Aman Satish and Company,
Chartered Accountants

FIN-O-SCOPE

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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.

CBDT Issues Major Transfer & Posting Orders Across Senior Tax Administration Cadres

The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, issued a series of significant administrative orders dated 19 May 2026 relating to transfer, posting and promotion of officers across various ranks of the Income Tax Department. The orders, namely Office Order Nos. 114, 115 and 116 of 2026, involve extensive restructuring and deployment of officers across different regions and functional verticals of the department.

Transfers/Postings in the cadre of Principal Commissioner of Income Tax (Pr. CIT) / Principal Director of Income Tax (Pr. DIT)

Office Order No. 114 of 2026
Date: 19th May,2026

CBDT issued Office Order No. 114 of 2026 announcing transfer and posting orders in the senior-most field formation comprising Principal Commissioners of Income Tax and Principal Directors of Income Tax. The order includes both promotion cases and mutual/request transfer cases with immediate effect and until further orders. A large number of senior officers have been assigned key positions across major jurisdictions such as Delhi, Mumbai, Ahmedabad, Bengaluru, Hyderabad, Kolkata, Chennai, Chandigarh, Jaipur, Pune and Nagpur. Several officers have also been posted to specialized verticals including Investigation, Audit, Central Charges, Verification Units, National Academy of Direct Taxes (NADT) and CBDT headquarters.

Top Trends

- India's direct tax collections continue to witness steady growth, reflecting improved compliance and stronger economic activity.
- The Union Budget 2026 focused heavily on infrastructure spending, digital governance, and manufacturing incentives.
- RBI maintained a cautious stance on inflation while supporting growth through calibrated monetary measures.
- India's GDP growth outlook remains among the strongest globally despite global economic uncertainty.
- SEBI intensified scrutiny on insider trading and market manipulation to strengthen investor confidence.
- GST authorities increased focus on fake invoicing and input tax credit mismatches through AI-based tracking systems.
- The government expanded Production Linked Incentive (PLI) schemes to boost domestic manufacturing capabilities.

The order further specifies that a number of postings shall remain subject to review during Annual General Transfers (AGT) 2027 or upon completion of deputation/leave periods. The reshuffle is aimed at strengthening administrative efficiency and streamlining departmental functioning across regions.

Transfers/Postings in the cadre of Additional Commissioner of Income Tax / Joint Commissioner of Income Tax

Office Order No. 115 of 2026
Date: 19th May,2026

Through Office Order No. 115 of 2026, CBDT notified a comprehensive list of transfers and postings involving officers in the grade of Additional Commissioner of Income Tax and Joint Commissioner of Income Tax.

The order primarily covers promotion-related placements and regional allocations across important jurisdictions including Gujarat, Mumbai, Delhi, Rajasthan, Karnataka & Goa, Tamil Nadu & Puducherry, Andhra Pradesh & Telangana, Odisha, Pune, Nagpur, Bihar & Jharkhand, West Bengal & Sikkim and North Eastern Region (NER).

A significant number of officers have been assigned responsibilities in assessment, audit, verification, and investigation wings. Certain officers have also been posted on deputation, while many cases have been marked "to be reviewed in AGT 2027," indicating that the present allocations may be revisited in the upcoming transfer cycle.

The large-scale movement of officers reflects CBDT's continued focus on administrative restructuring and optimal manpower deployment within the Income Tax Department.

Top Trends

- Venture capital funding showed selective recovery, especially in fintech, AI, and green energy sectors.
- Start-up IPO activity witnessed gradual improvement amid stabilizing market conditions and investor sentiment.
- India emerged as a leading destination for global capability centres (GCCs) and outsourcing operations.
- Renewable energy investments accelerated with increased policy support for solar and green hydrogen projects.
- CBDT introduced technology-driven compliance monitoring to improve tax administration efficiency.
- Offshore share transfer taxation continues to remain a key litigation area under indirect transfer provisions.
- Courts are increasingly emphasizing principles of natural justice in reassessment and search-related tax cases.

Top Trends

- Tribunals reiterated that reassessment cannot be initiated merely on change of opinion without fresh material.
- ITAT ruled that redevelopment flats received in exchange for old flats are not taxable under Section 56(2)(x).
- Bombay High Court reaffirmed that reassessment beyond four years requires failure to disclose material facts.
- Cross-examination rights were recognized as essential where additions are based on third-party statements.
- India's semiconductor and electronics manufacturing sector witnessed increased policy attention and investments.
- Digital payment adoption in India continued to rise rapidly, driven by UPI expansion and fintech innovation.
- Semiconductor mission gains policy traction.
- Renewable energy investments accelerate.
- Real estate transaction.

