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COMPANY SECRETARIES · PEER REVIEWED FIRM

REGULATORY & TAX UPDATE

AUGUST 2026

"Doing things differently which can lead to something exceptional."

"We do not believe in making clients, we believe in building trust."

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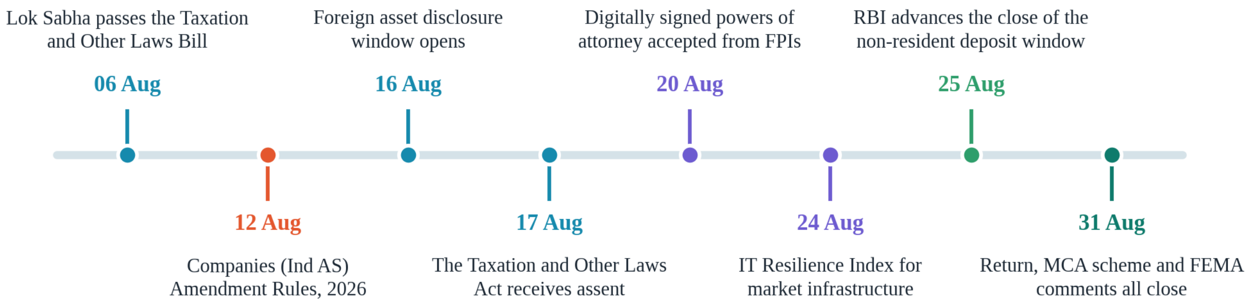
The month in sequence



Overview

August 2026 closed as a month of completion rather than announcement. Measures that had been in progress for much of the year reached their end point: the Taxation and Other Laws (Amendment) Bill became an Act, a disclosure window for foreign assets opened, the Reserve Bank brought forward the close of its deposit incentive scheme, and three separate compliance windows were left standing on the last day of the month.

Three developments deserve the attention of senior management. The Taxation and Other Laws (Amendment) Act, 2026 received assent on 17 August 2026 and is deemed to have come into force on 1 April 2026; it is no longer a proposal, and positions taken during the currency of the Ordinance it replaces must now be reconciled against the enacted text. The Foreign Assets of Small Taxpayers Disclosure Scheme opened on 16 August 2026, giving residents who omitted foreign assets from their returns a defined and finite route to regularisation. And the Supreme Court has declined to dilute section 16(2)(c) of the Central Goods and Services Tax Act, 2017, so that entitlement to input tax credit continues to depend on the supplier having actually paid the tax.

Four dates fall on the last day of this month. The return of income for taxpayers with business or professional income not subject to audit is due on 31 August 2026. The Companies Compliance Facilitation Scheme, 2026 closes on the same day. Comments on the draft Foreign Exchange Management (Foreign Investment) Rules, 2026 close on 31 August 2026. And the Reserve Bank's relaxations on FCNR(B) and Non-Resident (External) deposits, which were to have run to 30 September, now end on 31 August 2026.

Two matters in this edition remain proposals rather than law: the Corporate Laws (Amendment) Bill, 2026, which has been reported upon by a Joint Parliamentary Committee but passed by neither House, and the Foreign Exchange Management (Foreign Investment) Rules, 2026, which exist only in consultation draft. Each is identified as such in the pages that follow.

01 Tax Act enacted

Assent on 17 August, deemed in force from 1 April 2026. Positions taken under the Ordinance must be re-verified.

02 Foreign assets

A disclosure window runs from 16 August to 31 December 2026, with immunity from penalty and prosecution on payment.

03 Three dates, one day

The non-audit return, the MCA facilitation scheme and the FEMA comment window all close on 31 August 2026.

I

Direct Tax

Income-tax Act, 2025 · Central Board of Direct Taxes

Article 1 — The Taxation and Other Laws (Amendment) Act, 2026 is now law

Act No. 21 of 2026 · Assent on 17 August 2026 · Deemed to have come into force on 1 April 2026, save where a provision states otherwise

Assent on 17 August, deemed in force from 1 April 2026 — a proposal no longer.

Introduced on 4 August 2026 and passed by the Lok Sabha on 6 August, the Bill was returned by the Rajya Sabha on 10 August, being a Money Bill, and received assent on 17 August. It amends the Income-tax Act, 2025, the Finance Act, 2026 and the Payment and Settlement Systems Act, 2007, and repeals the Income-tax (Amendment) Ordinance, 2026 while saving what was done under it.

Five changes carry commercial weight. Foreign institutional investors and the Bank for International Settlements are exempt from tax on interest and capital gains from Indian Government securities for income arising on or after 1 April 2026, subject to furnishing prescribed information; the rates previously applicable were twenty, thirty and twelve and a half per cent respectively. Schedule I, the safe harbour for offshore funds managed from India, has been replaced, removing the requirements of twenty-five members, a ten per cent cap on any investor's participation interest, a monthly average corpus of one hundred crore rupees, and the bar on investing more than a quarter of the corpus in one entity. The Schedule IV exemptions for electronics manufacturing now run to 2040-41, with new exemptions for bonded-warehouse storage of components and rough diamond sales in notified zones from 1 October 2026 to 31 March 2041. The data centre exemption no longer requires the foreign company to be notified or the facility approved under a scheme, and covers a centre leased and operated by an Indian company. And the surcharge on a special purpose vehicle of a business trust rises from ten to twenty-five per cent, with a parallel exemption for unit holders on the related dividend income.

Two features matter more than the individual reliefs. The first is the retrospective commencement: a statute deemed to operate from 1 April 2026 but enacted in mid-August requires taxpayers to revisit withholding, advance tax and provisioning already completed for two quarters. That is rework, not planning. The second is the amendment to section 10A of the Payment and Settlement Systems Act, which secured the zero-charge position for Unified Payments Interface and RuPay debit transactions by reference to a provision of the 1961 Act that no longer exists; the rule is now tied to modes notified under section 187 of the 2025 Act. Transfers between individuals remain free — but a statutory bar has become a notified list.

Our comments. The planning exercise is now a compliance exercise. Where reliance was placed on the Ordinance, the position should be re-verified against the enacted text and the reconciliation kept on file, since the Act carries post-consultation additions the Ordinance did not. Business trusts should model the surcharge at the special purpose vehicle level against the unit holder exemption before the next distribution is declared: the burden has moved within the structure, not out of it.

Source: Gazette of India, Extraordinary, Part II, Section 1, 17 August 2026; PRS Legislative Research.

Article 2 — A disclosure window opens for foreign assets of smaller taxpayers

Foreign Assets of Small Taxpayers — Disclosure Scheme, 2026 · Chapter IV of the Finance Act, 2026 · Window open from 16 August 2026 to 31 December 2026 · Valuation date 31 March 2026

> *A four-month window to regularise foreign assets, with immunity on payment.*

A one-time voluntary disclosure window opened on 16 August 2026 and closes on 31 December 2026. It permits a person who was or is resident in India to declare foreign income or foreign assets that were never taxed, or that were taxed but never reported in the foreign asset schedule of the return, and to obtain immunity from penalty and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in respect of what is declared.

The scheme is deliberately narrow. It operates in two categories. The first covers foreign income or assets never taxed and never reported, where the aggregate value as at 31 March 2026 does not exceed one crore rupees, on payment of tax at thirty per cent together with an equal additional amount. The second covers assets acquired out of income already taxed, or out of income earned abroad while non-resident, which were not disclosed after the person became resident, where the value does not exceed five crore rupees, on payment of a fixed fee of one lakh rupees. Immunity follows from payment by operation of law rather than by the exercise of discretion.

The population this addresses is familiar to any finance team supporting an internationally mobile workforce: employees holding shares under global equity plans that were never entered in the schedule, students who kept a dormant account abroad after returning, expatriates on deputation, and returning non-residents with legacy savings. The consequences of leaving such an omission in place are disproportionate to the sums involved — a penalty of ten lakh rupees per asset for each year of non-disclosure, tax at thirty per cent with a penalty of three times that tax, and exposure to prosecution.

The scheme should be read together with the visibility of reported foreign account data in the Annual Information Statement, discussed in the article that follows. The two are connected: the same dataset that makes an omission detectable also makes it advisable to correct the omission while a defined route exists.

