

FIN-O-SCOPE

15th March, 2026



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Top Trends

- Global economic rebalancing between East and West
- Slowdown vs soft-landing debates in major economies
- Structural inflation vs cyclical inflation
- Deglobalization vs friend-shoring
- Rise of regional trade blocs
- Global debt sustainability concerns

Top Trends

- Demographic shifts affecting economic growth
- Productivity stagnation in advanced economies
- Supply chain restructuring
- Emerging markets becoming new growth engines
- Transition from ultra-loose to tighter monetary regimes
- Higher-for-longer interest rate environment
- Central bank balance sheet normalization
- Global divergence in monetary policy
- Central bank credibility and inflation targeting
- Monetary policy transmission challenges
- Central bank digital currencies (CBDCs)
- Digital monetary systems
- Currency competition and reserve diversification
- Monetary policy coordination in crises
- Rise of passive investing dominance
- Expansion of ETF ecosystems
- Private markets competing with public markets

CBDT Uncovers ₹408 Crore Tax Suppression in F&B Sector

PRESS RELEASE:- 2225061

DATE: 9TH MARCH, 2026

The Income Tax Department has signaled a significant shift toward data-driven enforcement with the launch of the SAKSHAM NUDGE campaign, following the discovery of widespread "turnover suppression" within the Food & Beverage (F&B) industry. Utilizing advanced AI analytics to cross-reference transactional data, the department scrutinized approximately 1.77 lakh restaurants, identifying a systemic pattern where bulk bills were deleted or Point-of-Sale (POS) software was manipulated to under-report actual sales. This digital forensic trail led to a coordinated nationwide survey on March 8, 2026, across 62 prominent establishments in 46 cities, which confirmed a preliminary suppression of sales amounting to ₹408 crore.

In response to these findings, the Central Board of Direct Taxes (CBDT) is adopting a "trust-based" compliance approach rather than immediate punitive action. Under the SAKSHAM NUDGE initiative, the department has identified roughly 63,000 restaurants whose declared turnovers do not align with their digital transaction footprints. These taxpayers are currently receiving formal advisories via email and SMS, urging them to reconcile their records. To facilitate this, the department is encouraging the use of Section 139(8A) of the Income Tax Act, which allows businesses to file Updated Returns (ITR-U) and voluntarily disclose previously omitted income.

The window for this corrective action is narrow, with a hard deadline set for March 31, 2026. By providing this opportunity for voluntary disclosure, the Income Tax Department aims to reduce future litigation while ensuring that the F&B sector aligns with transparent reporting standards. Industry stakeholders are advised to conduct immediate internal audits of their billing systems and financial statements to ensure compliance before the fiscal year concludes, as the department has indicated that failure to utilize this "nudge" may lead to more rigorous enforcement measures and high-pitched assessments in the coming months.

Streamlining Investor Services: A Review of SEBI's Latest Consultation Paper

The SEBI consultation paper, issued on March 12, 2026, outlines a transformative proposal to simplify the process of transmission of securities, aiming to reduce the legal and procedural hurdles faced by heirs after an investor's death. Recognizing that the current requirements for succession certificates and probated wills often lead to excessive costs and delays, SEBI proposes to significantly raise the monetary thresholds for "simplified documentation." Specifically, the limit for physical securities is slated to increase from ₹5 lakhs to ₹10 lakhs per listed entity, while the threshold for demat securities will double from ₹15 lakhs to ₹30 lakhs per beneficial owner. To further expedite the process for very small holdings, the paper introduces a "Straight Through Processing" (STP) category for holdings up to ₹30,000, allowing for near-instant transmission with minimal paperwork. Beyond monetary limits, the proposal adopts a risk-based approach to documentation, suggesting that a probated will should no longer be mandatory for high-value claims if they are undisputed, thereby saving families from lengthy court proceedings. For cases with a registered nomination, the process is streamlined to require only a death certificate, a transmission request form, and basic identification. For cases without a nomination, the framework suggests using indemnity bonds and No Objection Certificates (NOCs) from other legal heirs for claims within the new thresholds. The paper also addresses the challenges faced by Non-Resident Indians (NRIs) by allowing death certificates issued abroad to be verified by authorized officials of foreign banks or overseas branches of Indian banks. To ensure accountability, SEBI mandates that all listed companies and Registrars to an Issue and Share Transfer Agents (RTAs) must complete the transmission process within a strict 21-day timeline from the receipt of all valid documents, thereby fostering a more efficient and investor-friendly ecosystem.