Transfers/Postings in the cadre of Deputy Commissioner of Income Tax / Assistant Commissioner of Income Tax

Office Order No. 116 of 2026
Date: 19th May,2026

CBDT also issued Office Order No. 116 of 2026 covering transfer and posting orders in the cadre of Deputy Commissioner of Income Tax (DCIT) and Assistant Commissioner of Income Tax (ACIT).

The order contains an extensive list of promotion cases and regional postings involving officers across Delhi, Gujarat, Mumbai, Pune, Rajasthan, Karnataka & Goa, Tamil Nadu & Puducherry, Odisha, West Bengal & Sikkim, Uttar Pradesh, Madhya Pradesh & Chhattisgarh, Andhra Pradesh & Telangana and several other regions.

Apart from regular field postings, officers have also been assigned to specialized functions and administrative units. Some officers have been placed on deputation or leave-related postings, while numerous cases have been made subject to review during AGT 2027.

The latest administrative exercise by CBDT is expected to facilitate operational efficiency, strengthen regional administration and support the department's evolving compliance and enforcement framework.

CBDT Grants Approval to Shree Hari Arogyam Foundation for Scientific Research under Section 35(1)(iia)

Notification No.: 06/26
Date: 12 May 2026

The Central Board of Direct Taxes (CBDT), through the Principal Chief Commissioner of Income Tax (Exemptions), Delhi, has issued Notification No. 06/2026 dated 12 May 2026 under clause (iia) of sub-section (1) of Section 35 of the Income-tax Act, 1961 read with Rule 5F of the Income-tax Rules, 1962.

Key Highlights

- Approval has been granted to M/s Shree Hari Arogyam Foundation (PAN: ABGCS1785A).
- The institution is recognized for carrying out Scientific Research activities.
- The Foundation is located at Sector 3, Gandhinagar Sector 23, S.O. Gandhinagar, Gujarat – 382024.
- The approval has been granted under Section 35(1)(iia) of the Income-tax Act, 1961.
- The notification has been issued by the Principal Chief Commissioner of Income Tax (Exemptions), New Delhi.

Period of Validity

The approval shall remain valid for five Assessment Years, commencing from AY 2026-27 and continuing up to AY 2030-31.

Significance

The notification formally recognizes the institution for scientific research purposes under the Income-tax Act. Such approvals strengthen the ecosystem for research and development activities by enabling eligible institutions to operate within the prescribed tax framework and facilitate participation in approved scientific research initiatives.

Conclusion

With the issuance of Notification No. 06/2026, CBDT has accorded statutory recognition to Shree Hari Arogyam Foundation as an approved institution engaged in scientific research, thereby reinforcing the Government's continued support towards research-driven development and innovation.

Top Trends

- India’s tax collections showed consistent growth driven by improved compliance measures.
- RBI continued balancing inflation control with economic growth objectives.
- Infrastructure spending remained a major focus area in Budget 2026.
- GST authorities increased action against fake invoicing networks.
- SEBI strengthened disclosure norms for listed companies and intermediaries.
- India retained its position among the fastest-growing major economies globally.
- Fiscal deficit targets remained a key focus of government policy planning.
- Digital payments in India crossed record transaction volumes through UPI platforms.
- Start-up funding improved gradually after a period of market slowdown.
- Green energy investments attracted significant domestic and foreign capital inflows.

Top Trends

- Manufacturing incentives under PLI schemes continued expanding across sectors.
- CBDT promoted faceless assessments to improve transparency in tax administration.
- Courts emphasized fairness and natural justice in reassessment proceedings.
- India's exports showed resilience despite global trade uncertainties.
- Venture capital investments remained selective in technology-driven sectors.
- The government increased focus on semiconductor manufacturing initiatives.
- Banking sector NPAs continued declining due to stronger recovery mechanisms.
- AI adoption accelerated across finance, taxation, and compliance sectors.
- GST collections consistently crossed strong monthly revenue benchmarks.
- Fintech companies witnessed higher regulatory oversight from RBI and SEBI.
- Real estate redevelopment disputes continued generating major tax litigation.

CENTRAL ACTION PLAN (CAP) 2026-27 – KEY HIGHLIGHTS

CBDT Releases Central Action Plan (CAP) 2026-27

The Central Board of Direct Taxes (CBDT) has released the Central Action Plan (CAP) 2026-27 outlining the department's strategic priorities, performance targets and administrative framework for Financial Year 2026-27. The Action Plan provides detailed Key Result Areas (KRAs), timelines and responsibilities for various formations of the Income Tax Department including assessment units, faceless charges, appellate authorities, demand management authorities and grievance redressal mechanisms.

