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Demystifying Complexities

TAX EDGE

Monthly Tax & Regulatory Updates

Tax • Regulatory • Assurance • Legal

August 2026

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Contents

Goods & Services Tax ('GST')

GST

GST revenue collection for July 2026 INR 2,112.05 billion (15.4% higher than GST revenue in July 2025)

The gross GST revenue collected in the month of July 2026 is Rs. 2,11,205 crore as below:

IGST (Integrated Goods and Services Tax)	Rs. 1,23,490 Crore
CGST (Central Goods and Services Tax)	Rs. 39,835 Crore
SGST (State Goods and Services Tax)	Rs. 47,881 Crore
Total (rounded off)	***Rs. 2,11,205 Crore***

The gross GST collection for July 2026 stood at Rs. 2.11 lakh crore, representing an 15.4% year-on-year growth, driven by a strong increase in imports by 28.8% and stable increase in the domestic transactions by 10.1%. After considering refunds, the net GST revenue for July 2026 stands at Rs. 1.81 lakh crore, reflecting a growth of 15.8% compared to the same period last year.

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

Goods & Services Tax Network (GSTN) issues advisory to keep proposed e-Way Bill enhancements on hold

Background

GSTN had earlier issued advisories dated 9 June 2026 and 17 June 2026 proposing certain enhancements to the e-Way Bill system. GSTN had also issued detailed FAQs on 1 July 2026 in relation to the proposed changes. The key proposed enhancements included:

- Mandatory capture of ‘Ship-to GSTIN’ in specified Bill-to/Ship-to transactions; and
- Introduction of a voluntary facility for closure of e-Way Bills upon delivery of goods

The enhancements were proposed to be implemented with effect from 1 August 2026 onwards and would have required taxpayers, transporters, ERP service providers and other stakeholders to evaluate and update their ERP systems and processes.

Advisory on keeping on hold the proposed e-Way Bill enhancements

GSTN has now clarified that the implementation of the aforesaid e-Way Bill enhancements has been kept on hold until further notice.

Accordingly, taxpayers, transporters, ERP service providers and other stakeholders have been advised that no changes are required to be made in the production environment pursuant to the earlier advisories, until further communication from GSTN.

GSTN has also stated that the related advisories and FAQs will be withdrawn from the GST portal.

Please Click Here to read the advisory dated 29 July 2026 issued by GSTN.

Direct Tax

Direct Tax

Gross Direct Tax collection for Financial Year (FY) 2026-27 (upto 10 August 2026) is INR 9,547.75 billion, 19.75% 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 10 August 2026	Amount (Rs.)	Remarks
Gross direct tax collection	Rs 9.54 lakh crore	19.75% higher than gross collection for corresponding period last year
Net direct tax collection (after adjustment of refunds)	Rs 8.11 lakh crore	23.09% higher than net collection for corresponding period last year
Refunds issued	Rs 1.43 lakh crore	3.79% higher than refunds issued for corresponding period last year

Please Click Here to read the Press Release dated 11 August 2026.

Direct Tax

Income-tax department undertakes verification of suspicious foreign remittances

Based on ground intelligence and analysis of data on outward foreign remittances, the Income-tax department has identified several suspicious entities that remitted large amounts of foreign exchange over the last three years. A nationwide network of entities engaged in remitting funds abroad was uncovered during a search operation conducted on a group of fictitious charitable trusts involved in providing accommodation entries against bogus donations / contributions. Preliminary ground verification revealed that the entities making these remittances were either non-filers or were filing income-tax returns showing very small turnovers. The turnovers had no apparent correlation with the large amounts of money being remitted abroad. They also did not appear to match the stated purpose of the remittances, such as payment for freight, import of software, or import of consulting services. Further ground-level intelligence revealed that these entities were not actually operating from the addresses declared by them.

Further analysis of the data also revealed that a large number of Form 15CB certificates were issued by a relatively small group of professionals. The remitted funds were also received by a clustered group of entities. Form 15CB, read with Rule 37BB of the Income-tax Rules, 1962 (corresponding to Form 146 read with Rule 220 of the Income-tax Rules, 2026), requires a Chartered Accountant certifying a foreign remittance to verify its taxability with reference to the books of account and other relevant documents. However, the findings raise concerns as to whether adequate due diligence was carried out by the Chartered Accountants before issue of these certificates.

On 18 August 2026, the Income-tax department launched a nationwide exercise to verify these foreign remittances, focussing on shell entities, the persons behind them, and the professionals who have issued Form 15CB certificates. Entities located in districts along the country's land borders and remitting significant amounts of money abroad have also been covered in the exercise. The exercise has covered approximately 394 entities (including 117 entities located in land-border states) and 36 professionals.

