

FIN-O-SCOPE

30th Sept,2026



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Table of Contents

Particulars	Page Number
Notifications	2-11
Press release	12
Judicial pronouncements	13-19

“ Top Trends

- UPI Merchant Discount Rate (MDR) rollout delayed but challenged in Supreme Court.
- Supreme Court seeks clarity on legal basis and revenue sharing of UPI MDR on transactions > ₹2,000.
- FM Sitharaman emphasizes trust-building, compliance, and regulator engagement for businesses.

Top Trends

- IBA banking strike deferred; discussions on five-day banking and PLI scheme ongoing.
- proposed IRDAI commission reforms could reduce PB Fintech revenue by ~30% by FY28.
- Microfinance portfolios decline 12% YoY; disbursements up 17% in Q1 (SIDBI-Equifax).
- DMI Finance raises ₹1,455 crore via listed NCD issue.
- Mlxchange launches MSME credit guarantee cover.
- Gold prices fall 6% in September, testing 200-day moving average; Diwali buying opportunity highlighted.
- Analysts recommend strategic long-term investment in gold (₹1.5–1.65 lakh per 10g).
- Silver prices corrected; considered attractive in commodity reallocation strategies.
- Corporate Income Tax Return filing deadline extended to November 21, 2026 (from October 31).

Income-tax (Fourth Amendment) Rules, 2026

Notification No.: 120/2026 | G.S.R. 822(E)

Date: 17 September 2026

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

Legal basis: Section 533 read with sections 262, 273, 413, 514 and 515 of the Income-tax Act, 2025.

Key Changes

Rule 160 | Effective: 1 April 2026

In sub-rules (3) and (4), reference “(i)” is replaced with “(a)”.

Impact: Technical correction to cross-referencing in the Rules.

Rule 176 | Effective: 1 April 2026

In sub-rule (3)(a)(ii), “by affixing digital signature” is replaced by “by way of an electronic communication”. **Impact:** Updates the prescribed mode of communication.

Rule 225 | Effective: 1 April 2026

Clause (c) of sub-rule (4) is omitted; wording/reference corrections are made in sub-rules (19) and (56); sub-rules (75)–(83) and (91) are omitted; and the words “(except arrest and detention)” are omitted from sub-rule (87). **Impact:** Revises provisions relating to the relevant procedural rules under Rule 225.

Rule 246(4) | Effective: On publication

The date “30 September 2026” is substituted with “31 March 2027”. **Impact:** Extends the specified date to 31 March 2027.

Rule 256(4) | Effective: On publication

The date “30 September 2026” is substituted with “31 March 2027”. **Impact:** Extends the specified date to 31 March 2027.

Form No. 169 | Effective: On publication

Entire form substituted for application for registration as a valuer under section 514. **Impact:** Revised application captures personal details, asset class, qualifications, experience, disqualifications and declaration.

Form No. 171 | Effective: On publication

Entire form substituted for application for registration as an authorised income-tax practitioner under section 515. **Impact:** Revised application captures personal details, professional/firm details, qualifications, prior registration and disqualification status.

Revised Form No. 169 – Registration as Valuer

- The substituted Form No. 169 is prescribed under Rules 246 and 247 for registration as a valuer under section 514 of the Income-tax Act, 2025.
- It requires personal information, PAN, address and contact details; the class of asset for which registration is sought; educational qualifications, employment/practice details and valuation experience; and information regarding disqualification.
- Separate application is required for each class of asset. The listed classes include immovable property, agricultural land, plantations, forests, mines and quarries, stocks/shares/securities and business assets, machinery and plant, jewellery, works of art, life interest/reversions/interest in expectancy and other assets.
- A fee of ₹10,000 is prescribed. No fee is required for valuers already registered under the Wealth-tax Act, 1957.
- The applicant is required to declare that valuations will be impartial and true, reports will be furnished in the prescribed form, prescribed fee limits will be observed, and valuation will not be undertaken where the valuer has a direct or indirect interest.

3. Revised Form No. 171 – Authorised Income-tax Practitioner

- The substituted Form No. 171 is prescribed under Rules 256 and 257 for registration as an authorised income-tax practitioner under section 515.
- The form covers personal particulars, PAN, residential addresses, contact details and principal place of profession in India.
- Where the applicant is a partner in a firm, details of the firm, including name and PAN, are required.
- The applicant must provide prescribed educational qualifications and supporting certificates, details of any existing registration under the Income-tax Act, 1961, and other eligibility information.
- The applicant must disclose disqualification under section 515(4), (5) or (7), including whether the disqualification is permanent and, where applicable, the date up to which the disqualification continues.
- The applicant certifies that they have practised before income-tax authorities for not less than one year and have not made another application under the Income-tax Act, 2025 to another Chief Commissioner or Commissioner of Income-tax.

4. Effective Date

- Rules 2 to 4 are deemed to have come into force from 1 April 2026. Rules 5 to 8 come into force from the date of publication in the Official Gazette, i.e. 17 September 2026.

