

FIN-O-SCOPE

31st March, 2026



https://media.licdn.com/dms/image/v2/D5612AQG0K2uVSgs5FA/article-cover_image-shrink_720_1280/B56ZUKDA9LHEAI-/0/1739630318071?e=2147483647&v=beta&t=2e84pNR3vqFZuvU-12Q_2auwngYNxzUKI9bCt8R5DoE



Table of Contents

Particulars	Page Number
Notification & Circular	1-3
Judicial precedents and case law analysis	4-9

Top Trends

- Global economic growth remains moderate, avoiding recession but lacking strong expansion momentum.
- Structural issues like low productivity and aging populations continue to limit long-term growth potential.
- The post-pandemic recovery phase is ending, giving way to a slower and more normalized growth environment globally.

Top Trends

- The U.S. economy shows resilience with steady consumption and labor markets supporting growth.
- Meanwhile, Europe faces stagnation due to energy costs and weak industrial activity.
- China's economy is experiencing structural slowdown driven by property sector weakness and demographic challenges.
- This is impacting global trade and commodity demand significantly.
- Emerging markets are facing mixed growth outcomes due to external pressures and domestic policy constraints.
- Currency volatility and capital outflows remain key concerns.
- Inflation remains sticky globally, especially in services and energy sectors despite earlier rate hikes.
- This delays central banks' ability to ease monetary policy aggressively.

CBDT Notifies Income-tax Rules, 2026

Notification No.: G.S.R. 198(E) [No. 22/2026/F. No. 370142/41/2025-TPL]

•Date: 20th March 2026

•Issued by: Central Board of Direct Taxes (CBDT)

•Legal Authority: Section 533 of the Income-tax Act, 2025

Summary of Income-tax Rules, 2026

1. Framework & Objective

- Rules notified to operationalise the Income-tax Act, 2025, effective 1 April 2026.
- Aim: simplification, clarity, and modernisation of tax compliance.
- No major policy change—focus is on restructuring and ease of compliance.

2. Reduction in Complexity

- Rules reduced from:
 - 511 Rules → 333 Rules
 - 399 Forms → 190 Forms
- Use of:
 - Tables and structured formats
 - Reduced cross-referencing
 - Consolidated provisions

3. Key Structural Changes

TDS Provisions Simplified

- Multiple sections (192–194 series) merged into:
 - Section 392 – Salaries
 - Section 393 – Other payments
- Introduced tabular format for rates, thresholds, and applicability.

New Concept of "Tax Year"

- Replaces:
 - "Previous Year"
 - "Assessment Year"
- Aligns taxation with financial year, reducing confusion.

Return Filing Framework

- Unified section for:
 1. Original return
 2. Belated return
 3. Revised return
 4. Updated return
- Due dates remain largely unchanged.

Return Filing Framework

- Unified section for:
 - Original return
 - Belated return
 - Revised return
 - Updated return
- Due dates remain largely unchanged.

Forms Rationalisation

- PAN Forms redesigned:
 - Form 49A/49AA replaced with Forms 93–96
- TAN Form split:
 - Old Form 49B → Forms 134 & 135
- Form 60 replaced by Form 97.

4. Transition Mechanism (Key Highlight)

- Old Act (Income-tax Act, 1961) repealed from 1 April 2026, but:
 - Continues for earlier years
 - Pending proceedings remain valid
- Governed by Section 536 (Repeal & Savings)

5. No Change in Core Tax Principles

- No new taxes introduced
- No increase in tax burden
- Same:
 - TDS/TCS framework
 - Advance tax provisions
 - Interest rates
- Focus is procedural simplification, not policy change.