The Income-tax department has emphasised that Chartered Accountants issuing certificates in Form 15CB / Form 146 are expected to exercise due care, diligence and professional judgment. They should properly examine the underlying transactions and relevant facts before certifying the remittances, as these certifications play an important role in maintaining trust in the system. Further investigations are currently underway.

Please Click Here to read the Press Release dated 18 August 2026 issued by the Central Board of Direct Taxes.

Direct Tax

Central Board of Direct Taxes (CBDT) issues Foreign Assets of Small Taxpayers - Disclosure Scheme Rules 2026

CBDT has issued the Foreign Assets of Small Taxpayers - Disclosure Scheme Rules 2026, providing a one-time voluntary disclosure window for eligible taxpayers to declare specified foreign assets and foreign income. The Scheme is effective from 16 August 2026 onwards and the last date for filing a declaration is 31 December 2026. The Scheme operates electronically and covers two categories:

- Undisclosed foreign assets or undisclosed foreign income, where the aggregate fair market value (FMV) does not exceed Rs. 1 crore, on payment of tax @ 30% plus an amount equal to 100% of such tax; and
- Foreign assets which were acquired from income earned while the taxpayer was non-resident or from income already offered to tax in India, but which were not reported in tax return, where the aggregate FMV does not exceed Rs. 5 crore, on payment of a fixed fee of Rs. 1 lakh. The valuation date for determination of FMV of foreign asset under reference is 31 March 2026

The Central Government has prescribed various forms for different steps involved, i.e.

- Form 1 for filing declaration
- Form 2 for determination of amount payable
- Form 3 for proof of payment, and
- Form 4 certifying the declaration

A valid declaration and payment under the Scheme grants immunity from levy of any further tax, penalty and from prosecution under The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in respect of the income or asset declared. It is a welcome initiative to resolve disputes relating to undisclosed foreign asset, income or default for small taxpayers and giving a limited period compliance opportunity.

Direct Tax

FAQs issued by the Income-tax department on 15 August 2026

Pursuant to the issue of above Rules, the tax department has released a set of 50 FAQs covering the following topics:

- About the Scheme
- Who can make a Declaration / Eligibility
- What can be declared — Scope of the declaration
- Amount payable under the Scheme
- Valuation of assets
- How to file a Declaration (Form 1)
- Processing of the Declaration — Orders and Payment (Forms 2, 3 and 4)
- Effect of a valid Declaration — benefits and immunities
- Situations in which the scheme does not apply

Please Click Here to read Notification no. 114 issued by CBDT on 14 August 2026.

Please Click Here to read the FAQs issued by Income-tax department

Taxation & Other Laws (Amendment) Act, 2026 – Ratification of Income-tax (Amendment) Ordinance, 2026 announced in June 2026 & Amendments to the Income-tax Act, 2025 & Finance Act, 2026

Background

In June 2026, Government of India announced certain reforms aimed at deepening the Government Securities market and enhancing Foreign Portfolio Investor (FPI) participation. These reforms were announced in response to evolving geopolitical developments and related disruptions in international trade and supply chains. As Parliament was not in session and circumstances existed which rendered it necessary to take immediate action, the President announced the Income-tax (Amendment) Ordinance, 2026 on 5 June 2026.

Accordingly, the Government introduced the Taxation and Other Laws (Amendment) Bill, 2026 (Amendment Bill) in the lower house of Parliament on 4 August 2026 to ratify the Ordinance. The Bill has subsequently received the assent of the President on 17 August 2026 and has been enacted as the Taxation and Other Laws (Amendment) Act, 2026.

Amendments to the Income-tax Act, 2025

In addition to ratification of Ordinance, the Taxation and Other Laws (Amendment) Act, 2026 introduces further amendments to the Income-tax Act, 2025 and Finance Act, 2026, as a result of representations received from the industry, to mitigate the impact of economic shocks, ensuring stability in the domestic economy and supporting key sectors affected by the prevailing global conditions.

Summary of key amendments

- Tax exemption for foreign companies providing capital goods, equipment or tooling for specified electronics contract manufacturing extended till tax year 2040-41
- Tax exemption till tax year 2040-41 for foreign company storing components in bonded warehouse in India for supply to contract manufacturer manufacturing specified electronic goods
- Relaxation of conditions for tax exemption available to foreign companies procuring data center services from India

Direct Tax

- Tax exemption for foreign companies engaged in sale of rough diamonds in notified special zones
- Rationalization of the safe harbor framework promoting management of offshore funds from India by deletion of conditions to be satisfied by the offshore fund
- Streamlining taxation of dividend distributions by business trusts by granting a uniform exemption to unitholders regardless of the tax regime adopted by the underlying Special Purpose Vehicle (SPV), but with higher surcharge of 25% for SPVs opting for concessional regime

FAQs issued by the Income-tax department

The tax department has issued a set of 32 FAQs to clarify various matters included within The Taxation and Other Laws (Amendment) Bill, 2026.

