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TAX EDGE

Monthly Tax & Regulatory Updates

Tax • Regulatory • Assurance • Legal

July 2026

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Contents

Goods & Services Tax ('GST')

GST revenue collection for June 2026 Rs. 1,94,812 crores (13.9% higher than GST revenue in June 2025)

The gross GST revenue collected in the month of June 2026 is Rs. 1,94,812 crore as below:

IGST (Integrated Goods and Services Tax)	Rs. 1,12,320 Crore
CGST (Central Goods and Services Tax)	Rs. 37,376 Crore
SGST (State Goods and Services Tax)	Rs. 45,116 Crore
Total (rounded off)	***Rs. 1,94,812 Crore***

The gross GST collection for June 2026 stood at Rs. 1.95 lakh crore, representing 13.9% year-on-year growth, driven by a strong increase in imports by 34.6% and stable increase in the domestic transactions by 6.5%. After considering refunds, the net GST revenue for June 2026 stands at Rs. 1.62 lakh crore, reflecting a growth of 11.2 % compared to the same period last year.

Please Click Here to read the revenue report dated 1 July 2026 released by the GST Network.

GST Network (GSTN) issues Frequently Asked Questions (FAQs) on mandatory capture of Ship-to Field and Voluntary Closure of E-Way Bill, 2026

Background

GSTN, through its advisory dated 20 May 2026, had announced the introduction of two new functionalities in the e-Way Bill system with effect from 15 June 2026:

- Mandatory capture of ‘Ship To GSTIN’ in Bill-To/Ship-To transactions; and
- Voluntary Closure of e-Way Bill facility

Subsequently, the implementation of above functionalities was extended to 1 August 2026 onwards (instead of 15 June). An advisory was issued by GSTN on 17 June 2026 to apprise stakeholders of the corresponding changes introduced in the e-Invoice API, e-Way Bill by IRN API and EWB Closure API. It was also informed that the changes have been made available in the Sandbox environment for testing and system preparedness. Stakeholders were advised to undertake necessary testing, system changes and preparedness within the prescribed timeline.

FAQs issued on 2 July 2026 for new functionalities in the e-Way Bill system

GSTN has now issued detailed FAQs to address queries and representations received from taxpayers, trade, GST Suvidha Providers (GSPs), and other stakeholders regarding mandatory capture of the Ship-to field in E-Way Bills and voluntary closure of E-Way Bills.

The FAQs provide clarifications on the applicable system validations, procedural requirements and the manner of compliance. Taxpayers have been advised to review these FAQs to understand the revised requirements and ensure compliance with the prescribed procedures.

The FAQs on Bill-to/Ship-to Transactions, Export Scenarios and API Impact cover answers to various queries / scenarios such as:

- Scope and Implementation of the FAQs
- Business transaction types
- Confidentiality and display of Ship-to GSTIN
- Role-wise generation scenarios
- Export and merchant exporter scenarios

- Impact in standalone e-Way Bill API
- Impact in e-Invoice API: Generation of IRN and EWB together
- Impact in e-Way Bill by IRN API, and
- Common questions raised by stakeholders
- Quick readiness checklist
- Business transaction scenarios

The FAQs on Voluntary Closure of e-Way Bill: Business Scenarios, API Impact and Portal Behaviour cover answers to various queries / scenarios such as:

- Scope and Implementation of the FAQs
- Portal-based Closure
- EWB API Impact
- Status and Post-Closure Behaviour
- Impact in e-Invoice API and e-Way Bill by IRN
- Business Scenarios
- Consolidated Position Matrix
- Action Required from Stakeholders

Please Click Here to read the advisory dated 2 July 2026 issued by GSTN.

Please Click Here to read the FAQs on Bill-to/Ship-to Transactions, Export Scenarios and API Impact.

Please Click Here to read the FAQs on Voluntary Closure of e-Way Bill: Business Scenarios, API Impact and Portal Behaviour.

GOODS AND SERVICES TAX

GSTN issues advisory on revision of timeline for amendment of Aggregate Annual Turnover (AATO), 2026

GSTN has issued an advisory revising the timeline for amendment of AATO for Financial Year 2025-26 on the GST portal. The revision follows the rollout of an enhanced AATO functionality, effective from 1 July 2026, which will automatically update the AATO as subsequent GST returns are filed after the amendment window.