6. Parallel Compliance (Transition Year)

- FY 2025–26 → Governed by 1961 Act (AY 2026–27)
- FY 2026–27 → Governed by 2025 Act (Tax Year 2026–27)
- Both systems will run simultaneously on portal

Top Trends

- Premature rate cuts are being avoided to protect policy credibility.
- Real interest rates remain elevated, tightening financial conditions across households and businesses.
- This is slowing credit growth and investment activity.
- Inflation expectations are rising again due to energy price shocks and geopolitical tensions.
- This increases the risk of a second inflation wave.
- Monetary policy divergence is increasing as different economies face varying inflation dynamics.
- This is driving volatility in exchange rates and capital flows.
- Oil prices have surged due to geopolitical tensions and supply disruptions in key regions.
- This is feeding directly into inflation and increasing global economic uncertainty.
- Energy security has become a major priority for governments.

Top Trends

- India continues tax rationalisation under the new Income-tax Act, 2025 framework to improve compliance and reduce litigation.
- Increased use of AI and data analytics by tax authorities is strengthening detection of tax evasion and fraud.
- Global minimum tax (Pillar Two) implementation is expanding, impacting MNE tax structures and profit allocation.
- India's GST collections remain stable, indicating improved compliance and formalisation of the economy.
- CBDT focusing on faceless assessments to enhance transparency and reduce discretionary powers.
- Transfer pricing scrutiny is intensifying, especially in relation to intangible assets and intra-group services.
- Digital economy taxation continues to evolve, with debates on equalisation levy and SEP rules.

CIRCULAR NO. 01 / 2026

Date: 23 March 2026

Issued by: Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India

File: F.No.300173/26/2026-ITA-I

Subject: Clarification regarding power to condone delay in filing Form No. 10A under sub-clause (i) of clause (ac) of sub-section (1) of section 12A of the Income-tax Act, 1961 – reg.

Summary

Section 12A of the Income-tax Act lays down the conditions necessary for exemption of income under sections 11 and 12. Under sub-clause (i) of clause (ac) of section 12A(1), a trust or institution seeking registration must file its application in Form No. 10A within the prescribed period. From 1 October 2024, a proviso to section 12A(1)(ac) empowers the Principal Commissioner or Commissioner of Income-tax to condone delay in filing Form 10A if there is “a reasonable cause.”

However, ambiguity existed because, under Rule 17A(5) of the Income-tax Rules read with relevant notifications, the Director of Income-tax (CPC), Bengaluru is the statutory authority to issue registration under section 12A(1)(ac)(i). Various authorities sought clarification as to whether the Commissioner/PCIT or the DIT (CPC) had the power to condone delays.

CBDT Clarification

To mitigate hardship and ensure genuine trusts are not denied registration due to delayed filing:

- The jurisdictional Principal Commissioner or Commissioner of Income-tax is empowered to condone the delay in filing Form 10A for registration.
- This clarification applies to all pending or future applications for condonation filed on or after this circular's issue date.

Authority Invoked: Section 119(2)(b) of the Income-tax Act empowers CBDT to issue such beneficial directions.

Fiscally transparent LLCs are eligible for India-U.S. DTAA benefits if their income is taxed in the member's hands.

GE Engine Services LLC v. ACIT

Case Citation: [2026] 184 taxmann.com 238 (Delhi - ITAT)

Date of Order: 11 March 2026

Bench: Delhi Bench "D"

Members: Shri Vikas Awasthy (JM) and Shri Brajesh Kumar Singh (AM)

Assessment Year: 2021-22

Appeal No.: ITA No. 3700 (Delhi) of 2023

Tribunal's Detailed Analysis:

I. DTAA Entitlement – LLC as Resident of U.S.A.

- The Tribunal examined the Tax Residency Certificate (TRC) and found that:
 - The U.S. tax authorities certified the LLC as a branch/business unit of a U.S. corporation (General Electric Co.) which is resident in the U.S.A. for tax purposes.
 - The LLC had a U.S. Tax Identification Number; therefore, it was "liable to tax" within Article 4.
- Citing:
 - Azadi Bachao Andolan (SC) – held that "liable to tax" means legal liability, not actual payment of tax.
 - Wild West Domains LLC, General Motors Co. USA, GoDaddy.com LLC (Delhi ITAT)
- The Tribunal ruled: Liability to tax does not depend on payment but on the right of the state to tax.
- Therefore, the LLC was a resident of U.S.A. and eligible for India-U.S.A. treaty benefits.

