

LUNAWAT BULLETIN

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LUNAWAT & CO

MARKET WATCH

Sensex : 30/01/2026: **82269.78**

31/12/2025: **85219.74**

Nifty : 30/01/2026: **25320.65**

31/12/2025: **26136.35**

AROUND THE GLOBE

UPI TRANSACTIONS HIT RECORD HIGH OF RS 230 LAKH CRORE IN 2025-26 TILL DEC

Unified Payments Interface transactions have hit a record Rs 230 lakh crore this financial year until December. This digital payment system is growing rapidly. UPI is now operational in eight countries, facilitating cross-border payments. International Monetary Fund recognizes UPI as the world's largest retail fast-payment system by volume.

ADITYA BIRLA HOUSING FINANCE RAISES RS 2,750 CRORE FROM ADVENT INTERNATIONAL

Aditya Birla Housing Finance is set to receive Rs 2750 crores from Advent International. This investment values the company at Rs 19,250 crores. The capital infusion will boost ABHFL's growth and market presence. The deal awaits necessary approvals. Aditya Birla Capital will retain a majority stake. This move strengthens the housing finance sector.

INDIA'S REAL GDP FOR FY27 PROJECTED AT 6.8% TO 7.2%

India's Economic Survey projects growth of 6.8-7.2% in FY27, highlighting resilience despite global uncertainty. The economy is expected to expand 7.4% in FY26, beating RBI estimates, supported by investment, manufacturing and rate cuts, with GDP crossing \$4 trillion. India is now the world's fourth-largest economy.

INDIA-US TRADE DEAL TO BOOST MERCHANDISE EXPORTS, FTAS MAY HELP SUSTAIN GROWTH MOMENTUM, SAYS RBI GOVERNOR MALHOTRA

India's export growth is poised for sustained momentum, driven by upcoming trade deals with the EU and US, alongside existing pacts with New Zealand and Oman. These agreements aim to diversify exports and strengthen the external sector, with key drivers including electronics, engineering goods, and pharmaceuticals contributing to record export figures.

COMPLIANCE DUE DATES

Due Date	Relates to	Particulars
07.02.2026 (Saturday)	TDS/TCS/ Income Tax	<ul style="list-style-type: none"> Deposit tax collected (TCS) and tax deducted (TDS) for the month of January 2026. Submission of declaration in Form-27C for no TCS as obtained from manufacturer to the CIT/ CCIT
07.02.2026 (Saturday)	FEMA	<ul style="list-style-type: none"> Report actual ECB transactions through Form ECB-2 return.
10.02.2026 (Tuesday)	GST	<ul style="list-style-type: none"> GSTR -7 by TDS Deductor for the period of January 2026 GSTR -8 by TCS Collector (E Commerce Operator) for the period of January 2026
11.02.2026 (Wednesday)	GST	<ul style="list-style-type: none"> GSTR -1 (Statement for furnishing details of outward supplies) for January 2026 by taxpayers whose aggregate turnover exceeds Rs. 5 crores in the previous FY or those who have not opted for QRMP.
13.02.2026 (Friday)	GST	<ul style="list-style-type: none"> GSTR-5 by Non-Resident Taxpayers (13th of the next month or within 7 days after the expiry of the registration, whichever is earlier) GSTR-6 by Input Service Distributor for January 2026. GSTR-IFF (Optional): to furnish B2B Supplies for January 2026 by taxpayers who opted for QRMP Scheme
14.02.2026 (Saturday)	Income Tax	<ul style="list-style-type: none"> Issue TDS Certificate for tax deducted u/s. 194-IA, 194-IB, 194S and 194M in the month of December 2025
15.02.2026 (Sunday)	PF/ESI	<ul style="list-style-type: none"> Filing of ECR & challan deposit of ESI & PF collected during January 2026.

