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Income Tax

- + **NUDGE Initiative - Review of Deduction/Exemption Claims:** The CBDT has launched a “NUDGE” initiative for Assessment Year 2025 - 26, under which taxpayers whose deduction or exemption claims appear potentially ineligible based on risk analytics (including instances of bogus donations, incorrect PANs, or excess claims) are being contacted by SMS/ email and encouraged to review voluntarily and, if necessary, revise their Income-Tax Returns by 31.12.2025 to correct any incorrect claims, while genuine claims require no action. [Press Release dated 23.12.2025](#)

Goods and Services Tax (GST)

- + **Additional FAQs issued on filing GSTR-9 & 9C:** In addition to the FAQs dated 16.10.2025 issued on filing of Form GSTR-9 & 9C for FY 2024-25, GSTN has further clarifications on the disclosure requirements in Form GSTR- 9 & 9C, as summarized below:

Query	Clarification
Whether GST liability under reverse charge (RCM) for FY 2024-25 paid through GSTR-3B of FY 2025- 26, should be reported in GSTR- 9 of FY 2024- 25 or FY 2025- 26?	As clarified by CBIC in the Press Release dated 03.07.2019, RCM liability should be reported in the financial year in which it is paid i.e. FY 2025-26, in the instant case. Any resultant variation on account of such reporting may be explained in Form GSTR-9C.
How should ineligible ITC of FY 2023- 24, availed and reversed in GSTR-3B of FY 2024- 25, be reported in GSTR- 9 of FY 2024- 25?	Only the ITC pertaining to FY 2024- 25 is required to be captured in Table 6B to 6H and Table 7A to 7H of GSTR-9 of FY 2024- 25. Accordingly, ITC of FY 2023- 24 availed in Table 4A of GSTR-3B for FY 2024- 25 should be reported in Table 6A1 of GSTR-9 for FY 2024- 25, but the corresponding ITC reversed in Table 4B of GSTR-3B is not to reported in Table 7 of GSTR-9 for FY 2024- 25.
Will Table 7J of GSTR- 9 of FY 2024- 25 match with Table 4C of GSTR-3B of the same FY?	ITC of FY 2023-24 claimed or reversed in GSTR-3B of FY 2024-25 is included in Table 4C of GSTR- 3B of FY 2024- 25 but will not form part of Table 7J of GSTR- 9 for FY 2024- 25, which may result in a difference between the two tables.

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Query	Clarification
ITC of FY 2023- 24 availed in GSTR-3B of FY 2024- 25 is reported in Table 6A1 of GSTR-9, but not in Table 12E of GSTR-9C. Since it forms part of Table 12A/ 12B as per books, this results in a difference in Table 12F of GSTR-9C. How should this be dealt with?	ITC pertaining to FY 2023- 24 should ideally not form part of Audited Financial Statement of FY 2024- 25. However, ITC amount as reported in Audited Financial Statement depends upon methodology adopted by taxpayer. Accordingly, such unreconciled difference in Table 12F of GSTR-9C for FY 2024- 25 may be explained by disclosing suitable reasons in Table 13 of GSTR- 9C.
Where is non-GST purchase reported in GSTR-9?	Non-GST purchases are not required to be reported in the GSTR-9, as no table is exclusively provided for such reporting.
Whether Table 4G1 of GSTR-9 to be reported by e-commerce operator only?	Yes, Table 4G1 of GSTR-9 to be reported by e-commerce operator liable to pay the Tax under section 9(5) of CGST Act, 2017.

