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BASCO BULLETIN

CONTENT

Helping with Compliance, Securing with Advice

BAS & Co LLP

Kolkata- Ahmedabad-Delhi-Purnea

"Every business in India just had its payroll rulebook rewritten — here's what changed and what to check right now,"

The Big Story This Quarter:

Effective 1 April 2026, India's four New Labour Codes — the Code on Wages, the Industrial Relations Code, the Occupational Safety, Health and Working Conditions (OSH) Code, and the Code on Social Security — came into full operational effect, consolidating 29 old central labour laws, some dating back to the 1920s, into a single unified framework. This is the most significant overhaul of India's employment law in decades, and it touches every business with employees on payroll.

1. The 50% Wage Rule :

Under the Code on Wages, 2026, at least 50% of an employee's total CTC must now be counted as "wages" (basic pay + dearness allowance). This single rule has a cascading effect — it increases statutory contributions toward Provident Fund (PF), ESI, gratuity, and bonus, with employers estimated to see a 5–15% rise in statutory costs. Companies still running "legacy" CTC structures with inflated allowances and low basic pay will need an urgent compensation-structure audit.

2. Faster Full & Final Settlements

Employers must now process Full & Final (F&F) settlements within 48 hours of an employee's exit — a sharp change from the earlier norm of settling dues in the next payroll cycle. This puts real pressure on payroll systems to calculate leave encashment, notice-pay adjustments, and statutory dues in real time.

3. Gig & Platform Workers Get Social Security

For the First TimeThe Code on Social Security extends formal social security coverage to gig and platform workers for the first time in Indian legal history, alongside equal pay and benefit parity for fixed-term employees. Businesses relying on gig/contract workforces should expect new registration and contribution obligations.

4. A National Floor Wage, Uniform Across States

A mandatory national floor wage now applies to all workers, with overtime payable at double the regular rate. Since labour is a concurrent subject, each state must separately notify its own rules — several states have already done so, others remain in progress, so applicability can vary by location.

1.1 DIRECT TAX

CIRCULARS/NOTIFICATIONS

"No DIN, No Validity: CBDT Tightens Documentation Discipline for Tax Notices"

The CBDT, vide Circular No. 4/2026 dated 31 March 2026 issued under Section 119 of the Income-tax Act, has implemented Section 292BA of the Income-tax Act, 1961 and Section 522 of the Income-tax Act, 2025, making it mandatory for most notices, orders, letters and summons issued by the Income-tax Department to bear a Document Identification Number (DIN). The Circular aims to enhance transparency and enable taxpayers to verify the authenticity of departmental communications. Communications issued without a valid DIN are permitted only in specified exceptional cases and subject to the prescribed procedure.

(Notification No. 4/2026 | Dated: 31st March 2026)

"PAN Correction Process Overhauled: ITD (Systems) Prescribes CR-01 & CR-02"

The Directorate of Income-tax (Systems), vide Order F. No. ADG(S)-1/PAN/M/3699/2026 dated 1 April 2026, issued under Rule 158(12) of the Income-tax Rules, 2026 read with Section 262(4) of the Income-tax Act, 2025, has introduced PAN CR-01 (for individuals) and PAN CR-02 (for non-individuals) for making corrections in PAN records. These forms replace the earlier PAN correction process from 1 April 2026. Existing PAN cards remain valid, and the new forms are required only where taxpayers wish to update or correct their PAN details.

(Order F.No. ADG(S)-1/ PAN/M/3699/2026 | Dated: 01st April 26

"CBDT Guidelines for Compulsory Scrutiny Selection — FY 2026-27"

The CBDT, vide F. No. 225/56/2026/ITA-II dated 4 June 2026, issued under Section 536(2)(c) of the Income-tax Act, 2025, has specified the categories of income-tax returns that will be selected for mandatory complete scrutiny. These include cases involving search or survey proceedings, reassessment, claims of tax exemption after cancellation of registration, repeated high-value tax additions, and specific tax-evasion information received from enforcement or regulatory agencies. The clarification also provides that returns selected merely on the basis of AIS, SFT, NMS or CPC-TDS information will not automatically undergo compulsory scrutiny unless they satisfy the prescribed conditions.