Top Trends

- Retail investor democratization
- Algorithmic and quantitative trading growth
- Market liquidity fragmentation
- Cross-border capital mobility
- Financial market volatility cycles
- Derivatives market expansion
- Market microstructure evolution
- Blockchain integration into financial infrastructure
- Stablecoins as payment rails
- Tokenization of financial assets
- Crypto market institutionalization
- Decentralized finance experiments
- Digital identity in financial services
- Programmable money systems
- Digital custody and asset security
- Global regulatory frameworks for digital assets
- Convergence of fintech and traditional finance
- AI-driven financial analytics
- AI in credit scoring and lending
- Big data transforming investment strategies
- Cloud infrastructure for financial institutions

Top Trends

- Cybersecurity risks in financial systems
- AI-powered financial advisory services
- Data monetization in financial institutions
- Automation of back-office operations
- Climate risk integration into financial models
- Expansion of green bond markets
- Transition finance for carbon-intensive industries
- ESG investment debates and evolution
- Carbon pricing mechanisms
- Climate disclosure standards
- Renewable energy financing boom
- Sustainable infrastructure investments
- Climate stress testing in banking
- Financial system exposure to climate risk
- Corporate balance sheet restructuring
- Rising cost of capital
- Mergers and acquisitions cycles
- IPO market volatility
- Private equity influence on corporate strategy
- Global startup funding cycles

ITAT Ahmedabad remands 80G approval rejection where religious expenditure limit was not examined

Om Seva Dham vs Commissioner of Income-tax

Case Citation: [2026] 184 taxmann.com 156 (Ahmedabad – Trib.)

Court/Tribunal: Income Tax Appellate Tribunal, Ahmedabad Bench 'B'

Counsel:

- For the Assessee: Shri Ashish Goyal
- For the Revenue: Shri Ashish Porwal, Sr. DR

Statutory Provisions Involved:

Section 80G and Section 80G(5B) of the Income-tax Act, 1961

Tribunal's Detailed Analysis:

The Tribunal examined the factual matrix of the case along with the applicable provisions of the Income-tax Act governing residential status and the scope of taxation for non-resident taxpayers. It emphasized that the determination of tax liability in cases involving foreign assets and income depends primarily on the residential status of the assessee during the relevant financial year.

The Tribunal noted that unless the Revenue establishes that the income either accrues, arises, or is received in India, or is otherwise deemed to accrue or arise in India under the provisions of the Act, such income cannot automatically be brought to tax in the hands of a non-resident taxpayer. The decision also highlighted the importance of credible evidence and proper verification before drawing conclusions regarding undisclosed foreign income.

Accordingly, the ruling reiterates the principle that tax authorities must rely on substantive evidence when alleging non-disclosure of overseas assets and must carefully evaluate the residential status of the taxpayer while determining the scope of taxation under the Income-tax Act.

Key findings and final Ruling:

Based on the facts and applicable legal provisions, the Tribunal held that the determination of taxability must be strictly aligned with the assessee's residential status and the territorial scope of taxation prescribed under the Income-tax Act.

ITAT Delhi invalidates reassessment proceedings started before completion of scrutiny assessment

Lalit Kumar Modi v. DCIT

Case Citation: ITA No. 1636/DEL/2023 (A.Y. 2010-11)

Court/Tribunal: Income Tax Appellate Tribunal (ITAT)

Counsel:

- For the Petitioner (Assessee): As per record
- For the Respondent (Revenue): As per record

Statutory Provisions Involved:

Section 147, 148, 143(2), 143(3), and 139(1) of the Income Tax Act, 1961

Key Facts:

The case concerns proceedings initiated by the Income Tax Department in relation to the alleged non-disclosure of foreign bank accounts and overseas financial transactions by the assessee. During the course of assessment proceedings, the tax authorities examined certain financial records and information relating to foreign assets and accounts maintained outside India. The Revenue raised concerns regarding the possible taxability of income connected with such accounts and questioned the residential status of the assessee for the relevant assessment year. The assessee contended that he qualified as a non-resident for the relevant assessment year and therefore income earned outside India could not be subjected to tax in India unless it was received or deemed to be received in India. It was further argued that the alleged foreign income did not accrue or arise in India and that the department had not established sufficient evidence linking the foreign accounts to taxable income under Indian law.

