

# FIN-O-SCOPE

28th Feb, 2026



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## Table of Contents

Particulars	Page Number
Press Release/Circulars	1-2
Judicial precedents and case law analysis	3-7

## Top Trends

- US tech stocks rally as AI investment momentum continues.
- China's exports rebound slightly after months of contraction.
- European banks see rising loan defaults amid household pressure.
- Australian retail sales unexpectedly rise, boosting market confidence.

# Top Trends

- US Federal Reserve delays rate cuts amid sticky inflation expectations.
- Eurozone GDP growth remains stagnant despite modest consumer spending recovery.
- China injects liquidity into markets to support its struggling property sector.
- Japan officially ends negative interest rate policy after nearly eight years.
- India surpasses Hong Kong to become the world's third-largest stock market.
- German industrial output declines for the seventh consecutive month.
- UK inflation slows faster than expected, lifting household sentiment.
- OPEC+ considers further production cuts to stabilize global oil prices.
- Gold reaches record highs driven by strong central bank purchases.
- Bitcoin crosses major resistance as institutional ETF inflows surge.

## India-France DTAC Amending Protocol Signed

**PRESS RELEASE:-** 2225061

**DATE:** 28TH FEBRUARY, 2026

During the recent State visit of the President of France to India, the Government of the Republic of India and the Government of the French Republic signed a transformative Protocol amending the India-France Double Taxation Avoidance Convention (DTAC), originally established on 29 September 1992. This key agreement was executed by Mr. Ravi Agrawal, Chairperson of the Central Board of Direct Taxes (CBDT) for India, and Mr. Thierry Mathou, Ambassador of France to India, marking a significant milestone in bilateral tax relations. Designed to take effect following the completion of internal ratification procedures in both countries, the Amending Protocol brings the DTAC into full alignment with modern international standards, including the OECD/G20 Base Erosion and Profit Shifting (BEPS) Multilateral Instrument (MLI) that both nations have already ratified, thereby addressing gaps in the original framework and promoting equitable taxation.

At its core, the Protocol grants exclusive taxing rights on capital gains from the sale of company shares to the jurisdiction where the company is a tax resident, effectively eliminating the risk of double taxation that has long plagued cross-border investors. It decisively removes the contentious Most-Favoured-Nation (MFN) clause, which previously allowed automatic adoption of more favorable tax rates from third-country treaties and sparked numerous disputes in Indian courts; this deletion provides much-needed finality and reduces litigation for taxpayers. Dividend taxation sees a refined structure, shifting from a flat 10% rate to a tiered system—5% for beneficial owners holding at least 10% of the paying company's capital, and 15% for all other cases—making it more attractive for substantial strategic investments while maintaining fairness for portfolio holders. Further enhancements include aligning the definition of Fees for Technical Services (FTS) with that in the India-US DTAC, ensuring payments for technical, managerial, or consultancy services are clearly taxable based on the provision of specialized knowledge.

# Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)

**CIRCULAR NO :** 01/2026

**DATE:** 28TH FEBRUARY, 2026

The Ministry of Corporate Affairs has introduced the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026), to provide a one-time opportunity for companies to regularize delayed statutory filings and reduce the financial burden caused by accumulated additional fees. Under the Companies Act, 2013, companies are required to file their Annual Return and Financial Statements, and delays since July 2018 have attracted an additional fee of ₹100 per day without upper limits. Many MSMEs, private companies, producer companies, OPCs and new-age businesses have faced difficulties in completing compliance on time, leading to substantial financial liabilities. Considering multiple representations received from stakeholders, the Government has launched CCFS-2026 to promote ease of doing business and ensure that the corporate registry reflects accurate and up-to-date information.

The scheme, which will be in force from 15 April 2026 to 15 July 2026, allows both active and inactive companies to complete their pending annual filings by paying only 10 percent of the additional fees otherwise payable. It also enables inactive companies to apply for dormant status by paying half of the normal fee for the MSC-1 form, or to apply for strike-off under STK-2 at only 25 percent of the standard filing fees. These measures are intended to help companies reduce compliance costs and facilitate closure or dormancy for entities that are no longer operational.

CFS-2026 covers a wide range of e-forms under both the Companies Act, 2013 and the Companies Act, 1956. However, it does not apply to companies that have already been issued a final strike-off notice, those that have already filed for strike-off or dormant status before the scheme began, companies dissolved through amalgamation, or those classified as vanishing companies. The scheme also includes immunity provisions, ensuring that companies filing overdue documents during the scheme period are exempt from penalties for delays in filing annual returns and financial statements, provided the filings are made before or within thirty days of any adjudication notice.