(F.No.225/56/2026/ITA-II | Dated: 4th June 2026)

"Two Institutions Notified as Approved Scientific Research Institutions — Section 45(4)(b)"

The CBDT, vide Notification Nos. 71/2026 and 72/2026 dated 25 June 2026, issued under Section 45(4)(b) read with Section 45(3)(a)(i) of the Income-tax Act, 2025 and Rules 32 & 34 of the Income-tax Rules, 2026, has notified the University of Hyderabad and the Public Health Foundation of India, Delhi as approved scientific research institutions for Tax Years 2026–27 to 2030–31. Donations made to these institutions during the approved period may qualify for deduction under Section 45, subject to the prescribed conditions.

(Notification No. 71 & 72 /2026 | Dated: 25th June 2026)

1.1 DIRECT TAX

RECENT CASE LAWS:

"Reinsurance Payments to Non-Residents Not Taxable in India: Supreme Court Affirms"

In 2026 TAXSCAN (SC) 173 (SLP No. 10994/2026, dated 6 April 2026), the Supreme Court upheld the decision of the Madras High Court by dismissing the Revenue's Special Leave Petition (SLP). The Court reaffirmed that reinsurance premiums paid to non-resident reinsurers are not taxable in India and, accordingly, no Tax Deducted at Source (TDS) is required on such payments. It also held that foreign insurance brokers do not constitute a Permanent Establishment (PE) in India and that insurance companies are not liable to pay Minimum Alternate Tax (MAT) under Section 115JB.

PCIT-4 vs. Cholamandalam MS General Insurance Co. Ltd.

"SC Remands JAO Reassessment Cases Following Retrospective Insertion of Section 147A"

In 2026 TAXSCAN (SC) 215 (Civil Appeal No. 4716/2026, order dated 10 April 2026), the Supreme Court remanded several reassessment matters to the respective High Courts following the retrospective insertion of Section 147A. The Court observed that the new provision may impact earlier High Court decisions on whether reassessment notices could be issued by the Jurisdictional Assessing Officer (JAO) instead of the faceless assessment mechanism. The validity and retrospective application of Section 147A remain open for adjudication, while taxpayers have been granted time to amend their petitions and interim protection against further reassessment proceedings.

ITO, Ward 2(1), Chandigarh & Ors. vs. Tej Partap Singh

"Procedural Lapse, Not Fatal: ITAT on Delayed Form 10BB and Section 11/12 Exemption"

The Income Tax Appellate Tribunal (ITAT) held that a delay in filing Form 10BB, by itself, cannot be a ground to deny exemption under Sections 11 and 12 of the Income-tax Act where the form has been filed before the assessment is completed. The Tribunal observed that the time limit for filing Form 10BB is procedural in nature and should not override the taxpayer's substantive right to claim exemption. This ruling provides relief to eligible charitable and religious institutions where procedural delays occur without affecting the merits of the exemption claim.

ITAT Jaipur — Kinkini vs. ITO (Exemptions)

2. INDIRECT TAX

CIRCULAR/NOTIFICATIONS

Mandatory Ship-To GSTIN for Bill-To/Ship-To E-Way Bills

The GSTN has mandated that, where goods are billed to one party but delivered to another, the actual consignee's GSTIN (or "URP" where the consignee is unregistered) must be reported in the e-Way Bill. This requirement will be effective from 1 August 2026 to allow businesses time to update their ERP and billing systems. Once implemented, an e-Way Bill cannot be generated without these details, and any mismatch between the invoice and the e-Way Bill may invite scrutiny under Section 129 of the CGST Act, 2017.

Advisory No.663, Dated 9th June 2026

Voluntary E-Way Bill Closure Facility

The GSTN has introduced an optional facility to close an e-Way Bill once the goods have been successfully delivered, instead of allowing it to expire automatically. The facility can be used by the supplier, recipient, transporter or other authorised persons. Additionally, an OTP-based closure option has been provided for drivers and field personnel, making it easier for businesses to complete e-Way Bill compliance without requiring portal login access.

