

DAHOTRE & DAHOTRE
Chartered Accountants



Knowledge and Innovation Committee

Newsletter

Period of Update: 01st March 2026 to 07th March 2026
Period of Issue: 08th March 2026 to 14th March 2026

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Editor-in-Chief's Message

Hello readers!

Welcome to the **10th** Newsletter Edition of 2026.

In this Issue, we will discuss the taxation on Joint Ventures(JVs) and will understand what is Input Service Distributor(ISD) under GST.

Vedant Potdar
Editor-in-chief

Team's Message

"We don't just work together, we grow together."

Prasad Bhasme
Senior leader

Short Updates

Indirect Tax

- India's GST collections in February 2026 rose 8.1% year-on-year to ₹1.83 lakh crore, showing strong economic activity and compliance.

For FY26 until February 28, total GST revenue reached ₹20.27 lakh crore, up 8.3% Refunds increased, while import tax gains supported the growth.

General

- EPFO retained the 8.25% interest rate for 2025 to 26, benefiting over 70 million subscribers. The decision awaits finance ministry approval.*

The board approved auto settlement of small inoperative accounts, a one time amnesty scheme for certain trusts, and notification of new social security schemes under the 2020 Code.

- War in West Asia just shook Indian markets.*

Rupee crashes to a record 92.30 against the dollar. Sensex falls 1,123 points and investors lose ₹9.8 lakh crore in a day. Rising crude prices, export risks and heavy foreign selling are spooking markets. If tensions escalate further, the pressure on rupee and stocks may only worsen.

- India's GST crackdown on banned real money gaming has hit a major flashpoint with the arrest of Fino Payments Bank CEO Rishi Gupta. Investigators allege ₹3,000 crore in suspect transactions routed through shell entities, with possible GST evasion crossing ₹5 crore, making the offence non bailable.

01 Direct Tax

Taxation on Joint Ventures



Dipali Kalyankar

Introduction

A Joint Venture is a strategic business arrangement where two or more independent parties pool their resources, expertise, and capital to achieve a specific goal or undertake a particular project.

Key Characteristics

Shared Responsibility: Participants share the management, risks, rewards, and costs of the venture.

Maintained Independence: The parent companies remain distinct legal entities and continue their own separate business operations outside the JV.

Defined Scope: JVs are typically project-specific and time-bound, often dissolving once the stated objective is met.

Legal Structure: A JV can be a contractual agreement without a new entity or it can involve forming a separate legal entity (like an LLC or corporation)

Structural Classification & Income Tax

The tax treatment of a JV depends heavily on its legal form—whether it is an Incorporated Joint Venture (IJV) or an Unincorporated Joint Venture (UJV)

Incorporated JVs (IJV)

- Typically formed as a Private or Public Limited Company.

- Taxed as a separate legal entity at standard corporate tax rates.
- MAT Update (2026): The Minimum Alternate Tax (MAT) rate is revised to 14%.
- From TY 2026-27, MAT paid is proposed as the final tax, with no further credit accumulation

Unincorporated JVs (UJV)

- Often treated as an Association of Persons (AOP) for tax purposes.
- If the share of members is determinate, each member is taxed on their share; otherwise, the AOP is taxed at the Maximum Marginal Rate (MMR).
- Judicial Precedent: Courts have recently clarified that JVs between partnership firms may not automatically qualify as a "person" (AOP) unless they function as a distinct juristic entity.

Joint Development Agreements (JDA) & Capital Gains

For JVs in the real estate sector, Section 45(5A) governs the timing of taxation for Individual/HUF landowners.

- **Year of Taxability:** Capital gains are generally taxable in the year the Completion Certificate (CC) is issued, rather than the year the JDA is signed.
- **Full Value of Consideration:** Calculated as the Stamp Duty Value (SDV) of the landowner's share in the developed project plus any cash consideration received.
- **Indexation Note:** While indexation was generally removed for assets transferred after July 2024, grandfathering allows resident individuals/HUFs to apply indexation for land/buildings acquired before July 23, 2024.

TDS Compliance

Section 194-IC

Developers must adhere to specific withholding requirements when making payments to resident landowners under a registered JDA.

- **Applicability:** TDS applies only to monetary (cash) consideration; no TDS is required on the value of the constructed flats/units.

