

**March
2026**

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



Lovi Mehrotra & Associates

Chartered Accountants

21-22 IInd Floor Krishna Nagar Safdarjung Enclave
New Delhi 110029

Website : www.lma.co.in • Email : a.kumar@lma.co.in

Income Tax

1. Expansion of Scope of Section 285BA of the Income Tax Act, 1961

CBDT

Notification No. 19/ 2026 Dated 05.03.2026

Vide this notification, CBDT has **expanded the scope of Section 285BA** of the Income Tax Act, 1961 by **including Digital Assets and Crypto-Assets in the definition of Financial Assets** and amended rules related to its reporting.

Effective date: **01 January 2026**.

Section 285BA – Statement of Financial Transactions (SFT)

This section requires specified persons to furnish a statement of financial transactions or reportable accounts to the Income-tax Department.

The statement is required to be furnished in **Form 61B** under **Rule 114G** on or before **31st May** of the following financial year.

Who is required to report?

- Banks
- Financial institutions
- Mutual funds
- Intermediaries
- Registrars, etc.

What information has to be reported? (Rule 114G)

- High-value transactions
- Financial accounts (including foreign reportable accounts under CRS i.e. Common reporting portal)

Amendment in Scope of Financial Assets

Earlier, the definition of financial transaction primarily covered traditional assets such as cash and securities. The notification has now expanded the scope to include:

- Crypto-assets (e.g., Bitcoin, tokens, etc.)
- Derivatives in crypto (futures, options)
- Digital money / wallet balances
- Central Bank Digital Currency (CBDC)

Key Changes

1. Expansion of Depository Accounts

Earlier, only bank deposit accounts were covered. The scope has now been expanded to include:

- Wallet balances (specified electronic money products)
- CBDC holdings

Note: Small accounts (≤ USD 10,000) are exempt from reporting requirements.

2. Expansion of Financial Institutions

Earlier, the following were covered:

- Banks
- Custodians
- Investment entities

The scope now also includes entities engaged in:

- Crypto-assets
- Wallet services
- CBDC management

Further, entities holding such assets on behalf of customers are also covered.

3. Additional Reporting Requirements (Rule 114G)

- Financial institutions must now report whether self-certification has been obtained, indicate if an account is joint along with the number of holders, disclose controlling persons and their roles in case of entities, and classify accounts as new or pre-existing while also specifying the type of account.

4. Strengthened Due Diligence Procedure (Rule 114H)

- Where self-certification is not available, financial institutions must apply the procedures applicable to pre-existing accounts.
- The rules are now aligned with PMLA requirements relating to AML and KYC, and mandate the identification of beneficial owners or controlling persons.

5. Relief from Duplicate Reporting

- If crypto transactions already reported under Crypto-Asset Reporting Framework (CARF), they are not required to report again under CRS.

[Notification No. 19/2026](#)

2. Clarification regarding power to condone delay in Filing Form 10A

CBDT

Circular No. 01/ 2026 Dated 23.03.2026

Vide this circular, CBDT has provided clarification regarding the authority to condone delay in filing Form 10A for registration of trusts/institutions under Section 12A of the Income-tax Act, 1961.

Vide an amendment (effective 01.10.2024), a proviso was inserted **allowing condonation of delay** if there is a reasonable cause.

Confusion existed about which authority has been given power to condone delay between:

- Jurisdictional Principal Commissioner of Income-tax or
- Commissioner of Income-tax or
- Director of Income-tax (Centralized Processing Centre), Bengaluru

Vide this circular CBDT has clarified the **jurisdictional Principal Commissioner of Income-tax (PCIT) / Commissioner of Income-tax (CIT)** is the **authorized authority** to condone delay in filing Form 10A.

This circular applies to:

- All cases where Form 10A is filed **after due date**, and
- Condonation requests are **pending or filed on/after the date of the circular**.

[Circular No. 1/ 2026](#)

3. Extension of due date for issuing TDS Certificates

CBDT

Circular No. 02/ 2026 Dated 25.03.2026

Vide this circular, CBDT has extended the due date for issuance of TDS certificates for the quarter ending 31st December 2025 due to technical glitches on the e-filing portal.

- Original due date: 15th February 2026
- Extended due date: 31st March 2026

TDS certificates issued within the extended timeline will be considered valid and on time.

[Circular No.2/2026](#)

4. Procedure for Generation of Unique Identification Number (UIN) and Quarterly Reporting of Form No. 121

CBDT

Notification No. 01/ CPC-TDS/2026 Dated 28.03.2026

Vide this notification, CBDT has laid down the **procedure for generation of UIN and quarterly reporting of Form 121** under the **Income-tax Act, 2025**.