Key impact of the amendments

- The relaxations / exemptions proposed for foreign companies for procuring data center services from India or contract manufacture of specified electronic goods in India or sale of rough diamonds in India are a welcome move providing better tax certainty and attracting more investment in sunrise sectors of the Indian economy
- The amendments tend to simplify the tax regime governing dividend distributions through business trusts by providing a uniform exemption to unitholders in respect of dividend income distributed by a business trust, irrespective of the tax regime adopted by the underlying SPV but with higher surcharge for SPVs opting for corporate tax regime as a revenue balancing exercise
- While the amendments pertaining to ratification of exemption on interest and capital gains earned on Government Securities by FPIs were expected, the proposed amendments in relation to safe harbor regime for onshore management significantly enhance its commercial viability and align India's framework more closely with internationally prevalent practices

Please Click Here to read Taxation and Other Laws (Amendment) Act, 2026.

Please Click Here to read the FAQs issued by the Income-tax department.

Corporate Law & Regulatory

Foreign Direct Investment (FDI) in E-commerce sector – Export of domestically manufactured goods exempted from restrictions applicable on inventory based model of e-commerce

The Department for Promotion of Industry and Internal Trade (DPIIT) has reviewed the FDI policy governing the e-commerce sector to facilitate greater exports and provide Indian sellers with increased access to global markets. As per the existing policy, FDI is permitted in B2B e-commerce and the marketplace model; however, FDI is not permitted in B2C e-commerce and inventory-based e-commerce models.

As a key policy change, the restrictions applicable on inventory-based e-commerce model have been removed on exports of goods / products manufactured / produced in India.

Accordingly, e-commerce entities with foreign investment may undertake inventory-based model exclusively for export of Indian-manufactured or produced goods, subject to the applicable provisions of the Foreign Trade Policy 2023 and Foreign Exchange Management (Export of Goods & Services) Regulations, 2015.

Please Click here to read Press Note 3 (2026) dated 23 July 2026.

Corporate Law & Regulatory

National Company Law Tribunal (NCLT) launches e-inspection & e-certified copy services

The NCLT has on 12 August 2026 launched its e-inspection and e-certified copy services, in a direction towards making the Tribunal's Registry more accessible and technology-enabled.

The two services are intended to provide advocates, litigants and other stakeholders with convenient and faster access to judicial records and certified copies. The services form part of the Tribunal's broader digital transformation, including the revamped NCLT website and the ongoing e-Courts 2.0 initiative.

The President of NCLT highlighted the measures undertaken to improve case management and reduce pendency. The NCLT has adopted a data-driven mechanism to monitor pendency across Benches. Based on the data so collated, workload was reviewed and redistributed, Special Benches were constituted wherever required, and efforts were made to maximise the available Court time.

These measures contributed to the approval of 78 resolution plans during April–June 2026, the highest first-quarter performance since the enactment of the Insolvency and Bankruptcy Code, involving approximately Rs. 5,517.66 crore.

The NCLT has also issued detailed guidelines on registration and listing of cases, in consultation with the Bar Council, to ensure optimum utilisation of limited judicial resources.

While the Tribunal continues to face infrastructural and manpower constraints, sustained efforts are being made to reduce avoidable delays and improve efficiency. The launch of the two services is part of NCLT's continuing endeavour to provide a more transparent, efficient and stakeholder-oriented system of justice delivery.

Please [Click here]() to read the Press Release dated 12 August 2026 issued by the Ministry of Corporate Affairs.

Compliance Calendar

Compliance calendar for the month of September 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th September	August 2026	TDS / TCS deposit	Non-Government Deductors
10th September		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 September		GSTR-1 (Outward supply 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 Quarterly Return Monthly Payment (QRMP) Scheme
13th September		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 September		Deposit of PF & ESI contribution	All Deductors
	July-Sep 2026	Deposit of 45% (2nd Instalment) of Advance Tax for FY 2026-27	Taxpayers liable to pay advance tax
20th September	August 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 September		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
30th September	FY 2025-26	a) Statutory audit under Companies Act b) Due date of holding Annual General Meeting (AGM) c) Filing of Form FC-3 (Annual accounts and list of places of business in India) with ROC d) Filing of Annual Activity Certificate (AAC) and audited financials e) Revised annual return on Foreign Assets & Liabilities (FLA) on the basis of Audited Financial Statements f) Filing of Tax Audit Report u/s 44AB of Income-tax Act, 1961	a) All Companies b) All Companies c) Liaison/Branch/Project office in India d) Liaison/Branch/Project office in India e) All companies & LLPs having Foreign Direct Investment (FDI) f) Taxpayers whose books of accounts are required to be tax-audited and not subject to transfer pricing (who is required to submit its Income-tax Return on or before 31 October 2026)

About KrayMan

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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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