- Rate: A flat 10% TDS rate applies (increased to 20% if no PAN is provided).
- Timing: Tax must be deducted at the time of payment or credit, whichever is earlier. The deferral of capital gains under Section 45(5A) does not defer the TDS obligation.

TDS on Payments Between JV and Partners

1. No TDS on Distribution of Receipts: If a JV is formed solely to procure contracts (e.g., government tenders) and the work is actually executed by the constituents, courts have ruled that the JV has no TDS obligation (under Section 194C) when transferring funds to its members.
2. Section 194T (Effective April 1, 2025): A new provision requires firms (including JVs assessed as firms/LLPs) to deduct 10% TDS on payments to partners exceeding ₹20,000 annually for salary, interest, commission, bonus, or remuneration.
3. Refundable Security Deposits: Deposits given by a developer to an owner in a Joint Development Agreement (JDA) typically do not attract TDS.

GST Implications

The GST landscape for JVs remains a high-litigation area with significant recent developments.

Transfer of Development Rights (TDR):

Generally subject to GST at 18%.

Current Dispute: The Supreme Court (as of late 2025) has stayed certain GST demands on JDAs, questioning whether TDR constitutes a taxable "supply" or is exempt as a "sale of land".

Construction Services:

Developers must pay GST on construction services provided to the landowner.

For residential projects, rates are typically 1% (affordable) or 5% (non-affordable) under the Reverse Charge Mechanism (RCM).

Key Strategy Checklist

- a) Define Tax Allocation: Clearly outline how tax liabilities are split between participants in the JV agreement.
- b) Loss Utilization: Determine if losses can be used to offset members' other income, noting that

losses from unregistered JVs often cannot be set off against other corporate income.

- c) Drafting Precision: Use precise language in the Consortium Agreement to avoid unintended AOP classification.

Questions

1. Is the JV taxed as a separate company, or do the partners pay tax on their individual shares of the profit?

Read next: Input Service Distribution under GST

02 Indirect Tax

Input Service Distributor (ISD) under GST



Vedant Potdar

Introduction

ISD or an Input Service Distributor is a type of taxpayer under GST who needs to distribute the GST input tax credits that pertain to its GSTIN to its units or branches having different GSTIN but registered under the same PAN. From 1st April, 2025, it is mandatory to get register under GST as ISD and start complying with ITC distribution and GSTR-6 filing if your entity receives common input service invoices for multiple GSTINs.

Who is an Input Service Distributor (ISD) under GST

An Input Service Distributor (ISD) is a taxpayer that receives invoices for services used by its branches. It distributes the tax paid known as the Input Tax Credit (ITC), to such branches on a proportional basis by issuing ISD invoices. The branches can have different GSTINs but must have the same PAN as that of ISD.

Let's understand with an example:

The head office of M/s ABC Limited is located in Bangalore having branches in Chennai, Mumbai and Kolkata. The head office incurred annual software maintenance expense (service received) on behalf of

all its branches and received the invoice for the same.

Since the software is used by all its branches, the input tax credit of entire services cannot be claimed in Bangalore. The same has to be distributed to all three locations. Here, the head office at Bangalore is the Input Service Distributor.

Eligibility Criteria for ISD Registration under GST

An entity must register as an input service distributor (ISD) only if it is applicable. ISD registration under GST would be applicable to an entity if the below are satisfied-

- Must be an office supplying goods or services or both.
- Receiving tax invoices towards input services bought for or on behalf of its units/branches having different GSTINs but falling under the same PAN.
- Must be located at the place where the common input services are received.
- Can distribute ITC on input services as an ISD, including those on which GST is paid under reverse charge mechanism.
- Can apply for multiple ISD registrations if common services are received at different offices located in different states or districts.
- Must begin issuing a prescribed ISD invoice document for distributing the input tax credit of CGST (or SGST in State Acts) and/or IGST paid on the said services to its unit/branch under same PAN but with a different GSTIN.

Situations where ISD is not Applicable

ISD cannot distribute the input tax credit in the following cases:

- a) Where ITC is paid on inputs of capital goods. For instance, raw materials and machinery purchased.
- b) ITC cannot be distributed to outsourced manufacturers or service providers.

Purpose of Registering as ISD

The concept of ISD is a facility made available to business having a large share of common expenditure and billing or payment is done from a centralised location. The mechanism is meant to simplify the credit taking process for entities and the facility will strengthen the seamless flow of credit under GST.