Earlier, as per GSTN advisory dated 2 May 2022, taxpayers were allowed to amend their AATO during the month of May. With the introduction of the upgraded functionality, the amendment window and the corresponding review period by the jurisdictional tax officer have been revised to improve the consistency and accuracy of AATO reporting across the GST portal.

Activity	Timeline
AATO Amendment Application window for FY 2025-26	01 July to 31 July 2026
Review by jurisdictional Tax officer	01 Aug to 15 Aug 2026

Accordingly, taxpayers can submit requests for amendment of AATO for FY 2025-26 during the revised application window. The amended details will thereafter be verified by the jurisdictional tax officer.

Taxpayers should ensure that the amended AATO details are reviewed carefully before submission. In case of any issues while using the functionality, a grievance may be raised through the self-service portal available on GST website.

Please Click Here to read the advisory dated 1 July 2026 issued by GSTN.

Direct Tax

Direct Tax

Gross Direct Tax collection for Financial Year (FY) 2026-27 (upto 13 July 2026) is Rs. 7.73 lakh crore, 16.11% higher than gross collection for corresponding period last year

The Central Board of Direct Taxes has released the following statistics:

For the period 1 April 2026 till 13 July 2026	Amount (Rs.)	Remarks
Gross direct tax collection	Rs 7.73 lakh crore	16.11% higher than gross collection for corresponding period last year
Net direct tax collection (after adjustment of refunds)	Rs 6.51 lakh crore	16.40% higher than net collection for corresponding period last year
Refunds issued	Rs 1.22 lakh crore	14.57% higher than refunds issued for corresponding period last year

Please Click Here to read the Press Release dated 13 July 2026.

Direct Tax

Central Board of Direct Taxes (CBDT) notifies new Income-tax Return (ITR) Form ITR-BN for Block Assessment under Income-tax Act, 2025

CBDT through Notification no. 97 dated 24 July 2026, has introduced Appendix IV – ITR-BN, a new ITR for block assessment under the Income-tax Act, 2025. Effective from 1 April 2026 onwards, the new return form will apply to cases involving searches initiated u/s 247 or requisitions made u/s 248 of the Income-tax Act, on or after that date. The notification inserts the ITR-BN form into the Income-tax Rules, 2026, prescribing a comprehensive reporting framework for undisclosed income detected during search and seizure proceedings. The form requires taxpayers to furnish details relating to the block period, undisclosed income, tax computation, taxes paid, withholding tax credits and verification, thereby standardizing the filing process for block assessment cases under Chapter XVI-B of the Income-tax Act, 2025.