→ Held: Assessee entitled to DTAA benefits.

II. Taxability of Offshore Repair Receipts

It was undisputed that:

- All work was done outside India.
- No personnel came to India.
- No technical knowledge was "made available" to the Indian airlines.
- The Tribunal interpreted Article 12(4)(b) – "make available" means imparting technical knowledge enabling the recipient to apply it independently.

Top Trends

- Tax authorities worldwide are increasing exchange of information under global transparency frameworks.
- India's fiscal deficit management remains a key priority amid rising infrastructure spending.
- Increased focus on tax litigation reduction through dispute resolution schemes and faster appellate processes.
- ESG-linked investments are gaining traction, influencing corporate financial and tax planning strategies.
- Cryptocurrency taxation frameworks are tightening with stricter reporting and compliance requirements.
- RBI maintains cautious monetary stance to balance inflation control and economic growth.
- Global inflation trends show moderation but remain sensitive to geopolitical tensions
- Corporate tax collections in India show steady growth due to improved profitability and compliance.
- OECD continues to refine BEPS guidelines to curb aggressive tax planning by multinational enterprises.

Top Trends

- Economic nationalism is rising, with governments focusing on domestic industries and strategic sectors.
- This is reducing global economic integration.
- Sanctions and trade barriers are becoming more common in international relations.
- These measures are disrupting global supply chains and financial flows.
- Risk premiums are increasing across global markets due to heightened uncertainty.
- Investors are demanding higher returns for taking on risk.
- Financial markets are experiencing heightened volatility due to uncertain economic and geopolitical conditions.
- Sudden shifts in sentiment are becoming more frequent.
- Investors are shifting towards safer assets like short-term bonds and cash equivalents.
- This reflects a defensive investment strategy.

II. Taxability of Offshore Repair Receipts

It was undisputed that:

- All work was done outside India.
- No personnel came to India.
- No technical knowledge was “made available” to the Indian airlines.
- The Tribunal interpreted Article 12(4)(b)—“make available” means imparting technical knowledge enabling the recipient to apply it independently.
- The Indian airlines continued to send engines for repair; therefore, they did not acquire the ability to apply GE’s technology independently.
- Relied upon:
 - Pratt & Whitney Canada Corp. v. DCIT (2025) 179 taxmann.com 278 (Delhi ITAT)
 - Rockwell Collins South East Asia Pte. Ltd. v. DCIT (2024, Delhi ITAT).
 - The Tribunal observed that learning incidental skills is not equivalent to “making available” technical knowledge.
 - Since all services were performed abroad and customers lacked the ability to apply the technology themselves, Article 12(4)(b) was not satisfied.
- → Held:
 - Receipts were not taxable under section 9(1)(vii) or Article 12(4)(b).
 - FTS addition of ₹471.64 crore deleted.
- Final Decision:
 - Appeal partly allowed in favour of the assessee.
 - DTAA benefit allowed;
 - FTS addition deleted.
 - Interest consequential;
 - Penalty initiation premature.
- Judgment Summary
 - Fiscally transparent LLCs are eligible for India-U.S. DTAA benefits if their income is taxed in the member’s hands.
 - Liability to tax ≠ actual payment of tax; Article 4 covers entities legally subject to the U.S. tax regime.
 - Offshore aircraft engine repairs do not “make available” technical knowledge; hence, receipts are non-taxable in India under DTAA.

Key Facts:

- The assessee, GE Engine Services LLC, a Delaware-incorporated single-member U.S. LLC, provided offshore aircraft engine repair and overhaul services and offshore supply of spare parts to Indian airlines.
- It earned about ₹471.64 crores from Indian customers (e.g. Air India, Tata SIA Airlines, AirAsia India)

- The engines were shipped abroad for overhaul and delivered back after completion with title and risk passing outside India.
- Assessee claimed income was not taxable in India under:
 - Section 9(1)(vii) of the Income-tax Act (as no services were rendered in India)
 - Article 12(4)(b) of the India-U.S. DTAA (as no technical knowledge was “made available”).
- The Assessing Officer:
 - Taxed receipts as Fees for Technical Services (FTS) under section 9(1)(vii) and Fees for Included Services (FIS) under Article 12(4)(b).
 - Denied treaty benefit holding that the assessee LLC was not “liable to tax” in the U.S.A., being fiscally transparent.
- The DRP upheld these positions.
- The assessee filed appeal before ITAT Delhi.