Documents Required for ISD Registration

Having documents required for ISD registration under GST handy helps entities to obtain ISD GSTIN quickly. This can be passed onto the vendors so that they raise tax invoices accurately. Below is the list of documents needed to apply for GST ISD registration-

- a) Copy of existing GST Registration Certificate (for regular GST registration)
- b) PAN card
- c) Proof of business constitution- Such as the Memorandum of Association, Articles of Association, and Certificate of Incorporation if entity is a company. This varies with a partnership firm, LLP and sole proprietorship.
- d) Proof of address of ISD office- Such as the utility bill if the property is rented or sale deed or ownership document if the property is owned.
- e) Authorised signatory details- Such as the identity proof, photograph, and authorisation letter.
- f) Bank account details- Such as the bank statement or cancelled cheque.
- g) Details of business carried out
- h) If GST officer calls for it, then provide the list of invoices, value received, input service agreements, along with summary of ITC distributed.
- i) Financial statements and self-declaration affidavit confirming GST compliance if the GST officer calls for it.

Conditions to be Fulfilled by ISD

Registration: Input Service Distributor has to compulsorily register as "ISD" apart from its registration under GST as a normal taxpayer. Such taxpayer has to specify under serial number 14 of the REG-01 form as an ISD. They shall be able to distribute the credit to the recipients only after this declaration.

Invoicing: ISD can distribute the amount of tax credit to recipients as earlier stated by issuing an ISD invoice.

Returns: Amount of tax credit distributed should not exceed the amount of tax credit available with the ISD as at the end of a relevant month to be filed in GSTR-6 by the 13th* of succeeding month by ISD. The ISD can get the information of the ITC from the GSTR-2B return.

The recipient of the tax credit can view the tax credit so distributed by ISD in GSTR-6A that is auto-populated from the supplier's return. In turn, the recipient branch can claim the same by declaring it in GSTR-3B. An ISD need not file annual returns in form GSTR-9.

Format of ISD Invoice

The format of ISD invoice that is issued by an ISD to its units has been laid down by the GST law. Contents are defined by Section 54(1) of the CGST Act as follows-

- Name of the ISD and address
- GSTIN of ISD
- Unique invoice number
- Date of invoice
- Name and address of the unit/recipient branch
- GSTIN of the recipient branch/unit
- Amount of ITC distributed
- Signature of the authorised person

Consequences of Non-Compliance with ISD Rules

Failure to obtain ISD registration can have severe adverse consequences, as explained below-

- i. **ITC disruption:** Using regular GSTIN over ISD GSTIN for receiving input services can result in an ITC loss.
- ii. **Audit and compliance risks:** Non-compliance with ISD rules leads to audits and compliance delays.
- iii. **Regulatory penalty and Interest:** Wrong ITC allocation or applying cross-charge over ISD can trigger GST demand notices under Sections 73/74 of the CGST Act for recovery with an interest charge at 18% p.a. It could attract a penalty of upto Rs.25,000 too.

Questions

1. Can a taxpayer have multiple ISDs?
2. Can ITC be distributed on purchase of machinery
3. Why a separate registration is required for ISD

Read next: Wall of wisdom.

WALL OF WISDOM (WOW):

- "It's not whether you get knocked down, it's whether you get up"
- "A journey of a thousand miles begins with a single step"

Read next: Do you know?

DO YOU KNOW?

1. Do you know that fingerprints are unique even among identical twins.?
2. Do you know that there are more stars in the universe than grains of sand on Earth.?

What else do You Know?

Let us know.

Read next: Motivational Quote.

MOTIVATIONAL QUOTE:

"Arise, awake, and stop not till the goal is reached"

— Swami Vivekananda

Sources-

- Company Law Notifications and Circulars
- CBDT Notifications and Circulars
- CBIC Notifications and circulars
- Other Allied Law Notifications and circulars
- MCA21 Website.
- Income Tax Website.
- GST Website.
- Other Statutory Government Websites.
- Extracts from Tax Guru- Extracts from Clear Tax- Extracts From the CA club India.

Contact Details-

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Read next: Statutory Due Date.