COMPLIANCE DUE DATES

Due Date	Relates to	Particulars
15.02.2026 (Sunday)	Income Tax	<ul style="list-style-type: none"> Furnish Form 24G by an office of the Government where TDS/TCS for the month of January 2026 has been paid without the production of a challan Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2025.
20.02.2026 (Friday)	GST	<ul style="list-style-type: none"> GSTR-3B for January 2026 by taxpayers whose aggregate turnover exceeds Rs. 5 Crore in the previous FY or those who have not opted for QRMP. GSTR-5A by OIDAR services provider for January 2026. GSTR-1A: To add or amend particulars, other than GSTIN, furnished in GSTR-1 of the same tax period. <i>(It can be filed after filing GSTR 1 & till the filing of GSTR-3B of the same tax period)</i>
25.02.2026 (Wednesday)	GST	<ul style="list-style-type: none"> PMT-06 for monthly tax payment for Jan 2026 under QRMP Scheme
28.02.2026 (Saturday)	GST	<ul style="list-style-type: none"> GSTR-11 Statement of inward supplies by persons having Unique Identification Number (UIN)

BUDGET 2026 HIGHLIGHTS

A. INCOME TAX RETURN & RATE

1. Amendment of section 139 (Return of income)

- Due date for filing of the income tax return has been changed

Category	Due Date
Others	31 July
Business/Profession (non-audit) / partner of such firm – not 92E and Trusts/ NPO(Non-Audit)	31 August
Audit cases (Company /other than company, audit under IT Act or other law / partner of such firm) – not 92E	31 October
Transfer Pricing cases (Sec. 92E)	30 November

- Revised return timeline extended :- s. 139(5) substituted to allow revised return any time before the end of the relevant AY (or completion of assessment, whichever earlier), subject to section 234-I.
- (Clause 12) Section 234-I: where a person furnishes revised return u/s 139(5) beyond 9 months but before 12 months from end of relevant AY, fee payable:
 - ₹1,000 if total income \leq ₹5 lakh
 - ₹5,000 in any other case
- Updated return (139(8A)) expanded
 - Updated return can be filed even where assessee wants to reduces the loss
 - Further, updated return may also be furnished in pursuance of notice u/s 148 within the period specified in that notice; and then the assessee is precluded from filing the return in pursuance of that notice in any other manner
- Tax on updated return:- Where updated return is filed pursuant to re-assessment notice, the additional income-tax payable u/s 140B(3) is increased by further 10% of aggregate tax + interest payable

(Effective from: 1 March 2026.)

BUDGET 2026 HIGHLIGHTS

2. **Sec202(2)(a)(iii) - New Tax Regime for Individuals and HUFs**

Individuals/HUF/Firms which have claimed deduction under section 144 against newly establish unit in new SEZ can opt for filling their ITR under new tax regime

3. **Changes in the Minimum Alternate Tax**

- a. The rate of MAT for the companies other than those having their units in the IFSC has been reduced from 15% to 14% and is to be made the final tax in old regime
- b. Also, the set off of MAT is allowed only in the New Regime to domestic companies to the extent of 25% of the tax liability
- c. For foreign companies, the set off is proposed to be allowed is restricted to, in case the normal tax is more than MAT in the tax year, difference between the amount of tax in total income and MAT.
- d. The Section 206(1)(l)(iii) has been substituted in order to exclude all the specified businesses carried on by NRs opted for presumptive taxation u/s 61

4. **Rationalisation of tax rate under section 195 in respect of certain income**

Tax on Income referred in section 102 to 106 (Undisclosed Income , Investment etc) has been reduced to 30% from the earlier tax rate of 60%.

(w.e.f. 01st April 2026)

B. INCOME FROM BUSINESS & PROFESSION

- 1. **Amendment in Section 29(1)(e) :-** Employee contributions covered under section 2(49)(o) will be allowed as a deduction only if the employer credits the amount to the employee's fund on or before the due date for filing the income-tax return
- 2. **Updated Definition of Eligible Assessee :-** Definition of Eligible Assessee has been changed to include those resident individuals/HUF/Firms which have claimed deduction under section 144 against newly establish unit in new SEZ

BUDGET 2026 HIGHLIGHTS

C. CAPITAL GAIN

1. Additional Tax on Capital Gains of Promoters

- Promoters selling shares or specified securities must pay normal capital gains tax plus an additional tax
- This additional tax applies only to promoters and varies based on short- or long-term gains and whether the promoter is a domestic company
- Additional Tax Rates for Promoters

Type of Capital Gain	Domestic Company Promoter	Non-Domestic Promoter
Short-term capital gains (Sec 196)	2%	10%
Long-term capital gains (Sec 197 / 198)	9.5%	17.5%

- Who is a Promoter?
 - **For listed companies** – the word “promoter” will have the same meaning as given in SEBI’s Buy-Back Regulations, 2018
 - **Other companies**
 - promoter under Companies Act u/s 2(69), or
 - person holding more than 10% shares (directly or indirectly)

2. Taxability of Capital Gains on SGB Bond Redemption :-

Capital gain tax on redemption on SGB bonds shall be chargeable if the individuals have bought these bonds from open market.