> **Our comments.** Eligibility turns on aggregate value at 31 March 2026 and on which of the two categories a holding falls into, and the second category is materially cheaper than the first; the classification should be settled with advice before a declaration is prepared, not afterwards. Employers running global equity plans are not obliged to advise employees, but a general communication drawing attention to the window, without individual advice, is a proportionate response and is materially better than silence. The window is four months and there is no indication that it will be extended.

Source: Chapter IV of the Finance Act, 2026. The commencement date and the category thresholds are drawn from professional commentary; the notified scheme rules were not independently retrieved at the cut-off.

Article 3 — Foreign asset information is now visible in the Annual Information Statement

Office Memorandum dated 17 July 2026, note hosted on the e-filing portal on 20 July 2026 · Revised FATCA and CRS Guidance Note dated 24 July 2026 · Central Board of Direct Taxes

> *Reporting data from abroad is visible in the AIS: the schedule becomes a reconciliation.*

Information received by India under the Common Reporting Standard and under FATCA, covering foreign bank accounts, custodial accounts and specified financial interests held by Indian residents, is now surfaced to the individual taxpayer within the Annual Information Statement. Separately, the Board has reissued its FATCA and CRS Guidance Note so that reporting financial institutions apply the provisions of the Income-tax Act, 2025, in particular section 508 read with Rules 238 to 240 and Form 166, rather than those of the 1961 Act.

No new obligation has been created. Residents have always been required to disclose foreign assets in the relevant schedule of the return, and the Black Money Act has always applied to non-disclosure. India has also received this data for several years. What has changed is visibility: the taxpayer and the Department now examine the same dataset before the return is filed, so a schedule that does not agree with the Annual Information Statement is a discrepancy apparent at the moment of filing rather than one that emerges years later.

Two practical difficulties deserve attention. Data under the Common Reporting Standard is reported on a calendar year basis while the Indian return runs on a financial year, so a line-by-line comparison will not reconcile and a bridge is required. Attribution is the second: joint accounts, accounts held through entities, and accounts in which the taxpayer is a beneficiary rather than the holder are frequently reported in a form that does not correspond to the taxpayer's own understanding of the asset. Neither difficulty justifies leaving the schedule incomplete.

> **Our comments.** Foreign asset disclosure has moved from a year-end afterthought to a pre-filing reconciliation, and the reconciliation should be retained on file. Where the statement is incorrect, the feedback facility should be used and the acknowledgement preserved. Where a prior year's schedule is incomplete, the disclosure scheme described in the preceding article now offers a defined route, and advice should be taken while it remains open rather than after 31 December 2026.

Source: Income Tax Department, News and e-Campaigns.

Article 4 — The filing season and the date of 31 August 2026

Utilities released between 4 and 18 August 2026 · Due date of 31 August 2026 for returns in non-audit business and professional cases · Income Tax Department

> *31 August is the date for non-audit business returns; the audited cycle runs to October.*

The Income Tax Department confirmed on 28 August 2026 that 31 August 2026 is the due date for the return of income for assessment year 2026-27 for taxpayers with business or professional income who are not subject to audit — the population filing Forms ITR-3, ITR-4, ITR-5 and ITR-7. More than seven crore returns had been filed by that date. Taxpayers eligible to file Forms ITR-1 and ITR-2 had an earlier date of 31 July 2026. No extension had been announced at the cut-off.

The utilities for the returns used by entities were released in sequence during the month: the Excel utility for Form ITR-6 on 4 August 2026 and online filing on 18 August; Form ITR-5 online on 5 August and offline on 7 August; Form ITR-7 online on 11 August and offline on 14 August 2026. This is the first full filing cycle conducted under the Income-tax Act, 2025 and the Income-tax Rules, 2026.

For audited taxpayers the timetable now runs from 30 September 2026 for the tax audit report and 31 October 2026 for the return, with 30 November 2026 where a transfer pricing report is required. Before filing, the customary reconciliations carry more weight this year than usual: Form 26AS, the Annual Information Statement and the Taxpayer Information Summary against the books; and turnover reported under the goods and services tax against turnover reported for income tax. Divergence between the two turnover figures is a standard selection parameter and is more easily explained when identified before filing than afterwards.

> **Our comments.** Where a return due on 31 August 2026 has not been filed, the exposure is a late filing fee under the corresponding provision of the 2025 Act together with interest on unpaid tax, and, less obviously, the loss of the ability to carry forward certain losses. That second consequence is the one most often discovered late. For the audited population, utility versions are revised during the season; a return prepared on an early version and filed some weeks later may fail validation or, less obviously, pass validation while carrying a schedule that the revised utility computes differently. The utility version should be re-verified on the day of filing rather than on the day of preparation.

Source: Income Tax Department, News and e-Campaigns, and the Department's public announcement of 28 August 2026.

Article 5 — Other measures of the Board taking effect in the current cycle

Notification Nos. 74/2026 and 75/2026 dated 6 July 2026 · Notification No. 80/2026 dated 13 July 2026 · Circular No. 6/2026 dated 6 July 2026 · Notification No. 97/2026 dated 27 July 2026 · Central Board of Direct Taxes

No withholding on payments to IFSC units; delayed Form 10AB may be condoned.

Three measures issued in July 2026 have become material during the current compliance cycle. The first concerns units in International Financial Services Centres. The Board has notified that aircraft lease rent and ship lease rent paid to such units are not liable to deduction of tax at source under section 147 of the Income-tax Act, 2025, and has separately notified that specified payments to eligible units — interest, dividend, professional fees, commission, brokerage and other income connected with financial services — are exempt from deduction of tax at source.

The measures continue a consistent policy line, which is to remove the cash-flow drag of Indian withholding from transactions routed through the International Financial Services Centre so that the concessional regime available to the unit is not diluted by tax deducted upstream. The effect is on working capital rather than on ultimate liability, but in leasing structures, where rentals are large and margins are narrow, the working capital effect is frequently the commercial substance of the arrangement.

The second measure addresses a narrower difficulty. By Circular No. 6/2026, the Board has permitted condonation of delay in the electronic filing of Form 10AB for approval under clause (ii) of the first proviso to section 80G(5). Charitable institutions that missed the filing window have faced the loss of deductibility for their donors, a consequence disproportionate to a procedural default, and the circular restores the position where the delay can be explained.

The third is machinery rather than relief. By Notification No. 97/2026, the Board introduced Form ITR-BN and amended Rule 332 of the Income-tax Rules, 2026 by inserting Appendix IV, to govern returns filed in relation to search and requisition cases, with effect from 1 April 2026. Until that notification the Rules made under the 2025 Act carried no return form for block assessment, so searches conducted after 1 April 2026 had no prescribed form. The retrospective operation supplies machinery rather than imposing a fresh charge, and decides none of the substantive questions that arise in block assessment proceedings.

Our comments. Payers to units in the International Financial Services Centre should revisit their withholding masters against the notifications rather than continuing to deduct out of caution, since over-deduction is a real cost to the payee and its recovery is slow. Charitable institutions with a lapsed or delayed Form 10AB should evaluate the condonation route promptly, supported by a documented explanation of the delay. Litigation teams should record the new return form in the internal search-response protocol, which is typically the only document consulted when such an event occurs.

Source: Notification Nos. 80/2026 and 97/2026 and Circular No. 6/2026, Income Tax Department.

II

Goods and Services Tax

Central Goods and Services Tax Act, 2017 · CBIC · GSTN · GSTAT

Article 6 — Supreme Court affirms section 16(2)(c): input tax credit depends on the supplier having paid

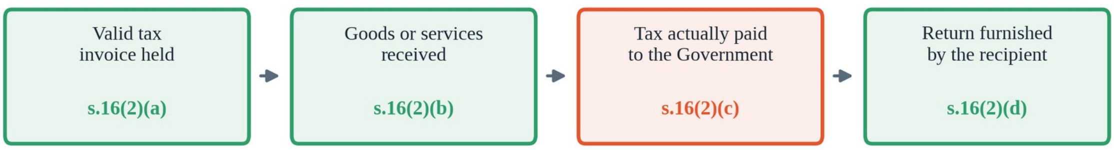
Bhandari Scrap Traders v. Union of India & Ors., SLP (C) No. 23931 of 2026, order dated 24 July 2026 · Supreme Court of India · Reported as 2026 LiveLaw (SC) 725

> *Credit depends on the supplier having paid: the vendor's default is the buyer's loss.*

The petitioner, a purchasing dealer, held the invoices, had received the goods and had paid its suppliers including the tax, but was denied credit because those suppliers had failed to deposit it with the Government. The question was whether section 16(2)(c) of the Central Goods and Services Tax Act, 2017 is unconstitutional or should be read down to protect a purchaser who has acted in good faith and cannot compel the supplier to pay.