Best Newsletter Presenters of 2025

Month's	Best Presenters
January	Vedika Pawale
February	Sakshi Pawar

March	Sakshi Pawar
April	Aditya Kanade
May	Sakshi Pawar
June	Vedant Potdar
July	Isha Dagra
August	Ishwari Kumbhakarna
September	Sakshi Pawar
October	Sairaj Thombre
November	Mayuri Agwal
December	Dipali Kalyankar

Statutory Due Dates Calendar

INCOME TAX

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2025	1 TDS/TCS Payment	March 2025	TDS 30/04/2025 and TCS 07/04/2025
May-2025	1 TDS/TCS Payment	April 2025	07/05/2025
	2 TDS Statement for Form 24Q, 26Q and 27Q	Q4 FY 2025-26	31/05/2025
	3 TCS Statement– for Form 26QB, 26QC, 26QD	Q4 FY 2025-26	15/05/2025
	4 Statement of Financial Transactions (SFT) Compliance	FY 2024-25	31/05/2025
June-2025	1 TDS/TCS Payment	May 2025	07/06/2025
	2 Advance Tax	1st Instalment of FY 2025-26	15/06/2025
	3 Form 16/ 16A	Q4 FY 2024-25	15/06/2025
July-2025	1 TDS/TCS Payment	June 2025	07/07/2025
	2 TDS Statement for Form 24Q	Q1 FY 2025-26	31/07/2025
	3 TCS Statement– for Form 26QB, 26QC, 26Q	Q1 FY 2025-26	15/07/2025
August-2025	1 TDS/TCS Payment	July 2025	07/08/2025
September-2025	1 TDS/TCS Payment	August 2025	07/09/2025
	2 Advance Tax	2 nd Instalment FY 2025-26	15/09/2025
	3 Due date for filing of audit report under Section 44AB for AY 2025-26 in the case of a corporate- assessee or non-corporate assessee (who is required to submit their/its return of income on October 31, 2025)	FY 2024-25	31/10/2025
	4 TDS Statement for Form 26Q and 27Q	Q1 FY 2025-26	30/09/2025
	4 Income tax Return for A.Y. 2024-25 for all assesses other than : (a) Assessee whose accounts are required to be audited (b) Partner of a firm whose accounts are required to	FY 2025-26	15/09/2025

be audited

(c) An assessee who is required to furnish a report under Section 92E.

October-2025	1	TDS/TCS Payment	September 2025	07/10/2025
	2	Due date for filing of return of income for AY 2024-25 if the assessee is (a) Corporate-assessee (b) Non-corporate assessee (whose books of account are required to be audited) (c) Partner of a firm whose accounts are required to be audited (d) An assessee who is required to furnish a Report u/s 92 E	FY 2024-25	31/10/2025
	3	TDS Statement for Form 24Q, 26Q and 27Q	Q2 FY 2025-26	31/10/2025
	4	TCS Statement– for Form 26QB, 26QC, 26QD	Q2 FY 2025-26	15/10/2025
November-2025	1	TDS/TCS Payment	October 2025	07/11/2025
December-2025	1	TDS/TCS Payment	No November 2025	07/12/2025
	2	Advance Tax	3rd 3 rd Installment FY 2025-26	15/12/2025
	3	Filing of belated/revised return of income for the assessment year 2024-25 for all assessee.	FY 2024-25	31/12/2025
January-2026	1	TDS/TCS Payment	December 2025	07/01/2026
	2	TDS Statement for Form 24Q, 26Q and 27Q	Q3 FY 2025-26	31/01/2026
	3	TCS Statement– for Form 26QB, 26QC, 26QD	Q3 FY 2025-26	15/01/2026
February-2026	1	TDS/TCS Payment	January 2026	07/02/2026
March-2026	1	Advance Tax	4th Instalment of FY 2025-26	15/03/2026
	2	TDS/TCS Payment	February 2026	07/03/2026