## Top Trends

- South Korea records strong semiconductor export growth.
- Brazil reduces pace of monetary easing amid fiscal concerns.
- Saudi Arabia accelerates non-oil sector expansion under Vision 2030.
- UAE posts robust GDP growth driven by trade and logistics.
- Singapore maintains stable outlook amid global volatility.
- Global shipping costs rise due to Red Sea tensions.
- Oil demand forecast revised downward due to weakening global manufacturing.
- Canadian housing market cools as mortgage rates remain elevated.
- African Development Bank announces funding for regional energy projects.
- Mexico sees strong nearshoring investment due to US supply-chain shifts.
- Taiwan's electronics exports rise on global chip demand recovery.
- UK wage growth moderates, easing pressure on Bank of England.

# Top Trends

- Russia shifts more trade settlements to yuan amid sanctions.
- China-EU trade tensions grow over EV subsidies dispute.
- India's service sector expands at its fastest pace in a decade.
- Turkey raises interest rates again to tame soaring inflation.
- Argentina launches new reforms to stabilize national currency.
- French unemployment declines despite weak business confidence.
- Italy approves a new stimulus package for small businesses.
- US housing market stabilizes as mortgage rates ease slightly.
- Swiss franc strengthens due to safe-haven inflows.
- Indonesia attracts major investments in nickel processing facilities.
- Vietnam's manufacturing PMI returns to expansion zone.
- Thailand boosts tourism incentives to revive post-pandemic revenues.
- New Zealand dairy exports fall due to weaker global demand.

## Supreme Court upholds High Court decision quashing reassessment notices issued without tangible evidence dismissing Revenue's appeal

### ITO v. Amitkumar Chandulal Rajani

**Case Citation:** [2026] 183 taxmann.com 542 (SC)

**Court/Tribunal:** Supreme Court of India

**Counsel:**

- For the Petitioner (Revenue): A.S.G. and team (as per record)
- For the Respondent (Assessee): As per record

**Statutory Provisions Involved:**

Sections 5 and 9 of the Income-tax Act, 1961; Articles 7 and 12 of the India-Germany DTAA

**Key Facts:**

The Assessing Officer reopened the assessments of the assessee for AYs 2013-14 to 2015-16 based solely on information received from the Deputy Commissioner that a searched entity (NS group) allegedly provided cheque/DD entries in lieu of cash, and that the assessee had purportedly carried out transactions through this party. The AO issued notices under section 148 alleging unexplained income under section 69A, especially since the assessee had not filed returns for those years. However, the AO did not supply any underlying material, statements or evidence linking the assessee to the findings of the search.

**Tribunal's Detailed Analysis:**

The High Court found that the AO recorded reasons in a completely mechanical manner without demonstrating any live link between the material seized from the searched party and the assessee's alleged transactions. Further, the assessee was denied any supporting documents on the ground of "confidentiality," which prevented meaningful rebuttal.

The High Court held that absent any nexus between the seized material and the assessee, the AO could not form valid belief of income escaping assessment. The revenue challenged this before the Supreme Court through a Special Leave Petition (SLP).

## Key findings and final Ruling:

The Tribunal party allowed the appeal, excluding offshore supply receipts from taxation and directing net-basis computation of income attributable to the PE.

# ITAT Pune disallows depreciation on internally created goodwill and upholds buyback tax, treating intra-group restructuring and valuation

## Aptara Technologies Pvt Ltd v. DCIT

**Case Citation:** TS-194-ITAT-2026 (Pune)

**Court/Tribunal:** Income Tax Appellate Tribunal, Pune Bench

### Counsel:

- For the Assessee: Senior Advocate Percy Pardiwalla
- For the Revenue: Shri Amol Khairnar

### Statutory Provisions Involved:

Sections 32, 43(1), 43(6), 115QA of the Income-tax Act, 1961

### Key Facts:

The assessee, Aptara Technologies, amalgamated with Maximise Learning Pvt Ltd (MLPL), a fellow subsidiary within the same group. The amalgamation created goodwill of approx. ₹5.97 crore, on which the assessee claimed depreciation. The AO disallowed the depreciation, alleging the goodwill was artificially created to inflate share value, enabling a group-controlled buyback intended to avoid tax under section 115QA.

The AO concluded that no real intangible asset came into existence, as both entities belonged to the same parent and the valuation was engineered to suit intra-group objectives. The assessee also executed a significant buyback, which the AO held to be a colourable device to circumvent dividend distribution tax.