The Court dismissed the Special Leave Petitions, holding that section 16(2)(c) is neither unconstitutional nor liable to be read down, and that credit is not available to the recipient unless the tax has actually been paid to the Government.

The reasoning proceeds from the structure of the credit mechanism rather than the equities of the case. Input tax credit is not a right arising from payment of consideration to a supplier; it is a statutory entitlement arising when the conditions in section 16(2) are satisfied, and those conditions are cumulative. To read down clause (c) would not be interpretation but the removal of a condition the legislature deliberately imposed, and would require the Government to allow credit for tax it never received. The recipient is not without recourse: the scheme contemplates reversal and later re-availment under section 41(2) read with Rule 37A once the supplier pays, and contractual remedies remain available.



the condition outside the recipient's control — and the one the Court declined to read down

Two qualifications should be recorded. The petitions were dismissed, and the weight of a dismissal depends on the extent to which the Court declared the law; and the decision settles the constitutional challenge without settling every downstream question.

> **Our comments.** Supplier credit risk and supplier tax-compliance risk are now the same risk. Three responses follow. Vendor onboarding should test filing history rather than registration status alone. Contracts should allocate the loss through indemnity, set-off against payables and a hold-back linked to the credit appearing in Form GSTR-2B. And reconciliation should be monthly: a mismatch found while the payable is open is a negotiation, not a write-off.

Source: Reports of the order in professional and legal publications. The order was not independently retrieved at the cut-off.

Article 7 — The e-Way Bill and e-Invoice interface changes remain on hold

Advisory dated 29 July 2026 · Goods and Services Tax Network · Package held in abeyance until further notice; position unchanged at the cut-off

Mandatory 'Ship To GSTIN' stays on hold — freeze the build rather than reversing it.

The Goods and Services Tax Network had notified a set of enhancements to the application programming interfaces of the e-Invoice and e-Way Bill systems to take effect from 1 August 2026, having already deferred them once from 15 June 2026. The most significant was that the “Ship To GSTIN” field would become mandatory wherever ship-to information was present, alongside a facility permitting voluntary closure of an e-way bill. By an advisory issued on 29 July 2026 the entire package was kept in abeyance until further notice, with stakeholders told that no changes were required in the production environment. No revised date had been announced at the cut-off, and the position was unchanged throughout August.

This is a deferral rather than a withdrawal, and the distinction governs the correct response. The policy objective — validating the ship-to leg so that place of supply and e-way bill data agree — has not been abandoned; what has been deferred is enforcement. Businesses that completed the change ahead of 1 August are in the better position, since the change is harmless while the field remains optional and will be required when the package is revived. Unwinding a completed build and repeating it later would be the least satisfactory outcome.

There is a related point worth acting on independently of any deadline. The reason the field is being made mandatory is that ship-to data is frequently inaccurate: stale consignee registrations, unregistered delivery locations recorded as registered, and branch registrations used interchangeably. Those errors create place of supply exposure today; they are simply not being detected by the portal. The exposure is unaffected by the deferral.

Every taxpayer generating e-invoices or e-way bills is affected, and particularly those operating bill-to and ship-to models in fast-moving consumer goods and pharmaceutical distribution, third-party manufacturing, electronic commerce fulfilment, project supplies and equipment leasing.

Our comments. The build should be frozen rather than reversed, with the change recorded in the change log and the test evidence retained, and the interval used to cleanse consignee master data while there is no deadline pressure. Because the specification is already published and industry has already been told what to build, revival could come at short notice; a standing item in the monthly indirect tax review is the simplest safeguard.

Source: Goods and Services Tax Network portal advisory of 29 July 2026, as reported through professional sources; the advisory was not independently retrieved at the cut-off.

Article 8 — The Appellate Tribunal: a closed window, a token, and reconstituted benches

Special filing window closed on 31 July 2026 · Benches reconstituted and appeals reclassified with effect from 1 August 2026 · Relaxed filing framework reported as extended to 31 December 2026 · Goods and Services Tax Appellate Tribunal

> *The window closed, but a July token still runs sixty days into September.*

The Goods and Services Tax Appellate Tribunal commenced adjudicatory operations on 16 February 2026 as a fully electronic tribunal. To clear the backlog accumulated during the years in which no tribunal was functioning, a special filing window was provided under section 112(1) read with section 112(3) of the Central Goods and Services Tax Act, 2017. Extended once from 30 June to 31 July 2026, it closed on that date.

Three developments during August refine the position materially. First, a token facility operated alongside the closing date: a taxpayer who obtained a token on or before 31 July 2026, as evidence of an attempted timely filing, has a sixty-day window running from the issue of the token within which to complete the filing. For a token issued on the last day, that window runs into the closing days of September 2026 — which places it in the month ahead rather than the month past, and makes it the single most consequential date in this edition for any taxpayer with an unfiled backlog appeal. Secondly, the benches were reconstituted and pending appeals reclassified into categories for hearing by designated benches with effect from 1 August 2026, so an appeal filed before that date may now sit before a differently constituted bench. Thirdly, the relaxed and simplified filing procedure on the portal has been reported as extended to 31 December 2026; that relaxation concerns the manner of filing and does not extend any period of limitation.

For orders passed on or after 1 February 2026 the ordinary rule in section 112(3) continues to apply, permitting an application within six months from the date of the order. The closing of a limitation window is one of the few regulatory events that produces an irreversible loss, and where an appeal has not been filed the remedy is not simply to file late but to seek condonation, the availability of which before the Tribunal is itself a contested area.

> **Our comments.** Two operational points follow from the Tribunal being fully digital: a filing is complete when the electronic record is complete, so the portal acknowledgement is the evidence and should be retained; and pre-deposit must be made and evidenced, since an appeal without pre-deposit is not in any practical sense a filed appeal. Where a token was obtained in July, the sixty-day period should be calculated from the token and diarised now rather than assumed to run to the end of September. An unfiled appeal converts a contested demand into a payable one, with consequences for provisioning, for the tax audit report and, for listed entities, for disclosure.

Source: Reported through professional sources and tribunal practice notes; the notification and the portal advisories were not independently retrieved at the cut-off.

Article 9 — Two decisions on procedure: service through the portal and parallel proceedings

Luxmi Traders v. Union Territory of Chandigarh & Others · Punjab and Haryana High Court · Reported July–August 2026 · and an interim order of the Supreme Court of India reported in early August 2026

> *A portal tab is not service; and a second notice on a demand under appeal is stayed.*

Service through the portal. The petitioner challenged adjudication proceedings on the ground that the show cause notice and the adjudication order had been made available only by uploading them on the “View Additional Notices and Orders” tab of the goods and services tax portal, and had not otherwise been served. The Court held that merely uploading a notice or an order on that tab cannot be regarded as a legally valid mode of service. As reported, the Court drew support from the Government’s own administrative circular of June 2026 directing officers additionally to send show cause notices by registered or speed post, treating that instruction as an acknowledgement that exclusive reliance on portal uploading was inadequate. The principle is that service is a jurisdictional requirement rather than an administrative formality: a notice that has not been validly served has not been served, and proceedings founded upon it are vulnerable. This is a decision of a High Court, binding within its territorial jurisdiction and persuasive elsewhere. Decisions on portal service have not been uniform across High Courts and the position should not be described as settled nationally.

Parallel proceedings. A statutory appeal against a demand was pending before the Joint Commissioner (Appeals) when the authorities issued a fresh show cause notice under section 74 of the Central Goods and Services Tax Act, 2017 in respect of the same demand. The Supreme Court granted interim protection by staying further action under the impugned notice, pending examination of the legality of the overlapping proceedings. The order is interim. It decides nothing finally, lays down no principle, and must not be cited as authority for the proposition that parallel proceedings are void. Its practical value lies elsewhere: where a taxpayer faces a second proceeding in respect of a demand already under appeal, an application for interim protection is now supported by a comparable order of the Supreme Court. Proceedings of this kind arise more often than the statutory scheme would suggest, usually because the appellate record and the audit or anti-evasion record are maintained separately and are not cross-checked before a notice is issued.