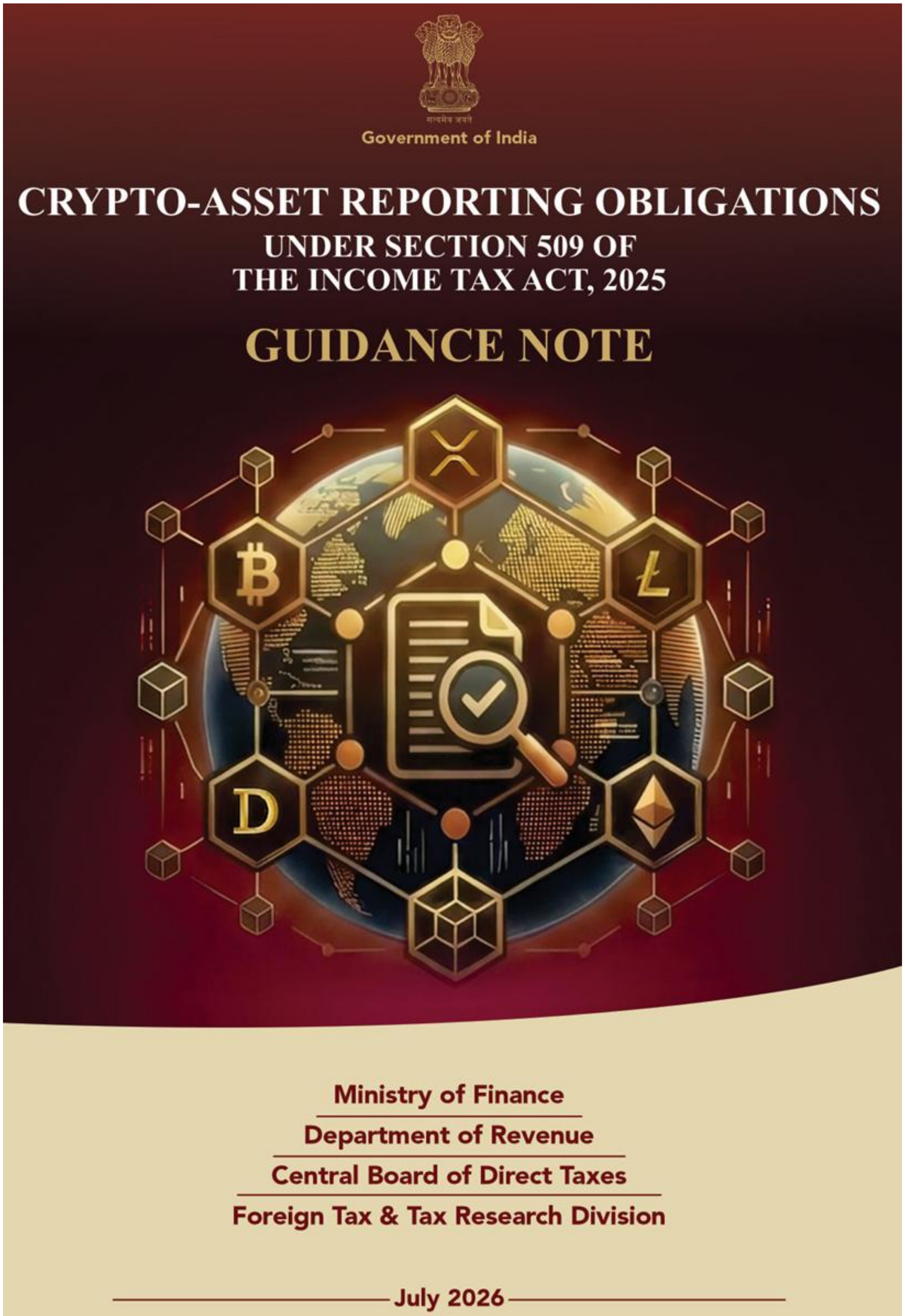
Please Click Here to read Notification no. 97 dated 24 July 2026.

CBDT releases guidance note on crypto-asset reporting obligations u/s 509 of the Income-tax Act, 2025

The CBDT has issued a detailed guidance note to help Reporting Crypto Asset Service Providers (RCASPs) comply with reporting obligations u/s 509 of the Income-tax Act, 2025 and Rules 241 to 244 and Form 167 of the Income-tax Rules, 2026. The move is a significant step towards greater tax transparency in the digital asset ecosystem.

The Guidance Note is intended to explain the reporting obligations of RCASPs contained in the relevant Rules notified by the Government of India in a simple manner. Given that the Crypto-Asset Reporting Framework (CARF) is developed jointly by participating jurisdictions, including India, working with the Organisation for Economic Co-operation and Development (OECD), the Commentary on CARF and other relevant materials have also been cited, so as to facilitate their reference by the RCASPs, where so required.

Direct Tax



Please Click Here to read the detailed Guidance note released by CBDT on 24 July 2026.

Direct Tax

Long term Capital Gains – CBDT notifies '384' as Cost Inflation Index (CII) for FY 2026-27

CBDT vide Notification no. 85 dated 15 July 2026 has notified 384 as CII for FY 2026-27. If a long-term capital asset is transferred, the capital gains is computed after deducting the indexed cost of acquisition (instead of just cost of acquisition) to give the benefit of inflation to a taxpayer. Such indexation of cost of acquisition is done on the basis of CII. The base year for which CII is 100 is FY 2001-02.

Please Click Here to read Notification no. 85 dated 15 July 2026.

Exemption to certain categories of payments received by units located in International Financial Services Centres (IFSCs) from requirement to withhold tax at source as per the Income-tax Act, 2025

Background

Section 147 of the Income-tax Act 2025 grants tax deduction to units located in IFSCs and engaged in certain specified businesses (such as aircraft and ship leasing) for 20 consecutive tax years. In the absence of a specific exemption from requirement to withhold tax on payments to such units which are entitled to the tax deduction u/s 147, the units are unnecessarily put in a disadvantageous position from perspective of cash flow.

Notification issued by CBDT on 10 July 2026

CBDT has issued a notification exempting payers from the obligation to withhold tax on various categories of payments to units located in IFSCs, such as interest on external commercial borrowings / loans, professional fee, brokerage, etc. The relief extends to 14 categories of units located in IFSCs, such as banks, finance companies, investment advisors, custodians, investment bankers, fintech entities, etc. The Notification is applicable from 1 April 2026 onwards.