Top Trends

- Global banks face higher funding costs as bond yields rise across major economies.
- India's 10-year government bond yield climbs to a more-than-two-year high.
- Rupee remains close to ₹96/\$ as RBI intervention limits further depreciation.
- Indian government bonds remain vulnerable as oil prices rise and global yields strengthen.
- Foreign investors reassess Indian equities amid higher oil prices and rising yields.
- India's IPO pipeline reaches about ₹3.86 lakh crore, according to a new report.
- Tonbo Imaging receives SEBI approval for its IPO.
- AceVector IPO fully subscribed on its second day of bidding
- India's primary market continues its strong second-half fundraising revival.
- September public-market fundraising remains exceptionally strong.

Top Trends

- AceVector seeks valuation of up to ₹1,741 crore in its trimmed IPO.
- RBI completes ₹1 trillion of net government-bond sales for the first time in a decade.
- Companies seek to lock in borrowing costs before a potential increase in interest rates.
- Markets increasingly price an RBI rate increase at the October policy meeting.
- RBI has drained around 60% of excess banking-system liquidity.
- Reuters poll points to a possible 25-basis-point RBI rate increase to 5.50%.
- Broadening inflation and resilient growth strengthen the case for RBI tightening.
- High crude prices create renewed inflation risks for India's monetary policy.
- RBI intervention keeps the rupee from weakening beyond the ₹96/\$ level.
- Foreign-exchange intervention puts pressure on India's reserves.

Format, Procedure and Guidelines for submission SFT for mutual fund transaction reporting

Notification No.: DGIT(S)/ADG(S)-2/Reporting Portal/2026/3769

Date: 1 September 2026

Issued by: Directorate of Income Tax (Systems), Central Board of Direct Taxes (CBDT), Ministry of Finance, Government of India

Legal basis: Section 508(1) of the Income-tax Act, 2025 read with sub-rule 6 of rule 237 of the Income-tax Rules, 2026

Overview

The Directorate of Income Tax (Systems), Central Board of Direct Taxes (CBDT), has laid down the format, procedure, and validation rules for submitting the Statement of Financial Transactions (SFT-2518) under Section 508(1) of the Income-tax Act, 2025, read with Rule 237(6) of the Income-tax Rules, 2026.

This reporting framework enables the Income Tax Department to pre-fill capital gains, income, or losses from mutual fund transactions in taxpayers' Annual Information Statements (AIS / Form 168).

Key Rules & Requirements

1. Scope & Obligation

• **Reporting Entities:** All Registrars and Share Transfer Agents (RTAs) registered under Section 12(1) of the SEBI Act, 1992.

• **Covered Transactions:** User-initiated debit transactions (redemptions/transfers) of mutual fund units.

• **Exclusions:**

- Transactions in Exchange Traded Funds (ETFs) and exchange-based transactions do not need to be reported by RTAs.
- Transfers where the transferor and transferee are the same person are excluded.

2. Reporting Frequency & Deadlines

SFT-2518 must be submitted on a half-yearly basis via SFTP server using assigned login credentials:

- **1st Half (April 1 – September 30):** Due on or before October 31.
- **2nd Half (October 1 – March 31):** Due on or before April 30 of the following financial year.

Guidelines for Mutual Fund Capital Gains Calculation

- **FIFO Method:** First-In, First-Out (FIFO) method must be used to match redemptions with corresponding purchases to establish holding periods.

Holding Period Classification:

- **Equity Oriented Mutual Funds (EMF):** Minimum holding period of 12 months for Long-Term Capital Asset (LTCA) status.
- **Units of UTI (UTI):** Minimum 12 months, unless classified as a Specified Mutual Fund under Section 76 (which are always short-term).
- **Other Units (OTU):** 12 months if listed / 24 months if unlisted, unless classified as Specified Mutual Funds.

Valuation & Cost Metrics:

- **Sale Consideration:** Based on best available price with the RTA or Redemption Offer Price (Exit Load-adjusted NAV) on the transaction date.
- **Cost of Acquisition (COA):** Best available purchase price or EOD NAV on the credit date.
- **Grandfathering:** For equity-oriented units acquired before February 1, 2018, grandfathering rules apply using the Fair Market Value (FMV) as of January 31, 2018.

Structure of Submission Data Files

RTAs must submit data using specific structured ASCII files:

- **Batch File:** Contains metadata on the RTA, Principal Officer details, statement type (New: NB, Deletion: DB, Correction: CB), and reporting periods.
- **Account Summary:** Contains investor demographics (PAN, name, address), Asset Management Company (AMC) details, and aggregate monetary values (Opening Value, Purchases, Stamp Duty, Sales, STT, Dividends Paid, and Closing Value).
- **Transaction Summary:** Records unit-level debit/redemption transactions, holding period classification, unit prices, sale consideration, COA, and FMV values.
- **Off-Market / Transmission:** Details off-market transfers and transmissions (e.g., transfers due to death of a holder), listing both transferor and transferee details.
- **Control Statement:** Verification document signed and submitted by the Designated Director confirming total batch counts and financial aggregates.

