

FIN-O-SCOPE

30th April, 2026



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Top Trends

- India's GDP growth outlook for FY26 remains strong amid resilient domestic demand.
- RBI continues its cautious stance balancing inflation and growth.
- Inflation shows signs of moderation but food prices remain volatile.
- Government capex push continues to drive infrastructure growth.

Top Trends

- India continues to maintain strong GDP growth momentum among major economies.
- RBI maintains cautious stance amid inflation uncertainties.
- Core inflation shows signs of gradual moderation.
- Digital payments in India witness consistent double-digit growth.
- UPI transactions reach new record highs.
- Government continues focus on infrastructure-led growth.
- Private capex cycle shows early signs of revival.
- Banking sector NPAs remain at multi-year lows.
- Credit growth remains robust across retail and MSME segments.
- NBFC sector sees improved liquidity conditions.
- SEBI tightens disclosure norms for listed entities.
- IPO market sees renewed activity after brief slowdown.
- ESG investing gains traction among institutional investors.
- Rupee shows relative stability against global currency fluctuations.

Revision of ITR-1 Schedule-IT and ITR-4 Renumbering

Notification No.: 57/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-1 and 4

This notification focuses on structural updates to the simplest tax return forms, specifically regarding payment details and salary schedules.

- **Form ITR-1 Schedule-IT Substitution:** A revised Schedule-IT has been introduced for detailing Advance Tax and Self-Assessment Tax payments, including BSR Code, Date of Deposit, Challan Serial Number, and Tax Paid.
- **Form ITR-4 Salary Schedule Renumbering:** In Part B (Gross Total Income), a specific sub-row (ii) has been renumbered as sub-row (iii).
- **Case Correction:** In Form ITR-4, Part B, row B2, the item label "Iva" has been corrected to lowercase "iva".

Corrigendum to ITR Forms – Schedule Corrections

Notification No.: 58/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-2

In continuation of Notification No. G.S.R. 227(E) dated 30th March 2026, the CBDT has issued a corrigendum to rectify errors and inconsistencies in various schedules of the Income-tax Return (ITR) forms.

The amendments primarily address incorrect formula references, row mismatches, and redundant columns, ensuring improved accuracy in tax computation and reporting.

Key Amendments:

- Schedule CG (Capital Gains): Correction in formula from "6c - 6d" to "5c - 5d".
- تعديل in row headings and internal references for consistency.

- Schedule 112A & Schedule 115AD:Column (1b) omitted, simplifying disclosure requirements.
- Schedule OS (Other Sources):Correction in section reference (e.g., “dxx” replaced with “dxxi”).
- Removal of grey shading in specific cells for clarity.
- Schedule CFL (Carry Forward of Losses):Correction in row reference (e.g., “2xv” replaced with “2xiv”).
- Part B – TI (Total Income):Rectification in row reference (letter “w” replaced with “v”).

Conclusion:

This notification is technical in nature, aimed at correcting drafting and formatting errors in ITR schedules without altering any substantive provisions of tax law.

Corrigendum to ITR Forms – Formatting & Reference Fixes

Notification No.: 59/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-3

CBDT has issued a corrigendum to Notification No. G.S.R. 228(E) dated 30th March 2026 to address minor drafting errors and formatting inconsistencies in ITR schedules

These changes ensure better clarity and accuracy in tax return preparation.

Key Amendments:

- Schedule CG (Capital Gains):Correction in computation wording: “Total (ic + ii)” standardized.
- Amendments in Part B and Part E to fix labeling inconsistencies.
- Schedule OS (Other Sources):Removal of grey shading in blank cells under specific columns (e.g., “upto 15/6” and “16/6 to 15/9”) to improve usability.

Conclusion:

The corrigendum introduces purely clerical corrections, enhancing the presentation and usability of ITR forms without impacting tax calculations materially.

Top Trends

- Mutual fund SIP inflows remain strong.
- FIIs show volatile investment patterns amid global uncertainty.
- Rupee remains range-bound against US dollar.
- Gold prices remain elevated due to global risk factors.
- Crude oil prices show moderate volatility.
- Global recession concerns continue to impact sentiment.
- US Fed maintains cautious policy outlook.
- India’s export growth faces pressure due to weak global demand.
- Services exports continue to support current account balance.
- Manufacturing PMI remains in expansion zone.
- GST collections remain consistently above ₹1.5 lakh crore.
- GST compliance improves with tech-driven monitoring.
- E-invoicing adoption expands across businesses.