Key Issues:

1. Whether a fiscally transparent U.S. LLC is eligible for benefits under the India-U.S. DTAA as being “liable to tax” under Article 4.
2. Whether the offshore repair and overhaul revenue is taxable in India as FTS/FIS under the Act or DTAA.

Whether the enhancement of income in section 143(1) continues as a separate intimation or merges into the draft/final assessment order under section 144C.

Jubilant Ingrevia Ltd v. ACIT

Case Citation: [2026] 184 taxmann.com 239 (Delhi - ITAT)

Date of Order: 11 March 2026

Bench: Delhi Bench “A”

Members: Shri M. Balaganesh (AM) and Shri Raj Kumar Chauhan (JM)

Assessment Year: 2021-22

Appeal No.: ITA No. 5851 (Delhi) of 2024

Top Trends

- Equity markets are showing mixed performance depending on sector and region.
- Technology and energy sectors are particularly sensitive to macro changes.
- Bond yields remain volatile due to changing expectations about inflation and interest rates.
- This is impacting fixed-income investments significantly.
- Market sentiment remains fragile and highly reactive to economic data releases.
- Short-term movements are dominating long-term trends.
- Banking sector profitability is supported by higher interest rates improving net interest margins.
- However, loan demand is weakening due to higher borrowing costs.
- Credit conditions are tightening globally, reducing access to financing for businesses.
- This is slowing economic activity and investment.

Top Trends

- Default risks are increasing in highly leveraged sectors and emerging markets.
- Rising interest rates are making debt servicing more difficult.
- Regulatory focus on financial stability is increasing after recent market stresses.
- Authorities are closely monitoring systemic risks.
- Liquidity management is becoming critical for financial institutions in volatile markets.
- Banks are maintaining stronger buffers against shocks.
- Global debt levels remain elevated, limiting fiscal flexibility for governments.
- High debt burdens are constraining economic policy responses.
- Rising interest rates are increasing the cost of servicing public debt.
- This is putting pressure on government budgets worldwide.
- Fiscal policies are becoming more targeted rather than broad-based stimulus programs.
- Governments are focusing on specific sectors and vulnerable populations

Tribunal's Detailed Analysis:

Under the assessment framework:

- When AO uses the income determined in section 143(1) as the base figure in the draft assessment, the original intimation merges with the draft assessment order.
- Therefore, all enhancements or adjustments in 143(1) must be treated as "variations" requiring DRP adjudication.
- Since DRP refused to consider them, the assessee was denied due process.

:

Judgment / Decision:

- ITAT held:
 - The DRP should have adjudicated on those enhancements.
 - AO should have considered the assessee's pending rectification requests and grievances during finalisation.
- In the interest of justice, the matter was remanded to AO for de novo adjudication on merits of all adjustments made in 143(1) intimation.
- AO to examine each addition afresh after considering assessee's explanations and evidences.

Key Facts:

- The assessee, Jubilant Ingrevia Ltd., engaged in manufacture and sale of chemicals, filed return declaring income of ₹55.07 crore for AY 2021-22.
- CPC processed return under section 143(1) and enhanced income to ₹59.36 crore.
- The assessee filed rectification u/s 154, which CPC rejected.
- During scrutiny u/s 143(3), AO referred case to TPO, who proposed TP adjustment of ₹14.60 crore.
- AO issued draft order u/s 144C(1) adopting the enhanced income from CPC. DRP deleted TP adjustment but AO, in the final order, still retained total income at ₹59.36 crore.
- The DRP refused to deal with CPC adjustments, saying they were not part of AO's variation under 144C.
- The assessee appealed before ITAT.

