



A Monthly E-Newsletter

Vol 07 Issue 04  
April 2026

# The Bottom Line

## WHAT'S INSIDE

- Direct Taxes **2**
- Indirect Taxes **3**
- Corporate & Allied Laws **4**
- CFO Watch & M&A **5-6**
- In the News **7**
- Glossary **8**
- About Us **9**

## KEY METRICS

### Indices

BSE SENSEX	71,948	-11.49%	▼
NSE NIFTY50	22,331	-11.31%	▼
NASDAQ Composite	20,795	-8.27%	▼
NIKKEI 225	51,886	-11.83%	▼

### Currency

USD/INR	94.38	-3.63%	▼
Euro/INR	108.21	-0.56%	▼
GBP/INR	124.46	-1.34%	▼
JPY/INR	0.59	-1.18%	▼

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



# DIRECT TAX

## Circulars/Notifications

### Notifications

#### Income-tax Return Forms notified for AY 2026-27

The Income-tax Return Forms for AY 2026-27 have been notified, introducing several key changes aimed at simplifying compliance while strengthening disclosure requirements. New reporting requirements have been introduced covering representative assessee status, enhanced Section 80G deduction details and investment and bank balance disclosures in ITR-4. The window for filing a revised return has been extended from 9 to 12 months from the end of the relevant financial year. However, revised returns will now attract a fee of INR 1,000 where total income does not exceed INR 5 lakh and INR 5,000 in other cases.

*Notification Nos. 45 to 52 of 2026, dated March 30, 2026*

#### Protocol amending India - Brazil DTAA notified

A protocol amending the India-Brazil DTAA has been notified. The protocol expands PE to include a Service PE and broadens the DAPE definition. It also revises withholding tax provisions, prescribing separate rates for dividend and interest at 10% / 15% from a single rate of 15% and reduces royalty rates to 15% / 10% from 25% / 15%. It also introduces an Article on FTS, capping taxation at 10%. Additionally, a clause on 'Entitlement to Benefits' has been included, backed by 'Principle Purpose Test' aligning the treaty with base erosion and profit shifting standards and curbing treaty shopping.

*Notification No. 39 of 2026, dated March 30, 2026*

### Judicial Rulings

#### Buy-back within corporate group qualifies as reorganisation

A Netherlands resident holding company sold approximately 24% shares in its Indian subsidiary pursuant to a buy-back offer. The AO sought to tax the resultant capital gains in India considering the same to fall within the ambit of 'transfer' as per the Act. The Assessee claimed treaty protection, arguing that the buy-back constituted a corporate reorganisation under the India-Netherlands DTAA, making gains taxable only in the Netherlands. The DRP rejected this holding buy-back is not a reorganisation. The ITAT, however, held that the mode of buy-back, court-sanctioned or otherwise, is irrelevant. Since the transaction was an intra-group transfer with continuity of ownership, it qualified as corporate reorganisation and gains were not taxable in India.

*Huntsman Investment [Netherlands] BV (Delhi ITAT)*

#### Virtual rendition of services cannot be treated as physical rendition of services in India

A China resident group entity provided management, finance, human resources, information technology and other support services to its Indian subsidiary entirely from China through emails, conference calls and video conferencing. No personnel visited India. The Assessee sought a NIL withholding certificate which was rejected by the AO who held that virtual delivery through interactive modes equates to physical

#### Income-tax Return Forms for AY 2026-27 notified

#### Buy-back within corporate group qualifies as reorganisation under DTAA

#### Virtual rendition of services cannot be treated as physical rendition of services in India

rendition in India. The High Court rejected this contention holding that the rulings cited by the AO addressed whether parties are in each others 'presence' for recording evidence during a criminal trial, a concept distinct from determining where services are rendered for tax purposes. The Court held that without any specific provision in law or the DTAA equating virtual delivery with physical presence, this proposition cannot be accepted.

*Benteler Automotive (China) Investment Ltd. (Bombay High Court)*



# INDIRECT TAX

## Circulars / Notifications / Press Releases

### Judicial Rulings

#### IGST refund on zero-rated supplies

The Apex Court declined to interfere with the High Court's ruling that IGST refund cannot be withheld solely on account of a mismatch between GST return data and Customs data, where the mismatch arose from a bona fide error in GSTR-1 and the taxpayer had furnished supporting documents.

*Ruhi Siraj Makda (Supreme Court of India)*

#### AI generated citations to be verified before passing Order

Quasi-judicial authorities should not blindly rely on AI-generated citations/judgements without reading actual judgements.