"Clarification Regarding Jurisdiction in Cases Involving Migration/Transfer of Taxable Persons from One Jurisdiction to Another Jurisdiction"

The CBIC has clarified that any investigation, audit, show cause notice, adjudication or appellate proceedings validly initiated by the existing GST jurisdiction will remain valid even if the taxpayer's jurisdiction is subsequently transferred. However, once the transfer takes effect, all future proceedings, including recovery and representation before appellate authorities, will be handled only by the new jurisdictional authority. This clarification ensures continuity of proceedings and avoids jurisdictional disputes under the CGST Act, 2017.

RECENT CASE LAWS:

"SC: Rule 86A Blocking Restricted to Actual Available Balance in Electronic Credit Ledger"

The High Court held that the restriction on the Electronic Credit Ledger under Rule 86A(3) of the CGST Rules cannot continue beyond one year from the date it is imposed and automatically lapses on expiry of that period. The Court clarified that any pending investigation or alleged non-cooperation by the taxpayer cannot justify extending the restriction indefinitely, and the Department must take action under the appropriate provisions of the CGST Act, such as Sections 73 or 74, where warranted.

NZS Traders Pvt. Ltd. v. Union of India & Ors. – Bombay High Court

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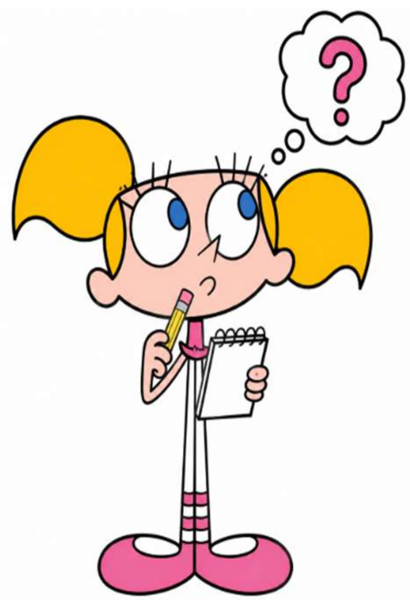
"Inkjet Printer vs Inkjet Printing Machine: SC Grants Interim Relief to HP India in Classification Dispute"

In HP India Sales Pvt. Ltd. v. Commissioner of Customs (NSV) (Civil Appeal No. 4206/2026), the Supreme Court granted an interim stay on the recovery of customs duty, interest and penalty arising from the classification of imported HP Latex Printers under the Customs Tariff. The dispute relates to whether the products should be classified as "inkjet printers" or "inkjet printing machines", which determines the applicable customs duty. The matter is currently pending before the Supreme Court, and the final tax position will depend on the Court's decision.

HP India Sales Pvt Ltd v. Commissioner of Customs (NSV)

3.Other Updates and Compliances

RBI



FLA Return (Foreign Liabilities & Assets) — FY 2025-26

--The Reserve Bank of India (RBI) has extended the due date for filing the Annual Foreign Liabilities and Assets (FLA) Return for FY 2025–26 from 15 July 2026 to 31 July 2026. Entities whose accounts are not audited by the due date may file the return using provisional figures and submit a revised return based on audited financial statements by 30 September 2026. This extension provides additional time for eligible entities to complete their annual FEMA reporting requirements.

RBI Monetary Policy Statement — MPC Meeting

--The Monetary Policy Committee (MPC) of the RBI has kept the repo rate unchanged at 5.25% for the third consecutive policy meeting, while continuing with a "neutral" monetary policy stance. The decision reflects the RBI's balanced approach towards managing inflation and supporting economic growth amid global uncertainties. The next MPC meeting is scheduled to be held from 3 to 5 August 2026.

SEBI

One-time MPS penal relaxation

The Securities and Exchange Board of India (SEBI) has provided a one-time relaxation from penal consequences for listed entities whose Minimum Public Shareholding (MPS) compliance deadline falls between 1 April 2026 and 30 September 2026. Penalties imposed during this period are to be withdrawn. However, the relaxation does not waive the requirement to achieve the prescribed MPS level, and listed companies must continue to comply with the applicable shareholding norms.

