



A Monthly E-Newsletter

Vol 07 Issue 05  
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# The Bottom Line

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## KEY METRICS

### Indices

BSE SENSEX	76,914	6.90%	▲
NSE NIFTY50	23,998	7.46%	▲
NASDAQ Composite	24,892	19.71%	▲
NIKKEI 225	59,285	14.26%	▲

### Currency

USD/INR	94.91	-0.56%	▼
Euro/INR	111.35	-2.91%	▼
GBP/INR	129.10	-3.72%	▼
JPY/INR	0.60	-2.41%	▼

Note: The month-on-month movement as on April 30, 2026, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com



# DIRECT TAX

## Circulars/Notifications

### Judicial Rulings

#### Reimbursement without any markup by Indian PO to HO cannot be taxed separately as income

The Assessee, an Australian engineering consultancy company with a PO in India, constituting its PE as per India-Australia DTAA, reimbursed its HO for staff costs at actuals without markup. The AO allowed the reimbursement as an expense but taxed the amount received by HO as 'fee for technical services'. The ITAT, relying on the Sumitomo Mitsui Banking Corporation case, held that since the PE and HO are part of the same enterprise, a cost-reimbursement transaction between them is essentially 'a transaction with itself' and cannot generate taxable income. The ITAT reasoned that internal cost allocation within a single enterprise does not constitute a commercial transaction capable of producing profit. Accordingly, the addition treating the reimbursement as FTS was deleted and the appeal of Assessee was allowed.

*SMEC International Pty. Ltd. (Delhi ITAT)*

#### Mere provision of access to third party content on a digital platform does not constitute FTS/FIS

The Assessee, a US-based company operated a global online learning platform providing access to courses and degrees from leading universities and companies. The AO sought to tax receipts from these services as FTS under section 9(1)(vii) of the Income-tax Act, 1961 and FIS under paragraph 4 of Article 12 of the India-USA DTAA. The High Court held that the Assessee merely provided platform

access to existing content without rendering any technical services, and the 'make available' condition stipulated under the DTAA was not satisfied. The Court noted that the AO had failed to produce material evidence establishing that the Assessee provided technical services, thereby rejecting the taxation of receipts as FTS or FIS. Accordingly, where an SLP was filed by the revenue against the order of the High Court, the Supreme Court dismissed the same upholding the order in favour of the Assessee, establishing that mere provision of access to third-party content through a digital platform does not constitute taxable technical services under Indian tax law or the India-USA DTAA.

*Coursera Inc. (Supreme Court of India)*

#### Buyback of own shares is capital reduction and does not attract deemed income provisions

The Assessee, a share broking company bought back its own equity shares during AY 2018-19 in compliance with the provisions of Company law and also paid all due taxes on the distributed income as per the tax laws. However, during the assessment proceedings, the AO observed that the buy-back price was lower than the FMV and treated this difference as taxable deemed income. The AO



**Reimbursement without any markup by Indian PO to HO cannot be taxed separately as income**

**Mere provision of access to third party content on a digital platform does not constitute FTS/FIS**

**Buyback of own shares is capital reduction and not acquisition of property**

contended that shares constituted 'property' and therefore, attract taxation on the deemed profit as it was purchased back by the Assessee. The High Court, referring to the Company law provisions, held that since bought-back shares are statutorily required to be physically extinguished and destroyed within 7 days, the Assessee cannot be taxed on deemed profit arising from property that ceases to exist at the moment of transaction itself. The Court further observed that the buy-back was executed through proper regulatory compliance including Board and shareholder approvals, funding from free reserves and distribution tax duly paid, leaving no basis for any deemed income addition. Accordingly, the High Court deleted the addition, holding that a share buy-back constitutes reduction of share capital and not acquisition of any asset which is capable of generating taxable income.