The CAP 2026-27 emphasizes strengthening tax administration, improving taxpayer services, enhancing disposal efficiency and ensuring timely recovery and collection of taxes.

Direct Tax Collection Performance and Budget Targets

CBDT reported that net direct tax collection during FY 2025-26 stood at ₹23.40 lakh crore, comprising Corporate Tax collections of ₹10.99 lakh crore and Non-Corporate Tax collections of ₹11.83 lakh crore. For FY 2026-27, the Government has fixed an overall direct tax collection target of ₹26.97 lakh crore including:

- Corporation Tax – ₹12.31 lakh crore
- Taxes on Income – ₹13.92 lakh crore
- Securities Transaction Tax (STT) – ₹73,700 crore

Mumbai Region continues to contribute the highest share towards tax collections followed by Karnataka & Goa, Delhi and International Taxation charges.

Strengthening Grievance Redressal and Taxpayer Services

CBDT reiterated its commitment towards taxpayer-centric administration under the Taxpayers' Charter framework.

The department has prescribed strict timelines for grievance disposal through CPGRAMS and e-Nivaran platforms including:

- AO disposal within 15 days
- Closure by PCIT/CIT within 21 days
- High-priority grievances from PMO/FMO/CBDT within 15 days

Officers have been directed to ensure timely login and monitoring of grievance portals to improve departmental rankings under the Grievance Redressal & Assessment Index (GRAI).

Faceless Assessment and Digital Administration

The CAP also strengthens the faceless assessment ecosystem under Section 144B through updated Standard Operating Procedures (SOPs), staggered timelines and technology-based monitoring systems.

Key focus areas include:

- Timely issuance of notices and questionnaires
- Monitoring of time-barring assessments
- Digital transfer and allocation of scrutiny cases
- Improved coordination among Assessment Units, Review Units, Technical Units and Verification Units
- Monthly monitoring of non-responsive assessees and digital footprint cases

The Directorate of Systems and NaFAC have also been assigned specific implementation timelines for various automation and system enhancement measures.

Litigation Management and Appeal Disposal

The CAP 2026-27 introduces revised targets and categorization mechanisms for disposal of pending appeals before CIT(A) and JCIT(A). CBDT reported disposal of over 2.24 lakh appeals during FY 2025-26, significantly higher than the number of new appeals instituted during the year.

Major focus areas include:

- Faster disposal of legacy appeals
- Priority disposal of high-demand "T-category" appeals
- Enhanced point-based incentive structure for appellate authorities

Top Trends

- Real estate sector shows steady demand recovery.
- Offshore share transfer taxation remained a significant international tax issue.
- Courts reiterated that reassessment cannot be based on mere change of opinion.
- Tax tribunals increasingly relied on principles of procedural fairness.
- India's renewable energy capacity expanded through solar and wind projects.
- Economic growth in rural sectors improved due to higher infrastructure spending.
- Capital expenditure allocation remained a key driver of economic expansion.
- RBI maintained strict vigilance on inflationary pressures in food prices.
- Corporate tax compliance became increasingly technology-driven and automated.
- E-commerce taxation continued evolving with changing digital business models.

Top Trends

- ITAT ruled that redevelopment flats are not taxable under Section 56(2)(x).
- Courts stressed that cross-examination rights are essential in tax disputes.
- The government promoted domestic defence manufacturing through policy incentives.
- Digital taxation continued to be debated globally among major economies.
- Indian equity markets witnessed strong retail investor participation.
- Foreign institutional investment flows remained sensitive to global interest rates.
- Budget policies focused on employment generation and skill development.
- India's logistics and transportation sector saw rapid modernization initiatives.
- Compliance automation reduced manual intervention in indirect tax administration.
- MSMEs received increased policy support through credit and subsidy schemes.
- Global recession concerns affected international trade and investment sentiment.

Supreme Court to Decide Whether Dividend Distribution Tax is Eligible for DTAA Benefits

Joint Commissioner of Income-tax, Panji vs. Colorcon Asia (P.) Ltd.

Case Citation: [2026] 186 taxmann.com 774 (SC)
Court/Tribunal: Supreme Court of India
Date of Order: 13th May 2026
Counsel:

- For the Assessee: N. Venkataraman, ASG, along with other counsels
- For the Revenue: Porus Kaka, Rajiv Shakdher, V. Sridharan, Senior Advocates, along with other counsels

Statutory Provisions Involved:

- Income Tax Act, 1961 – Section 90, Section 115-O

Key Facts:

Colorcon Asia (P.) Ltd., an Indian subsidiary wholly owned by a UK-based parent company, distributed dividends to its parent entity and paid Dividend Distribution Tax (DDT) under Section 115-O of the Income-tax Act. The assessee contended that, by virtue of Article 11 of the India–UK DTAA, the tax on such dividends should be restricted to 10%.