GOODS AND SERVICES TAX ACT

Due Dates in the Month of	Particulars	For the Period	Due Date
April-2025	1 GSTR 1 (Regular Taxpayers)	March 2025	11/04/2025
	2 GSTR 1 (Quarterly Taxpayers)	March 2025	13/04/2025
	3 GSTR 3B (Monthly Return)	March 2025	20/04/2025
	3 GSTR 3B (Quarterly Return)	Jan to Mar 2025	22/04/2025
	4 CMP 08	Jan to Mar 2025	18/04/2025
	5 GSTR 4(Annual Return under Composition scheme)	Apr 2024 to Mar 2025	30/04/2025
May-2025	1 GSTR 1 (Regular Taxpayers)	April 2025	11/05/2025
	2 GSTR 3B (Monthly Return)	April 2025	20/05/2025
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	April 2025	25/05/2025
June-2025	1 GSTR 1 (Regular Taxpayers)	May 2025	11/06/2025
	2 GSTR 3B (Monthly Return)	May 2025	20/06/2025
	3 Monthly Tax Payment under QRMP Scheme(PMT 06)	May 2025	25/06/2025
July-2025	1 GSTR 1 (Regular Taxpayers)	June 2025	11/07/2025
	2 GSTR 1 (Quarterly Taxpayers)		13/07/2025
	3 GSTR 3B (Monthly Return)	June 2025	20/07/2025
	4 GSTR 3B Quarterly Return)	June 2025	22/07/2025
	5 CMP-08	Apr to June 2025	18/07/2025
	1 GSTR 1 (Regular Taxpayers)	July 2025	11/08/2025
	2 GSTR 3B (Monthly Return)	July 2025	20/08/2025

August-2025	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	July 2025	25/08/2025
	1	GSTR 1 (Regular Taxpayers)	August 2025	11/09/2025
September-2025	2	GSTR 3B (Monthly Return)	August 2025	20/09/2025
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	August 2025	25/09/2025
October-2025	1	GSTR 1 (Regular Taxpayers)	September 2025	11/10/2025
	2	GSTR 1 (Quarterly Taxpayers)	July to Sept 2025	13/10/2025
	3	GSTR 3B (Monthly Return)	September 2025	20/10/2025
	4	GSTR 3B (Quarterly Return)	July to Sept 2025	22/10/2025
	5	CMP-08	July to Sept 2025	18/10/2025
November-2025	1	GSTR 1 (Regular Taxpayers)	October 2025	11/11/2025
	2	GSTR 3B (Monthly Return)	October 2025	20/11/2025
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	October 2025	25/11/2025
December-2025	1	GSTR 1 (Regular Taxpayers)	November 2025	11/12/2025
	2	GSTR 3B (Monthly Return)	November 2025	20/12/2025
	3	Monthly Tax Payment under ORMP Scheme(PMT 06)	November 2025	25/12/2025
	4	GSTR-9(Annual Return)	FY 2024-25	31/12/2025
January-2026	1	GSTR 1 (Regular Taxpayers)	December 2025	11/01/2026
	2	GSTR 1 (Quarterly Return)	Oct to Dec 2025	13/01/2026
	3	GSTR 3B (Monthly Return)	December 2025	20/01/2026
	4	GSTR 3B Quarterly Return)	Oct to Dec 2025	22/01/2026
	5	CMP-08	Oct to Dec 2025	18/01/2026
February-2026	1	GSTR 1 (Regular Taxpayers)	January 2026	11/02/2026
	2	GSTR 3B (Monthly Return)	January 2026	20/02/2026
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	January 2026	25/02/2026

March-2026	1	GSTR 1 (Regular Taxpayers)	February 2026	11/03/2026
	2	GSTR 3B (Monthly Return)	February 2026	20/03/2026
	3	Monthly Tax Payment under QRMP Scheme(PMT 06)	February 2026	25/03/2026
April-2026	1	GSTR 1 (Regular Taxpayers)	March 2026	11/04/2026
	2	GSTR 1 (Quarterly Return)	Jan to Mar 2026	13/04/2026
	3	GSTR 3B (Monthly Return)	March 2026	20/04/2026
	4	GSTR 3B Quarterly Return)	Jan to Mar 2026	22/04/2026
	5	CMP-08	Jan to Mar 2026	18/04/2026
	6	GSTR 4(Annual Return under Composition scheme)	Apr 2025 to Mar 2026	30-04-2026