As far as the mechanism of claiming the exemption is concerned, the IFSC unit (payee) is required to furnish a declaration in Form 1(N) to the payer, specifying the period for which the unit intends to claim the tax deduction u/s 147 of the Income-tax Act. After receiving the declaration, the payer is entitled to make the payment without withholding tax at source on the prescribed categories of payments. The payments must be reported in the periodic withholding tax statements to be furnished by the payer with the tax authorities.

Notifications issued by CBDT on 3 July 2026

Similar exemption from obligation to withhold tax on payment to a unit located in IFSC has been given covering the aviation and ship leasing sectors. The CBDT vide Notification nos. 74 and 75 dated 3 July 2026 has exempted lessees from the requirement to withhold tax on payment of lease rent and supplemental lease rent to eligible IFSC units engaged in the business of leasing aircraft and ships. The said notifications are also applicable from 1 April 2026 onwards.

Please Click Here to read Notification no. 80 dated 10 July 2026 issued by CBDT.

Please Click Here to read Notification no. 74/2026 dated 3 July 2026 issued by CBDT.

Please Click Here to read Notification no. 75/2026 dated 3 July 2026 issued by CBDT.

CBDT authorises inclusion of information received under Automatic Exchange of Information (AEOI) framework into Annual Information Statement (AIS)

By way of orders dated 8 July 2026 (issued u/s 119 of the Income-tax Act, 1961 and u/s 239 of the Income-tax Act, 2025), the CBDT has authorised the Director General of Income-tax (Systems) to display AEOI data on foreign accounts and income directly inside a taxpayer's AIS.

What is AEOI?

The AEOI framework rests on two mechanisms:

- *Common Reporting Standard (CRS)* - Over 100 jurisdictions automatically share financial account information about each other's tax residents once a year. For an Indian tax resident with an account in Switzerland, the UAE, Singapore or the UK, those countries' banks report the account balance and income to their tax authority, which passes it to India
- *FATCA (US)* - USA financial institutions report accounts held by Indian residents to their revenue authorities, which shares them with CBDT

Implications of the orders issued by CBDT

As a result of the action taken by CBDT, taxpayers can now view their foreign bank accounts, custodial and investment accounts, interest, dividends and other specified financial income reported to India by foreign tax authorities under the CRS and FATCA frameworks.

The AIS currently shows AEOI data for calendar years 2022, 2023 and 2024. Calendar-year 2025 data is expected to be loaded after India receives it around September / October 2026.

Every Resident and Ordinarily Resident (ROR) holding a foreign bank account, foreign shares or ESOPs in an overseas parent, a foreign brokerage account, or crypto on an offshore exchange must reconcile this data with Schedule FA before filing its Income-tax return for Assessment Year 2026-27.

The obligation to disclose foreign assets in the Income-tax return applies to a person who is ROR in India for the relevant year. The disclosure is not mandatory for Non-Residents or Resident but Not Ordinarily Residents.

A penalty of Rs.10 lakh per year under the Black Money Act, 2015 is applicable for non-disclosure or inaccurate disclosure of foreign assets. Additional tax and heavier penalties are applicable on undisclosed foreign income.

In simple terms, the Indian tax authorities is not asking the taxpayers to disclosure any new data; it is simply showing to the taxpayers, the data it has already received about their offshore accounts, so that the taxpayers can report them correctly in their tax returns. As part of the rollout, the CBDT is also sending SMS and email nudges to taxpayers, reminding them to disclose foreign assets and foreign income while submitting their Income-tax returns for Assessment Year 2026-27.

Step by step guide for taxpayers for reconciliation of AIS with Schedule FA of the Income-tax return

- Step 1 - Download the AIS. Log in to the e-filing portal, open Services > Annual Information Statement and look specifically for the foreign-account / AEOI information block
- Step 2 - List every foreign account and asset held during the relevant reporting period, whether or not it appears in the AIS. The AIS is a prompt, not a complete ledger. The taxpayer remains responsible for anything it misses
- Step 3 - Match line by line. Compare each AIS entry against foreign bank / broker statements. Note peak balance, closing balance, and gross interest or dividend for each account
- Step 4 - Fill Schedule FA for each foreign asset, using the correct reporting period and Schedule FSI / Schedule TR where the foreign income is taxable and foreign tax has been pai
- Step 5 - Reconcile mismatches early. If the AIS shows an account that is wrongly attributed, submit feedback in the AIS
- Step 6 – Explore the option of filing a revised Income-tax return before the due date, if the taxpayer has already submitted the original return for AY 2026-27 without full disclosure in Schedule FA. Proactive correction is materially cheaper than a Black Money Act proceeding.