GST News and Advisory dated 04.12.2025

- + **Auto-suspension of GST registration for non-furnishing of bank account details:** The GSTIN had issued an advisory in relation to compliance with *Rule 10A of the CGST Rules, 2017*, mandating taxpayers (excluding those registered under TCS, TDS, or suo-moto registrations) to furnish their bank account details within 30 days of obtaining registration or before filing outward supplies in GSTR-1 / IFF, whichever is earlier. In this regard, the following updates have been implemented on the GST portal:

Particulars	Update/Clarification
Automatic suspension of registration	In case the taxpayer fails to furnish bank account details within 30 days of registration, the registration will be automatically suspended by the system. <i>The suspension order can be viewed at: Services > User Services > View Notices and Orders.</i>
Dropping of cancellation proceedings	Upon furnishing bank account details, cancellation proceedings will be automatically dropped by the system.

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Particulars	Update/Clarification
Manual option to drop proceedings	In cases where proceedings are not dropped automatically on the same day, taxpayers may manually initiate the process using the "Initiate Drop Proceedings" option available at <i>Services > User Services > View Notices and Orders</i> .
Exemptions	Furnishing of bank account details is not mandatory for OIDAR and Non-Resident Taxable Person (NRTP) registrations. <i>However, for OIDAR taxpayers who have selected "Representative Appointed in India – Yes", furnishing of bank account details is mandatory.</i>

GST News and Updates dated 05.12.2025

- + **Reporting in Table 3.2 of GSTR-3B made non-editable:** Effective November 2025 tax period, Table 3.2 of Form GSTR- 3B (which requires reporting of inter-state supplies to unregistered persons, composition taxpayers, and UIN holders) is made non-editable and the values will be auto-populated from GSTR-1, GSTR-1A, and IFF. In case of any correction required in the auto-populated values of Table 3.2, the same can be made through Form GSTR-1A for the same tax period, which will instantly update the values in GSTR-3B before filing. (*GSTR-1A can be filed any time after GSTR-1 and up to the filing of GSTR-3B*). Amendment of such supplies can also be made in GSTR-1 filed for subsequent tax period. GST News and Advisory dated 05.12.2025

- + **Validation checks to be introduced for ITC re-claimed and RCM ITC claimed in GSTR-3B:**

Background: The 'Electronic Credit Reversal and Re-claimed Statement (Reclaim Ledger)' was introduced from August 2023 to capture the details of ITC temporarily reversed in Table 4(B)2 of GSTR-3B and its subsequent reclaim in Table 4(A)5) and 4(D)1 of GSTR-3B. Similarly, 'RCM Liability/ITC Statement (RCM Ledger)' was introduced from August 2024 to capture and track the RCM liability shown in Table 3.1(d) of GSTR-3B and its corresponding ITC claimed in Table 4A(2) and 4A(3) of GSTR-3B. Currently, taxpayers are displayed a **warning message** during GSTR-3B filing where (i) ITC re-claimed in Table 4D(1) is in excess than the available ITC reversal balance and (ii) RCM ITC is claimed in Table 4A(2) and 4A(3) in excess of the closing balance RCM ledger (+) liabilities reported in Table 3.1(d).

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Update: The GSTN portal is shortly introducing validation checks for regularization of ITC having the following implications for negative balance of ITC:

Validation	Implication of Negative Balance
The reclaimed ITC in Table 4D(1) should be less than Closing balance of 'Electronic Credit Reversal and Re-claimed Statement' (+) ITC being reversed in Table 4B(2) of current period GSTR-3B	<ul style="list-style-type: none"> ▪ Mandatorily reversal of such excess claimed ITC (negative closing balance) as per 'Electronic Credit Reversal and Re-claimed Statement' is to be made in Table 4B(2) of current period GSTR- 3B. ▪ In case there is no ITC available in current period, this reversal declared in table 4B(2) will be added to the liability of the taxpayer in current period while filing GSTR-3B.
The RCM ITC claimed in Table 4A(2) and 4A(3) should be less than RCM liabilities paid in Table 3.1(d) of the same GSTR-3B (+) closing balance of 'RCM Liability/ITC Statement'.	<ul style="list-style-type: none"> ▪ Pay the additional RCM liability equivalent to negative closing balance in Table 3.1(d) OR ▪ Reduce the ITC claimed in Table 4A(2) or 4A(3) to the extent of closing balance in the current return period.