*Marhabba Overseas Pvt Ltd (Gujarat High Court)*

#### Inter-state transfer of ITC permitted

GST law does not prohibit inter-state transfer of ITC upon amalgamation. The GST portal's lack of functionality cannot debar statutory rights, nor can officers invent new restrictions absent from law.

*Emerson Process Management (Gujarat High Court)*

#### Appellate Authority has no power to remand

The Appellate Authority do not have power to remand a case back to the Adjudicating Authority. They must decide the case themselves. Remand Order struck down.

*Anand and Anand (Allahabad High Court)*

#### No limitation for refund of tax paid under wrong head

Refund claim under GST law is subject to a mandatory two-year



limitation. However, in case of payment of tax under wrong head, GST law does not prescribe any time limit for claiming refund.

*Merck Life Science Pvt Ltd (Karnataka High Court)*

#### Appeal cannot be dismissed merely for non-appearance

An Appellate Authority cannot dismiss an appeal solely because the appellant did not attend the personal hearing, without examining the grounds set out in the appeal memorandum.

*SFC Global Commodity Private Limited (Gujarat High Court)*

#### Filing of appeal in wrong jurisdiction

An appeal filed with the wrong Appellate Authority cannot be summarily rejected where the Department's own electronic system lacked the mechanism to transfer it to the correct jurisdictional office.

*Life Insurance Corporation of India Ltd (Orissa High Court)*

**IGST refund cannot be denied due to mere mismatch with Customs data**

**AI generated citations to be verified before passing Order**

**No limitation for refund of tax paid under wrong head**



# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Regulatory reporting by AIFs increased

The frequency and format of reporting by AIFs have been reviewed and overhauled with immediate effect. AIFs will have to submit a comprehensive Annual Activity Report online within 30 calendar days from end of March of every financial year. The first annual report for financial year ending March 31, 2026 has to be submitted by May 31, 2026. A limited Quarterly Activity Report will have to be submitted online by AIFs per the revised format within 15 calendar days from the end of each quarter. The first report will have to be submitted for the quarter ending June 2026. Separate quarterly activity report will not be required for March quarter of a year.

[SEBI Circular HO/19/28/\(1\)2026-AFD-SEC3/I/6176/2026 dated March 4, 2026](#)

### RBI (Trade Relief Measures) Directions, 2026 issued

All regulated entities, eligible to undertake export financing

business have been mandated to permit an enhanced credit period of up to 450 days for pre-shipment and post-shipment export credit disbursed till June 30, 2026. Where packing credit facilities are already availed by exporters on or before issuance of the Directions but dispatch of goods was not made, liquidation of such facilities shall be allowed from legitimate alternate sources, including domestic sale proceeds of such goods or substitution of contract with proceeds of another export order.

[RBI/2025-26/263 DOR.STR.REC. No.455/21.04.048/2025-26 dated March 31, 2026](#)

### Advisory on name reservation and incorporation of Company and LLP

Detailed guidelines on name reservation, acceptable documentation for the registered office address, factors relevant for incorporation of a Company and LLP, name change of existing company and details of Acts to be referred by stakeholders have been issued.

[MCA Advisory dated March 12 and March 25, 2026](#)

### Regulatory reporting by AIFs increased

### RBI (Trade Relief Measures) Directions, 2026 issued

### Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2026

The Reserve Bank of India has amended the Foreign Exchange Management (Export and Import of Currency) Regulations, 2026, to provide clearer operational guidelines and compliance requirements for cross-border currency transactions. The amendment specifies the procedures for import and export of currency, strengthens monitoring and reporting obligations, and offers guidance for subsidiaries and other entities handling foreign currency receipts, payments, or remittances.

[Notification No. FEMA 6 \(R\)/\(5\)/2026-RB dated March 16, 2026](#)



# CFO WATCH

## Revised framework for asset classification & provisioning in NBFCs

RBI has issued the IRACP Amendment Directions, 2026, refining the treatment of DLG arrangements for NBFCs. These amendments clarify that DLGs, being integral to loan contracts, must be incorporated into ECL provisioning across all stages and not recognised separately. NBFCs are also required to make disclosures in line with IndAS 1 for DLG-linked portfolios. Consequential updates have also been made to the Credit Facilities Directions, ensuring consistent prudential treatment across digital lending and co-lending structures.

