2. The said view is consistent with the judgment of the Bombay High Court in KC Overseas Education (P.) Ltd. v. UOI 2025 (102) GSTL 66 (Bom.), wherein, in materially similar circumstances, it was held that the assessee was providing services to universities located outside India, which were paying consideration to the assessee, and that the assessee could not be treated as providing services to students in India merely by recommending their names to foreign universities. The Bombay High Court accordingly held that such services would not fall within the definition of "intermediary" and that the assessee would be entitled to refund, subject to receipt of consideration in foreign currency. The Special Leave Petitions preferred by the Union of India against the said judgment were dismissed by the Hon'ble Supreme Court, having regard to the judgment in CST v. Vodafone India Ltd [Civil Appeal Nos.10815-10819 of 2014, dated 6-5-2025] and the order in Commissioner, Central Excise, CGST-Delhi South Commissionerate v. Blackberry India (P) Ltd [SLP (C) No. 25992 of 2024, dated 4-11-2024].

3. In Global Opportunities Private Limited (supra), it was held that a person who supplies services on its own account cannot be treated as an intermediary merely because such services may

facilitate or further the business objective of the foreign recipient. The determinative factor is not the place where the incidental beneficiary may be located, but the contractual recipient of the service, the person liable to pay consideration, and the nature of the service supplied. The Court held that the respondent therein was engaged by foreign educational institutions for providing consultancy services and, upon rendering such services, received consideration from the said foreign universities and such relationship could not be characterised as intermediary services.

4. In the present case also, the petitioner has entered into agreements with foreign universities for providing education consultancy, marketing and recruitment support services. The impugned order itself proceeds on the basis that the petitioner promotes courses of the foreign university, identifies prospective students, assists in the recruitment/admission process and receives commission from the foreign university.

5. Furthermore, the petitioner does not charge students for such services, has no authority to bind the foreign university, cannot guarantee admission, and receives consideration from the foreign university.

6. The factual matrix, therefore, is materially similar to that considered in Global Opportunities (P.) Ltd (supra) and by the Bombay High Court in K.C. Overseas Education (P.) Ltd. (supra).

7. In view of the settled position of law and its application to the facts of the present case, the impugned order dated 30.10.2025, which rejects the refund claim by treating the petitioner as an intermediary, cannot be sustained.

Hence, the impugned order was set aside and the court directed the processing of refund and granting of the same to the petitioner along with applicable statutory interest, in accordance with law, within a period of two months.

Hence, the petition was disposed of.

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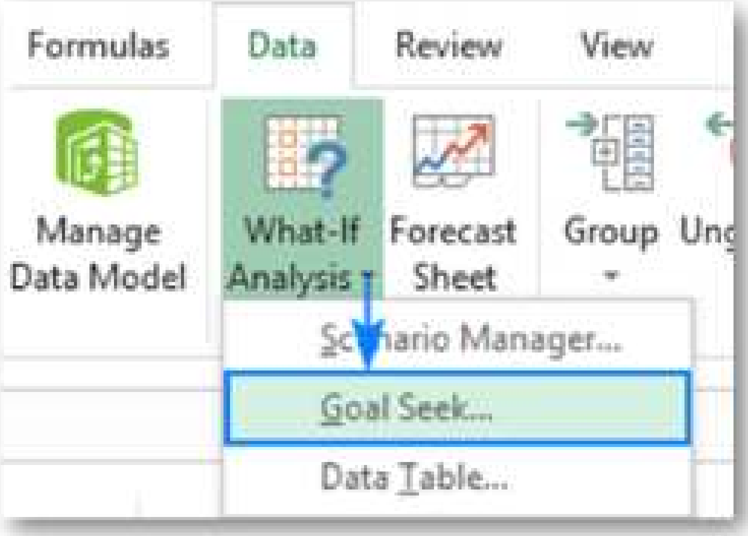
EXCEL TIPS

GOAL SEEK & DATA TABLES (What-If Analysis)

CA. DUNGAR CHAND U JAIN

Most Excel models run in one direction - we enter the inputs and Excel calculates the result. Yet, we often need to work backwards: "What turnover will achieve a target profit? What interest rate will keep EMI within a budget? How sensitive is the EMI to changes in rate and tenure?" Excel's What-If Analysis tools are built for exactly these questions. What-If Analysis (Data tab ? Forecast group ? What-If Analysis) offers three tools - Scenario Manager, Goal Seek and Data Tables. These tools sit on the Data Tools group in older versions of Excel.



We will cover the two most useful day to day tools: Goal Seek, which finds the input needed to reach a desired result, and Data Tables, which show how the result changes as one or two inputs vary.