## Top Trends

- South Africa faces energy shortages impacting industrial output.
- Kenya experiences currency pressure amid rising import bills.
- Global cocoa prices surge due to supply disruptions in West Africa.
- Corn and wheat prices fall as US inventories improve.
- Aluminum prices rise on reduced Chinese production.
- Global corporate debt issuance increases amid refinancing needs.
- Bond yields stabilize after months of volatility.
- Middle Eastern sovereign funds increase investments in tech startups.
- Global M&A activity picks up in energy and renewable sectors.
- ESG investment demand slows amid regulatory uncertainty.
- India expands digital public infrastructure initiatives internationally.
- Binance strengthens compliance amid global crypto regulations.
- Mastercard launches AI-driven fraud-prevention tools globally.

# Top Trends

- IMF warns of slowing global productivity across major economies.
- WTO reports a slight improvement in global merchandise trade index.
- Euro weakens as ECB signals extended higher-for-longer stance.
- US dollar strengthens due to Treasury yield upticks.
- Japanese yen remains under pressure despite policy shift.
- Saudi Aramco reports higher refining margins.
- Qatar boosts LNG capacity to meet long-term global demand.
- Norway's sovereign fund posts strong quarterly returns.
- UK FTSE 100 hits multi-month high driven by mining stocks.
- Nasdaq sees record AI-related trading volumes.
- Chinese yuan faces continued depreciation pressure.
- Indian rupee remains stable amid strong forex reserves.
- Pakistan inflation eases but remains elevated.
- Bangladesh secures fresh financing from multilateral lenders.

## Tribunal's Detailed Analysis:

The Tribunal examined the nature of the amalgamation and noted that both companies were wholly owned subsidiaries of the same US parent. There was no transaction with unrelated third parties, and the creation of goodwill was entirely intra-group. The Tribunal held that the goodwill was not backed by any demonstrable business advantage, nor was it a genuine intangible asset emerging from arm's-length transactions.

The ITAT emphasized that goodwill cannot be "manufactured" in an arrangement orchestrated by a common owner and that the issue of 60.72 shares for each MLPL share showed disproportionate valuation driven by internal group considerations. The Tribunal relied on precedents that allow lifting of the corporate veil in cases where transactions are structured as colourable devices.

## Key Findings & Final Ruling:

- Depreciation on goodwill disallowed – the goodwill was fictitious and artificially created.
- Buyback tax under section 115QA upheld, treating the arrangement as a colourable attempt to avoid tax.

# ITAT Indore condones delay and remands matter to CIT(A) due to lack of reasoned order.

## Anil Turakhia v. ITO

**Case Citation:** TS-222-ITAT-2026 (Indore)

**Court/Tribunal:** Income Tax Appellate Tribunal, Indore Bench

### Counsel:

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

### Statutory Provisions Involved:

Section 253(5) (condonation of delay), Section 250(6)

### Key Facts:

The assessee filed appeals before the ITAT with substantial delays ranging from 347 to 701 days. The delays occurred due to significant physical and financial hardships. The Commissioner (Appeals) had dismissed the assessee's appeals due to non-prosecution, without providing reasoned orders as mandated under section 250(6). The assessee sought condonation of delay and argued that the CIT(A) failed to discharge statutory obligations.

## Tribunal's Detailed Analysis:

The ITAT accepted that the assessee had demonstrated "sufficient cause" under section 253(5) for condonation of delay. The Tribunal relied heavily on the Supreme Court's landmark judgment in Collector of Land Acquisition v. Mst. Katiji, which favours a justice-oriented approach over technicalities.

The Tribunal observed that despite some degree of negligence or lethargy on the assessee's part, the material hardships presented justified leniency. Importantly, the Tribunal noted that the CIT(A) failed to render a speaking order as required under section 250(6), since the dismissal was purely for non-appearance without adjudication on merits.

Given these deficiencies, the Tribunal held that the matter required fresh consideration.

## Key Findings & Final Ruling:

- Delay in filing the appeals condoned.
- All matters restored to CIT(A) for fresh adjudication on merits.
- No cost imposed given the assessee's financial hardship.

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# Top Trends

- Sri Lanka progresses towards debt restructuring milestones.
- Egypt receives increased Gulf investment commitments.
- Israel's tech sector shows resilience despite geopolitical tensions.
- US consumer confidence improves slightly.
- European retail sales fall amid cost-of-living worries.
- China's youth unemployment remains persistently high.
- Global renewable energy investments hit record levels.
- Electric vehicle demand slows in Europe due to subsidy cuts.
- US corporate earnings beat expectations in key sectors.
- Indian banks report strong 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.