Top Trends

- PSU bank stocks fall 2–4% during Monday's sell-off.
- Proposed nationwide bank strike is deferred following an assurance from the Indian Banks' Association.
- Bank unions and IBA agree to form a committee to examine a five-day banking week.
- CBDT extends the tax-audit report deadline to 21 October 2026.
- Taxpayers receive additional time for filing tax-audit reports following the CBDT extension.
- Tax professionals focus on reconciling AIS, TDS and GST data before return filing.
- Net direct-tax collections rise 13% to ₹12.12 trillion through 17 September.
- Corporate tax and securities transaction tax support India's direct-tax collections.
- Rajasthan tax authorities identify potential ₹22.79 crore liability in suspected GST-evasion cases.

Top Trends

- Supreme Court says CBDT circulars are not binding on courts in tax disputes.
- Supreme Court stays Punjab & Haryana High Court ruling concerning Income-tax Act section 147A.
- Government considers review of 18% GST on UPI merchant fees.
- GST Council expected to consider UPI merchant-fee taxation at its October 7 meeting.
- Tata Trusts propose merger of electronics subsidiaries TESS and TCE into Tata Sons.
- Deutsche Bank emerges as a potential financial-sector casualty in the Tata restructuring dispute, according to Reuters Breakingviews.
- IFC partners with JNPA on shore-power infrastructure at Indian port terminals.
- Signature Global acquires 194.22 acres in Gurugram.

Validation & Compliance

Validation Severity:

- **Errors:** Mismatches between control statements or non-sequential line numbers result in complete file rejection.
- **Defects:** Missing client data or blank mandatory fields must be resolved by submitting a Correction Statement.
- **Exceptions:** Invalid PANs or excessive transaction values are flagged for internal review.

Data Security & Archival: Reporting entities must maintain strict information security controls and implement archival and retrieval procedures to ensure data availability for tax authorities.

Format, Procedure and Guidelines for submission of SFT for Depository Transactions reporting

Notification No.: DGIT(S)/ADG(S)-2/Reporting Portal/2026/3768

Date: 10 September 2026

Issued by: Directorate of Income Tax (Systems), Central Board of Direct Taxes (CBDT), Ministry of Finance, Government of India

Legal basis: Section 508(1) of the Income-tax Act, 2025 read with sub-rule 6 of rule 237 of the Income-tax Rules, 2026

Overview

The Directorate of Income Tax (Systems), Central Board of Direct Taxes (CBDT), issued guidelines detailing the format, procedure, and validation rules for submitting the Statement of Financial Transactions (SFT-2517) under Section 508(1) of the Income-tax Act, 2025, read with Rule 237(6) of the Income-tax Rules, 2026.

The primary purpose of this data collection is to enable the Income Tax Department to pre-fill capital gains, income, and losses from securities and mutual fund transfers in taxpayers' income tax returns (Annual Information Statement / AIS).

Key Rules & Requirements

1. Scope & Obligation

Reporting Entities: All Depositories under Section 2(1)(e) of the Depositories Act, 1996.

Covered Transactions: User-initiated debit transactions (sales/transfers) in demat accounts involving listed securities, mutual fund units, debentures, and bonds.

Exclusion: Off-market transfer information is not required if both the transferor and transferee are the exact same person.

2. Reporting Frequency & Deadlines

SFT-2517 must be submitted on a half-yearly basis via SFTP server:

- **1st Half** (April 1 – September 30): Due on or before October 31.
- **2nd Half** (October 1 – March 31): Due on or before April 30 of the next financial year.

Top Trends

- Tata restructuring could change Tata Sons' corporate structure and regulatory classification.
- IFC plans \$70 million investment in the JNPA shore-power project.
- Signature Global's new land parcel adds an estimated ₹5,500–6,000 crore development pipeline.
- Aequus board approves ₹650 crore warrant issue to promoter entity.
- Adani Energy Solutions incorporates eight wholly owned subsidiaries for power transmission and distribution.
- Northern Star Resources rejects Gold Fields' proposed \$27 billion takeover approach.
- Aequus promoter stake could rise to 60.73% following full warrant conversion.
- Gold Fields' proposed transaction would create the world's No. 2 gold producer
- Global M&A activity remains focused on infrastructure, technology and financial services.

Top Trends

- APAC deal activity falls 8% year-on-year in the first eight months of 2026.
- Private equity continues to pursue wealth-management and financial-services acquisitions.
- NIO signs battery-swapping partnership with Geely and values its energy unit at \$2.4 billion.
- Chime agrees to acquire Stride Bank for \$590 million.
- Fintech-bank M&A continues to blur the boundary between technology and traditional banking.
- Gold-mining consolidation accelerates as producers seek scale and reserves.
- APAC M&A activity reportedly falls 17% during the first eight months of 2026.
- Global stocks fall as oil prices rise and investors reassess interest-rate expectations.
- US Treasury-market sell-off pushes the global bond market toward a 'higher-for-longer' environment

Guidelines for Capital Gains Calculation

FIFO Method: First-In, First-Out (FIFO) method must be used to identify corresponding credit transactions and establish holding periods.

Period of Holding: Defines whether an asset is Short-Term (STCA) or Long-Term (LTCA):

- **12 Months (LTCA threshold):** Listed Equity Shares (LES), Listed Preference Shares (LPS), Listed Debentures (LDB), Zero Coupon Bonds (ZCB), Equity Oriented Mutual Funds (EMF), and Units of UTI.
- **Always Short-Term:** Market Linked Debentures (MLD) and Specified Mutual Funds.
- **12 Months (Listed) / 24 Months (Unlisted):** Business Trust Units (UBT) and Other Units (OTU).
- **Cost of Acquisition (COA):** Calculated based on the Weighted Average Price. For assets acquired prior to February 1, 2018, grandfathering provisions apply, referencing the Fair Market Value (FMV) as of January 31, 2018.

