

**January  
2026**

# NEWSLETTER

**TAX**

- Income Tax
- Goods and Services Tax



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## Income Tax

### **1. Notification Granting Tax Relief for Donations to “Sikshya O Anusandhan”**

CBDT

Notification No. 14 /2026 date 27.01.2026

Vide this notification, CBDT has approved that any donations made to “**Sikshya O Anusandhan, Bhubaneswar, Odisha**” for ‘**Scientific Research**’ under the category of ‘**University, college or other institution**’ under **Section 35(1)(ii) of the Income-tax Act, 1961, are eligible for tax deduction**, subject to compliance with prescribed conditions.

**Section 35(1)(ii)** allows a **100% deduction** to Doners for donations made to **CBDT-approved scientific research associations**.

#### **Conditions to be Complied by the institution:**

- The institution must follow all conditions prescribed under Rule 5E of Income-tax Rules, 1962
  - Non-Cash Donations
  - Non-Profit Purpose of the Institution
  - Separate Books of Account for the donations
  - Utilization of funds for Scientific Research only
- Filing of Annual Statement (Form 10BD)
- Issue of Certificate to Donors (Form 10BE)

Validity Period- Assessment Years 2026-27 to 2030-31.

#### [Notification No. 14](#)

## Goods and Service Tax

### 1. GST on tobacco, pan masala and similar products.

CBIC

Notification No. 19 /2025 date 31.12.2025

Vide this notification, CBIC has rationalised the GST framework applicable to tobacco and related products by restructuring the rate mechanism and streamlining the overall tax levy.

The notified changes are as following:

- **Revised GST Rate Structure:** GST on tobacco and related products has been revised to a consolidated rate of 40%, replacing the earlier structure of 14% GST along with a separately levied Compensation Cess.
- **Compensation Cess Withdrawn:** The Compensation Cess on these products has been removed, simplifying the overall tax structure for these products.
- **MRP-Based Valuation Introduced:** GST will now be calculated based on the Retail Sale Price (MRP/RSP) printed on the pack, instead of the transaction value.

Effective 1<sup>st</sup> Feb, 2026

## Notification No. 19

### 2. GSTN Advisory on GSTR-3B Enhancements and Revised Interest Computation.

GSTN

Dated 31.01.2026

The GST Portal has introduced several enhancements in GSTR-3B to improve interest calculation, tax liability reporting, and ITC utilisation. The key change is that **interest on delayed returns will now be calculated after considering the minimum cash balance available in the Electronic Cash Ledger, in line with Rule 88B and Section 50 of the CGST Act.** The system will auto-populate interest and tax liability breakup details and allow flexible ITC utilisation.

#### **Key Points**

- Revised Interest Calculation (Table 5.1)  
Interest will be computed after **reducing the minimum cash balance in the Electronic Cash Ledger from net tax liability.** It will be auto-populated and cannot be reduced by taxpayers.
- System-Computed Interest  
The **auto-calculated interest represents the minimum payable amount.** Taxpayers must self-assess and increase it if required.
- Auto-Population of Tax Liability Breakup  
The portal will automatically fill the tax liability breakup for previous-period supplies reported in the current return, based on GSTR-1/GSTR-1A/IFF data.

- Nature of Data  
Auto-populated values are indicative and can be revised upwards based on actual records.
- Cross-Utilisation of ITC (Table 6.1)  
After exhausting IGST ITC, taxpayers can use CGST and SGST ITC in any sequence to pay IGST liability.
- Interest in GSTR-10  
For cancelled registrations, interest on delayed filing of the last GSTR-3B will be collected through the final return (GSTR-10).

These changes aim to align interest computation with law, improve accuracy, and simplify compliance.

Effective from January 2026 Tax Period (Return Filing in February 2026).

#### [GST 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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