> **Our comments.** The service decision supplies a live ground of challenge wherever the taxpayer’s first knowledge of proceedings came from a recovery notice or a blocked credit ledger rather than from a served notice; ex parte orders in such cases should be examined for a defect in service before the merits are addressed. It is not, however, a strategy — the portal remains the principal channel of communication and its tabs should be monitored weekly by a named owner. On parallel proceedings, the jurisdictional objection should be raised at the earliest opportunity and preserved in the reply, since responding only on the merits risks it being treated as waived. A single register of all open proceedings, mapped by period and by issue, is the practical control, and it is often maintained by no one because responsibility is divided between the litigation team and the compliance team.

Source: Reported through professional sources; neither the judgment nor the order was independently retrieved at the cut-off.

III **Corporate Law**
Companies Act, 2013 · Ministry of Corporate Affairs

Article 10 — Companies (Indian Accounting Standards) Amendment Rules, 2026

G.S.R. 725(E) dated 12 August 2026 · Ministry of Corporate Affairs, in consultation with the National Financial Reporting Authority · Sections 133 and 469 of the Companies Act, 2013

Ind AS 101, 107, 109, 110 and 7 amended — 30 September is the first reporting date.

The Ministry has amended the Companies (Indian Accounting Standards) Rules, 2015. The amendments touch Ind AS 101, 107, 109, 110 and 7, covering annual improvements, the classification and measurement of financial instruments including cash flows contingent on specified events, hedge accounting, contracts referencing nature-dependent electricity, settlement of financial liabilities through electronic payment systems, non-recourse arrangements, de facto agents under Ind AS 110 and cash flow presentation for investments in associates, joint ventures and subsidiaries. Several apply for annual reporting periods beginning on or after 1 April 2026, with distinct transitional provisions for the financial instruments and electricity contract amendments.

Three of the changes are likely to occupy the most time in practice. The first concerns the derecognition of financial liabilities settled through electronic payment systems, a question answered inconsistently — some entities derecognising on initiation, others on clearing. For entities with large payment runs close to a reporting date, the answer can move both the liability and the cash balance across the reporting line, affecting reported net debt and covenant ratios.

The second concerns contingent contractual cash flows and contracts referencing nature-dependent electricity, developed internationally with renewable power purchase agreements in view. Agreements linked to generation from a nature-dependent source, and instruments whose cash flows turn on sustainability-linked or other contingent triggers, have been difficult to classify; entities holding them should not assume the existing classification survives.

The third concerns de facto agents under Ind AS 110, which affects the consolidation boundary. Where another party acts on the entity’s behalf without a contractual agency relationship, the control assessment may change, and with it the reporting perimeter of the group — which feeds related party disclosure, segment reporting and materiality determinations.

Our comments. The amendments apply to the year already in progress, making the half-year ending 30 September 2026 the first reporting date at which the effect becomes visible; the runway is now four weeks. Transitional provisions differ between the amendments, so a single blanket transition decision will be wrong for some. Where an entity concludes that an amendment has no effect, the conclusion should be documented — a documented assessment of no impact is a materially different position from silence when the auditor enquires.

Source: Ministry of Corporate Affairs notification dated 12 August 2026. The clause-level description is drawn from professional commentary.

Article 11 — The Companies Compliance Facilitation Scheme closes on 31 August 2026

General Circular No. 03/2026, F. No. Policy-02/2/2020-CL-V-MCA, dated 8 July 2026 · Ministry of Corporate Affairs · Scheme validity extended from 15 July 2026 to 31 August 2026

The facilitation scheme for pending filings closes on 31 August 2026.

The Companies Compliance Facilitation Scheme, 2026 was introduced to give companies an opportunity to complete pending statutory filings before the Ministry resumed enforcement against defaulting companies. Its validity, originally to 15 July 2026, was extended by General Circular No. 03/2026 to 31 August 2026. The stated reason is unusual and worth recording: capacity enhancement and restoration activity at the Ministry's data centre following a fire incident on 5 June 2026.

Two points follow for boards and secretarial teams. The first is simply the date. A facilitation scheme is not an amnesty in perpetuity, and the extension was granted for an infrastructure reason rather than a policy one, which makes a further extension less rather than more likely. Companies carrying lapsed annual returns, financial statements or event-based filings should treat 31 August 2026 as a hard external date.

The second is the behavioural risk that a second deadline creates. Companies that had organised themselves against 15 July and then learned of an extension have, in our experience, generally not used the additional six weeks; they have deferred. Where the extension was granted precisely because portal capacity was impaired, concentrating filings into the final days of the window is the least prudent response available, since residual instability in the filing infrastructure would compress the effective window at the worst moment.

The underlying scheme notification, rather than this circular, governs which forms are covered and what relief from additional fee or from prosecution is available. The circular extends the date and does nothing else, so eligibility should be confirmed against the scheme document rather than assumed.

Our comments. For any group with dormant or non-operating subsidiaries, this is the item in the present edition most likely to have been missed, because such entities sit outside the routine compliance calendar and are reviewed only when something goes wrong. A register of group entities with their filing status should be run against the scheme before the window closes. Where filings cannot be completed in time, the acknowledgement of every attempt should be preserved: a portal failure that is evidenced is a materially better position than one that is merely asserted.

Source: General Circular No. 03/2026 dated 8 July 2026, Ministry of Corporate Affairs.

Article 12 — Joint Parliamentary Committee reports on the Corporate Laws (Amendment) Bill, 2026

Report presented to Parliament on 3 August 2026 · Joint Parliamentary Committee · Passed by neither House and not in force

> *The Committee backs the Bill with modifications; plan for it, but nothing is law yet.*

nothing in the Bill is in force today

The Committee has reported, recommending adoption of the Bill with clause-wise modifications, after twenty-five sittings, one hundred and thirty memoranda and evidence from eighty-three experts and representatives of ministries and regulators. The Bill, introduced on 23 March 2026, amends the Companies Act, 2013 and the Limited Liability Partnership Act, 2008. Our alert of August 2026 analysed the Bill as introduced and is not repeated here. At the cut-off it had been passed by neither House.

On the reporting available, the recommendations include further decriminalisation of procedural lapses with civil penalties substituted for imprisonment, compliance relief for small businesses, a fixed penalty of fifty thousand rupees for certain non-compliances, in-kind corporate social responsibility contributions by eligible small companies, a digital-first framework enabling hybrid and virtual meetings, electronic voting and automated filings, and a reduction in the approval threshold for fast-track mergers from ninety to seventy-five per cent of the shareholding present.

Two aspects deserve to be drawn out for boards. The direction of travel is confirmed but the text is not: endorsement raises the likelihood of enactment in substantially the reported form, yet clause-wise modification means the operative text will differ from the Bill as introduced, and board papers prepared against the March text should be re-checked. The proposal to permit in-kind corporate social responsibility contributions is a change of principle rather than a relaxation of paperwork: the regime has been built on monetary spend precisely because contribution in kind is difficult to value and easy to inflate, and permitting it raises a governance question companies must answer for themselves — who values the contribution, and who certifies it.

> **Our comments.** Companies should plan rather than implement. A short status note before the board — what was recommended, what is not yet law, and what would change on enactment — is the appropriate response, together with an identification of which group entities would fall within the proposed thresholds. Articles of association should be reviewed for their capacity to support hybrid and virtual meetings, since that review takes longer than the amendment will. The reduced fast-track merger threshold should be noted by any group contemplating an intra-group reorganisation, but no scheme should be timed on the assumption of enactment, and no existing obligation deferred in anticipation of relief.

Source: PRS Legislative Research. The recommendations are drawn from press reports.

IV **Securities Law**

SEBI Act, 1992 and the Regulations made under it

Article 13 — An IT Resilience Index for market infrastructure, and cyber incident reporting realigned

Circular Nos. HO/47/18/11(1)2026-MRD-TPD1/I/19509/2026 and HO/(449)2026-ITD-5_DIV1/I/19448/2026, both dated 24 August 2026 · Securities and Exchange Board of India

Resilience becomes a measured index; incident reporting becomes staged.