Structure of Submission Data Files

Depositories must submit data organized across specific structured text files:

- **Batch File:** Contains general metadata about the reporting entity, Principal Officer details, statement type (New: NB, Correction: CB, Deletion: DB), and reporting dates.
- **Account Summary:** Contains demat account details, client demographics (PAN, Aadhaar, DOB, address), and aggregate financial movements (Opening Value, Market Debits/Credits, Off-Market Debits/Credits, IPOs, Corporate Actions, and Closing Value).
- **Transaction Summary:** Captures individual debit transactions, classification of assets, units sold, weighted average sale consideration, and calculated COA / FMV figures.
- **Off-Market Transactions:** Details off-market transfers, identifying both transferor and transferee details, reason codes (e.g., GFT for Gift, FAM for Family Transfer, OWN for Self Transfer), and End-of-Day (EOD) valuations.
- **Control Statement:** A verification document signed by the Designated Director confirming total batch counts and aggregate financial values.

Validation & Governance

Validation Severity:

- **Errors:** Mismatches between control statements or broken sequence numbers cause immediate file rejection.
- **Defects:** Missing mandatory fields or unlinked summary data require correction via a Correction Statement.
- **Exceptions:** Invalid PANs or excessive values flagged for review.

Information Security & Archival: Reporting entities must implement strict information security protocols and establish archival and retrieval procedures so records can be promptly produced upon official request.

Top Trends

- US 30-year Treasury yield recently reached a more-than-20-year high.
- Higher US yields put pressure on Asian bond spreads.
- Asian equities open cautiously as crude oil prices rise.
- European shares rise despite continuing oil and bond-market pressure.
- Global equity funds experience significant outflows as oil-driven inflation fears increase.
- AI-linked stocks remain vulnerable to valuation and technology-investment concerns.
- European housebuilders rally supports regional equity markets.
- Bank of Japan minutes show policymakers discussing faster rate increases.
- BOJ's policy rate reaches a 31-year high of 1.25% amid inflation pressures.
- Weak yen and higher import costs increase Japan's inflation concerns.

Top Trends

- Japan's currency diplomat warns markets over yen weakness.
- Markets focus on the possibility of another Federal Reserve rate hike in October.
- US September payrolls become a key data point for the Fed's next decision.
- Eurozone inflation data becomes a key focus for European bond and FX markets.
- Global rate expectations remain heavily influenced by oil prices and geopolitical developments.
- Higher global rates increase financing costs for governments, companies and households.
- US Federal Reserve proposes new rules for stablecoin issuers.
- Proposed US stablecoin framework includes reserve, capital and custody requirements.
- UK banks complete initial interbank tokenised-deposit transactions.
- Tokenised deposits are being tested for interbank payments and remortgage transactions in the UK.

Procedure for registration of reporting person/entity and submission of Form No. 98 as per rule 160 of the Income-tax Rules, 2026.

Notification No.: Notification No. 3 of 2026 (DGIT(S)/ADG(S)-2/Notification/3893)

Date: 15 September 2026

Issued by: Directorate of Income Tax (Systems), Central Board of Direct Taxes (CBDT), Ministry of Finance, Government of India

Legal basis: Sub-rule (3) of rule 160 read with rule 332 of the Income-tax Rules, 2026

Executive Summary

This notification sets out the step-by-step procedure for reporting entities to register on the Income Tax e-filing portal and submit Form No. 98 under Rule 160 of the Income-tax Rules, 2026. It applies to entities that receive declarations in Form No. 97 regarding specified transactions.

Key Rules & Timeline (Rule 160)

Entities that receive Form No. 97 declarations must submit the electronic statement in Form No. 98 based on two annual deadlines:

- **For declarations received by September 30:** Submit Form No. 98 by October 31 of the same year.
- **For declarations received between October 1 and March 31:** Submit Form No. 98 by April 30 of the following financial year.

Core Operational Guidelines

1. Entity Registration & ITDREIN Generation

- **First-Time Registration:** Log in to the e-filing portal (<https://eportal.incometax.gov.in>) using standard ITR credentials, navigate to the Reporting Portal under the "Pending Actions" tab, and submit details regarding form type, entity category, address, and Principal Officer.
- **ITDREIN:** Upon successful registration, an Income Tax Department Reporting Entity Identification Number (ITDREIN) is generated, and a confirmation email/SMS is sent to the Principal Officer. Once generated, an ITDREIN cannot be deactivated.

- **Existing Users:** Entities already registered under erstwhile Form No. 61 do not need to register again. Their existing ITDREIN remains valid, and their Principal Officer acts as the "Designated Director" for Form No. 98.

2. Statement Preparation & Submission

- Schemas, the Report Generation and Validation Utility, and the Generic Submission Utility are available under the "Resources" tab on the Reporting Portal.
- Prepared Form No. 98 statements must be digitally signed and uploaded by the Principal Officer using their PAN and password.