Together they support break-even and target-profit analysis, loan and EMI planning, sensitivity tables for projections, and quick "what if" checks during audit and advisory work - all without rewriting a single formula.

Part A - Goal Seek

Goal Seek is used when we know the result we want but not the input that produces it. It changes a single input cell until a chosen formula cell reaches a target value. It needs just three things:

- **Set cell** - the formula cell that holds the result.
- **To value** - the target number we want that cell to show.
- **By changing cell** - the one input cell Excel may adjust.

The steps are simply: build the model so the result is a formula, then go to

Data⟶what-If Analysis⟶Goal Seek, fill in the three boxes, and click OK.

Example 1: Turnover required for a target profit

A firm has fixed costs of ₹10,00,000 and variable costs of 60% of sales. At a turnover of ₹30,00,000 the net profit is ₹2,00,000. What turnover is needed to earn ₹5,00,000?

	A	B	C
1	**Particulars**	**Before**	**After Goal Seek**
2	Sales	30,00,000	37,50,000
3	Less: Variable Cost (60%)	18,00,000	22,50,000
4	Contribution	12,00,000	15,00,000
5	Less: Fixed Cost	10,00,000	10,00,000
6	Net Profit	2,00,000	5,00,000
7			

Goal Seek

Set cell : B6 (Net Profit)

To value : 500000

By changing cell : B2 (Sales)

Result : Goal Seek raises Sales to ₹37,50,000, at which the net profit becomes exactly ₹5,00,000.

The model runs on column B; the "After" column shows the values once Goal Seek has finished.

Example 2: Break-even quantity

A product sells at ₹500 per unit with a variable cost of ₹300 per unit and fixed costs of ₹2,00,000. How many units must be sold to break even (zero profit)? At 800 units the firm is still making a loss.

	A	B	C
1	**Particulars**	**Before**	**After Goal Seek**
2	Selling Price per unit	500	500
3	Variable Cost per unit	300	300
4	Contribution per unit	200	200
5	Units Sold	800	1,000
6	Less: Fixed Cost	2,00,000	2,00,000
7	Profit	(40,000)	Nil
8			

Goal Seek

Set cell : \$B\$7 (Profit)

To value : 0

By changing cell : \$B\$5 (Units Sold)

Result : Goal Seek finds the break-even quantity of 1,000 units, at which the profit is nil.

Points to note on Goal Seek

- Goal Seek changes only ONE input cell; for several inputs or added constraints, use Solver instead.
- The Set cell must contain a formula that depends, directly or indirectly, on the changing cell.
- Goal Seek overwrites the input cell with the value it finds, so note the original first or work on a copy.
- It returns the closest numeric solution, which may be a non-round figure - round it as appropriate.

Part B - Data Tables

A Data Table shows, in one place, how the result of a formula changes as one or two inputs vary. A one-variable data table varies a single input; a two-variable data table varies two inputs against a single formula. This is the quickest way to build a sensitivity analysis.

Goal Seek = "Find the input."

Data Table = "See the outcomes."

Example 3: One-variable Data Table - EMI against interest rate

Step 1 - Build the loan model in one part of the worksheet. Here the Interest **Rate (F2)** is the input and the **EMI (F5)** is the result:

Cell	Particular	Value / Formula
F2	Interest Rate	9.0%
F3	Loan Amount	50,00,000
F4	Tenure (Years)	20
F5	EMI	=PMT(F2/12,F4*12,-F3)

At 9%, the EMI in F5 works out to ?44,986. This is the live model the Data Table will use.

Step 2 - Build the one-variable Data Table

In a separate area, in the cell immediately above the first result column (B1), enter a reference to the result cell =F5. This corner cell must point to the EMI; it is not the text "EMI" and not a re-typed PMT formula

	A	B
1		=F5
2	8.0%	41,822
3	8.5%	43,391
4	9.0%	44,986
5	9.5%	46,607
6	10.0%	48,251

Select the block A1:B6, then choose Data ? What-If Analysis ? Data Table:

Data Table

Row input cell : (leave blank)

Column input cell : F2 (Interest Rate)

Excel puts each rate from column A into F2 in turn, recalculates F5, and fills the results into B2:B6 automatically - without disturbing the original model.

Reading it: As the rate rises from 8% to 10%, the monthly EMI increases from ₹41,822 to ₹48,251.