The Board issued two technology circulars on the same day. Read together, they mark a shift from prescribing controls to measuring resilience.

The first creates an IT Resilience Index for stock exchanges, clearing corporations and depositories. It measures the robustness of critical systems and of systems feeding them across nine weighted parameters: availability and security at twenty points each; integrity, governance, reliability and monitoring, business continuity, and modularity and flexibility at ten each; scalability and other matters, such as incident handling, at five each. Computation must be system-driven — automatic, without manual intervention — and where a parameter cannot be so computed the institution must take the exception to its Standing Committee on Technology before retrieving data manually. The index is computed half-yearly within sixty days of each half-year end, with a comparison of two consecutive half-years and the corrective action taken or proposed placed before that Committee and the Governing Board, supported by an early warning system and dashboards giving continuous visibility into service delivery. The Industry Standards Forum is to finalise sub-parameters and scoring by 30 November 2026, procedures go to the Board by 31 January 2027, the framework must be operational by 28 February 2027, and the first submission covers the half-year ending 31 March 2027.

The second circular applies to the whole regulated population — funds, intermediaries, custodians, registrars, advisers, brokers and market infrastructure institutions alike. The Board has aligned its Cyber Incident Reporting Portal with the Format for Incident Reporting Exchange developed by the Financial Stability Board, giving common information fields, standardised definitions and consistent classification of incident attributes. Reporting is now staged, following an incident from initial report through intermediate updates to closure, recognising that much is unknown when it is first detected. The timing obligation is unchanged: the mailbox within six hours, the portal within twenty-four.

Our comments. That the index must be system-driven is the operative constraint, and it is a build requirement rather than a policy one: an institution unable to extract a parameter automatically must take the exception to its technology committee, which converts a data-availability gap into a governance record. Boards should expect the first computations to expose instrumentation gaps rather than resilience gaps. On incident reporting, staging removes the excuse most often offered for delay — that the facts were not yet established — because an initial report is now expected to be incomplete. Playbooks should be rewritten so that both clocks start on detection, not diagnosis.

Source: SEBI circulars dated 24 August 2026, sebi.gov.in.

Article 14 — Online Bond Platform Providers: expanded product range

Circular dated 14 August 2026 · Securities and Exchange Board of India · Effective immediately

> *Bond platforms may now offer IFSCA-regulated securities and section 54EC bonds.*

The Board has modified the framework governing Online Bond Platform Providers to permit these platforms to offer securities regulated by the International Financial Services Centres Authority, and has expressly permitted the listing of tax-saving bonds issued under section 54EC of the Income-tax Act, 1961 and the corresponding provision of the Income-tax Act, 2025.

Two ideas are connected in this measure. The first concerns distribution reach. Online bond platform providers were created to give retail and smaller institutional investors a regulated route into the corporate bond market, and their permitted product range has deliberately been narrow. Admitting securities regulated by the International Financial Services Centres Authority links the domestic retail distribution channel to the GIFT City product set in this form for the first time.

The second is more immediately commercial. Bonds under section 54EC are purchased by individuals seeking to defer capital gains arising on the sale of immovable property, typically within a six-month window, and the purchase process has historically been paper-based and intermediated. Placing these bonds on a regulated digital platform addresses a genuine friction at a point when the investor is under a statutory clock.

The consequence for platforms and issuers is that suitability and disclosure discipline must rise with the product range. A retail investor purchasing a section 54EC bond in order to solve a tax problem is not necessarily equipped to assess a security regulated by a different authority displayed alongside it on the same screen.

> **Our comments.** Platforms should update onboarding, risk disclosure and suitability frameworks before offering the expanded product set rather than afterwards. Tax advisers should note that the section 54EC route has become materially easier to execute, and should align the timing of their advice accordingly, since the constraint on that route has often been process rather than availability.

Source: SEBI circular dated 14 August 2026.

Article 15 — Net distributable cash flows for infrastructure investment trusts

Circular dated 14 August 2026 · Securities and Exchange Board of India · Effective immediately

> *Debt-funded major maintenance on road assets may be added back to distributable cash.*

The Board has permitted infrastructure investment trusts to add back payments made towards major maintenance expenses for road projects, where those payments are funded through external debt, in computing net distributable cash flows. The add-back is available both at the level of the special purpose vehicle or holding company and at the level of the trust.

Previously, major maintenance expenditure reduced net distributable cash flows in the period in which it was incurred, irrespective of how it had been funded. For road assets, where periodic major maintenance is contractually required and lumpy, that produced sharp troughs in distributions in maintenance years. The revised position is that expenditure funded by external debt may be added back, so that the distribution to unitholders is not reduced by expenditure which has not been met from operating cash.

The underlying logic is sound. Net distributable cash flow is intended to measure cash available for distribution, and cash spent from borrowed money is not cash generated by the asset; adding it back aligns the measure with its purpose and smooths distributions across the maintenance cycle. The consequence, which unitholders and analysts should not overlook, is that distributions in maintenance years are now supported by leverage rather than by operating cash. That is a legitimate structuring choice, but it changes what the distribution yield signifies. The relevant questions become the level and cost of the borrowing, the headroom against leverage limits, and the capacity to service that borrowing when the next maintenance cycle falls due.

This measure should be read alongside the increase in the surcharge on special purpose vehicles of business trusts effected by the Taxation and Other Laws (Amendment) Act, 2026, addressed earlier in this edition. One measure raises the cash available for distribution and the other raises the tax borne within the structure; a distribution model built on either in isolation will be wrong.

> **Our comments.** Investment managers should reflect the change in the stated policy for computing net distributable cash flows and disclose the add-back transparently, so that the funding source of a distribution is visible on the face of the announcement. Unitholders and lenders should read distribution announcements in maintenance years against the leverage position rather than in isolation.

Source: SEBI circular dated 14 August 2026.

Article 16 — Other circulars issued by the Board during the month

Eleven circulars issued between 3 and 28 August 2026, with matters carried forward from July 2026 · Securities and Exchange Board of India

> *Eleven circulars in August: digital powers of attorney and an easier FPI onboarding.*

The Board issued eleven circulars during August 2026, following a similarly active July. The month's output is characteristic of this phase of the Board's work: no single large reform, but a steady sequence of easing measures for intermediaries, funds and the debt market, together with the two technology circulars addressed above.

Two measures issued on 20 August 2026 will interest anyone dealing with foreign investors. The first permits a power of attorney given by a foreign portfolio investor to its custodian to be executed using a digital signature under the Information Technology Act, 2000, dispensing with notarisation, apostillisation or consularisation; the relevant paragraph of the master circular has been modified accordingly, with effect from that date. This removes what has often been the longest single item on the onboarding critical path. The second enables KYC Registration Agencies to share information with entities regulated by the International Financial Services Centres Authority, a further step in connecting the domestic and GIFT City records. On 28 August 2026 the timeline for implementing the June 2026 norms on base price, price bands, call auction in the pre-open session and the close-out procedure for exchange traded funds was extended.

Earlier in the month the application form for registration as a mutual fund was revised on 17 August; the inclusion of historical scenarios in stress testing for the commodity derivatives segment was reviewed on 12 August, a measure directed at clearing corporations; the Issue and Listing of Municipal Debt Securities Regulations, 2015 were amended on 11 August; and on 3 August the timeline for enrolment with the Past Risk and Return Verification Agency was extended.

Four matters from July 2026 remain material. The green-channel mechanism for placement memoranda of alternative investment funds, introduced on 30 July 2026, permits a memorandum to be rolled out upon acknowledgement of the filing rather than after full processing; speed of clearance does not dilute the manager's responsibility for its accuracy. The framework for transmission of securities was simplified on 23 July 2026. Freezing of promoter holdings at the level of the international securities identification number, under Regulation 24(i)(ea) of the Buy-back Regulations, was operationalised on 21 July 2026. Timelines under the digital accessibility circulars were extended on 31 July 2026.