3. Corrections and Deletions

- **Correction Statements:** If inaccuracies are found or defects are flagged in a Data Quality Report (DQR), the entity must download the DQR file from the "Statements" tab, fix errors via the Report Generation Utility, and submit a correction statement until the "Reports Requiring Correction (RRC)" count drops to zero.
- **Deletion Statements:** To remove inadvertently filed individual reports, entities can file a "Deletion Statement" containing the exact original values of the reports being removed

4. Security & Data Management

- Reporting entities must implement formal information security policies, clearly defining roles and responsibilities.
- Proper archival and retrieval procedures must be maintained so that submitted records can be promptly provided to competent authorities when requested.

Effective Date & Transition

- **Effective Date:** September 15, 2026.
- **Transitional Provision:** Reporting for Financial Year 2025–26 and earlier years (including any corrections or deletions) will continue under the legacy Income-tax Act, 1961/Rules, 1962 using Form No. 61.

Top Trends

Global banks continue investing in AI and digital infrastructure amid changing regulation.

- Private credit and alternative financing continue expanding alongside traditional bank lending.
- Investors reassess traditional 60/40 portfolios as bond yields rise.
- US fund flows record another \$100 billion month in August.
- Higher Treasury yields change the relative attractiveness of equities and fixed income.
- Gold prices decline as rising bond yields increase the opportunity cost of holding non-yielding assets.
- Family offices continue exploring private investments and alternative assets.
- Infrastructure and data centres remain major targets for institutional capital.
- Private equity and wealth-management consolidation remains an important M&A theme.
- Investors worldwide remain focused on the combination of oil prices, inflation, interest rates and geopolitical risk.

Top Trends

- **Borrowing & Debt:** Centre cut FY27 market borrowing to Rs 15.99 lakh crore, targeting longer debt maturities.
- **Bond Sales:** India plans Rs 7.86 lakh crore bond sales in H2, trimming borrowing amid yield pressure.
- **Small Savings:** Net collections surged 56% in the first four months of FY26-27, set to exceed the Rs 3.6 lakh crore target.
- **FDI Inflows:** India's FDI equity inflows rose 6% to \$19.8 billion in Q1FY27, with Japan leading.
- **Currency:** The Rupee recently gained 15 paise to 95.81 against the US dollar, aided by suspected RBI intervention.
- **Banking & NBFCs:** UBS highlights a stronger personal loan cycle, upgrading Bajaj Finance and L&T Finance, while Motilal Oswal upgraded IDFC First Bank
- **Insurance Overhaul:** IRDAI proposed sweeping distribution changes, capping commissions and targeting mis-selling, impacting players like IndusInd and IDFC First.
- **Adoption of Tech:** Mahindra Finance's AI system now automates 70% of new-loan volumes

Cabinet approves of EPFO wage ceiling enhancement from Rs.15,000 to Rs.25,000 per month.

Date: 16 September 2026

Issued by: Press Information Bureau (PIB) Delhi, Ministry of Labour & Employment

Effective Date of Implementation: September 17, 2026

Legal Basis: Statutory amendment/notification issued by the Ministry of Labour & Employment under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (and the framework under Chapter III of the Code on Social Security, 2020)

- Over 51 lakh additional employees expected to come under mandatory EPFO coverage
 - Decision strengthens formalisation and advances India's long-term social security vision
 - Major step towards stronger retirement security and Viksit Bharat@2047
 - The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of the Ministry of Labour & Employment to enhance the wage ceiling for mandatory coverage under the Employees' Provident Fund Organisation (EPFO) from Rs.15,000 to Rs.25,000 per month. The decision is expected to bring more than 51 lakh additional employees within the ambit of mandatory EPFO coverage, significantly widening social security protection for workers.
1. The EPFO wage ceiling remained unchanged throughout the decade from 2004 to 2014, before being substantially enhanced to Rs.15,000 in September 2014. The present decision carries forward this approach by further raising the ceiling to Rs.25,000 to reflect the sustained wage growth, rising incomes and a continued expansion of formal employment over the intervening years.
- At present, a fresh employee joining employment at a wage above Rs.15,000 per month is not automatically covered under the EPF framework and may remain outside mandatory provident fund, pension and associated insurance protection. Raising the ceiling to Rs.25,000 will bring a substantial segment of employees in the Rs.15,000–Rs.25,000 wage band within the statutory social security framework