COMPANIES ACT

Due Dates in the Month of	Particulars	Description	Due Date
April-2025	Form MSME (outstanding payments to MSMEs)	The return is to be filed by any company that gets supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services.	30 th April 2025 (For the period of October'23 – March '24)
May-2025	LLP FORM-11	Annual Return (to be filed by all LLPs irrespective of turnover)	30 th May 2025
June-2025	DPT-3	To be filed in case the company has a deposit or an exempted deposit.	30th June 2025
September-2025	DIR-3 KYC	Form for Director KYC. Need to be filed mandatorily for every director on the Board	30 th September 2025
October-2025	ADT-1	Form for Auditor Appointment	15 th October 2025
	AOC-4	Form for filing Financials, Auditors' Report, Directors' Report, etc.	30 th October 2025
	Form MSME (outstanding payments to MSMEs)	The return is to be filed by any company that gets supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services.	31 st October 2025 (For the period of April'24 – September'24)
November-2025	MGT-7	ROC Annual Return (Details of Shareholding, etc.)	29 th November 2025
Event Based	CHG FORMS	Form for charge creation, modification, and satisfaction	Within 30 days of any charge occurring
	DIR-12	Form for Director Changes (Appointment/Resignation/Death)	Within 30 days of any charge occurring

PTRC and PTEC Compliance

Due Dates in the Month of	Particulars	Description	Due Date
June-2025	PTEC	A person who stands enrolled before the commencement of a year or is enrolled on or before 31st May of a year (F.Y. 2023-24)	30/06/2025
		A person who is enrolled after 31st May of a year	Within one month of the date of enrolment
		The person who is enrolled and the rate of tax at which he is liable to pay tax are revised.	Within one month of the date of such revision
March-2026	PTRC	Yearly - Tax Liability is less than INR 1,00,000/-	31/03/2025
		Monthly - Tax Liability is equal to or more than INR 1,00,000/-	The last date of the month to which the return relates

VAT

Due Dates in the Month of	Particulars	For the Period	Due Date
April 2025	1 Monthly Return (VAT payment)	March 2025	21/04/2025
	2 Quarterly Return (VAT payment)	January 2025 to March 2026	21/04/2025
May 2025	1 Monthly Return (VAT payment)	April 2025	21/05/2025
June 2025	1 Monthly Return (VAT payment)	May 2025	21/06/2025
July 2025	1 Monthly Return (VAT payment)	June 2025	21/07/2025
	2 Quarterly Return (VAT payment)	April 2025 to June 2026	21/07/2025
August 2025	1 Monthly Return (VAT payment)	July 2025	21/08/2025
September 2025	1 Monthly Return (VAT payment)	August 2025	21/09/2025
October 2025	1 Monthly Return (VAT payment)	September 2025	21/10/2025
	2 Quarterly Return (VAT payment)	July 2025 to September 2025	21/10/2025
November 2025	1 Monthly Return (VAT payment)	October 2025	21/11/2025
December 2025	1 Monthly Return (VAT payment)	November 2025	21/12/2025
	1 Monthly Return (VAT payment)	December 2025	21/01/2026
January 2026	2 VAT Audit (Form 704)	F.Y. 2024-2025	15/01/2026
	3 Quarterly Return (VAT payment)	October 2025 to December 2025	21/01/2026
February 2026	1 Monthly Return (VAT payment)	January 2026	21/02/2026
March 2026	1 Monthly Return (VAT payment)	February 2026	21/03/2026

Summary of Penalties of Income Tax

Particulars	Description	Amount/ Interest rate
1. Default in making payment of tax.	The amount of penalty leviable will be as determined by the Assessing Officer. However, the amount will not exceed the amount of tax in arrears for 2023	Penalty determined by the assessing officer
2. Under-reporting of income.	1. If the income assessed/ re-assessed exceeds the income declared by the assessee, or in cases where a return has not been filed and income exceeds the basic exemption limit, a penalty of 50% of the tax payable on such under-reported income shall be levied.	50% of tax payable under-reported Income, OR 200% of tax payable from misreporting of income
	2. 200% of the tax is payable if under-reporting results from the misreporting of income	
3. Failure to maintain books of accounts and other documents	1. Normally, the amount of penalty leviable is INR25,000	INR 25000 OR 2% of the value of the International transaction
	2. In case the assessee is a person who has entered into an international transaction, the penalty will be 2% of the value of such international transactions or specified domestic transactions	
4. Penalty for false entry, such as fake invoices	1. The assessee might have to pay a penalty equal to the sum of such false or omitted entries.	Amount equal to such false or omitted entries
5. Undisclosed income	1. If undisclosed income is admitted during the Search and the assessee pays tax and interest and files a return, a penalty @ 30% of such undisclosed income is payable.	30% OR 60%
	2. In all other cases, the penalty is leviable @ 60%	
6. Audit and Audit Report	1. If the assessee fails to get his accounts audited, obtain an audit report, or furnish a report of such auditor, a penalty will be leviable at INR 1,50,000 or 0.5% of the total sale/ Turnover/ gross receipts, whichever is lesser.	INR 150000/- OR 0.5% of total sale, turnover/gross receipt
	2. Failure of the assessee to furnish the Audit report related to foreign transaction, a penalty @ INR 1,00,000 will be payable	
7. TDS/TCS	1. Where a person fails to deduct tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to deduct/ pay.	Penalty equal to the amount of Tax,