*M/s Globe Capital Market Ltd. (Delhi High Court)*

# INDIRECT TAX

## Notifications / Circulars

### Extension of GSTR-3B filing deadline

The due date for filing the monthly GST return in Form GSTR-3B for the month of March 2026 extended to April 21, 2026.

*Notification No. 01/2026 - Central Tax dated April 21, 2026*

### Pre-deposit for appeal modification permitted on the GST Portal

Taxpayers have now been allowed to modify the percentage of pre-deposit while filing the GST appeals. Previously, this percentage was auto populated and was not editable. Therefore, in specific cases where pre-deposit was made through other modes viz., DRC-03 or GST return, or the demand was raised under incorrect heads, taxpayers now have the flexibility to adjust the pre-deposit percentage before submitting appeals.

*Advisory dated April 09, 2026*

## Judicial Rulings

### Failure to file returns attracts penalty

The Apex Court dismissed a curative petition challenging the imposition of penalty for non-filing of GST returns and non-payment of tax. The Court affirmed that failure to file returns and pay tax, amounts to wilful suppression of facts, justifying the levy of penalty under the GST laws.

*Sriba Nirman Company (Supreme Court of India)*

### Statutory pre-deposit requirement

The Supreme Court upheld the dismissal of an appeal where the taxpayer had not complied with the statutory pre-deposit requirement.

Even if one of the grounds for dismissal by the Appellate Authority is found to be erroneous, the Order stands if the other grounds on merits are sustainable.

*Digambar Road Lines (Supreme Court of India)*

### Mere deposit in ECL is not tax payment

Merely depositing cash into the ECL does not constitute payment of tax under reverse charge mechanism. Tax is discharged only when the amount is appropriated through debit entries in ECL. Where debit entries are made at a later date, the liability stands discharged subject to interest for the delay and ITC availed before such appropriation is not permissible.

*Sona Enterprises (Andhra Pradesh High Court)*

### Personal hearing mandatory before passing an adverse Order

GST law mandates that a taxpayer should be provided three opportunities of personal hearing before an adverse Order is passed. The selection of "no personal hearing" option by the taxpayer in the reply to an SCN does not override this statutory requirement.

*Komal Jayeshbhai Hemavat (Gujarat High Court)*

### Writ is not maintainable if there is non-participation in SCN proceedings

A writ petition is not maintainable where the taxpayer neither filed a reply to the SCN nor requested a personal hearing before the Adjudicating Authority. A personal

**Pre-deposit for appeal modification permitted on the GST Portal**

**Failure to file returns attracts penalty**

**Mere deposit in ECL is not tax payment**

hearing is available to the taxpayer and if this opportunity is not availed, then violation of natural justice cannot be alleged. The proper remedy is a statutory appeal.

*Sanjay Paliya Contractor (Madhya Pradesh High Court)*



# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### RBI amends norms on NRI Debt Investments and collateral usage

The Master Direction governing non-resident investment in debt instruments in India have been amended, updating regulatory provisions relating to foreign portfolio investment in debt securities, including operational norms, eligibility conditions and compliance requirements. Provisions permitting the use of such instruments as collateral for exchange-traded derivative transactions are also clarified. The changes are relevant for large corporates accessing foreign debt capital markets or having exposure to foreign institutional investors, as they impact investment structuring, regulatory compliance and capital inflow conditions.

*RBI Notification No. RBI/2026-27/10 A.P. (DIR Series) Circular No. 06 dated April 10, 2026*

### Companies Compliance Facilitation Scheme 2026

This one-time scheme has been introduced to enable eligible companies to file e-forms relating to overdue annual returns, financial statements, appointment or reappointment of auditor, filings for foreign companies, or to opt for dormant status or file for closure by paying concessional fees. The scheme will be in force from April 15, 2026, through July 15, 2026. This scheme is expected to improve compliance levels, reduce burden of accumulated fees on companies and reflect accurate and updated information in MCA records. Detailed FAQs regarding

the scheme have been released addressing specific issues for the benefit of stakeholders.

