

**April
2026**

NEWSLETTER TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. Income-tax (Second Amendment) Rules, 2026

CBDT

Notification No. 45/ 2026 Dated 30.03.2026

Vide this notification, CBDT has released updated Income Tax Forms (ITR-1 & ITR-4) for Assessment Year 2026-27.

Major Changes Introduced by this notification are as under.

a. Expansion of ITR-1 (Sahaj) and ITR-4 (Sugam) Eligibility

The notification amended **Rule 12** to simplify filing for taxpayers:

- **The "Two House" Rule:** Now **individuals can file ITR-1** even if **they own 2 residential house properties**, which earlier required filing through ITR-2.
- **Capital Gains Inclusion:** For the first time, taxpayers having Long-Term Capital Gains under section 112A up to ₹1.25 lakh can use ITR-1/ITR-4, provided there is no brought forward or carry forward capital loss. Previously, any capital gains income required filing of ITR-2 or ITR-3

b. Enhanced Disclosure for House Property in ITR-1 (Sahaj) and ITR-4 (Sugam)

While it made the form easier to access, it added specific transparency requirements for rental income:

- **Tenant Details:** It is now mandatory to provide the **PAN or Aadhaar number of the tenant** if you are claiming TDS credit or if the property is let out.
- **Co-ownership:** New fields were added to capture the specific percentage share and the PAN/Aadhaar of co-owners directly within the ITR-1 form.

Note: If you have a **loss** from a house property that you want to "carry forward" to next year, you **must still use ITR-2**, as ITR-1 does not support loss carry-forwards.

c. Mandatory Investment Disclosure in ITR-4 (Sugam)

- For the first time for presumptive taxpayers, ITR-4 now requires **the disclosure of investments held as of March 31, 2026 under the "Financial Particulars of the Business"** section. You must now report specific investment details (like FDRs, shares, or other financial assets).

d. Enhanced Disclosure for Deduction under Section 80GGC.

While deduction under section 80GGC was already reportable in earlier ITR Forms, the revised ITR Forms now require additional details such as:

- Name of political party,
- PAN of political party,
- Mode of payment,
- Contribution details,

thereby increasing transparency and traceability of political donations.

[Notification No. 45](#)

2. Income-tax (Third Amendment) Rules, 2026

CBDT

Notification No. 46/ 2026 Dated 30.03.2026

Vide this notification, CBDT has released updated Income Tax Forms (ITR-2) for Assessment Year 2026-27.

Major Changes Introduced by this notification are as under:

a. Residency Status & Stay in India

The notification introduces much more granular tracking of a taxpayer's physical presence in India.

- **Expanded Questionnaire:** Instead of just asking whether Assessee is a "Resident" or "Non-Resident", the form now includes a specific table to enter the **total number of days spent in India** over the last 4 years.
- **TIEA Reporting:** If you are an **Indian citizen or Person of Indian Origin (PIO)**, you must now specify the **Jurisdiction of Residence** and your **Taxpayer Identification Number (TIN)** from that country if you spent between 120 and 181 days in India.

b. Schedule AL (Assets & Liabilities) in ITR-2

For taxpayers with income above **₹50 lakh**, the asset disclosure requirements have been tightened:

- **Digital Assets:** A new sub-category has been added under "Financial Assets" to specifically list **Virtual Digital Assets (VDAs)**, including crypto-assets and NFTs, requiring the disclosure of cost of acquisition and the date of purchase.
- **Overseas Assets:** For Residents and Ordinarily Residents (ROR), the notification **mandates the disclosure of even "beneficial interests" in foreign trusts or entities**, which were previously often missed in the simpler disclosure format.

c. Capital Gains Reporting

- Schedule CG now integrates Virtual Digital Assets (VDA) transfers with detailed transaction-level fields (e.g., ISIN, buy/sell dates, quantities, values); adds buyback loss reporting; simplifies STCG/LTCG rate schedules (removes pre/post-July 23, 2024 distinctions); and requires scrip-wise details for equity sales under section 112A

[Notification No. 46](#)

3. Income-tax (Fourth Amendment) Rules, 2026

CBDT

Notification No. 47/ 2026 Dated 30.03.2026

Vide this notification, CBDT has released updated Income Tax Forms (ITR-3) for Assessment Year 2026-27.

ITR-3 is the tax return form for individuals and HUFs who have **Business or Professional income** and maintain regular books of accounts.

Major Changes Introduced by this notification are as under:

a. New Section for F&O and Intraday Trading

The notification introduced a dedicated field for **Futures & Options (F&O) and Intraday turnover**.