The path to view (i) Electronic Credit Reversal and Reclaim Statement is Dashboard > Services > Ledger > Electronic Credit Reversal and Re-claimed and (ii) RCM Liability/ ITC Statement is Services > Ledger > RCM Liability/ITC Statement.

GST News and Advisory dated 29.12.2025

Foreign Trade Policy (FTP)

- + **Implementation of Import Management System (IMS) for Restricted IT Hardware:** The DGFT has issued Policy Circular prescribing the procedure for implementation of the Import Management System (IMS) for import of restricted IT Hardware for calendar year 2026. Import of specified IT Hardware under HSN 8471, namely Laptops, Tablets, All-in-one PCs, Ultra Small Form Factor Computers and Servers, continues to remain 'Restricted' pursuant to earlier Notifications No. 23/2023, 26/2023 and 38/2023. The IMS framework for calendar year 2026 has now been prescribed by way of this policy circular.

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As per applicable procedure for calendar year 2026, importers are required to apply for Import Authorization through the IMS module on the DGFT website. The application portal will be operational from 22.12.2025 to 15.12.2026, allowing applications to be filed at any time during the year. Multiple applications can be filed by imported under the said procedures and any such authorization issued will remain valid up to 31.12.2026. The circular also provides flexibility to importers by allowing online submission of amendment requests during the validity period of the authorization. Further, a mid-term review may be undertaken by the Ministry of Electronics and Information Technology (MeitY), which may provide updated inputs to DGFT based on evolving requirements

Circular No. 08/2025-26 dated 17.12.2025

- + **Amendment – Procedures to claim deemed export benefits:** The DGFT has made necessary amendments to Chapter 7 of Handbook of Procedures to FTP 2023 and Form ANF 7A. Summary of amendments is tabulated for immediate and easy reference:

Particulars / Procedures	Amendments made to Chapter 7 of HBP to FTP 2023
Procedure for claiming deemed export benefits	<p>a. Reference to Appendix 1A has been added in the context of documents to be submitted for claiming deemed export benefits, except for cases involving supply of goods to EOUs by DTA. Hitherto, there was no Appendix 1A basis which documents were to be submitted with application seeking deemed export benefits;</p> <p>b. With respect to deemed export benefits for supply of goods to EOUs, Application by DTA supplier is to be made before jurisdictional Regional Authority (RA) and Application by EOU recipient is to be filed before Development Commissioner of SEZ as per Appendix 6J of HBP to FTP 2023, <u>provided DTA supplier has not claimed any benefit from jurisdictional RA</u>. Hitherto, there was no reference to Appendix 6J with respect to procedure to be followed by recipient EOUs. Further, there was no appropriate reference to the fact that, if DTA supplier has claimed benefits, recipient EOU is not eligible for the claim, which is now spelled out accordingly.</p>
Supply of intermediate goods to AA/DFIA holder	Reference under which invalidation letter is issued for supply of intermediate goods to AA/DFIA holder is amended from existing Para 4.13 of Handbook of Procedures to FTP 2023 to Para 4.30 to HBP to FTP 2023. As Para 4.30 is more specific to supply of intermediate goods.

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Particulars / Procedures	Amendments made to Chapter 7 of HBP to FTP 2023
Applicant for deemed export benefits	The Application can now be filed only for those persons as listed in Para 7.01 of HBP to FTP 2023. Hitherto, any supplier or recipient of goods who holds IEC number was eligible to apply for deemed export benefits
Method to be followed to apply for deemed export benefits	<p>a. Unlike earlier, no physical copy of application in ANF 7A is to be submitted and submission of online application is considered sufficient;</p> <p>b. Earlier application was allowed to be submitted only upon receipt of full payment by supplier. However, with this amendment it is only with respect to supplies covered by Para 7.02A (a) to (c) of FTP 2023 such provision would be applicable, where as for supplies covered by Para 7.02A (d) to (g) of FTP 2023 application can be submitted immediately upon supply of goods.</p> <p>c. With the above amendments in Chapter 7 of HBP 2023, heading to Para 7.03 of HBP which read hitherto read as "Eligibility Criteria for claiming TED/Drawback" is now to be read as "Procedure for claiming benefits".</p>
Category wise filing of application	With amended provision, separate application will have to be furnished against each category of supply and filing of single application for claiming benefits against all category of supplies as covered in Para 7.02 of FTP 2023, would not be permissible.