Example 4: Two-variable Data Table - EMI against rate and tenure

To vary two inputs together, put a **reference to the result cell (=F5)** in the top-left corner, the tenures across the top row and the interest rates down the left column (loan ₹50,00,000):

	A	B	C	D
1	**=F5**	**15 years**	**20 years**	**25 years**
2	**8%**	47,783	41,822	38,591
3	**9%**	50,713	44,986	41,960
4	**10%**	53,730	48,251	45,435

Select the whole block, then Data ? What-If Analysis ? Data Table and map each set of headings to its input cell:

Row input cell: F4 (Tenure - values across the top)

Column input cell: F2 (Rate - values down the side)

Reading it: At a glance, a 15-year loan at 10% costs ?53,730 a month, while a 25-year loan at 8% costs only ?38,591.

Points to note on Data Tables

- The formula must refer to the input cell(s) being varied;
  Row input cell ⟶ values across the top row
  Column input cell ⟶ values down the first column
- Data table results form a single array – individual result cells cannot be edited or deleted; change the inputs or the formula instead.
- Large data tables can slow recalculation; if needed, set Formulas ⟶ Calculation Options ⟶ Automatic Except for Data Tables, and press F9 to refresh.

Practical use cases for Chartered Accountants

- Finding the turnover or number of units required for a target profit or break-even (Goal Seek).
- Determining the interest rate, tenure or loan amount that fits a budgeted EMI (Goal Seek).
- Building EMI, interest or NPV sensitivity tables across a range of rates or periods (Data Table).
- Testing how profit responds to changes in price and volume together (two-variable Data Table).

- Quick "what if" checks on projections, provisions and assumptions during audit and advisory work.

Key features and limitations

- Goal Seek changes a single input and overwrites it. For multiple inputs or constraints, use Solver.

- Goal Seek needs a formula in the Set cell that depends on the changing cell.

- Data Tables recalculate along with the workbook and can be slow on very large models.

- Goal Seek and Data Tables are available in all modern versions of Excel – no Microsoft 365 subscription is required.

Summing Up

Question	Excel tool
What input will give me this result?	Goal Seek
What happens if one input changes?	1-variable Data Table
What happens if two inputs change together?	2-variable Data Table
What if several inputs/constraints need optimisation?	Solver

Conclusion

Goal Seek and Data Tables turn Excel from a one-way calculator into a two-way planning tool. Goal Seek works backwards from the answer to the input that produces it, while Data Tables lay out a whole range of outcomes side by side.

For Chartered Accountants, they make target-setting, loan planning and sensitivity analysis quick, transparent and easy to present - a small investment in learning that can significantly improve everyday Excel modelling.

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FOREIGN ASSETS OF SMALL TAXPAYERS DISCLOSURE SCHEME, 2026

CA. P. JAINENDAR

Executive Summary

The Central Government has introduced a one-time, time-bound scheme enabling eligible taxpayers to voluntarily disclose foreign assets or foreign income that was not previously reported to the Indian tax authorities. Introduced under Chapter IV (Sections 130–144) of the Finance Act, 2026, read with Notification No. 114/ 2026 dated 14 August 2026 and the accompanying 50 CBDT FAQs, the scheme is primarily intended to provide relief to small taxpayers whose non-disclosure arose due to inadvertent omissions or legacy reasons rather than deliberate concealment. The scheme will remain open from 16 August 2026 to 31 December 2026. Upon making a valid declaration and payment of the prescribed amount, the declarant will be granted immunity from further tax, penalty, and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, in respect of the specific foreign asset or income disclosed.

Background and Rationale

The Black Money Act, 2015 prescribes stringent tax, penalty and prosecution consequences for undisclosed foreign income and assets, with a similar one-time disclosure window introduced in 2015. However, tax authorities observed that many ordinary taxpayers had inadvertently failed to disclose foreign assets arising from overseas employment, dormant bank accounts, savings/insurance policies, or overseas deputation. In view of such legacy non-disclosures identified through international information exchange, the Finance Act, 2026 introduced the present scheme to provide eligible small taxpayers an opportunity to regularise their position through the notified rules, forms and valuation mechanisms.

Eligible Assessee under the Scheme

A taxpayer is eligible to file a declaration under the scheme if either of the following applies:

- The taxpayer is a resident of India, as determined under Section 6 of the Income-tax Act, 1961, in the year relevant to the declaration; or

- The taxpayer is currently a non-resident, or a resident but not ordinarily resident, but was a resident of India either in the year the undisclosed income relates to, or in the year the undisclosed asset was acquired.

In addition, a declaration may be filed only where at least one of the following circumstances exists:

- The taxpayer did not file an income tax return for the relevant year;
- The taxpayer filed a return but did not disclose the relevant foreign asset or income in it; or
- The asset or income in question could still be brought to tax because it has escaped assessment under the Income-tax Act, 1961.