The Board for Advance Rulings rejected the claim, holding that DDT falls outside the scope of the DTAA. However, the Bombay High Court ruled in favour of the assessee, holding that DDT is effectively a tax on dividend income and therefore subject to the treaty provisions.

Tribunal's Detailed Analysis:

The Supreme Court noted that the correctness of the Bombay High Court's ruling had already been questioned by a Coordinate Bench in Foseco India Ltd. Company v. ACIT, where the matter had been referred to a Larger Bench. The Court observed that the issue has significant implications for cross-border dividend taxation and affects numerous pending matters before various High Courts.

Considering the far-reaching consequences of the legal questions involved, the Court found it appropriate to admit the Revenue's Special Leave Petition and permit intervention applications from interested parties.The Court further directed that High Courts may consider staying proceedings involving similar issues until the matter is conclusively adjudicated.

Key Findings and Final Ruling:

- The issue regarding treaty protection against DDT remains unsettled.
- The Bombay High Court's interpretation is under judicial scrutiny.
- Similar disputes pending across India may be impacted by the final outcome.
- The Supreme Court recognized the substantial legal and revenue implications involved.

The Supreme Court admitted the Revenue's Special Leave Petition, allowed intervention applications, and directed that similar proceedings may be stayed pending final determination of the issue.

Unexplained Cash Can Constitute Benami Property Even If Offered to Tax Under the Income-tax Act

Yoosaf N. A. vs. Initiating Officer (BPU)

Case Citation: [2026] 186 taxmann.com 645 (SAFEMA – New Delhi)
Court/Tribunal: IAppellate Tribunal, SAFEMA, New Delhi
Date of Order: 14th May 2026
Counsel:

- For the Assessee: Ms. Vandana Sharma Bhandari, Advocate
- For the Revenue: Kanhaiya Singhal, Advocate

Statutory Provisions Involved:

- Sections 2(8), 2(9)(D), 2(10), 2(12), 2(26), 24, 26 and 60 of the Prohibition of Benami Property Transactions Act, 1988

Top Trends

- Courts invalidated reassessment notices lacking fresh tangible material.
- Tax authorities increased scrutiny on unexplained cash credit transactions.
- India's digital economy continued witnessing rapid structural expansion.
- Public sector banks recorded improved profitability and capital adequacy ratios.
- RBI promoted stronger cybersecurity measures across financial institutions.
- International taxation issues gained importance due to cross-border transactions.
- ESG reporting became increasingly relevant for listed companies.
- Cryptocurrency regulations continued evolving amid investor protection concerns.
- Tax tribunals highlighted the importance of documentary evidence in assessments.
- Capital market reforms aimed at strengthening investor confidence and governance.
- India's inflation trends remained influenced by global commodity prices.

Top Trends

- Government spending on railways and highways witnessed substantial growth.
- Digital lending platforms came under tighter regulatory supervision.
- Courts emphasized that additions cannot rely solely on third-party statements.
- Search and seizure assessments continued to generate extensive litigation.
- Budget allocations supported green infrastructure and sustainability projects.
- India’s service sector remained a major contributor to GDP growth.
- Technology-driven audits improved efficiency in tax administration processes.
- GST intelligence units intensified anti-evasion investigations nationwide.
- India’s forex reserves remained strong despite global market volatility.
- Fintech innovation continued reshaping consumer banking experiences.
- Judicial rulings increasingly protected taxpayer rights against arbitrary actions.
- The government promoted export-oriented manufacturing under Make in India initiatives.

Key Facts:

Cash amounting to ₹50.13 lakh was seized by the police during a vehicle inspection. The appellant claimed ownership and stated that the money had been collected from friends and relatives for the purpose of purchasing land. However, he failed to furnish documentary evidence, contributor details, confirmations or any verifiable proof regarding the source of funds. The Benami Prohibition Unit treated the cash as benami property and initiated proceedings under the Prohibition of Benami Property Transactions Act.

Tribunal’s Detailed Analysis:

The Tribunal examined whether physical cash qualifies as "property" under the PBPT Act and concluded that cash constitutes tangible movable property within the meaning of Section 2(26).

The Tribunal further held that where the source of consideration is untraceable or fictitious, the transaction falls squarely within Section 2(9)(D). It rejected the appellant's contention that a benami transaction requires three parties and clarified that the existence of a benamidar and a beneficial owner is sufficient.