Top Trends

- Direct tax collections show steady growth.
- CBDT issues corrigenda for ITR forms to improve accuracy.
- Faceless assessment system continues to evolve.
- Tax litigation reforms remain a policy focus area.
- Start-up ecosystem sees cautious funding environment.
- Venture capital funding shows selective investments.
- Unicorn creation slows compared to previous years.
- India emerges as key global manufacturing hub.
- PLI schemes continue to boost domestic production.
- Semiconductor mission gains policy traction.
- Renewable energy investments accelerate.
- EV adoption continues to rise in urban areas.
- Green finance gains importance in policy framework.
- Carbon credit markets see growing interest.

Corrigendum to ITR Forms – Formula & Cross-Reference Updates

Notification No.: 60/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-5

In reference to Notification No. G.S.R. 229(E) dated 30th March 2026, CBDT has issued this corrigendum to correct formula errors and cross-referencing issues in ITR schedules.

These updates aim to ensure accurate linkage between schedules and proper computation.

Key Amendments:

- Schedule CG (Capital Gains): Correction in formula for row A8: updated to “(A8a + A8b + A8c)” for accurate aggregation.
- Schedule UD (Unabsorbed Depreciation): Correction in cross-references to BFLA (Set-off of Losses) provisions:
 - “(3xvi of BFLA)” replaced with “(3xv of BFLA)”
 - “(4xvi of BFLA)” replaced with “(4xv of BFLA)”

Conclusion:

This notification is clarificatory and corrective, ensuring consistency in formulas and inter-schedule references in ITR forms.

Technical Corrections to Business Income and Capital Gains Schedules

Notification No.: 61/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-6

This corrigendum addresses typographical and formula errors in more complex schedules related to business and capital gains.

- **Spelling Correction:** In Part ABS, the vertical heading “QUITY” is substituted with the correct spelling, “EQUITY”.

- **Schedule BP Formula Update:** In row 37 of Schedule BP, the formula "36 + 36x" is corrected to "\$35 + 36x\$".
- **Pass-Through Income Integration:** A new sub-row (8) has been inserted in Schedule CG to account for Short Term Capital Gains from Pass-Through Income/Loss.
- **Omission of Columns:** Column (1b) has been omitted from both Schedule-112A and Schedule-115AD(1)(b)(iii) to streamline reporting.

Rectification of Cross-References and Formatting in CG and CYLA Schedules

Notification No.: 62/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-7

This notification corrects internal references and visual formatting within the Capital Gains and Loss Adjustment schedules.

- **Cell Shading Adjustments:** Specific greyed and blank cells in Schedule-I, Schedule OS, and Schedule-CYLA have been interchanged or removed for visual accuracy.
- **Schedule CG Item Deletions:** Row items \$A(4)(a)(i)\$ and \$A(4)(a)(ii)\$ are omitted, and a redundant sub-row 'a' under row B9 has been deleted.
- **Total Income Reference Update:** In Part B-TI, row references for Schedule CYLA have been updated from "xv" to "xiv" in both parts B1 and B3.

General Information Text Alignment Update

Notification No.: 63/2026

Date: 10th April 2026

Applicable ITR Forms: ITR-6

Top Trends

- Real estate sector shows steady demand recovery.
- Housing loan interest rates remain relatively stable.
- Affordable housing remains policy priority.
- Commercial real estate demand improves.
- Retail inflation impacts consumption patterns.
- Rural demand shows gradual recovery.
- Urban consumption remains resilient.
- E-commerce sector continues expansion.
- Quick commerce gains popularity in metros.
- Logistics sector benefits from infrastructure push.
- ONDC initiative gains traction in digital commerce.
- Fintech sector faces increased regulatory oversight.
- Digital lending norms tighten to protect consumers.
- Cybersecurity becomes key concern in financial sector.
- AI adoption increases in banking and finance.
- RegTech solutions see rising adoption.
- Cross-border payment innovations expand.