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The Tribunal noted that unless the Revenue establishes that the income either accrues, arises, or is received in India, or is otherwise deemed to accrue or arise in India under the provisions of the Act, such income cannot automatically be brought to tax in the hands of a non-resident taxpayer. The decision also highlighted the importance of credible evidence and proper verification before drawing conclusions regarding undisclosed foreign income.

Accordingly, the ruling reiterates the principle that tax authorities must rely on substantive evidence when alleging non-disclosure of overseas assets and must carefully evaluate the residential status of the taxpayer while determining the scope of taxation under the Income-tax Act.

Key findings and final Ruling:

Based on the facts and applicable legal provisions, the Tribunal held that the determination of taxability must be strictly aligned with the assessee's residential status and the territorial scope of taxation prescribed under the Income-tax Act.

Interpretations of the India-USA DTAA regarding Royalty Accrual and PE Existence

Oracle Systems Corporation vs. Additional Director of Income-tax

Case Citation: [2026] 184 taxmann.com 34 (Delhi - Trib.)

Court/Tribunal: ITAT, Delhi Bench "D"

Counsel:

G.C. Srivastava, Kalrav Mehrotra, Shubham Bansal (Advocates), O.P. Mehra, Atishay Jain, Pushpak Garg (CAs) for Appellant; Indruj Singh Rai (Special Counsel) for Respondent.

Statutory Provisions Involved:

Section 9, 195, 234B, 250, 237 of the Income-tax Act, 1961; Article 5, 12, 26 of the India-USA DTAA.

Key Facts:

The central facts revolve around a U.S. parent company and its wholly-owned Indian subsidiary (OIPL), where the AO sought to tax 100% of the service compensation as royalty and claimed OIPL constituted a Permanent Establishment (PE) in India. The Tribunal's detailed analysis rejected the AO's attempt to impute "notional royalty" on global deals, finding no legal basis for it because the Software Support Services Agreement (SSSA) did not contractually entitle the assessee to such royalty. On the PE issue, the Tribunal applied the "disposal test" from the Supreme Court's Formula One World Championship and Hyatt International rulings, determining that the AO failed to prove OIPL's premises were at the "disposal" of the assessee or that OIPL habitually concluded contracts on the assessee's behalf. The Tribunal further held that royalty was taxable at the beneficial 15% DTAA rate without adding surcharge or cess, and it ordered the recomputation of interest under section 234B in line with the Mitsubishi Corporation decision.

Tribunal's Detailed Analysis:

The Tribunal's detailed analysis highlighted that under section 80G(5B), a trust is statutorily permitted to incur up to 5% of its total income on religious activities. The Tribunal found that the Commissioner (Exemption) had failed to record any specific finding as to whether the trust's actual religious expenditure exceeded this statutory 5% threshold. Accordingly, the Tribunal deemed the summary rejection improper and remanded the matter to the Commissioner (Exemption) for the limited purpose of examining whether the 5% limit was breached before reconsidering the application.

key findings & Final ruling:

The Tribunal found that the AO's attempt to tax 100% of the service compensation as royalty lacked legal foundation, as the assessee had no contractual right to receive royalty on global deals under the Software Support Services Agreement (SSSA).

Top Trends

- Corporate digital transformation investments
- Supply chain finance innovation
- Corporate governance reforms
- Resilience strategies for multinational firms
- Economic rivalry between major powers
- Sanctions shaping global finance
- Strategic control of critical resources
- Financial system fragmentation
- Currency blocs and alternative payment systems
- Geopolitical risks in investment decisions
- Trade wars and tariff regimes
- Sovereign wealth fund strategies
- Resource nationalism
- Defense spending and economic impact
- Aging populations and pension pressures
- Wealth inequality and financial policy
- Financial inclusion through technology
- Urbanization and infrastructure finance
- Middle-class expansion in emerging markets
- Migration and labor market changes

Top Trends

- Sri Lanka progresses Youth-driven digital financial adoption
- Social expectations on corporate responsibility
- Financial literacy movements
- Changing consumer financial behavior
- Integrated global digital financial infrastructure
- Rise of multipolar economic systems
- Hybrid public-private financial ecosystems
- Resilient financial systems on credit growth.
- Hong Kong property prices fall further.
- Singapore dollar strengthens on safe-haven appeal.
- Malaysia's palm oil exports rise to multi-year highs. Integrated global digital financial infrastructure
- Rise of multipolar economic systems
- Hybrid public-private financial ecosystems
- Resilient financial systems after crises

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