## New disclosure norms in AS 22 for global minimum tax regime

MCA has issued the Companies (AS) Amendment Rules, 2026, amending AS 22 to incorporate pillar two tax provisions aligned with OECD's global minimum tax framework. The amendment mandates disclosure of deferred tax impacts relating to pillar two and introduces specific disclosure requirements, including qualitative and indicative quantitative information on exposure where laws are enacted but not effective. The provisions are effective from March 10, 2026, with retrospective applicability for annual periods beginning on or after April 1, 2025.

## IndAS implementation approved for insurance sector

IRDAI has approved the implementation of IndAS for the insurance sector, effective April 1, 2026, in line with IndAS 117 and IFRS principles. The framework mandates adoption across all insurers, including life, general, health and reinsurers.



To support transition, insurers will undertake parallel reporting for up to two years, alongside the existing accounting framework. Additionally, a one-year forbearance has been provided to address implementation challenges. During this period, insurers will continue submitting IndAS based financials to the Authority.

## Enhancements in capital market exposure & disclosure norms

RBI Capital Market Exposure Directions, 2026 introduce comprehensive amendments to the regulatory framework for commercial banks. These revisions expand the scope of capital market exposures to include acquisition finance, bridge finance, and exposures to capital market intermediaries, while strengthening governance, disclosure, and risk monitoring requirements. These amendments aim to improve risk sensitivity, ensure consistency, and strengthen oversight of banks' capital market-related exposures.

## Revised framework for asset classification & provisioning in NBFCs issued

AS 22 updated for OECD pillar two, requiring deferred tax and exposure disclosures

IndAS implementation approved for insurance sector



# MERGERS & ACQUISITIONS

## Building Bridges: SBI–MUFG Partnership Strengthens Cross-Border M&A

In a meaningful step toward strengthening cross-border deal activity, MUFG has entered into a strategic partnership with SBI. The collaboration reflects a broader shift in how global financial institutions are approaching India not just as a market, but as a long-term strategic partner.

At the heart of this alliance is the complementary strength of both institutions. SBI brings unparalleled domestic reach and deep relationships across India's

corporate and MSME ecosystem, while MUFG offers global connectivity, cross-border financing expertise, and access to international capital pools. Together, they aim to support a wide range of activities, including mergers & acquisitions, project finance, trade finance and advisory.

From an M&A standpoint, the partnership is particularly significant. Cross-border transactions often face challenges around structuring, funding, and execution across jurisdictions. By combining local insight with global capabilities, the SBI–MUFG alliance is well positioned to ease these frictions, improve deal timelines and enhance execution certainty.

The collaboration also builds on an already established relationship, including participation in large syndicated and social financing transactions. This continuity adds credibility and signals intent for deeper engagement going forward.

As India and Japan continue to deepen economic ties, partnerships like this go beyond capital deployment to build a stronger financial bridge between the two markets. For India, it signals growing global confidence; for Japan, it offers access to one of the world's most dynamic growth engines. For dealmakers, it paves the way for a more connected, collaborative, and execution friendly M&A environment.



# IN THE NEWS

## **Launch of Doing Business in India 2026 Guide** *March 06, 2026*

Baker Tilly ASA India launched the Doing Business in India 2026, A Comprehensive Guide for Foreign Investors at a press conference in Delhi, highlighting India's growing investment appeal and Baker Tilly's vision for Asia-Pacific growth and global collaboration.

## **CAE Roundtable IIA Madras Chapter** *March 10, 2026*

Giridharan D K, ASA, was invited as a panelist at the CAE Roundtable 2026 organised by the IIA Madras Chapter. The discussion explored the evolving role of internal audit in driving governance, risk oversight, and organisational value beyond traditional assurance.

## **FICCI Business Delegation to Japan** *March 16, 2026*

Himanshu Srivastava, Baker Tilly ASA India, was part of the FICCI Business Delegation to Japan, engaging with government and industry leaders across Kumamoto, Fukuoka and Tokyo to strengthen India–Japan business collaboration and explore strategic partnership opportunities.

## **Media Interaction on Global Investors & India's Manufacturing Shift** *March 17, 2026*

Ajay Sethi, Baker Tilly ASA India, shared insights in an interview with CXO Media on how global investors are prioritising ecosystem depth over assembly-led manufacturing,

highlighting India's evolving value chains and next phase of growth.

## **ESD NY India Trade Mission by IACC** *March 19, 2026*

Kim Collaco, Baker Tilly ASA India, and Harshit Mehta, ASA, were invited to speak at the ESD NY India Trade Mission organised by the IACC, sharing practical perspectives on market entry, expansion and opportunities in the consumer goods and industrials sectors.