Top Trends

- Central Bank Digital Currency (CBDC) pilots progress.
- Blockchain use cases expand beyond crypto.
- Crypto regulations remain uncertain globally.
- Global supply chains continue to diversify.
- China+1 strategy benefits Indian manufacturing.
- Trade agreements play key role in export growth.
- Inflation remains key global macroeconomic concern.
- Interest rate cycles approach peak in major economies.
- Bond yields remain volatile globally.
- Emerging markets attract selective capital inflows.
- Commodity markets remain sensitive to geopolitical risks.
- Energy transition policies gain momentum worldwide.
- Climate risks increasingly impact financial planning.
- Government disinvestment plans progress gradually.
- Public sector banks improve profitability.
- Insurance sector sees higher penetration.
- Pension reforms gain policy attention.

A minor corrigendum focused on the presentation of text within the general information section of the returns.

- **Text Realignment:** In Part A General Information (row A10), the phrase "Wrong heads of income chosen" is now required to be placed on a separate line following the loss reporting text.

Rectification of Cross-References and Formatting in CG and CYLA Schedules

Notification No.: 64/2026

Date: 10th April 2026

This extensive notification amends various Income-tax rules and standardizes verification language across numerous forms.

- **Rule and Section Corrections:** References in Rule 165, Rule 229, and Rule 243 have been corrected to fix clerical errors in citing specific sections and rules.
- **Verification Language Standardized:** Throughout multiple sections and forms, the phrase "my/our" used in accountant verifications has been simplified to "my".
- **Aadhaar Column Removal:** The specific column for "Aadhaar" has been omitted in several Part B schedules where PAN is the primary identifier.
- **Structural Note Changes:** Various notes and Annexure references (Annexure A-2, A-5) have been renumbered or updated for consistency.

Interest earned on funds earmarked for setting up business is a Capital Receipt

VNG Automotive P. Ltd vs. Asstt. Commissioner of Income Tax

Case Citation: ITA 795/2004 & ITA 796/2004 (2026:DHC:2975-DB)

Court/Tribunal: High Court of Delhi

Date of Order: 10th April 2026

Counsel:

- Mr. Satyen Sethi & Mr. Arta Trana Panda (For Appellant)
- Mr. Abhishek Maratha, SSC (For Respondent)

Statutory Provisions Involved:

Income Tax Act, 1961 – Section 56 (Income from Other Sources)

Key Facts:

The appellant (assessee) was in the pre-commencement stage of setting up a business. During this period (AY 1993-94 and 1994-95), it earned interest on fixed deposits. The Revenue sought to tax this interest as "Income from Other Sources," while the assessee contended it should be treated as a capital receipt to reduce pre-operative expenses, as the funds were specifically earmarked for making balance payments for plant and machinery.

Tribunal's Detailed Analysis:

The Court examined whether the funds were "surplus" or "inextricably linked" to the business setup. It contrasted two landmark Supreme Court rulings: Tuticorin Alkali Chemicals, which taxes interest on surplus funds as income, and Bokaro Steel Ltd., which treats interest as a capital receipt if the funds are utilized for the project itself. The Court found that since the assessee had already made advances for machinery and kept these specific funds to pay the remaining balance, the placement of funds in FDs was a matter of necessity for the project.

Top Trends

- Financial inclusion expands through digital initiatives.
- Jan Dhan accounts continue to support inclusion.
- MSME credit access improves via digital platforms.
- TReDS adoption increases for invoice financing.
- Credit guarantee schemes support small businesses.
- Export incentives continue to evolve.
- Labour reforms implementation remains gradual.
- Formalization of economy continues to increase.
- Gig economy expands rapidly.
- Skill development remains key policy focus.
- Education financing demand rises.
- Healthcare spending increases post-pandemic.
- Pharma sector remains globally competitive.
- Biotechnology investments grow steadily.
- Tourism sector shows recovery momentum.
- Aviation sector demand strengthens.
- Data privacy regulations gain importance.

Top Trends

- Corporate governance norms tighten.
- Sustainability reporting becomes more prominent.
- Integrated reporting gains acceptance.
- Risk management frameworks strengthen in corporates.
- Mergers & acquisitions activity remains selective.
- Private equity investments focus on profitability.
- Cost optimization becomes priority for companies.
- Inflation volatility remains a key policy concern.
- Economic resilience improves amid global uncertainties.
- India's medium-term growth story remains structurally strong.
- Rising input costs are putting pressure on corporate profit margins globally.
- Companies are focusing on cost control and efficiency.
- Global economic uncertainty shapes business strategies.
- India's long-term growth outlook remains strong and stable.
- Government continues to rationalize compliance requirements to improve ease of doing business.