*MCA FAQs dated April 22, 2026*

### Comprehensive review of Companies (Incorporation) Rules, 2014

MCA has proposed amendments to the Companies (Incorporation) Rules 2014 and a draft Notification has been released by MCA for information of stakeholders and to elicit comments on the proposed amendments. The proposed amendments aim to simplify procedures, reduce the number of forms and duplicate filings, enable wider use of electronic communication, align with other regulatory frameworks and clarify specific areas regarding documentation to streamline lengthy procedures.

*Public Notice, MCA, Policy-01/2/2025-CL-V-MCA-Part (2) dated April 8, 2026*

### Faster cross-border inward payments guidelines

To achieve cheaper, faster, transparent and more accessible cross-border payments, the process at the beneficiary bank is streamlined to ensure timely intimation of payment information and credit to the beneficiary's account. Banks have therefore been advised to:

- Provide information to customers on receipt of cross-border payments immediately on receipt of inward message
- Undertake reconciliation and confirmation of credit in the

### RBI amends norms on NRI Debt Investments and collateral usage

### Companies Compliance Facilitation Scheme 2026 announced

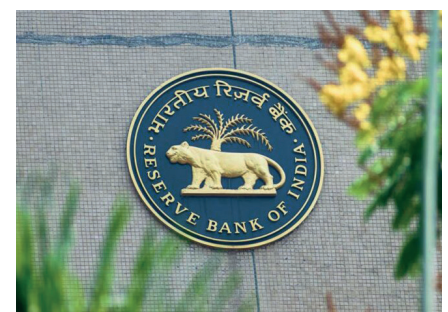
### Comprehensive review of Companies (Incorporation) Rules, 2014 proposed

nostro account either on real time basis or at frequent intervals.

- Credit inward payments received during foreign exchange market hours within the same business day or next business day, if received after market hours
- Provide digital interface to customers to facilitate submission of documents or information.

These above directions shall be effective 6 months from the date of the Circular.

*RBI/2026-27/08 CO.DPSS.ID.No. S20/06-08-017/2026-2027 dated April 9, 2026*



# CFO WATCH

## Cyber governance framework is getting sharper for insurance companies

IRDAI has issued the Information and Cyber Security Guidelines, 2026, replacing the 2023 framework and strengthening governance expectations for insurers. The guidelines mandate a robust cybersecurity framework, enhanced role clarity for the CISO and IT leadership, and the establishment of an IT Steering Committee. They also introduce stricter controls on exception approvals, reinforce accountability for third-party and cloud risks, and expand auditor responsibilities for independent assurance. Insurers are required to initiate a gap assessment, align budgets for cyber investments, and ensure that board-approved policies and governance structures are implemented within the current financial year.

## Timely reporting of DICGC premiums made mandatory

RBI, vide its Fifth Amendment Directions, 2026, has enhanced disclosure requirements for DICGC premium payments by commercial banks. In alignment with the RBP framework, banks are now required to disclose the premium amounts paid and confirm timely remittance, or report delays along with reasons, in their financial statements. Banks should ensure robust tracking of DICGC premium liabilities, timely payments, and accurate disclosures to avoid regulatory scrutiny. The amendment is aimed at strengthening transparency, accountability, and compliance in financial reporting.

## Dynamic public shareholding norms for large companies

The Securities Contracts (Regulation) Amendment Rules, 2026 have been notified, revising the framework for minimum public offer and allotment at the time of listing. The rules introduce a graded, value-linked approach, allowing large companies to list with a lower initial public float, subject to a time-bound roadmap to achieve 25% public shareholding within 3 to 10 years. A minimum public offer floor of 2.5% has been prescribed, with flexibility extended to IFSC listings. The framework also covers Superior Rights Shares and existing listed entities. Companies may need to reassess IPO structuring, capital-raising strategies, and compliance

**IRDAI's 2026 framework strengthens cyber governance**

**Timely reporting of DICGC premiums made mandatory**

**Dynamic public shareholding norms for large companies**

roadmaps to align with the revised public shareholding thresholds and timelines.