> **Our comments.** These measures are largely intermediary-facing, and the practical risk is not difficulty but drift: circulars of this kind are read, noted and then not assigned. A single owner should be recorded against each, with a date for confirming implementation. Custodians and designated depository participants should move to digitally signed powers of attorney rather than treating the relaxation as optional, since the notarisation route remains permitted and will otherwise persist by inertia. Listed company secretarial teams should confirm the amended text of the Listing Obligations and Disclosure Requirements (Second Amendment) Regulations, 2026 against the Gazette before updating checklists.

Source: SEBI circulars index for August and July 2026, Legal — Circulars, sebi.gov.in.

V

Exchange Control and Banking

Foreign Exchange Management Act, 1999 · Reserve Bank of India

Article 17 — Draft Foreign Exchange Management (Foreign Investment) Rules, 2026: comments close today

Draft issued on 21 July 2026 · Reserve Bank of India and Ministry of Finance · Comments close on 31 August 2026 · Proposed, not in force

> *A complete replacement for the investment rulebook: comments close on 31 August.*

A draft has been issued which, if notified, would supersede the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 in their entirety, following a mandate in the Union Budget for 2026-27 for a comprehensive review of the foreign investment rulebook. On the reporting available it proposes a principle-based and simplified framework for foreign direct and portfolio investment, a redefined control test for foreign-controlled entities, and codified rules on overseas listing. It does not extend to investment in financial institutions set up in the International Financial Services Centre.

Nothing changes today. The Non-Debt Instruments Rules, 2019 continue to govern every inbound investment transaction until they are superseded. The significance of this item at the date of this edition is that the comment window closes on 31 August 2026 and had not been extended at the cut-off.

Two elements are most likely to affect existing structures. The first is the redefined control test, which determines whether an Indian entity is treated as foreign owned or controlled and therefore whether its downstream investments are themselves treated as foreign investment, subject to sectoral caps and conditions. A change in the test can reclassify an existing group structure without any transaction taking place, which is an unusual form of exposure because it requires the company to do nothing at all. The second is the codification of overseas listing rules, an area governed by provisions distributed across several statutes and material to Indian companies contemplating a listing outside India.

Those affected include foreign-invested Indian companies with downstream investment structures, private equity and venture capital funds, foreign portfolio investors, Indian groups considering an overseas listing, and the teams that maintain exchange control compliance.

> **Our comments.** Two distinct exercises should be kept apart. The comment exercise ends with this month and is the only opportunity to influence the text, whether directly or through an industry association; where that opportunity has not been taken, it has now passed. The impact assessment continues afterwards and should begin by identifying entities whose classification would change under the redefined control test, since that analysis will be needed on notification and takes weeks rather than days in a group of any size. Neither restructuring in anticipation of a draft nor ignoring it because it is not yet binding is the right response.

Source: Reported through professional commentary; the draft was not independently retrieved at the cut-off.

Article 18 — The Reserve Bank brings forward the close of the non-resident deposit window

Commercial Banks — Cash Reserve Ratio and Statutory Liquidity Ratio, Fourth Amendment Directions, 2026, RBI/2026-27/238 · Commercial Banks — Interest Rate on Deposits, Third Amendment Directions, 2026, RBI/2026-27/243 · Both dated 25 August 2026, with parallel directions for other classes of bank · Effective immediately

The FCNR(B) and NRE concessions end on 31 August, a month earlier than announced.

In June 2026 the Reserve Bank offered two temporary incentives to attract non-resident deposits. Fresh Foreign Currency Non-Resident (Bank) deposits of a minimum tenor of three years and a maximum of five, and fresh Non-Resident (External) rupee term deposits of three years or more, including deposits renewed on maturity, were exempted from cash reserve ratio and statutory liquidity ratio maintenance — from 8 June 2026 and 19 June 2026 respectively. In parallel, from 17 June 2026, the interest rate ceiling on those FCNR(B) deposits was temporarily withdrawn and the restriction on rates for NRE deposits of three years and above was relaxed. Both sets of relaxations were to run until 30 September 2026.

On 25 August 2026 the Reserve Bank amended that date to 31 August 2026, with immediate effect. Parallel amendment directions were issued the same day for small finance banks, regional rural banks, local area banks, and urban and rural co-operative banks, so that the change applies uniformly across the deposit-taking system. A separate direction on the same date amended the concentration risk management framework for non-banking financial companies.

The reasoning is not stated in the directions, but the shape of the measure is familiar: an incentive introduced to support the external account is withdrawn once the conditions that prompted it have eased, and it is withdrawn early rather than allowed to run, because leaving it in place would continue to subsidise a flow that no longer needs subsidising. What matters to the reader is not the reasoning but the arithmetic. A deposit mobilised on or before 31 August 2026 carries the exemption and the relaxed rate for its term; one mobilised on 1 September 2026 does not.

Our comments. Banks should ensure that the cut-off is applied by reference to the date of mobilisation, including on renewal, and that treasury and branch systems were reset on the same day rather than at the end of the month; a deposit accepted on 1 September at a rate available only until 31 August is a pricing error that persists for the full term. Corporate treasuries and family offices that have been placing non-resident funds against these terms should assume that rates on offer from September will be lower and should not read the early withdrawal as a signal about the policy rate, which is a separate question addressed in the article that follows. Non-resident depositors renewing in the coming weeks should check whether the renewal was completed before the cut-off, since renewal was expressly within the scheme.

Source: Reserve Bank of India notifications dated 25 August 2026, rbi.org.in.

Article 19 — Monetary policy, and the consolidation of supervisory instructions

Monetary Policy Committee meeting of 3 to 5 August 2026 · Consolidation of Supervisory Instructions and repeal of circulars, 31 July 2026 · Directions dated 6, 7, 10, 18 and 19 August 2026 · Reserve Bank of India

Repo held at 5.25 per cent; supervisory circulars repealed and reissued as Directions.

The Monetary Policy Committee kept the policy repo rate unchanged at 5.25 per cent and retained a neutral stance. It raised its growth projection for 2026-27 to 6.7 per cent from 6.6 per cent and lowered its inflation projection to 5.0 per cent from 5.1 per cent. The next meeting is scheduled for 5 to 7 October 2026. For chief financial officers, a hold with a neutral stance and a marginally improved growth and inflation mix means that existing borrowing cost assumptions in the current year's plan continue to hold; a neutral stance, however, is explicitly two-sided and is not a signal of an easing bias.

The more consequential development for regulated entities is structural. With effect from 31 July 2026 the Reserve Bank repealed a large body of supervisory circulars and reissued the substance as consolidated entity-wise Directions — on the compliance function, concurrent audit, internal audit, statutory audit, supervisory returns, fraud risk management, digital payment security controls, and cybersecurity, technology risk, resilience and assurance — separately for commercial banks, small finance banks and other classes of entity. This continues the consolidation programme begun in 2025. The instruction is that the Directions, and not the repealed circulars, are now the source; internal policies that cite a repealed circular by number are, from 31 July, citing something that no longer exists.

During August the Bank issued parallel amendment directions on responsible business conduct across every class of regulated entity on 6 August, the Priority Sector Lending (Targets and Classification) Second Amendment Directions, 2026 on 7 August, a lead bank responsibility assignment for new districts in Ladakh on 10 August, and three circulars on 18 and 19 August amending entries on the sanctions lists maintained under the relevant United Nations Security Council resolutions for the implementation of section 51A of the Unlawful Activities (Prevention) Act, 1967. Issuing the same conduct standard across every class of lender on a single day is deliberate: it removes any argument that a standard applies to one type of lender but not another.

Our comments. The consolidation is not a drafting exercise for the entities it governs. Every internal policy, board note, audit charter and compliance manual that cross-refers to a repealed circular needs its references remapped to the corresponding Direction, and the remapping should be minuted, because the first supervisory question will be whether the entity noticed. Where the consolidated text differs from the repealed circular, the difference is the point and should not be assumed away. On sanctions updates, the interval between the circular and the update of screening lists is precisely the gap that supervisory review examines, and the date of the update should be recorded. Corporate treasury teams should anticipate incremental requests from banking partners as a consequence.

Source: Index to RBI notifications, July and August 2026, rbi.org.in. The monetary policy projections are drawn from press reports.