Scope of the Scheme

The scheme recognises two distinct categories of disclosure, each with its own eligibility threshold and cost of compliance, as set out in Section 133 of the Finance Act, 2026.

Category 1 - Undisclosed Foreign Asset or Undisclosed Foreign Income:-

This category applies where the taxpayer holds a foreign asset, or has earned foreign income, that was never brought to tax in India i.e., in other words, an asset or income for which there is no satisfactory explanation of source, provided the aggregate value of the undisclosed asset located outside India and the undisclosed foreign income does not exceed Rs. 1 crore.

Category 2 - Reporting Default in Respect of an Otherwise Legitimate Asset: -

This category applies where the asset itself was acquired using legitimate funds either because the taxpayer was a non-resident at the time and used income earned outside India, or the asset was purchased using income that had already been offered to tax in India, but the asset was not reported in the relevant schedule of the respective tax return. Also, the value of the asset located outside India does not exceed Rs. 5 crores.

Particulars	Category 1	Category 2
Nature of default	Genuinely undisclosed / untaxed asset or income	Asset from legitimate funds, simply not reported
Value threshold	Aggregate FMV of the asset on the valuation date not exceeding Rs. 1 crore	Aggregate FMV of the asset on the valuation date not exceeding Rs. 5 crores.
Amount payable	**Aggregate of –** i. tax at 30% of the value of the undisclosed asset located outside India as on 31 March 2026; ii. tax at 30% of the undisclosed foreign income; and iii. an amount equal to 100% of the tax determined in (i) and (ii). ***(Effectively 60% of the total FMV value of the asset)***	A fee of one lakh rupees.

<u>Illustrative Examples on the Eligibility of the Scheme:-</u>

Illustration 1: Undisclosed Foreign Assets and Income – Category 1 & Category 2

- **Category 1 :** Foreign bank account of Rs. 60 lakhs + undisclosed foreign income of Rs. 20 lakhs = Rs. 80 lakhs, within the Rs. 1 crore limit; **total amount payable = Rs. 48 lakhs** (30% tax + 100% additional amount).
- **Category 2 :** Foreign land valued at Rs. 3 crores, acquired using income earned while non-resident and not disclosed after becoming resident; within the Rs. 5 crore limits; **flat fee payable = Rs. 1 lakh.**

Illustration 2: Aggregate Value of Assets Exceeding the Rs. 5 Crore Threshold (Ineligible Case)

- Foreign mutual fund: Rs. 2.5 crore
- Foreign quoted shares: Rs. 4 crores
- Aggregate value: Rs. 6.5 crore, exceeding the Rs. 5 crore limits.
- **Result :** The assets are not covered under Section 133, and the assessee is ineligible to file a declaration under the scheme.

Valuation of Assets

As per the prescribed rules, the valuation date is 31 March 2026, with asset-specific valuation methods. The Fair Market Value is generally the higher of the original acquisition cost or the open-market value as on the valuation date, supported by a recognised valuer's report; *in the absence of such valuation, the indexed cost of acquisition is deemed to be the Fair Market Value.*

Asset Category	Basis of Valuation
Bank account	Aggregate of all deposits made from the date of opening the account up to the valuation date, subject to specified exclusions to avoid double-counting
Immovable property	Higher of acquisition cost or current market value as per a recognised valuer's report
Bullion, jewellery, precious stones	Higher of acquisition cost or current market value as per a recognised valuer's report
Artistic work (paintings, sculptures, etc.)	Higher of acquisition cost or current market value as per a recognised valuer's report
Quoted shares and securities	Higher of acquisition cost or the average of the highest and lowest traded price on the valuation date
Unquoted equity shares	Higher of acquisition cost or a value computed using a prescribed formula based on the company's net assets
Interest in a foreign partnership, AOP or LLP	Based on the taxpayer's proportionate share of the entity's net assets
Any other asset	Higher of acquisition cost or open market value on the valuation date

<u>20% Valuation Tolerance:</u> Section 134 provides a 20% tolerance for assets other than bank accounts; a variation within this limit will not, by itself, invalidate the declaration for misrepresentation or false particulars.

<u>Foreign Currency Conversion</u>: Values must be reported in Indian Rupees. RBI-designated currencies are converted at the RBI reference rate, while other currencies are first converted into USD and then into INR at the applicable RBI reference rate.