# MERGERS & ACQUISITIONS

## Fast-Tracking Growth: India's Push to Simplify M&A and Capital Flexibility

In a significant policy move, the Government of India has proposed amendments to the Companies Act through the Corporate Laws (Amendment) Bill, 2026 signaling a clear intent to make corporate restructuring faster and more efficient.

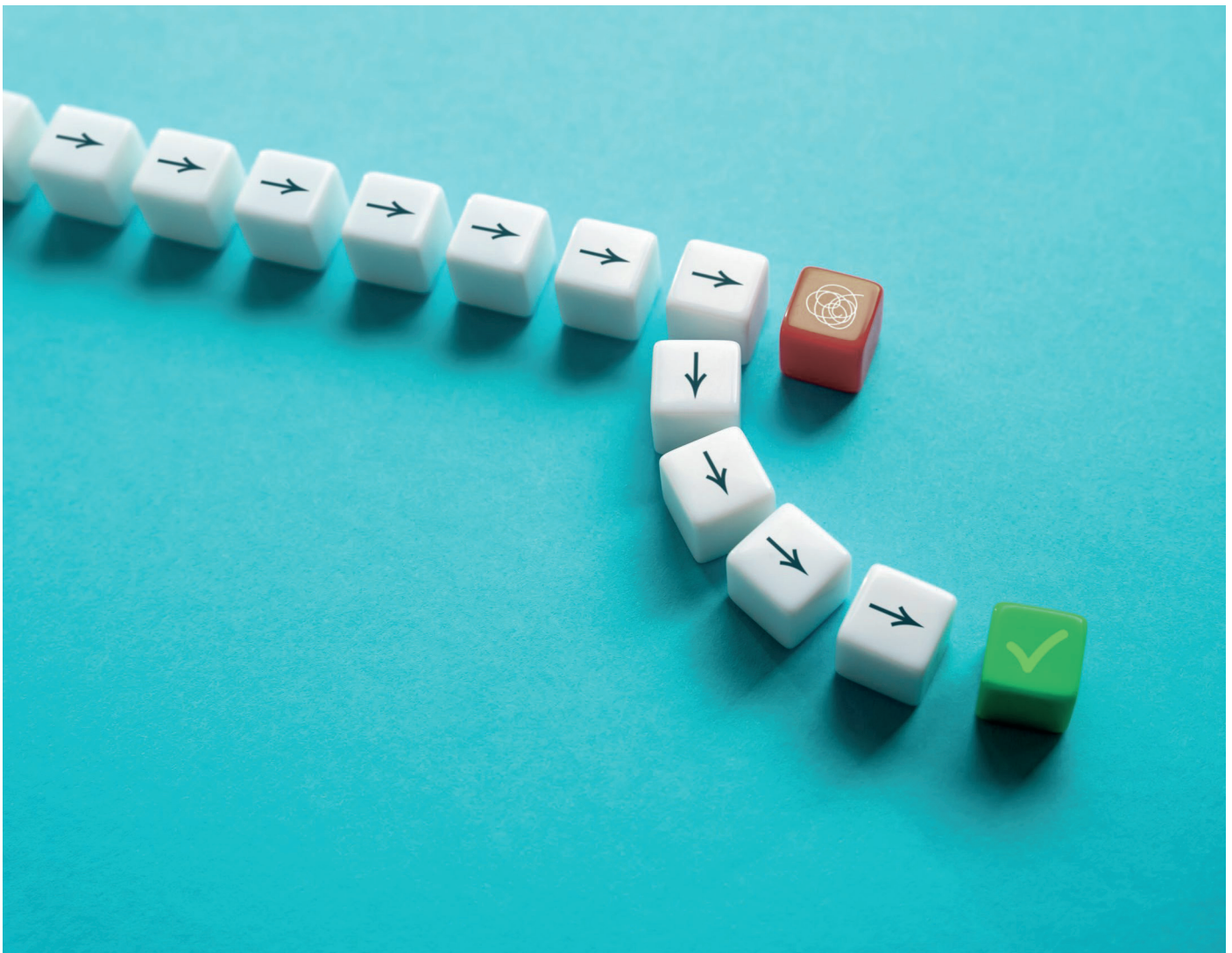
One of the key changes is the proposal to allow certain companies to undertake two share buybacks in a year, instead of the current limit of one. This provides companies with