VI **Insolvency**
Insolvency and Bankruptcy Code, 2016 · IBBI · NCLT and NCLAT

Article 20 — Who appoints the liquidator: the position under the amended Code

Insolvency and Bankruptcy Code (Amendment) Act, 2026, assented on 6 April 2026 · Commencement notification dated 22 May 2026 appointing 26 May 2026 for the majority of its provisions · IBBI (Liquidation Process) (Amendment) Regulations, 2026 dated 2 January 2026

The Board recommends, the Tribunal appoints, the creditors replace at sixty-six per cent.

Who selects a liquidator has been governed for most of the last year by appellate authority, principally *Omkara Asset Reconstruction Pvt. Ltd. v. Amit Vijay Karia*, decided on 1 December 2025, to the effect that the committee of creditors nominates and the Adjudicating Authority does not select independently. That line must now be read subject to the amended Code, and on the central question the statute has moved.

Three propositions govern a liquidation commencing under the amended Code. First, a resolution professional who acted in the resolution process of a corporate debtor cannot be appointed, or appointed in replacement, as liquidator in the liquidation of that same debtor. Second, the Adjudicating Authority appoints on the recommendation of the Board, which maintains the panel from which recommendations are drawn. Third, the committee of creditors may replace the liquidator by a resolution carrying sixty-six per cent of the voting share, and continues as a supervisory body during liquidation with voting rights — a departure from the previous scheme, under which its role effectively ended when liquidation began. A liquidation order must now be passed within thirty days of an application, and the timeline is capped at one hundred and eighty days extendable by ninety.

The practical consequence is a reversal of sequence rather than of control. Under the earlier practice the committee proposed and the Adjudicating Authority considered; now the Board recommends, the Adjudicating Authority appoints, and the committee's instrument is replacement after the event by a supermajority — a lever that operates later, requires a higher threshold, and cannot reach the professional who ran the resolution process.

Separately, the liquidation process regulations were amended in January 2026 to require the liquidator to file prescribed forms on the Board's electronic platform within the timelines stipulated for each form, as notified from time to time — an obligation that can now change without a further amendment to the regulations.

Our comments. Lenders should stop treating the identity of the liquidator as settled in the committee room and start treating it as managed through the Board's recommendation process and, if necessary, corrected afterwards by a sixty-six per cent resolution; that arithmetic should be tested against the committee's composition before it is needed. Because the resolution professional cannot continue, a documented handover at the transition to liquidation should be required rather than assumed.

Source: Reported through professional commentary; the enacted text was not independently retrieved at the cut-off.

VII **Other Laws**

Data protection · Labour · Foreign trade · Audit · Competition

Article 21 — Digital personal data protection: the November 2026 milestone

Digital Personal Data Protection Act, 2023 and Rules, 2025 · Phases commencing 13 November 2025, 13 November 2026 and 13 May 2027

Consent managers from November 2026; the substantive obligations from May 2027.

the build window: data mapping, consent architecture and vendor contracts

The framework commences in three phases. The first, in November 2025, brought the Data Protection Board, the statutory definitions and the rule-making framework into force without imposing direct obligations on most enterprises. The second, on 13 November 2026, brings the consent manager framework into operation. The third, on 13 May 2027, brings the day-to-day obligations into enforceable operation: notice and consent, breach notification and the handling of data principal rights.

The reason this belongs in an August newsletter is arithmetic rather than legal. Obligations that bite in May 2027 cannot be built in April 2027. Data mapping, consent architecture, renegotiation of vendor contracts and breach response capability take three to four quarters in an organisation of any size. The current financial year is the build year and, with five months gone, the second phase is ten weeks away. Penalty exposure extends to two hundred and fifty crore rupees per violation, which places the matter before the audit committee rather than the information technology function alone.

There is a point of connection with the securities circular described earlier in this edition. The move to staged cyber incident reporting reflects the same expectation that will apply here: that an incident is reported when detected and updated as it is understood, rather than once when fully diagnosed. An organisation building one capability should build the other alongside it, because the underlying detection, triage and escalation machinery is the same.

Our comments. An accountable owner should be appointed at executive level, the data inventory completed, cross-border flows identified, and data processing terms with vendors renegotiated, with progress reported to the audit committee quarterly. Organisations that treat this as a technology project rather than a governance programme tend to discover late that the difficult questions are contractual and organisational. Where the organisation is also a regulated entity in the securities market or a bank, the incident response playbook should be written once against the shortest applicable clock rather than three times against three regimes.

Source: Reported through professional commentary; the notified Rules are the operative text.

Article 22 — Labour Codes: central rules notified, state rules awaited

Four Labour Codes notified on 21 November 2025 · Central Rules under all four Codes notified on 8 May 2026 · Ministry of Labour and Employment

> *Central rules are notified; the definition of wages is what will cost money.*

The Central Rules under all four Codes — on wages, social security, industrial relations and occupational safety, health and working conditions — were notified on 8 May 2026. They apply principally to establishments where the Central Government is the appropriate authority, which includes banking, insurance, telecommunications, mines, air transport, railways and central public sector undertakings. They introduce detailed requirements on wage computation, social security contributions, dispute resolution and workplace conditions, including appointment letters, grievance committees, annual health check-ups, crèche facilities and provisions relating to women employees.

For most private employers, however, the operative difficulty is not the Central Rules but the state rules. Labour is a concurrent subject and for the majority of private establishments the appropriate government is the State. Until a State notifies its rules, the operational detail — registers, returns, thresholds and procedural timelines — is not settled for establishments in that State, and multi-state employers are consequently managing a patchwork. That patchwork has not materially resolved during the month, and employers should plan on the assumption that it will persist into the next financial year.

> **Our comments.** The most significant financial exposure is not procedural but definitional. The statutory definition of wages drives the cost of gratuity, provident fund contributions and leave encashment, and salary structures built around allowances should be re-tested against it before the position is discovered in an inspection or on an exit settlement. The exercise is worth completing now rather than on notification of the state rules, because the definition does not vary between States and the arithmetic will not change. Employers should identify the appropriate government for each establishment and track state notifications for the States in which the workforce sits.

Source: Reported through professional commentary.

Article 23 — Foreign trade, audit standards and competition

Directorate General of Foreign Trade Notification Nos. 34/2026-27 and 35/2026-27 dated 24 August 2026 and Trade Notice No. 21/2026-27 dated 21 August 2026 · National Financial Reporting Authority and ICAI · Competition Commission of India

> *Wheat flour freed, the export obligation window closes, audit standards unresolved.*

Foreign trade. Two notifications of 24 August 2026 moved against the restrictive turn taken earlier in the year: Notification No. 34/2026-27 shifted the export policy for wheat flour and related products under ITC (HS) 11010000 from “Prohibited” to “Free” with immediate effect, and Notification No. 35/2026-27 amended the export policy for wheat. Exporters who had treated these lines as closed should revisit contracts and shipment plans, since a change taking immediate effect works in both directions and the commercial window may be narrow. The prohibition on sugar exports, imposed on 13 May 2026 in place of the earlier restricted status, operates until 30 September 2026 or until further orders, with exemptions for the European Union and United States quota arrangements, advance authorisation shipments, government-to-government exports and consignments already in the export pipeline; if it is not extended the policy reverts to “Restricted” rather than to free, so no open market should be assumed from October. Separately, the export obligation period for Advance and Export Promotion Capital Goods Authorisations runs to 31 August 2026, and Trade Notice No. 21/2026-27 of 21 August 2026 introduced an automated facility for further extensions through the Policy Relaxation and EPCG Committees.

Audit standards. The National Financial Reporting Authority has recommended that revised auditing standards, including those on group audits and joint audits, be implemented from 1 April 2026, subject to approval by the Ministry of Corporate Affairs. The Institute of Chartered Accountants of India has recorded reservations concerning the revisions. The matter remained unresolved at the cut-off and is reported here as a watch item rather than as a change. Its commercial significance is concentrated in group audits, where a revision to the standard affects the division of responsibility between the principal auditor and component auditors and therefore audit fees, timetables and the scope of work at subsidiaries.

Competition. The deal value threshold requires prior approval for transactions valued above two thousand crore rupees where the target has substantial business operations in India, irrespective of the ordinary asset and turnover thresholds. The Commission may also appoint an independent agency to monitor compliance with its orders, appointed by the Commission rather than by the parties.