- Previously, Taxpayers often buried these details in general "Business Income. **"Now, the form requires a separate reporting of "Turnover from Speculative Activity" and "Income from Derivatives."**

b. Expanded Disclosure of Business Receipts

ITR-3 now has a more detailed breakdown in the Bank/Cash Receipts section:

- You must specifically declare the amount of receipts received through **prescribed electronic modes** (UPI, IMPS, RTGS, etc.) vs. **physical cash**.

c. Reporting of "Unlisted" Equity Shares

If you held unlisted equity shares at any time during the year, then following information needs to be provided, earlier disclosure requirement was very basic.

- **Opening Balance, Acquisitions, Sales, and Closing Balance** of unlisted shares, including the **Type of Company** (Startup vs. Others) and its PAN.

d. Section 44BBD Tax Audit Information

- A new field has been added for taxpayers who are required to undergo a tax audit under **Section 44BBD** (relating to certain foreign-derived income).

You must now provide the **Acknowledgment Number** of the audit report and the date it was furnished directly in the ITR-3.

[Notification No. 47](#)

4. Income-tax (Fifth Amendment) Rules, 2026

CBDT

Notification No. 48/ 2026 Dated 30.03.2026

Vide this notification, CBDT has released updated Income Tax Forms (ITR-5) for Assessment Year 2026-27.

ITR-5 is the tax return form for Firms, LLPs, AOPs (Association of Persons), BOIs (Body of Individuals), and Cooperative Societies.

Major changes introduced by this notification are as under:

a. Disallowance of MSME Interest (Section 43B(h))

This is a compliance check introduced in the new form's **Schedule OI (Other Information)**.

- Firms must now specifically report interest paid or payable to Micro and Small Enterprises that is **disallowed under Section 23 of the MSMED Act**.

b. Partner/Member Remuneration & Interest disclosure

- New columns in **Schedule IF** require disclosing the exact amount of **interest and remuneration due or received from the partnership firm**, ensuring these matches what the partners declare in their individual returns which was not required to be intimated in old ITR form.

[Notification No. 48](#)

5. Income-tax (Sixth Amendment) Rules, 2026

CBDT

Notification No. 49/ 2026 Dated 30.03.2026

Vide this notification, CBDT has released updated Income Tax Forms (ITR-6) for Assessment Year 2026-27.

ITR-6 is the tax return form for **Companies** (other than those claiming Tax exemptions, i.e. charitable trusts).

Major changes introduced by this notification are as under:

a. Significant Economic Presence (SEP) Reporting

In a move to capture more tax from global digital companies, the notification significantly expands the **SEP** schedule:

- **User Thresholds:** Companies must now report the **aggregate payments** and the **exact number of users in India if they cross the threshold for "Significant Economic Presence"** i.e, 3 lakh or more users in India.

b. Mandatory Indian Accounting Standards (Ind AS) Alignment

The form has been restructured for companies that follow **Ind AS**:

- **Schedule Ind-AS:** A new reconciliation table has been added to bridge the gap between "Profit as per Ind AS" and "Taxable Business Income."
- **Audit Trail Disclosure:** Companies must now confirm whether their accounting software maintains an **unalterable audit trail** (edit log) for the entire financial year.

[Notification No. 49](#)

6. Reporting of Sovereign Wealth Fund (SWF) under Schedule V

CBDT

Circular No. 3/2026 Dated 30.03.2026

Vide this circular, CBDT has notified reporting requirements for **Sovereign Wealth Funds (SWF)** seeking tax exemptions under the Income-tax Act, 2025. The circular is effective from **April 1, 2026**, and applies to the **tax year 2026-27** and all subsequent years.

The circular focuses on the following key areas:

a. Exemption Criteria

- The Income-tax Act, 2025, provides tax exemptions for specific types of income (dividends, interest, long-term capital gains, etc.) earned by "specified persons" like notified SWFs.
- To qualify, investments must be made in **specified infrastructure businesses** between **April 1, 2020, and March 31, 2030**, and must be held for at least **three years**.

b. Application Process (Form I)

- **Category II (New Applicants):** SWFs seeking a **fresh notification to receive these benefits** must file **Form I**.
- **Category I (Previously Notified):** SWFs already notified under the older Income-tax Act, 1961, do **not** need to file a fresh Form I.
- **Submission:** The application must be filed with the Member of the CBDT who supervises the Foreign

Tax and Tax Research Division in New Delhi.

c. Ongoing Compliance (Form II)

- All notified SWFs (both new and previously notified) must file a **quarterly statement** in **Form II** electronically.
- This form must detail every investment made during the quarter and be submitted within **one month** from the end of each quarter (i.e., by July 31st, October 31st, January 31st, and April 30th).
- Additionally, SWFs must file a **return of income** along with an **audit report**.