Please Click Here to read Order issued by CBDT on 8 July 2026 u/s 119 of the Income-tax Act, 1961 and u/s 536 of the Income-tax Act, 2025.

Please Click Here to read Order issued by CBDT on 8 July 2026 u/s 239 of the Income-tax Act, 2025 read with Rule 245(2) of the Income-tax Rules, 2026.

Tax deduction u/s 80G of Income-tax Act, 1961 in respect of donations made to charitable funds / institutions – Condonation of delay in submission of application for renewal in Form 10AB

Background

Section 80G of the Income-tax Act, 1961 provides for tax deduction in respect of donations made to charitable funds and institutions. For availing approval under clause (ii) of the 1st proviso to section 80G(5) of the Act, a fund or institution approved u/s 80G(5) and whose approval is due to expire, is required to furnish an application in Form 10AB electronically, at least 6 months prior to expiry of the said period.

Reportedly, representations have been received by CBDT from certain funds / institutions whose approval was expiring on 31 March 2026 and who could not furnish Form 10AB for seeking approval within the due date of 30 September 2025. It has been represented that the delay in furnishing the application was attributable to bona fide reasons and other circumstances resulting in genuine hardship to the funds / institutions in terms of receipt of donations.

Circular issued by CBDT on 2 July 2026

In order to mitigate genuine hardship to such funds / institutions, CBDT has condoned the delay in filling Form 10AB, where the said application has been furnished electronically between 1 October 2025 to 31 March 2026. The jurisdictional Principal Commissioner of Income-tax or Commissioner of Income-tax have been authorized to dispose off such applications on merits and pass an order on or before 31 December 2026.

Where an application in Form 10AB filed electronically between 1 October 2025 to 31 March 2026 has been rejected solely on the ground that it was furnished beyond the prescribed time limit of 30 September 2025, the delay shall be deemed to have been condoned in such cases. The Principal Commissioner of Income-tax or Commissioner of Income-tax have been authorized to dispose of such applications on merits and pass an order latest by 31 December 2026.

Please Click Here to read Circular no. 6 dated 2 July 2026 issued by CBDT.

International Tax

International Tax

Advance Pricing Agreement (APA) programme – CBDT releases annual report for FY 2025-26

The APA programme of CBDT is one of its significant programmes for fostering a tax regime in India that provides an investor conducive environment. 1035 APAs have been entered into by the CBDT till March 2026.

This year marks the introduction of the Income-tax Act 2025 and Income-tax Rules 2026. Significant reforms have been brought in the APA administration such as introduction of simpler application forms, uniform filing fees and time-limits for Unilateral APA cases dealing with IT services. The APAs signed till date have cumulatively brought about certainty to taxpayers for more than 5500 Assessment Years.

Apart from running the Unilateral leg of the APA programme, CBDT has also engaged with its various tax treaty partners to negotiate and enter into Bilateral APAs, which provide taxpayers an added benefit of relieving double taxation and providing tax certainty in both treaty partner jurisdictions. The year also saw a record number of bilateral agreements signed.

The annual APA report for FY 2025-26 was issued by CBDT on 24 July 2026, marking the way towards a predictable tax administration. The report discusses various aspects of the APA programme in India, including data and quantitative analyses and the Mutual Agreement Procedure (MAP) programme.

Please Click Here to read the complete report issued by CBDT on 24 July 2026.

International Tax

India's Double Taxation Avoidance Agreement (DTAA) with Sri Lanka amended to prevent tax avoidance by incorporating Principal Purpose Test (PPT)

India has amended its DTAA with Sri Lanka to tighten loopholes and curb revenue leakage by preventing treaty abuse. The protocol amending the DTAA between the two counties has been notified by the Ministry of Finance and will apply in India on income derived from 1 April 2027 onwards.

The amended DTAA now includes the Principal Purpose Test (PPT). An anti-avoidance tool, the PPT ensures denial of benefits under a DTAA, where it is reasonable to conclude that one of the principal purposes of an arrangement or transaction is to obtain a benefit, directly or indirectly, under a DTAA unless the granting of the benefit was in accordance with the object and purpose of the DTAA.