> **Our comments.** Holders of Advance and EPCG Authorisations should confirm that extensions are correctly reflected before the month closes, using the automated route introduced on 21 August rather than a representation: the first creates a record, the second creates correspondence. Merger notification analysis should begin from deal value and Indian nexus rather than from the target’s financial statements. Audit committees would use the current interval well by asking their auditors what the revised standards would mean for the group audit plan and fee if approved.

Source: DGFT notifications and trade notices of August 2026; other items reported through professional commentary.

VIII Compliance Calendar

Statutory due dates falling in September 2026

Article 24 — Compliance calendar for September 2026

The month's statutory dates in one view — advance tax, tax audit and the AGM.

SEPTEMBER 2026

STATUTORY DUE DATES

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7 TDS deposit	8	9	10 GSTR-7 / 8	11 GSTR-1	12
13 IFF · GSTR-6	14 TDS certificates	15 Advance tax PF · ESI	16	17	18	19
20 GSTR-3B	21	22	23	24	25 PMT-06	26
27	28	29	30 Tax audit report AGM · DIR-3 KYC			

Direct tax · Goods and services tax · Corporate law · Payroll

Due dates in detail

Date	Compliance	Acts
7 Sep	Deposit of tax deducted and collected at source for August	Deductors
10 Sep	Forms GSTR-7 and GSTR-8 for August	GST deductors
11 Sep	Form GSTR-1 for August	Monthly filers
13 Sep	Invoice Furnishing Facility for August; Form GSTR-6	QRMP; ISDs
14 Sep	TDS certificates for July deductions on property, rent and contractual payments	Deductors
15 Sep	**Advance tax — second instalment for 2026-27**	All liable taxpayers
15 Sep	Provident fund and employees’ State insurance for August	Employers
20 Sep	Form GSTR-3B and payment of tax for August	Monthly filers
25 Sep	Form PMT-06 — payment for August	QRMP taxpayers
30 Sep	**Tax audit report for assessment year 2026-27**	Audited taxpayers
30 Sep	**Annual general meeting for 2025-26**	Companies
30 Sep	Form DIR-3 KYC — DIN held on 31 March 2026	Directors
30 Sep	Half-year end — first reporting date under the amended Ind AS	Ind AS companies
30 Sep	Sugar export prohibition operates until this date	Exporters

Three of these dates carry consequences beyond a late fee. A tax audit report not filed by 30 September delays the return itself; an annual general meeting held after that date does not cure the default; and a shortfall in the advance tax instalment attracts interest for every month of the deferral. The remaining entries are the ordinary monthly cycle and should be routine.

One further date falls in this month but is specific to the taxpayer and so is not shown on the grid. Where a token was obtained on or before 31 July 2026 for a backlog appeal to the Goods and Services Tax Appellate Tribunal, the sixty-day period for completing that filing runs from the date of the token and, for tokens issued at the end of July, expires in the closing days of September. The date should be computed from the token itself and diarised.

Beyond the month, the return of income in audit cases and the statement of tax deducted at source for the quarter ending 30 September both fall due on 31 October 2026, and Forms AOC-4 and MGT-7 follow within thirty and sixty days of the annual general meeting respectively.

Dates shown are those applicable under prevailing practice and should be verified against the governing provision, since entity-specific dates and extensions will differ.

IX **Knowledge Corner**

Professional skills and concepts

Article 25 — Disagreeing with the person who signs your appraisal

Lead with the fact, price the range, record the decision — then let it go.

Every professional in tax, audit or secretarial work eventually reaches the position where the technically correct answer is not the answer the client, the chief financial officer or the partner wants. How that moment is handled decides more about a career than any examination. Handled badly, it produces either a professional who is never trusted with a difficult question or one who is never asked a second time.

The common failure is to treat the disagreement as a contest of confidence. It is not; it is a problem of evidence and sequence. Three habits carry most of the benefit.

Separate the fact from the judgment, and lead with the fact. "The notification applies from 1 October and the shipment is dated 12 September" is a fact and cannot be argued with. "I think we are exposed" is a judgment and invites a counter-judgment from someone more senior than you. Establish the facts first and let the judgment follow from them, because a senior reader who has accepted three facts finds the conclusion difficult to reject.

Offer the range, not the verdict. Very few positions are binary. "There are three positions available: the conservative one costs us four crore now, the middle one is defensible and likely to be contested, the aggressive one will not survive appeal" gives the decision-maker something to decide. "You cannot do that" gives them something to overrule. The professional's job is to make the risk visible and priced; the decision belongs to the person who carries it.

Record, then move on. If the decision goes the other way, put the advice and the decision on file in one paragraph, neutrally, on the day — not defensively and not later. This is not about protecting yourself, although it does. It is about ensuring that when the position is examined in two years, by an auditor or an assessing officer, the file shows a considered decision rather than an oversight. A considered decision that turns out to be wrong is a different matter, in law and in fact, from an issue nobody noticed.

One thing to try this month. Think of a position you currently disagree with and have not raised. Write it out in three sentences: the fact, the range of outcomes with numbers attached, and your recommendation. If you cannot put a number on the middle sentence, that is the work to do before the conversation, not a reason to avoid it. Then raise it once, in writing, and let it go. The professional's obligation is to make sure the decision is informed, not to make sure it is yours.

Article 26 — One-minute learning: what “deemed to have come into force” means

What it means for a statute to be deemed in force from a date already past.

This month’s principal tax statute carries a phrase that appears in amending Acts constantly and is rarely examined. The Taxation and Other Laws (Amendment) Act, 2026 received assent on 17 August 2026 and is “deemed to have come into force on 1 April 2026”, except where a provision states its own date.

A deeming provision directs that something be treated as true which is not true in fact. Here the fact is that the Act existed from 17 August; the direction is that it be treated as having existed from 1 April. The effect is retrospective operation: rights, liabilities and computations for the intervening period are worked out as though the amended law had been in force throughout, and returns, withholding and provisioning already completed on the earlier law must be revisited.

Three distinctions are worth holding together. A statute is *retrospective* when it changes the legal effect of past events. It is *retroactive*, in the stricter sense, when it creates a liability that did not exist when the transaction occurred — which the courts scrutinise most closely, and which the presumption against retrospectivity is directed at. And it is *prospective from a past date* — the usual case with an Ordinance-replacing Act — where the retrospective reach exists only to preserve continuity with something that was already operating. The Act of 2026 is largely of the third kind, since the Ordinance of 5 June 2026 had already given the principal exemption effect from 1 April; the deeming provision keeps the chain unbroken and the savings clause preserves what was done meanwhile.

The practical test is not whether a provision is retrospective but whether it is relieving or burdensome. Courts have consistently been readier to give retrospective effect to a provision that confers a benefit or cures a defect in machinery than to one that imposes a charge. That is why the introduction of a missing return form with effect from 1 April 2026, described earlier in this edition, attracts little objection, while a retrospective increase in a surcharge is a different proposition altogether.

Why this is worth a minute. When you next meet a provision expressed to operate from a past date, ask two questions before anything else: does it relieve or does it burden, and is there a savings clause preserving what was done in the interval? The answers will tell you both how much rework the provision actually requires and how strong any challenge to it would be. A great deal of unnecessary reworking is done because the savings clause was not read.

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Two matters described in this newsletter are proposals and not law. The Corporate Laws (Amendment) Bill, 2026 has been reported upon by a Joint Parliamentary Committee but has been passed by neither House; and the Foreign Exchange Management (Foreign Investment) Rules, 2026 exist only as a consultation draft. Nothing in this newsletter should be read as suggesting that any such proposal is in force. The Taxation and Other Laws (Amendment) Act, 2026, described in this edition as enacted, received the assent of the President on 17 August 2026.

Where a development could be verified only through professional or news commentary, that is stated in the relevant write-up. Where a compliance date could not be verified against the governing provision, it has been omitted rather than estimated. Readers should verify every notification number, effective date, citation and deadline against the primary source before acting.

Judicial decisions are summarised for general guidance. Their application depends on the facts of each case, and the precedential weight of a decision depends upon the forum, the manner of its disposal and its subsequent history, including any appeal or stay. Nothing in this newsletter should be treated as advice upon any pending or contemplated proceeding.

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