Key Findings and Final Ruling:

The Court set aside the ITAT order, holding that interest earned on funds inextricably linked to the setting up of the business is a capital receipt. Such interest should be set off against pre-operative expenses rather than being taxed as independent income.

Doctrine of Lis Pendens applies to sale deeds executed during pendency of litigation

Russi Fisheries P. Ltd. & Anr. vs. Bhavna Seth & Ors.

Case Citation: Civil Appeal No. 109 of 2010 (2026 INSC 339)

Court/Tribunal: Supreme Court of India

Date of Order: 9th April 2026

Counsel:

- Judgment by Hon'ble Mr. Justice Pankaj Mithal

Statutory Provisions Involved:

Transfer of Property Act, 1882 – Section 52 (Transfer of Property Pending Suit); Specific Relief Act

Key Facts:

A suit for specific performance was filed regarding an agreement to sell agricultural land dated 18.07.1988. The litigation spanned several decades. While the matter was pending, the defendants executed multiple sale deeds in favor of third parties in 2009 and 2025. The First Appellate Court had granted a decree of specific performance in favor of the plaintiffs, which was upheld by the High Court.

Tribunal's Detailed Analysis:

The Supreme Court analyzed the validity of the transfers made by the defendants while the suit was active. It emphasized that Section 52 of the Transfer of Property Act prohibits any party to a suit from transferring property in a way that affects the rights of another party under any decree that may be made. The Court noted that the plaintiffs had remained diligent and eventually executed the sale deed through the court's due process.

Key Findings:

The Court dismissed the appeal and held that the sale deeds executed during the pendency of the litigation were "non est" (legally non-existent) as they were hit by the doctrine of lis pendens. It further ruled that it would be inequitable to dislodge the plaintiffs after substantive rights had accrued following the execution of the decree.

Taxation of Dividend Distribution Tax (DDT) under Tax Treaties and referral to Special Bench

Foseco India Ltd. vs. Assistant Commissioner of Income Tax, Circle-1 (1), Pune

Case Citation: INCOME TAX APPEAL NO. 1123 OF 2025

Court/Tribunal: High Court of Judicature at Bombay

Date of Order: 27th April 2026

Counsel:

- Mr. Sagar Tilak a/w Sachin Hande (For Appellant)
- Mr. N. Venkataraman, ASG a/w Sushma Nagaraj (For Respondent)

Statutory Provisions Involved:

Income Tax Act, 1961 – Section 115-O (Dividend Distribution Tax), Section 90 (Agreement with foreign countries/Tax Treaties)

Key Facts:

The appellant, Foseco India Ltd., challenged the levy of Dividend Distribution Tax (DDT) under Section 115-O of the Income Tax Act. The core of the dispute involves whether a domestic company can claim the benefit of a lower tax rate prescribed in a Double Taxation Avoidance Agreement (DTAA/Tax Treaty) when paying DDT, even though DDT is technically a tax on the company and not directly on the shareholder.

Tribunal's Detailed Analysis:

The Court noted that this is a "macro issue" affecting nearly every domestic company with foreign shareholders. The primary legal tension lies in whether the protection granted by tax treaties regarding "taxation of dividends in the source jurisdiction" can be extended to DDT.

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.
- Companies are focusing on cost control and efficiency.

Top Trends

- Infrastructure investment trusts (InvITs) expand.
- REIT market gains traction among investors.
- Urban consumption remains a strong growth driver.
- Rural credit access improves with digital initiatives.
- Climate risks increasingly factor into financial decisions.
- Sustainable finance frameworks evolve rapidly.
- Public-private partnerships gain momentum.
- Import diversification reduces supply chain risks.
- Domestic supply chains strengthen resilience.
- Credit rating upgrades reflect stronger balance sheets.
- Corporate profitability remains stable across sectors.
- Inflation volatility remains a key policy concern.
- Economic resilience improves amid global uncertainties.
- India's medium-term growth story remains structurally strong.
- Rising input costs are putting pressure on corporate profit margins globally.

While Section 115-O imposes a tax on the company distributing the dividend, the economic burden often falls on the treaty-partner residents (shareholders). The court considered whether treaty provisions should prevail over the domestic levy under Section 115-O by virtue of Section 90 of the Act.

Key Findings and Final Ruling:

Given the substantial revenue implications and the holistic nature of the legal question, the Court viewed this as a fit case for the constitution of a Special Bench (consisting of three or more Members).

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