The Tribunal also rejected the argument that filing or intending to file an Income-tax Return offering the seized amount to tax would protect the assessee from proceedings under the PBPT Act. It emphasized that the Income-tax Act and the PBPT Act operate in distinct fields with different objectives.

Key Findings and Final Ruling:

- Cash is covered within the definition of property under the PBPT Act.
- Unexplained cash can be treated as benami property.
- A benami transaction does not necessarily require three parties.
- Filing an Income-tax Return does not bar action under the PBPT Act.
- Income-tax proceedings and benami proceedings operate independently.

The appeal was dismissed and the attachment of the seized cash as benami property was upheld.

CIT(A) Empowered to Remand Best Judgment Assessments After Finance Act, 2024 Amendment

Income Tax Officer vs. Shri Sudhir Kumar

Case Citation: ITA No. 2719/Del/2026 | TS-729-ITAT-2026 (DEL)
Court/Tribunal: Income Tax Appellate Tribunal, Delhi Bench
Date of Order: 19th May 2026
Counsel:

- For the Assessee: Shri Manoj Kumar, Senior Departmental Representative
- For the Revenue: None appeared

Statutory Provisions Involved:

- Income Tax Act, 1961 – Sections 142(1), 144, 144B, 147, 148 and 251(1)(a)

Key Facts:

The assessee's case was reopened based on information available through the Insight Portal indicating suspicious purchase transactions. During reassessment proceedings, the assessee failed to fully comply with notices issued under Sections 142(1) and 144.
Consequently, the Assessing Officer completed a best judgment reassessment under Section 147 read with Section 144B and made additions relating to alleged bogus purchases.

Before the CIT(A), the assessee submitted additional documentary evidence including GST-related records and e-way bills. The CIT(A) invoked powers under Section 251(1)(a) and restored the matter to the Assessing Officer for fresh adjudication.

Tribunal's Detailed Analysis:

The Tribunal analysed the amendment introduced by the Finance Act, 2024 to Section 251(1)(a), which empowers the CIT(A) to set aside assessments made under Section 144 and refer them back to the Assessing Officer for fresh assessment.

Top Trends

- RBI policies focused on maintaining financial system liquidity stability.
- Tax authorities enhanced data analytics for compliance verification.
- Start-ups in AI and health-tech attracted strong investor interest.
- Courts clarified that procedural lapses can invalidate reassessment proceedings.
- Renewable energy financing became a major area of institutional investment.
- India's aviation sector experienced steady recovery after pandemic disruptions.
- Tax litigation related to Section 68 continued increasing before tribunals.
- Digital public infrastructure strengthened India's financial inclusion initiatives.
- SEBI increased monitoring of algorithmic trading and market risks.
- Budget measures focused on improving ease of doing business.
- Corporate governance norms became stricter for listed entities.
- India's urban infrastructure projects attracted major public investments.

Top Trends

- Taxpayers increasingly challenged reassessment notices before higher courts.
- RBI encouraged responsible lending practices among NBFCs and banks.
- GST compliance systems became more integrated through technology platforms.
- India's tourism and hospitality sector witnessed gradual economic recovery.
- Courts reiterated that tax additions require proper corroborative evidence.
- Manufacturing growth received support through policy-driven incentives.
- Economic reforms targeted simplification of business regulations and approvals.
- Direct tax collections reflected stronger formalization of the economy.
- Digital commerce expansion increased focus on online taxation frameworks.
- India's power sector investments rose with clean energy transition goals.
- Cross-border mergers raised complex transfer pricing and tax challenges.
- Tribunals stressed that delayed appeals deserve liberal condonation.

It observed that the original reassessment had effectively been completed as a best judgment assessment owing to repeated non-compliance by the assessee. However, since crucial evidence was produced during appellate proceedings and principles of natural justice required adequate consideration of such evidence, the CIT(A) was justified in remanding the matter.

The Tribunal further noted that faceless assessment procedures under Section 144B do not curtail the statutory powers conferred upon the CIT(A) under the amended appellate provisions.

Key Findings and Final Ruling:

- Finance Act, 2024 restored limited remand powers to CIT(A) in best judgment assessment cases.
- Additional evidence and principles of natural justice justified reconsideration by the Assessing Officer.
- The remand order passed by CIT(A) was legally valid.
- Faceless assessment provisions do not override the appellate powers granted under Section 251(1)(a).

The ITAT dismissed the Revenue's appeal and upheld the order of the CIT(A) restoring the matter to the Assessing Officer for fresh assessment.

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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 compliances.