Public Notice No. 35/2025-26 dated 10.12.2025

+ Amendment to procedures - Extension of validity of LOP/LOI for EOU/BTP/EHTP/STP

Units: The DGFT has amended Para 6.34(h) of Chapter 6 of the Handbook of Procedure (HBP) to Foreign Trade Policy (FTP) 2023 to clarify and streamline the procedure for extension of validity of Letters of Permission (LOP) and Letters of Intent (LOI) issued to units operating under the EOU/BTP/EHTP/STP schemes. Hitherto, the provision generally permitted extension beyond the initial validity period by reference to Para 6.05(a) of the FTP 2023, without clearly distinguishing between pre-production and post-production stages, leading to interpretational ambiguity.

Under the amended provision, the extension mechanism has now been clearly structured with reference to Para 6.01(c) of the HBP to FTP 2023. Once unit has commenced production, the validity of the LOP/LOI may be extended for a period of up to five years at a time.

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In cases where production has not yet commenced, the initial two-year validity period of the LOP/LOI may be extended by one additional year for valid reasons to be recorded in writing, except where the initial approval itself carries a specific restriction (such as oil refinery projects). [Public Notice No. 34/2025- 26 dated 01.12.2025](#)

FEMA

- + **Mandatory LRS Daily Return Reporting:** The RBI has mandated that Authorised Dealer (AD) Category-II banks/entities and Full-Fledged Money Changers (FFMCs) submit the 'LRS Daily Return' on the CIMS portal, including nil returns, with effect from 01.01.2026, by granting them direct access to CIMS, thereby enabling PAN-wise monitoring of cumulative remittances under the Liberalised Remittance Scheme and discontinuing the earlier practice of routing such reporting through AD Category-I banks.

[RBI Circular No. 17 dated 03.12.2025](#)

- + **Export and Import of Indian Currency to or from Nepal and Bhutan:** The RBI has permitted persons (other than citizens of Pakistan or Bangladesh) to export or import Indian currency to and from Nepal and Bhutan, allowing currency notes of any amount in denominations up to Rs. 100, and notes of denominations above Rs. 100 up to an aggregate limit of Rs. 25,000 for both outward and inward movement. This instruction supersedes the earlier circular dated 20.03.2019, pursuant to amendments notified under the Foreign Exchange Management (Export and Import of Currency) Regulations, 2025. [RBI Circular No. 18 dated 08.12.2025](#)

SEBI

- + **Digital Accessibility: Timeline Extension for Reporting and Integration with Investor Charter:** SEBI has revised its digital accessibility norms, deferring the deadline for appointing auditors and instead requiring Regulated Entities (REs) to submit a "readiness and compliance status" report for all digital platforms by 31.03.2026. The circular formally incorporates "Investors' Right to Digital Accessibility" into Investor Charters and categorizes accessibility issues as valid grievances on the SCORES platform, mandating specific remediation for resolution. While the immediate reporting structure has changed, REs remains obligated to conduct periodic audits through certified professionals to ensure platform inclusivity.