	2. Where a person fails to collect tax at source, he will be liable to pay a penalty equal to the amount of tax which he has failed to collect.	
	3. Failure to furnish TDS/TCS statement or furnishing incorrect statements shall attract a penalty ranging from 10,000 to 1,00,000	INR 10000/-to INR 100000/-
	4. Non-Deduction of TDS, either in whole or in part	1% per month
	5. Non-payment of TDS (after deduction), either in whole or in part	1.5% per month
8. Penalty for using modes other than Account payee cheque/ draft/ ECS	6. Failure to furnish information/ furnishing inaccurate information related to TDS deduction regarding Non-residents shall attract a penalty of 100,000	INR 100000/-
	1. If a person takes/ accepts a loan/ deposit except by way of Account payee cheque/ account payee draft/ ECS, and if the aggregate amount exceeds INR20,000, he shall be liable to pay a penalty of an amount equal to such loan/ deposit.	Penalty amount equals such loan/deposit.
	2. If an amount of INR 2,00,000 or more is received in aggregate from a person in a day/ single transaction/ relating to one event, a penalty equal to such amount will be payable.	
3. If a person repays a loan/ deposit and such amount so repaid exceeds INR20,000 and such amount has been repaid except by way of Account payee cheque/ account payee draft/ ECS, an amount equal to such loan/ deposit shall be payable.		
9. Others	1. Failure to apply/quote/ intimate PAN/ quoting false PAN shall attract a penalty of INR 10,000	INR 10000/-
	2. Failure to apply/quote a TAN/ quoting A false TAN shall attract a penalty of INR10,000	
	In case of the following defaults, INR 10,000 will be the penalty leviable.	
	1. Refusal to answer questions put by the department	
	2. Refusal to sign statements made in income tax proceedings	

	3. Noncompliance with summons to give evidence/ produce books of accounts	
	4. Failure to comply with a notice	
10. Late Filing ITR	1. If the ITR is filed after the due date but by 31st December of the succeeding year.	INR 5000/-
	2. If the ITR is filed after 31st December of the succeeding year.	INR 10000/-
	3. for small taxpayers having a total income of up to INR 5 lakh.	INR 1000/-

Read next: Amendment Summary

Amendment Summary

February 2025						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
						1 Direct Tax
2	3	4	5	6	7 Direct Tax	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22 Audit
23 Indirect Tax	24	25 Audit	26	27	28	

Sr. No.	Date	Area of Knowledge (AOK)	Notification/ Circular/ Press Release	Short Description
1	01 st Feb 2026	Direct Tax	Union Budget 2026 - (vjmglobal.com in Bing)	Union Budget 2026 introduced reforms under the new Income Tax Act, 2025 (effective April 2026). Key changes: buy-back proceeds taxed as capital gains, MAT reduced to 14%, unexplained income tax lowered to 30%, DTAA clarifications, reduced TCS rates on overseas tour packages and LRS remittances for education/medical.
2	07 th Feb 2026	Direct Tax	Draft Income Tax Rules 2026 – ClearTax (cleartax.in in Bing)	CBDT released Draft Income Tax Rules, 2026 for stakeholder comments. Simplified ITR forms, revised compliance requirements, streamlined reporting formats. Feedback invited until 22 Feb 2026.
3	22 rd Feb 2026	Audit	ClearTax – Income Tax Changes from 1 April 2026 (cleartax.in in Bing)	Draft Income Tax Rules, 2026 released for stakeholder feedback. Simplified language, revised reporting formats, elimination of redundancies, new forms for compliance.

Rectifications in the previous Newsletter:

No Rectifications about the previous Newsletter(s).

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