greater flexibility in returning surplus capital to shareholders, especially in sectors with strong cash flows and limited reinvestment needs.

More notably for the M&A ecosystem, the bill seeks to expand the scope of fast-track mergers, enabling a wider set of companies including group entities, startups, and smaller firms to bypass lengthy tribunal approvals, subject to shareholder consent being typically 75%. This could significantly reduce deal timelines and execution uncertainty, two long-standing challenges in India's M&A landscape.

The broader reform package also focuses on simplifying compliance and replacing certain criminal penalties with civil ones, reflecting a shift toward a more facilitative regulatory approach.

From an M&A perspective, these changes go beyond procedural tweaks. They indicate a maturing framework where efficiency, capital flexibility and ease of doing business are becoming central to policy design. If implemented effectively, this could accelerate deal activity and make India a more agile and investor-friendly market for corporate transactions.



# IN THE NEWS

## **IIA Hyderabad Annual Conference 2026** *April 11, 2026*

Baker Tilly ASA India participated in the IIA Hyderabad Chapter & Vizag Audit Club Annual Conference 2026. Gaurav Bhatia, ASA, moderated a panel on evolving internal audit, highlighting its shift from compliance to value creation, with greater focus on agility, technology, and stakeholder alignment.

## **ICAI-ASB Webinar on Financial Reporting & Disclosures**

*April 17, 2026*

Parveen Kumar and Prateet Mittal, ASA, were invited to speak at the ICAI ASB webinar, discussing key considerations for financial statement presentation, disclosures, consolidations, and audit work papers, with practical insights for year-end reporting.

## **CyberSec India Expo 2026: AI at Scale Roundtable** *April 27, 2026*

Shrikrishna Dikshit, Baker Tilly ASA India, was part of a closed-door roundtable on "AI at Scale in Indian Enterprises," discussing responsible AI adoption with a focus on governance, cybersecurity, regulatory

expectations, and enterprise-wide implementation challenges.

## **WIRC of ICAI: Committee Appointment 2026–27** *April 28, 2026*

Chintan Nisar, ASA, has been appointed to the Internal Audit & Management Accounting Committee of WIRC of ICAI for 2026–27, recognising his continued contribution to advancing internal audit and management accounting practices.

## **ASA– GCC SCHOOL Placement Partnership** *April 28, 2026*

ASA & Associates LLP has partnered with GCC SCHOOL as its official Placement Partner, creating global career pathways for commerce students. The collaboration aims to enable international opportunities, combining academic excellence with industry exposure across accounting and advisory domains.

## **Indo-French Business Awards 2026: Embassy of France** *April 02, 2026*

Laëtitia Durand represented Baker Tilly ASA India at the 8th Indo-French Business Awards & Grand Prix V.I.E/V.I.A 2026 in New Delhi. The event celebrated innovation

and collaboration, bringing together stakeholders to strengthen Indo-French business and investment ties.

## **Corporate Meet – GOAL 2026, Amity Global Business School**

*April 20, 2026*

Gaurav Kaushal, Baker Tilly ASA India, was invited as a speaker at Corporate Meet – GOAL 2026, where he spoke on "Nurturing Workforce Agility and Employability for Evolving Roles," sharing perspectives on building future-ready talent aligned with changing business needs.