Reassessment barred after final Settlement Commission order

Case Name: Assistant Commissioner of Income Tax & Another v. M/s. Omaxe Limited

Date: 16 September 2026

Citation: 2026 INSC 1000

Judges: Hon'ble Mr S.V.N. Bhatti and Hon'ble Mr. N. V. Anjaria

Key Facts

- Omaxe Limited, a public limited company engaged in real estate, filed its return for AY 2006-07 on 30 November 2006 and claimed deduction under Section 80IB(10) in respect of housing projects.
- The assessee subsequently applied under Section 245C for settlement of cases for AYs 2000-01 to 2006-07. The Income Tax Settlement Commission (ITSC) passed a final order under Section 245D(4) on 17 March 2008. For AY 2006-07, additional income of ₹18 lakh was accepted and the total income was determined after allowing the deductions claimed under Section 80IB(10).
- A survey under Section 133A was conducted on 17-18 December 2009. The Revenue relied on impounded documents and alleged that commercial portions of certain housing projects exceeded the statutory limits and that the assessee had structured transfers to subsidiaries to preserve the Section 80IB(10) deduction.
- On 30 June 2010, the Revenue issued a notice under Section 148 proposing reassessment and disallowance of the Section 80IB(10) deduction. The assessee objected, relying principally on the finality of the ITSC settlement under Section 245-I.
- The Assessing Officer rejected the objections and passed a reassessment order dated 8 November 2011, disallowing the deduction and making an addition of ₹65,65,17,999.
- The Revenue had separately moved the ITSC under Section 245D(6), alleging that the settlement order had been obtained through misrepresentation. The ITSC rejected that application by order dated 16 December 2011, holding that the material relied upon did not establish misrepresentation.
- The Delhi High Court quashed the reassessment notice/order. The Revenue appealed to the Supreme Court.

Top Trends

- **Markets Swing Ahead of RBI Policy:** Indian benchmark indices (Sensex and Nifty) showed high volatility and late-session movement under the new closing auction session framework ahead of the upcoming Reserve Bank of India policy decision.
- **Taxation Laws Amendment Bill 2026:** Union Finance Minister Nirmala Sitharaman tabled the bill in the Lok Sabha to relax eligibility requirements and tax rules for offshore foreign investment funds.
- **The Indian rupee slipped toward 96 per US dollar** driven by rising crude oil prices, elevated US Treasury yields, and strong dollar demand, prompting localized RBI intervention.
- **RBI Basel III Market Risk Rules:** The RBI issued final Basel III market risk capital rules for commercial banks, setting a mandatory compliance deadline of April 1, 2027.
- **Global bond sell-off pushes long-term yields sharply higher.**
- **RBI drains more than half of India's banking-system liquidity surplus.**

Top Trends

- Fed tightening and renewed inflation concerns reshape global rate expectations.
- ECB raises rates by 25 bps amid renewed inflation pressures.
- Japan's monetary normalization raises risks around the yen carry trade.
- \$20 billion Qatar-JPMorgan Asset Management investment partnership announced.
- US Fed proposes new stablecoin regulatory framework.
- BlackRock/IFM consortium reportedly targets up to \$25 billion Asia-Pacific data-centre portfolio.
- HSBC prepares to re-enter India's equity-broking market after 13 years.
- Private credit and alternative investments continue gaining importance in global capital markets.
- Tax authorities worldwide increase scrutiny of cross-border investment structures and beneficial ownership.
- France faces debate over the economic impact of corporate-tax surcharges.
- Corporate tax policy remains a factor in multinational investment-location decisions.

Grounds / Issues in the Case

- Whether, after a final settlement order under Section 245D(4), the Assessing Officer could invoke Section 148 to reassess an aspect of the assessment year covered by the settlement.
- Whether the Section 80IB(10) deduction, although not separately disclosed as additional undisclosed income in the settlement application, was within the scope of the ITSC's consideration because the final settlement order determined total income after taking the deduction into account.
- Whether the Revenue's subsequent discovery of material during a survey could independently revive the Assessing Officer's reassessment jurisdiction.
- Whether the Revenue's remedy, where it alleged fraud or misrepresentation in obtaining the settlement order, was through Section 245D(6) before the ITSC rather than through ordinary reassessment proceedings under Section 147/148.

Findings of the Supreme Court

- Chapter XIX-A of the Income-tax Act provides a special, self-contained settlement mechanism. Once the Settlement Commission admits the case and passes a final order under Section 245D(4), the settlement attains statutory finality in respect of the matters stated therein.
- The Court held that the consideration before the ITSC is not artificially confined to the additional income disclosed in isolation. In the present case, the assessee disclosed revenue forming part of gross total income and computed taxable income after claiming deductions. The Section 80IB(10) deduction therefore formed part of the computation considered in the settlement.
- Section 245-I gives finality to the matters stated in the settlement order. The Assessing Officer cannot independently reopen the settled matter under Sections 147/148.
- The Revenue is not without a remedy. Where fraud or misrepresentation is alleged in relation to the settlement order, Section 245D(6) provides the statutory route for seeking a declaration that the settlement order is void.
- The Revenue had in fact invoked Section 245D(6), but the ITSC rejected the application on 16 December 2011. That order had become final.
- The Court emphasised that permitting ordinary reassessment jurisdiction after final settlement would undermine the finality contemplated by Chapter XIX-A.

Final Ruling

- The Supreme Court dismissed the Revenue's civil appeal and upheld the position that the Assessing Officer could not reopen, under Section 148, a matter covered by the final Settlement Commission order under Section 245D(4). The appropriate statutory mechanism for alleging fraud or misrepresentation was Section 245D(6), which the Revenue had already invoked unsuccessfully.