## **Webinar on Intricacies of the Labour Codes** *March 19, 2026*

Baker Tilly ASA India hosted a webinar on "Intricacies of the Labour Codes," discussing the evolving labour law framework and implementation readiness. The session covered key provisions, compliance considerations, and practical insights on wage rules, provisioning impact and timelines.

## **Shri Ram Conquonomics 2026, SRCC** *March 24, 2026*

Baker Tilly ASA India joined Shri Ram Conquonomics 2026 as Knowledge Partner. Gaurav Bhatia, ASA, served as a judge, evaluating ideas on AI with a focus on clarity, practicality, and the ability to translate insights into actionable outcomes.

## **Webinar on Transfer Pricing Post Budget 2026: Strategic Impact & Compliance Shift** *March 30, 2026*

Baker Tilly ASA India hosted a webinar on "Transfer Pricing Post Budget 2026," featuring Sunil

Arora, Ashwath Pai, and Priyanka Ahuja, ASA. The discussions highlighted emerging risks, evolving documentation expectations and the need to position transfer pricing as a strategic lever amid tighter regulatory scrutiny.

## **Virtual Presence Isn't Tax Presence** *March 16, 2026*

*Author:* Ameet Baid, Viri Shah & Lathika S Kumari, ASA

In this article, the Delhi High Court ruling in Clifford Chance Pte. Ltd. v. CIT is analysed, clarifying that a Service PE arises only when services are physically performed in India. It highlights that virtual or remote delivery of services cannot trigger a PE under the India–Singapore DTAA, reinforcing strict treaty interpretation and providing clarity for multinational service providers.

## **Investments from Countries Sharing Land Border with India 2026**

*March 23, 2026*

*Author:* Himanshu Srivastava, Baker Tilly ASA India

This article examines India's regulatory framework for investments from neighbouring countries, highlighting recent clarifications on beneficial ownership and control. It explains how tighter definitions and reporting requirements aim to enhance transparency, prevent indirect circumvention and balance national security concerns with ease of doing business for foreign investors.

# GLOSSARY

**AI**  
Artificial  
Intelligence

**AIF**  
Alternative  
Investment Fund

**AO**  
Assessing Officer

**AS**  
Accounting  
Standard

**AY**  
Assessment Year

**CAE**  
Chief Audit  
Executives

**DLG**  
Default Loss  
Guarantee

**DRP**  
Dispute  
Resolution Panel

**DTAA**  
Double Taxation  
Avoidance  
Agreement

**ECB**  
External  
Commercial  
Borrowing

**DTAA**  
Double Taxation  
Avoidance  
Agreement

**ECL**  
Expected Credit  
Loss

**ESD**  
Empire State  
Development

**FICCI**  
Federation of  
Indian Chambers  
of Commerce &  
Industry

**FTS**  
Fee for Technical  
Services

**GST**  
Goods & Services  
Tax

**IACC**  
Indo-American  
Chamber of  
Commerce

**IFRS**  
International  
Financial Reporting  
Standard

**IGST**  
Integrated GST

**IIA**  
Institute of  
Internal Auditors

**IndAS**  
Indian Accounting  
Standard

**IRACP**  
Income  
Recognition, Asset  
Classification and  
Provisioning

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

**ITAT**  
Income Tax  
Appellate Tribunal

**ITC**  
Input Tax Credit

**LLP**  
Limited Liability  
Partnership

**M&A**  
Mergers &  
Acquisitions

**MCA**  
Ministry of  
Corporate  
Affairs

**MSME**  
Micro, Small,  
Medium Enterprise

**MUFG**  
Mitsubishi UFJ  
Financial Group

**NBFC**  
Non-Banking  
Financial Company

**NY**  
New York

**OECD**  
Organisation for  
Economic Co-  
operation and  
Development

**PE**  
Permanent  
Establishment

**RBI**  
Reserve Bank of  
India

**SBI**  
State Bank of India

**SEBI**  
Securities and  
Exchange Board of  
India

**SRCC**  
Shri Ram College  
of Commerce

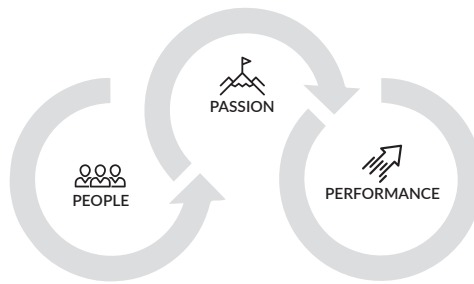
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