BUDGET 2026 HIGHLIGHTS

D. DEDUCTIONS

1. Capital gain tax on redemption on SGB bonds shall be chargeable if the individuals have bought these bonds from open market:-

- a. Section 93(1)(a): Commission or remuneration paid to collect interest on securities is allowed as a deduction.
- b. Section 93(2): No deduction is allowed for any expense against dividend income or income from mutual fund / specified units, even if expenses are incurred

2. Deduction for Offshore Banking Units and IFSC Units (Section 147)

- a. Offshore Banking Units and units of IFSC under Section 147(1)(a): Deduction is allowed for 20 (earlier it was 10 years) consecutive tax years starting from the relevant tax year.
- b. Offshore Banking Units and units of IFSC 147(1)(b): Deduction is allowed for any 20 years out of 25 years starting from the relevant tax year, at the assessee's option.

3. Section 270 – SEZ Entities and Deduction under Section 144

- a. Entities establish under SEZ can claim deduction u/s 144 even if they filed belated return.

E. EXEMPTIONS

1. New Exemptions Added in Schedule III (Post Sl. No. 38) :- Schedule III now exempts income in respect of:

- a. disability pension of Armed Forces/paramilitary personnel invalidated out due to service-related disability
- b. interest received by an individual or legal heir under motor vehicles act, 1988 (MACT award)
- c. compensation received by an individual/HUF on compulsory land acquisition under the RFCTLARR Act (excluding section 46 cases).

BUDGET 2026 HIGHLIGHTS

2. New Exemptions for Non-Residents / Foreign Companies (Schedule IV) :-

Schedule IV now exempts income in respect of:

- a. supply of capital goods/equipment/tooling by a foreign company to Indian electronics manufacturers in bonded areas u/s 65 of the Customs Act (valid up to TY 2030-31),
- b. foreign income of eligible individuals who were non-resident for 5 years and come to India under a Central Govt.-notified service scheme (for 5 consecutive tax years), and
- c. income of specified foreign companies from procuring notified data-centre services from MeitY-approved Indian data centres (valid up to TY ending 31.03.2047).

F. THE FOREIGN ASSETS OF SMALL TAXPAYERS DISCLOSURE SCHEME, 2026

“Assessee” means an **eligible person** who is either

- resident in India u/s 6 of the Income-tax Act, 1961, or
- a non-resident/ not ordinarily resident who was resident in India in the year to which the undisclosed foreign income relates or in which the undisclosed foreign asset was acquired.

BUDGET 2026 HIGHLIGHTS

S. No	Type of assets or income	Condition	Amount Payable
1	Undisclosed asset located outside India	Aggregate value of the undisclosed asset and the undisclosed foreign income does not exceed 1 crore rupees.	Aggregate of :- <ul style="list-style-type: none"> • Tax 30% of value of Undisclosed asset & foreign income • Equal amount of 100% of tax determined in above (1)
	Undisclosed foreign income.		
2	When an assessee is non-resident, acquired an asset of income accruing or arising outside India but not declared in ROI on becoming resident	The value of the asset located outside India does not exceed 5 crore rupees	A fee of one lakh rupees.
3	Assessee acquired an asset outside of India from the income which is taxable in India but assessee not declared in ROI		

GOODS & SERVICES TAX

FILING OPT-IN/OPT-OUT DECLARATIONS FOR SPECIFIED PREMISES

GSTN issued an advisory on 4 January 2026 enabling taxpayers to file online declarations for "Specified Premises" on the GST portal. This relates to premises that qualify for specified rate treatment under existing GST rate notifications (e.g., hotel accommodation services). The advisory allows registered taxpayers and applicants for new GST registration to file Annexure VII (opt-in for existing premises) and Annexure VIII (opt-in for new registrations) directly on the portal. Annexure IX (opt-out) will be made available later. The online facility eliminates the need to file declarations manually with tax officers and provides email/SMS confirmations upon successful submission, improving transparency and record-keeping for compliance.