## **Advisory Note to Independent Directors: Reframing Governance Accountability in Light of NFRA Expectations** *April 22, 2026*

*Author:* Himanshu Srivastava, Baker Tilly ASA India

In this article, the evolving expectations from Independent Directors under NFRA's regulatory lens are examined, highlighting the shift from passive oversight to active, accountable governance. It underscores the need for deeper engagement with auditors, robust documentation, and timely action on red flags to strengthen financial reporting integrity and mitigate personal liability risks.

# GLOSSARY

**AI**  
Artificial  
Intelligence

**ECL**  
Expected Credit  
Loss

**IIA**  
Institute of  
Internal Auditors

**PE**  
Permanent  
Establishment

**SCN**  
Show Cause  
Notice

**AO**  
Assessing Officer

**FAQ**  
Frequently Asked  
Question

**IPO**  
Initial Public  
Offering

**PO**  
Project Office

**SLP**  
Special Leave  
Petition

**ASB**  
Accounting  
Standards Board

**FIS**  
Fee for Included  
Services

**IRDAI**  
Insurance  
Regulatory and  
Development  
Authority of India

**RBI**  
Reserve Bank of  
India

**WIRC**  
Western India  
Regional Council

**AY**  
Assessment Year

**FMV**  
Fair Market Value

**CISO**  
Chief Information  
Security Officer

**FTS**  
Fee for Technical  
Services

**IT**  
Information  
Technology

**RBP**  
Risk-Based  
Premium

**DICGC**  
Deposit Insurance  
and Credit  
Guarantee  
Corporation

**GCC**  
Global Capability  
Centre

**ITAT**  
Income Tax  
Appellate Tribunal

**ITC**  
Input Tax Credit

**DTAA**  
Double Taxation  
Avoidance  
Agreement

**GST**  
Goods & Services  
Tax

**M&A**  
Mergers &  
Acquisitions

**ECB**  
External  
Commercial  
Borrowing

**HO**  
Head Office

**MCA**  
Ministry of  
Corporate Affairs

**DTAA**  
Double Taxation  
Avoidance  
Agreement

**ICAI**  
Institute of  
Chartered  
Accountants of  
India

**NFRA**  
NFRA

**IFSC**  
International  
Financial Services  
Centre

**NRI**  
Non-resident  
Indian

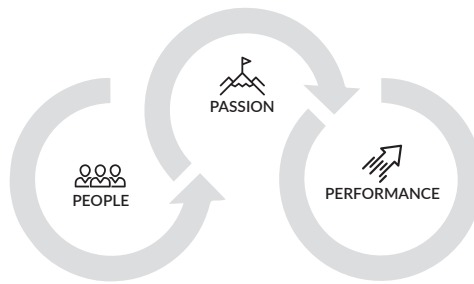
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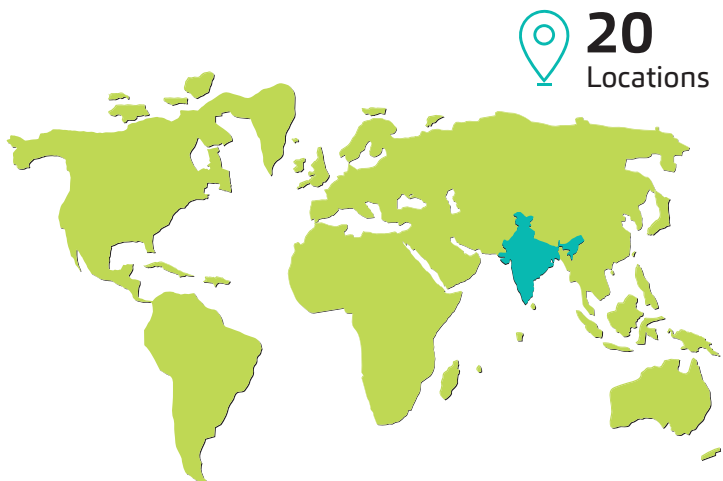
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