Tax authorities will now be empowered to examine the commercial intent behind an investment structure and deny benefits under the DTAA if obtaining a tax advantage is considered one of its principal purposes, unless the arrangement is consistent with the DTAA's object and purpose.

For investors, the amendment marks a shift towards uncertainty in claiming DTAA benefits. Earlier, investors could largely rely on meeting objective legal requirements.

In January 2025, the CBDT had issued a circular on PPT stating that it will apply prospectively and the gains on transfer of shares acquired by residents of Mauritius, Cyprus and Singapore in Indian companies prior to April 2017 have been grandfathered and will remain outside the purview of the PPT.

Please Click Here to read Notification no. 88 dated 16 July 2026 issued by the Ministry of Finance.

Corporate Law & Regulatory

Companies Compliance Facilitation Scheme, 2026 (CCFS) - Ministry of Corporate Affairs (MCA) extends due date from 15 July 2026 to 31 August 2026 for pending filings

Background

In February 2026, MCA had issued the CCFSas a time-bound relief measure for companies having pending filings relating to annual return and financial statements. The objective of the scheme is to provide defaulting companies an opportunity to complete overdue compliances with Registrar of Companies in a simplified and cost-effective manner.

Companies / inactive companies have the option to:

- Complete their pending annual filings by paying only 10% of the total additional fees payable on account of delays; or
- Get themselves declared as 'dormant company' u/s 455 of the Companies Act by filing e-form MSC-1 and paying half of the normal fee payable under the rules. The said provision enables inactive companies to remain on the register of the companies with minimal compliance requirements; or
- Get themselves struck off by filing an application in e-form STK-2 during the validity of the scheme, by paying 25% of the filing fees

By allowing filings with concessional additional fee and offering relief from penal consequences for specified defaults, the scheme aims to encourage voluntary compliance and reduce long-pending non compliance cases. The Scheme came into force on 15 April 2026 and was valid till 15 July 2026.

In April 2026, MCA issued FAQs on the scheme, such as the entities which are eligible to avail the scheme, the filings covered under the scheme, whether the scheme provides immunity from penalty, etc.

Circular no. 3 issued by MCA on 8 July 2026

Due to capacity enhancement / restoration activities being done at data center consequent to a fire incident in June 2026, MCA has extended the validity of the CCFS up to *31 August 2026* (from 15 July 2026).

Please Click Here to read Circular no. 3 issued by MCA on 8 July 2026.

Compliance Calendar

Compliance calendar for the month of August 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th August	July 2026	TDS / TCS deposit	Non-Government Deductors
10th August	July 2026	a) GSTR-7 (TDS return under GST) b) GSTR-8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to collect TCS under GST
11th August	July 2026	GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crores in FY 2025-26 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2025-26 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13th August	July 2026	GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
		GSTR-5 (Return by Non-resident)	Non-resident taxable person (NRTP)
		Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2025-26 and opted for QRMP Scheme
15th August	July 2026	Deposit of PF & ESI contribution	All Deductors
	April-June 2026	Issue of TDS Certificate in Form 131 & TCS Certificate in Form 133	All Deductors & Collectors
20th August	July 2026	GSTR-3B (Summary return).	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2025-26 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2025-26 and not opted for QRMP scheme
		GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	OIDAR services provider
25th August	July 2026	Form GST PMT-06 (payment of tax for QRMP filers)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2025-26 and opted for QRMP scheme
31st August	FY 2025-26	Income-tax Return (ITR) in Form ITR-3 / ITR-4	For Individuals, HUF, Firms/LLP, AOP having any income from business / profession but not liable to tax audit
		Form 10-IEA	For Individuals, HUF, having income from business / profession and who are not liable for Tax Audit and wish to be governed by old tax regime under the Income-tax Act, 1961, or re-enter the new tax regime.

About KrayMan

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We were founded in 2012 by professionals from Big 4 accounting firms & industry background. We are a team of Chartered Accountants, Company Secretaries, Advocates & MBAs.

We specialize in India-Entry, Accounting, Taxation, Legal, Regulatory, Assurance, HR, Payroll, Loan Staffing and Global Capability Center services. We provide services in the areas of Compliance, Advisory & Litigation.

We have been serving Domestic as well as International Clients from countries like USA, Japan, Australia, EU etc.

We have been awarded under the category ‘Small Business Award 2021’ by the International Business Council of Australia. We are an ISO/IEC 27001:2022 compliant Firm.

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