RSP-BASED VALUATION GUIDANCE FOR NOTIFIED TOBACCO GOODS

On 23 January 2026, GSTN issued an advisory to guide taxpayers on how to report taxable value and tax liability for certain notified tobacco and tobacco-related products under the newly introduced RSP-based valuation regime (as per notifications effective 1 February 2026). The advisory explains how to compute taxable value from the declared Retail Sale Price (RSP) and how this value should be reported in e-Invoice, e-Way Bill, GSTR-1, GSTR-1A and Invoice Furnishing Facility (IFF). Taxpayers are advised to report net sale value (commercial consideration) in the taxable value field and ensure the total taxable value and tax amount are correctly reflected in returns. This advisory aims to provide practical clarity on transitioning to RSP-based tax calculations in systems that traditionally use transaction value.

GOODS & SERVICES TAX

INTEREST CALCULATION AND ENHANCEMENTS IN GSTR-3B FOR JANUARY 2026

GSTN issued an advisory on 30 January 2026 announcing system enhancements in GSTR-3B filing applicable from the January 2026 tax period. Key points include:

- Interest on delayed payment will now be auto-calculated by the portal by considering the minimum cash balance available in the Electronic Cash Ledger from the due date to the payment date, aligning with Rule 88B and Section 50 of the CGST Act. The auto-generated interest figure represents the minimum payable amount and cannot be reduced, though taxpayers can increase it if self-assessment shows a higher liability.
- The Tax Liability Break-up Table in GSTR-3B will be auto-populated when tax for earlier-period supplies (reported late in GSTR-1/GSTR-1A/IFF) is paid in the current return, helping accurate period-wise reporting and interest computation.
- After exhausting IGST ITC, the system allows cross-utilisation of CGST/SGST ITC towards IGST liability, improving flexibility.
- For cancelled registrations, any interest on delayed filing of the final GSTR-3B will now be collected through GSTR-10 (Final Return), ensuring recovery of dues before closure.

This advisory strengthens rule-based interest recovery, tax liability matching, and ITC utilisation in GSTR-3B.

GOODS & SERVICES TAX

OTHER AMENDMENTS

- Section 15(3)(b) of the CGST Act has been amended to do away with the requirement of linking the post-sale discount with an agreement and to provide that post-supply discounts shall be allowed as deduction from the value of supply only where the supplier issues a credit note under section 34 and the recipient reverses the input tax credit attributable to such discount. Section 34 has been correspondingly amended to explicitly allow issuance of credit notes in respect of such post-supply discounts. This amendment ensures that reduction in tax liability of the supplier is permitted only after proportionate reversal of ITC by the recipient.
- Earlier, section 54(6) provided that provisional refund of 90% of the total amount claimed was available only in cases of refund on account of zero-rated supply of goods or services or both, subject to prescribed conditions. The said provision has now been amended to additionally include refund of unutilised input tax credit arising on account of inverted duty structure.
- Earlier, section 54(14) provided that no refund under sub-section (5) or sub-section (6) shall be paid if the amount of refund claimed was less than Rs. 1000. The provision has now been amended to exclude cases where refund of tax is claimed on export of goods made with payment of tax. As a result, the restriction on payment of refund shall not apply to such export cases.
- Section 13(b)(8) of the IGST Act has been omitted. Earlier, this clause deemed the place of supply of intermediary services to be the location of the supplier of services. Consequent to the omission, the place of supply for intermediary services shall now be determined in accordance with section 13(2).

LUNAWAT UPDATE

Articles & Presentations

During January 2026 , CA Rajesh Saluja gave following presentations:

- Training for Planning & Budgeting at JSPL
- Training for Financial Acumen at MSIL, Gurgaon



OUR SERVICES

- Audit and Assurance • International Taxation • Indian Direct Tax Laws • Goods and Service tax (GST) • Corporate Laws • Limited Liability Partnership (LLP) • Insolvency • Professionals NGOs/Societies and Trusts • Compliance Audits • Investigations • Setting up Business in India • Outsourcing Services • Consulting Services • Trainings • Valuations • XBRL • Trade Marks • Fast track Mergers & Amalgamations

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