Procedure for Filing a Declaration

The entire process is conducted electronically and proceeds through four prescribed forms, as summarised below:

Step	Form	Action	Timeline
1	**Form 1**	Taxpayer files an electronic declaration disclosing the relevant foreign assets/ income, their value, and supporting documents	Between 16 August 2026 and 31 December 2026
2	**Form 2**	The prescribed income-tax authority issues an electronic order determining the amount payable by the taxpayer based on the detail disclosed in the Form 1	Within one month from the end of the month of filing Form 1

Step	Form	Action	Timeline
3	**Payment**	Taxpayer pays the amount determined in Form 2 (a further two-month extension is available, with simple interest at 1% per month on the delayed amount)	Within two months of receiving Form 2; (maximum four months in total from the date of issue of Form 2)
4	**Form 3**	Taxpayer submits proof of payment	Within the payment window above
5	**Form 4**	The tax authority issues a final order confirming payment, validating the declaration, and granting immunity	Within one month of receiving Form 3

If the taxpayer fails to make the payment within the maximum period allowed (four months from the date of the Form 2 order), the declaration is treated as void and is deemed never to have been made. Amounts already paid under the scheme are not refundable.

Documentation and Information Required

Form 1 requires basic personal and PAN details, passport details (if claiming non-resident status), and asset-specific particulars - bank name/account/ credits for accounts, acquisition cost and valuation for property and jewellery, issuer and cost details for securities, and country/type/amount for income. One Form 1 can cover multiple assets, income items and years.

Benefits of a Valid Declaration

Where a valid declaration is filed and the corresponding payment is made in full within the permitted time, the taxpayer obtains the following benefits:

- Immunity from any further tax, penalty and prosecution under the Black Money Act, 2015, in respect of the specific income or asset declared;
- The value of the income or asset declared is not included in the taxpayer's total income under the Income-tax Act, 1961 or the Black Money Act, 2015; and
- Where assessment proceedings are already pending for the relevant year, the assessing officer is required to take the declaration into account while finalising the assessment.

Circumstances in Which the Scheme is Not Available

The scheme is not available in the following circumstances:

- Where the income or asset represents proceeds of crime and proceedings have been initiated or are pending under the Prevention of Money Laundering Act, 2002;
- Where the income or asset relates to an assessment year for which proceedings under the Black Money Act, 2015 have already been completed;

- Where the taxpayer furnishes false or misleading information in the declaration, or violates any other condition of the scheme;
- Where the declaration is filed after the last date of 31 December 2026;
- Where the taxpayer fails to make payment within the time permitted, including the extended period; or
- Where the value of the asset or income exceeds the applicable threshold for that category.

Points for Professional Consideration

- The Rs. 1 crore / Rs. 5 crore thresholds are hard limits - breaching them even marginally makes the entire item ineligible, with no partial relief. (for instance, Rs. 5.01 crore against the Rs. 5 crore caps under Category 2)
- The value represents the aggregate deposits made into the bank account from the date of opening up to 31 March 2026, excluding only redeposits of the account's own earlier withdrawals; prior declarations under the 2015 Black Money compliance window require aggregation only from the declaration date, with no 20% valuation safe harbour available for bank accounts.
- Compare both the cost/indexed-cost route and a valuer's report before deciding whether a valuation report is worth commissioning.

- Where sale proceeds were reinvested into another asset, trace the link clearly so the same money is not taxed twice.

- Immunity is narrower than the 2015 scheme - it covers only the Black Money Act, 2015.

- The declaration is final - no rectification, revision or appeal thereafter, and payments are non-refundable, so the decision is effectively irreversible.

- Missing the four-month outer payment deadline voids the whole declaration, including amounts already paid.

- Currently non-resident or resident but not ordinarily resident taxpayers remain eligible if they were resident when the income arose or asset was acquired.

- Before any valuation or documentation work begins, eligibility should be confirmed first, as cases involving PMLA proceedings or completed Black Money Act, 2015 assessments are excluded from the scheme.

Concluding Remarks

The scheme provides a meaningful, time-bound opportunity for small taxpayers to regularise legacy non-disclosures of foreign assets or income at a potentially lower cost than the penal consequences under the Black Money

Act, 2015. However, as the amount paid under the scheme is non-refundable and a valid declaration restricts the taxpayer's ability to subsequently seek rectification, revision or appellate relief, taxpayers should carefully assess their eligibility, compile the requisite supporting documents and valuation reports, and obtain appropriate professional advice before filing the declaration.

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During the middle of 1978 a handful of young chartered accountants, based on MADRAS (as it then was) met periodically to discuss matters of professional relevance and significance and to widen the knowledge exposure and skills. From a limited role of discussions on tax laws and corporate laws, we have become full fledged treasure-house of talent mobilization. More than two third of our speakers / Chief guests have made their first ever public Speech under our banner.

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