[Circular No. HO/13/19/13\(2\)2025-ITD-1_VIAP/I/187/2025 dated 08.12.2025](#)

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- + **Modalities for 'AI-Only' AIFs and Ease of Business Reforms for LVFs:** To enhance the ease of doing business, SEBI has operationalized the framework allowing Alternative Investment Funds (AIFs) to launch or migrate to "AI-only schemes" (exclusively for Accredited Investors) and "Large Value Funds" (LVFs). These categories offer distinct regulatory flexibilities designed to streamline fund management. Under the new guidelines, effective immediately, existing AIFs can convert to these categories subject to obtaining positive consent from all investors and reporting the name change (which must now include the suffix 'AI only fund' or 'LVF') to SEBI and depositories within 15 days. Significant operational reliefs include the "grandfathering" of Accredited Investor status (valid for the scheme's entire lifecycle if valid at onboarding), a maximum tenure extension of five years, and specific exemptions for LVFs from using the standard Placement Memorandum template and conducting annual PPM audits, without the need for specific investor waivers.

Circular No. HO/19/34/11(5)2025-AFD-POD1/I/188/2025 dated 08.12.2025

- + **Mandatory NISM Certification for AIF Compliance Officers Effective Jan 2027:** SEBI has mandated that Compliance Officers of AIF Managers must obtain the "NISM Series-III-C: Securities Intermediaries Compliance (Fund) Certification" to satisfy eligibility criteria. Managers must ensure that by 01.01.2027, only individuals holding this valid certification are appointed or allowed to continue in the role. Furthermore, adherence to this requirement must be explicitly confirmed in the 'Compliance Test Report' submitted by the Manager. *Circular No. HO/19/(8)2025-AFD-POD1/I/1266/2025 dated 30.12.2025*

Companies Act

- + **Simplified Indemnity Bond Process for Strike-Off of Government Companies:** The Ministry of Corporate Affairs has amended the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 to streamline the exit process for Government Companies and their subsidiaries. Effective immediately, the indemnity bond (Form STK-3A) required for directors nominated by the Central or State Government can now be executed by an authorized representative but not below the rank of Under Secretary of the relevant Administrative Ministry or Department on the company's behalf. This amendment relieves individual government-nominee directors from the requirement of personally furnishing indemnity bonds during the strike-off process.

Notification No. G.S.R. 940 (E) dated 31.12.2025

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- + **MCA Enhances Thresholds for 'Small Company' Classification to Rs. 10 Cr Paid-up Capital and Rs.100 Cr Turnover:** The Ministry of Corporate Affairs has amended the Companies (Specification of definition details) Rules 2014, revising the financial limits for defining a "Small Company" under Section 2(85) of the Act. Effective immediately, the eligibility thresholds have been increased: a company now qualifies as a Small Company if its paid-up capital does not exceed Rs.10 crores and its turnover does not exceed Rs.100 crores. *Notification No. G.S.R.880(E) dated 01.12.2025*
- + **MCA Moves to Triennial DIN KYC Filing; Mandates 30-Day Reporting for Changes:** Effective 31.03.2026, the Ministry of Corporate Affairs has significantly restructured the Director KYC norms by amending the Companies (Appointment and Qualification of Directors) Rules, 2014. The amendment replaces the annual filing requirement with a triennial cycle, mandating that Directors holding a DIN as of 31st March must file Form DIR-3-KYC-Web on or before 30th June of every third consecutive financial year. However, strict timelines have been introduced for updates: any change in a director's personal mobile number, email, or residential address must now be reported via the Web form within 30 days of the change. Additionally, the rules consolidate the filing mechanism exclusively to the "DIR-3-KYC-Web" service, removing references to the standard e-form. *Notification No. G.S.R.943 (E) dated 31.12.2025*
- + **MCA Extends Deadline for FY 2024-25 Annual Filings to 31.01.2026:** The Ministry of Corporate Affairs, in response to stakeholder representations, has extended the timeline for filing annual forms for FY 2024-25. Companies can now file MGT-7/MGT-7A (Annual Returns) and AOC-4 variants (Financial Statements) up to 31.01.2026, without incurring any additional fees. This extension applies to the specific forms mentioned in General Circular No. 06/2025, with all other conditions of the original circular remaining unchanged. *General Circular No. 08/2025 dated 30.12.2025*



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