Merchant Banker compliance timeline extension.

The SEBI, vide its Circular dated 11 June 2026, has extended the timelines for merchant bankers to transfer specified activities into Separate Business Units (SBUs), achieve the prescribed net worth and liquid net worth requirements, and intimate their Category I or Category II status. The extension provides additional time for compliance, while all other requirements under SEBI's January 2026 regulatory framework continue to remain applicable.

3.1. Other Updates and Compliances

MCA/COMPANIES ACT

Companies Compliance Facilitation Scheme, 2026

The Ministry of Corporate Affairs (MCA), vide General Circular No. 03/2026 dated 8 July 2026, has extended the validity of the Company Fresh Start Scheme, 2025, originally introduced through General Circular No. 01/2026, from 15 July 2026 to 31 August 2026. The extension was granted due to disruption in MCA21 services following a data-centre fire. The MCA has also provided consequential relief by extending the due date for filing Form DPT-3 to 31 July 2026 and extending the timelines for name reservations and e-form resubmissions.

GST Annual Aggregate Turnover (AATO) Amendment Window — FY 2025-26

The GSTN has opened a facility to amend the self-reported Annual Aggregate Turnover (AATO) for FY 2025–26 from 1 July 2026 to 31 July 2026. Taxpayers can use this window to correct their turnover details, after which the amended information will be verified by the GST Department between 1 August 2026 and 15 August 2026.

KEY TAKEAWAYS BY TAXPAYER /CLIENT

FLA Return: New deadline **31.07.2026**; file on provisional figures if unaudited, revise by **30.09.2026**.

MPC Policy: Repo rate unchanged at **5.25%**; no action needed, just note for planning.

SEBI MPS Relaxation: Penalty relaxed for due dates **01.04.2026–30.09.2026**, but compliance obligation still stands.

Merchant Banker Timeline: Extended deadlines for SBU transfer, net-worth norms, and category election — relevant only to merchant banker clients.

MCA Compliance Scheme: Extended to **31.08.2026**; DPT-3 now due **31.07.2026**; name reservations/resubmissions due **10.07.2026** — act fast.

GST AATO Window: Amend turnover data **01.07–31.07.2026**; verification follows in August.

5. COMPLIANCE CALENDAR

DUE DATES FOR INCOME TAX:

FILING TDS RETURN FOR THE T.Y 2026-27:
Q1 (April’26 - June’26) - 31st July 2026

FILING TCS RETURN FOR THE T.Y. 2026-27
Q1 (April’26 – June’26) - 31th July 2026

Filling of Income Tax Return:
Individual (Salary , Other Income)
- 31st July 2026
Non –audit Business / Professionals Taxpayers
- 31st August 2026

DUE DATES FOR GST Returns

S. No	Form	The Object of e-form	For the month/year	Last Date	Remarks
1	GSTR-1	Monthly/ Quarterly Return	June, 2026	11th/13th July, 2026	Normal/ QRMP
2	GSTR-3B	Monthly Return	June, 2026	20th/22nd /24th July, 2026	Normal/ QRMP
3	GSTR-5	Monthly Return	June, 2026	20th July,2026	Non-Taxable Persons
4	GSTR-6	Monthly Return	June, 2026	13th July, 2026	Filed by ISD
5	GSTR-7	Monthly Return	June, 2026	10th July, 2026	Deductor of TDS under GST
6	GSTR-8	Monthly Return	June, 2026	10th July, 2026	E-commerce operators required to collect TCS
7	CMP-08	Quarterly Return	June, 2026	18th July, 2026	Composition Taxable Person

6. ABOUT US

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ABOUT THE FIRM

With more than 27 years of experience in the industry, BAS & Co LLP continues to deliver high- quality performance to its clients. The growing team of young professionals with dynamic approaches will surely carve more paths for the firm in the coming future.

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