Important Legal Principles

- Finality of Settlement Commission orders: Section 245D(4), read with Section 245-I, gives conclusive effect to matters stated in a final settlement order.
- No parallel reassessment: After final settlement, the Assessing Officer cannot use Sections 147/148 to reopen a matter covered by that settlement.
- Specific remedy for fraud/misrepresentation: Section 245D(6) is the statutory route where the Revenue alleges that a settlement order was obtained through fraud or misrepresentation.
- Scope of settlement: The settlement process concerns the assessee's income and the computation of tax liability, including deductions forming part of the computation considered by the ITSC.
- Limited judicial review: Settlement Commission orders are subject to limited constitutional judicial review on recognised grounds such as jurisdictional error, statutory violation, prejudice, fraud, bias or malice; courts do not ordinarily act as appellate authorities over the Commission's factual/discretionary determination.

Analysis

- The central issue was the conflict between the Revenue's reassessment power under Sections 147/148 and the finality attached to settlement proceedings under Chapter XIX-A.
- The Court treated Chapter XIX-A as a self-contained statutory mechanism designed to provide a conclusive resolution of tax liability through disclosure, investigation, hearing and settlement. Once the ITSC had passed its final order, ordinary reassessment could not be used as an alternative route to reopen a settled matter.
- A significant factual point was that the Section 80IB(10) deduction was reflected in the assessee's original computation and the final total income determined by the ITSC. Thus, the Court did not accept the Revenue's attempt to treat the deduction as wholly outside the settlement merely because the assessee had not separately offered it as additional undisclosed income.

Top Trends

- Stake Acquisition Approval: RBI approved the Kotak Mahindra Group to acquire up to a 9.99% stake in AU Small Finance Bank
- Leadership Transition at Airtel Payments Bank: Shabnam Sinha has been appointed non-executive chairperson effective October 1, 2026, succeeding founder Sunil Bharti Mittal following RBI approval.
- New Bulk FD Framework (Effective Oct 1, 2026): The RBI's revised norms give commercial banks enhanced operational flexibility in pricing bulk fixed deposits of ₹3 crore and above.
- FY26 Minimum Balance Penalty Collections: Banks in India collected over ₹7,100 crore in penalties during FY26 for non-maintenance of Average Minimum Balance (AMB). Private banks accounted for ~70% of collections, led by HDFC Bank (₹1,800 crore) and Axis Bank (₹1,081 crore)
- Shipbuilding Policy push: India launched a ₹69,725 crore strategic initiative to bolster domestic shipbuilding capacity and reduce supply chain dependency.

Top Trends

- Nationwide PSB Strike (Sept 28–30): Public sector bank operations face disruption across India following a strike call by the United Forum of Bank Unions (UFBU) demanding a 5-day banking week. To mitigate inconvenience, the RBI mandated Public Sector Banks and Regional Rural Banks to remain open on Sunday, September 27.
- Advance Tax Instalment Compliance: The second instalment window for advance tax estimation (AY 2026–27) closed on September 15, with the Income Tax Department initiating notices for under-estimation of capital gains and non-salaried income.
- Upcoming RBI MPC Meeting (Oct 5–7, 2026): Market participants are closely watching the Monetary Policy Committee review, where the benchmark repo rate stands at 5.25%.

- The Court also considered the statutory safeguard available to the Revenue. Section 245D(6) specifically addresses settlement orders allegedly obtained through fraud or misrepresentation. Since the Revenue used that mechanism and the ITSC rejected the application, the Assessing Officer could not bypass the result by invoking Section 148.
- The judgment therefore reinforces the distinction between a lawful statutory challenge to a settlement order and an ordinary reassessment proceeding. The former is expressly contemplated by Chapter XIX-A; the latter cannot be used to defeat the finality of a settlement order.

Conclusion

- The Supreme Court dismissed the Revenue's appeal and confirmed that the Assessing Officer had no jurisdiction to reopen under Section 148 a matter covered by the final Settlement Commission order under Section 245D(4). Where the Revenue alleges fraud or misrepresentation in obtaining the settlement, it must pursue the statutory remedy under Section 245D(6). In the present case, that remedy had already been pursued and rejected by the ITSC. The finality attached to the settlement order therefore prevented the reassessment proceedings.

ITAT orders quashed for procedural lapses and non-application of mind; appeals remanded for fresh adjudication

Case Name: Pr. Commissioner of Income Tax, Central-1, Delhi v. Patanjali Ayurved Limited

Date: 10 September 2026

Citation: 2026:DHC:7806-DB (ITA 80/2026 with ITA 81/2026, ITA 83/2026, and ITA 91/2026)

Judges: Hon'ble Mr. Justice Dinesh Mehta and Mr. Rajneesh Kumar Gupta

Key Facts

- The appeals originated from a search action (conducted from October 31 to November 3, 2018) on "M/s. Hawala Traders Group," which led to section 153C proceedings against the assessee, Patanjali Ayurved Ltd., for Assessment Years (AYs) 2013–14 to 2015–16 and 2017–18.
- The Income Tax Appellate Tribunal (ITAT), Delhi Bench, passed a consolidated order covering seven appeals: four filed by Patanjali Ayurved Ltd. (ITA Nos. 534–537/Del/2025) and three cross-appeals filed by the Revenue (ITA Nos. 605–607/Del/2025).
- The ITAT's order reflected serious procedural inconsistencies: four appeals were heard and pronounced on August 6, 2025, while the remaining three were heard and pronounced on August 13, 2025, yet a single common order bearing both dates ("6th & 13th August, 2025") was issued and signed.
- The ITAT's order was brief (fewer than seven paragraphs), lacked reasoning, and failed to discuss or address the contentions of the parties involved.
- Grounds of Case
- Appellant (Revenue): Challenged the procedural validity and correctness of the ITAT's order quashing the assessment proceedings under Section 153C.
- Procedural Irregularity: The primary issue before the High Court was the ITAT's undue haste, lack of reasoning, non-application of mind, and procedural lapses in combining and pronouncing orders from different hearing dates into a single, unreasoned document.