Key Issues:

Whether the enhancement of income in section 143(1) continues as a separate intimation or merges into the draft/final assessment order under section 144C.
Whether DRP erred in refusing to adjudicate such adjustments.

Absence of irrevocability clause or dissolution clause cannot justify denial of registration/renewal under section 12AB

The Chamber of Tax Consultants & Ors. v. CIT (Exemptions) & Ors.

Court: Bombay High Court (Division Bench)

Citation: 2026:BHC-OS:6814-DB

Date of Judgment: 9 March 2026

Coram: B.P. Colabawalla & Firdosh P. Pooniwalla

Tribunal's Detailed Analysis:

- No statutory basis: Section 12AB does not require an explicit irrevocability clause.
- Irrevocability by law: Under the MPT Act—
- Sections 22(3A) and 22(3B) ensure that, even if a trust is revoked, its property cannot revert to the settlor but must go to another charitable body or the Public Trusts Administration Fund.
- Section 55 (cy-pres) further mandates application of assets to similar purposes upon failure of objects.
 - Therefore, public charitable trusts in Maharashtra are inherently irrevocable.
- Interpretation of section 63 (Income-tax Act):
 - A transfer is “revocable” only if the deed expressly provides for re-transfer or grants right to re-assume ownership.
 - Silence means irrevocability, not revocability.
- Citing precedents (Controller of Estate Duty v. Mangala, Tara Educational & Charitable Trust, etc.), the Court held that once property is dedicated to public charity, settlor cannot revoke it.
- The online Form 10AB forcing “Yes” answer creates a procedural absurdity; denial of registration on grounds of “false information” was arbitrary and illegal.
- The Court directed the CBDT to amend Form 10A/10AB utilities to substitute the question with “Is the trust/institution revocable?” so applicants can answer truthfully.

Top Trends

- Developing countries face higher risks of debt distress due to currency depreciation.
- External borrowing costs are rising significantly.
- Government spending is shifting towards defense, infrastructure, and energy security.
- This reflects changing global priorities.
- Global trade growth is slowing due to weaker demand and rising protectionism.
- This marks a shift away from decades of globalization.
- Supply chains are being diversified to reduce reliance on single regions.
- Companies are investing in resilience and redundancy.
- Logistics costs are rising again due to disruptions in global shipping routes.
- This contributes to inflationary pressures.
- Strategic industries are receiving increased government support and protection.
- This is shaping global trade dynamics.
- Trade policies are increasingly.

Top Trends

- Artificial intelligence is driving significant investment and transforming industries globally.
- Businesses are adopting AI to improve efficiency and competitiveness.
- AI is disrupting labor markets by automating certain jobs while creating new roles.
- This requires reskilling and workforce adaptation.
- Digital transformation is accelerating across financial services and other sectors.
- Fintech innovation is reshaping traditional business models.
- Cybersecurity risks are increasing with greater digitalization of economies.
- Companies are investing heavily in protecting data and systems.
- Data analytics is becoming central to decision-making in modern businesses.
- This enhances efficiency but requires strong data infrastructure.
- Rising input costs are putting pressure on corporate profit margins globally.
- Companies are focusing on cost control and efficiency improvements.

Judgment & Directions:

1. Absence of irrevocability clause or dissolution clause cannot justify denial of registration/renewal under section 12AB.
2. The reply "Yes" to Form 10AB Row 6 cannot be treated as false or as a "specified violation."
3. CBDT to modify Form 10A/10AB software accordingly.
4. All rejection orders on these grounds—including connected section 80G denials—are quashed.
5. CIT (Exemptions) directed to reconsider applications afresh within 6 weeks.

Disclaimer

This newsletter is intended for private circulation only. The views expressed are those of the editorial team and are based on publicly available information and Government portal platforms. Aman Satish & Company does not accept any liability, direct or indirect, for any consequences arising from the use of the information contained herein. Reproduction of any content from this newsletter is prohibited without prior consent from Aman Satish & Company. While every effort has been made to ensure the accuracy of the information, Aman Satish & Company does not accept responsibility for any errors or omissions. Aman Satish & Company 2026. All rights reserved.