[Circular No. 3](#)

7. PAN Correction, Application Forms & procedure- Rule 158(12) of Income -Tax Rules, 2026

CBDT

Order ADG(S)-1/PAN/M/3699/2026 Dated 01.04.2026

Vide this order, CBDT has outlined forms and procedures for making **changes or corrections** to Permanent Account Number (PAN) Data.

New forms have been introduced for making change or corrections in PAN.

The order will be **effective from 1st April 2026**.

Following are the changes in PAN applications forms:

Applicant Category	OLD Form (Before April 2026)	NEW Form (From April 1, 2026)
New PAN: Indian Citizens / Entities	Form 49A	Form 93 (Individuals) Form 94 (Entities)
New PAN: Foreign Citizens / Entities	Form 49AA	Form 95 (Individuals) Form 96 (Entities)
Correction: Individuals	Form 49A/Form 49AA	PAN CR-01
Correction: Non-Individuals		PAN CR-02

Previously, you could get an instant PAN using just your Aadhaar number via e-KYC. Now applicant applying for PAN or changes or corrections in it need to provide more supporting documents.

Document requirements for Individuals (Form 93/ CR-01) are as follows:

- **Proof of Identity (PoI):** Voter ID, Passport, Driving License, or a Ration Card with a photograph.
- **Proof of Date of Birth (PoDoB):** Birth Certificate, Pension Payment Order (PPO), or a Matriculation Certificate.
- **Proof of Address (PoA):** Recent Utility bills (Electricity/Water/Gas — not older than 3 months), Bank Account Statement, or Post Office passbook.
- **Special Case (Loss of Card):** If you are applying for a correction because your original card was lost, a **copy of an FIR** is now mandatory.

Documents requirements for Non-Individuals/ Entities (Form 94/ CR-02) are as follows:

- **Registration Number:** Mandatory for Companies and LLPs.
- **Proof of Formation:**
 - **Companies:** Certificate of Incorporation.
 - **Partnership Firms:** Partnership Deed.
 - **Trusts:** Trust Deed or Certificate of Registration.

- **LLPs:** Registration Certificate issued by the Registrar of Companies.
- **Office Address Proof:** Mandatory if an office address is provided as the communication address.

[Amendments in PAN Application](#)

Goods and Service Tax

1. Advisory on using the Invoice Management System (IMS) Offline Tool

CBIC

Advisory Dated 23.04.2026

Vide this advisory, GSTN has provided guidance on using the **Invoice Management System (IMS) Offline Tool**.

Background of the IMS

The Invoice Management System (IMS) was first introduced on the GST portal starting from the **October 2024** tax period. Its primary function is to allow recipient taxpayers to take specific actions on invoices that have been uploaded by their suppliers via GSTR-1, GSTR-1A, or the Invoice Furnishing Facility (IFF). Taxpayers can use the system to:

- **Accept** records.
- **Reject** records.
- Keep records **pending**.

For further enhancing taxpayer convenience and facilitating ease of compliance, **the IMS Offline Tool is Excel based offline tool** which has been now made available on GST Portal. This offline utility enables taxpayers to undertake **actions on both individual as well as bulk invoices in an efficient manner**.

To use the **IMS Offline Tool**, follow these streamlined steps:

- **Download & Setup:** Go to the GST portal under **Downloads > Offline Tools**, download the utility, and ensure you '**Unblock**' the file in its properties before opening.
- **Export Data:** Log in to the GST portal and navigate to the **IMS Dashboard > Offline** to generate and download your invoice data as a JSON file.
- **Import & Edit:** Open the Excel tool, click '**Open Downloaded IMS JSON File**', and for each invoice, select an action—**Accept, Reject, or Pending**—from the dropdown menu.
- **Validate:** Click the '**Validate Sheet**' button in the tool to ensure there are no errors in your entries.
- **Generate & Upload:** Click '**Generate JSON File to Upload**' in the tool, then return to the GST portal's IMS Offline section to **Upload** the final file.
- **Fix Errors:** if the portal shows "Processed with Error," download the error report, open it in the tool to fix the highlighted records, and re-upload.

[Advisory](#)

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.
Instead, it is only a listing of some of the circulars/notifications that we considered important.



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