Top Trends

- **Small Savings Interest Rates Review:** The Ministry of Finance is set to announce interest rates for Q3 FY27 (Oct–Dec) across PPF, Senior Citizens' Savings Scheme (SCSS), Sukanya Samriddhi, and NSC. Rates were previously held steady in Q2 (PPF at 7.1%, SCSS at 8.2%).
- **Sovereign Gold Bonds (SGB) Tranche Redemptions:** September witnessed premature redemption windows opening for five past SGB tranches alongside revised capital gains rules governing early exits versus full-maturity redemptions.
- **Mandatory Nominee Norms:** SEBI's updated mandate requiring single-holder demat and mutual fund portfolios to either explicitly register nominees or submit a formal opt-out declaration takes effect.
- **Volatility Surge:** India VIX jumped over 6.3% today, marking a 42%+ rise over four consecutive sessions.
- **Sectoral Breakdown:** Banking, auto, and energy lead losses (down >1%), while Nifty Pharma and Healthcare traded green bucking the broad sell-off.

Top Trends

- **Macro Drivers:** Sharp market correction triggered by surging crude oil prices amid West Asia geopolitical tensions, rising US 10-year Treasury yields above 5.2%, and relentless FII capital outflows
- **Market Sell-off Today (Sept 29):** Sensex dropped over 700 points to hit an intraday low around 72,064, while Nifty 50 broke below 22,600, wiped out ₹5.9 lakh crore in investor wealth.
- **Sectoral Breakdown:** Banking, auto, and energy lead losses (down >1%), while Nifty Pharma and Healthcare traded green bucking the broad sell-off.
- **FII Net Selling Trend:** Foreign Institutional Investors maintained a net-seller stance through late September, citing elevated valuation multiples and revised Capital Gains Tax structures (STCG at 20%, LTCG at 12.5%).
- **Bulk FD Pricing Rules (Effective Oct 1):** New RBI operational guidelines kick in, providing commercial banks flex-pricing structures for bulk deposits of ₹3 crore and above.

Findings

- The High Court found the ITAT's order to be completely "bereft of any logic, reasoning or rationale."
- The Court noted severe procedural impropriety, recklessness, and non-application of mind by the Members of the ITAT in issuing a single common order for matters heard on two separate dates (August 6, 2025, and August 13, 2025).
- The Court highlighted that the ITAT, being the highest fact-finding body, failed in its duty by passing an arbitrary order without dealing with the merits or contentions of the assessee and Revenue.

Analysis

- The High Court stressed that judicial and quasi-judicial tribunals on the highest appellate rung cannot act with undue haste or negligence.
- Orders must reflect a reasoned consideration of the facts and arguments presented. Merely issuing a summary quashing order without explaining the underlying legal logic or addressing cross-appeals undermines the integrity of the judicial process.

Ruling

- **Quashed and Set Aside:** The High Court quashed all seven orders passed by the ITAT (including cross-appeals not explicitly challenged due to CBDT monetary limits).
- **Restoration:** Appeals bearing ITA Nos. 534–537/Del/2025 and ITA Nos. 605–607/Del/2025 were restored to their original status to be decided afresh.
- **Re-allocation:** The High Court directed the President of the ITAT to ensure the restored appeals are heard and decided by a different Bench than the one that passed the impugned order.
- **Administrative Notice:** Copies of the judgment were ordered to be sent to the President of the ITAT and the Secretary of the Ministry of Law and Justice for necessary information and action.

Conclusion

- The High Court disposed of the appeals by setting aside the flawed ITAT order due to gross procedural lapses and non-application of mind, remanding the matter back to the Tribunal for an independent decision on merits by a fresh bench.

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Top Trends

- Upcoming MPC Meeting (Oct 5–7): RBI Monetary Policy Committee is set to evaluate rate decisions with benchmark repo rate standing at 5.25%.
- Broker Leverage & Margin Caps: Tightened limits on bank loans against securities—capped at ₹10 lakh for individuals and ₹25 lakh for IPO financing—to prevent diverted short-term bank credit into speculative trades.
- Acquisition Financing Expansion: Banks are permitted to extend acquisition finance for M&A/amalgamations specifically aimed at acquiring controlling stakes in non-financial target companies.
- Higher Derivatives Cost (STT Hikes): STT on futures trades increased to 0.05% (from 0.02%), while options premium tax rose to 0.15% (from 0.10%), aimed at curbing excess speculative day-trading volume.
- Section 93 Interest Deduction Removal: Interest expense deductions against dividend and mutual fund income (previously allowed up to 20%) stand fully eliminated.