Background

Under TDS provisions, tax is required to be deducted on certain payments. However, where the recipient's income is below the taxable limit, a declaration for non-deduction of tax can be furnished.

Earlier, this was done through Form 15G / 15H under the Income-tax Act, 1961. Under the Income-tax Act, 2025, this has been replaced by Form No. 121, through which the payee submits a declaration to the payer for non-deduction of tax.

To improve tracking and reporting, a system of Unique Identification Number (**UIN**) has now been introduced.

Key Changes

- The payer shall allow the payee to furnish Form No. 121 (Part A) for non-deduction of TDS, with PAN being mandatorily required to be quoted.
- A Unique Identification Number (UIN) will be generated by the payer for each declaration received.
- The UIN shall be a 26-character number comprising sequence number, tax year, and TAN of the payer.
- In case the declaration is received in physical form, the same shall be digitized and UIN shall be generated.
- The payer is required to furnish Part B of Form 121 on a quarterly basis on the Income-tax e-filing portal within prescribed timelines.
- Details of such declarations along with UIN shall also be reported in the TDS return, even where no tax has been deducted.

Effective, 1st April 2026

[Notification No. 1](#)

5. Income Tax Rules, 2026

CBDT

Notification No. 22/ 2026 Dated 20.03.2026

Vide this notification, CBDT has notified Income Tax Rules, 2026 which shall be **effective from 01 April 2026**.

Highlights of New Income tax Rules are as following:

Particulars	Old Rules (1961)	New Rules (2026)
Rationalization of Perquisite Valuation		
Car (Perquisite) ($\leq 1.6L$)	₹1,800/month	₹5,000/month
Car (Perquisite) ($> 1.6L$)	₹2,400/month	₹7,000/month
Driver Salary (Perquisite)	₹900/month	₹3,000/month
Meal Vouchers (Exemption)	₹50 per meal	Up to ₹200 per meal
Education Facility (Exemption)	₹1,000/month/child	₹3,000/month/child
Hostel Allowance (Exemption)	₹900/month/child	₹9,000/month/child
Gift from Employer (Exemption)	₹5,000/year	₹15,000/year
Medical Loan (Exemption)	up to ₹20,000	up to ₹2,00,000
HRA 50 % exemption extended to 8 cities.		
HRA Metro Cities (50% limit)	Only Delhi, Mumbai, Chennai, Kolkata	Expanded to include: Bengaluru, Hyderabad, Pune, Ahmedabad
Scope of SFT Reporting Expanded		
SFT Reporting	Traditional assets such as cash and securities	Expanded (property gifts, digital assets etc.)
Revision of threshold for quoting PAN		
Cash Deposit (Bank/Post Office)	₹50,000 per day	₹10,00,000 (aggregate threshold in a financial year)
Cash Withdrawal	Nil	₹10,00,000 (aggregate threshold in a financial year)
Immovable Property Transaction	$> ₹10$ lakh	$> ₹20$ lakh
Purchase of Motor Vehicle	Mandatory (except 2-wheelers)	$> ₹5$ lakh
Hotel / Restaurant Payment (Cash)	$> ₹50,000$	$> ₹1$ lakh

Effective April 1, 2026

[Income Tax Rules, 2026](#)

Goods and Service Tax

1. Advisory on Pre-deposit Payment through DRC-03

CBIC

Advisory Dated 14.03.2026

CBIC has issued advisory on the requirement for pre-deposit while filing of appeal before First Appellate authority.

Background

- Taxpayers often make **voluntary payments during investigation** using **Form GST DRC-03**.
- Later, while filing an **appeal against demand order (DRC-07)**, they are required to pay a **mandatory pre-deposit**.

Issue: Even after paying sufficient amount via DRC-03, the **GST portal still asks for pre-deposit again**.

Reason for the Issue

- Payments made through **DRC-03 are NOT automatically linked to the Demand ID** in the Electronic Liability Register.
- Hence, the system **does not recognize such payments** while calculating pre-deposit.

System Logic for Pre-deposit while filing appeal:

- If payment linked to **Demand ID ≥ required amount** → No further payment required
- If payment < **required amount** → Balance payment required

Since DRC-03 payments are not linked, they are **ignored by the system**.

Solution Provided

- Taxpayer must file **Form GST DRC-03A** to link **DRC-03 payment with the relevant Demand ID**.

Impact of Filing DRC-03A

- Payment gets reflected in **Electronic Liability Register**
- GST system **recognizes earlier payment**
- **No duplicate pre-deposit required** while filing appeal

Advisory to Taxpayers

- Before filing appeal, ensure:
 - DRC-03 payments are **mapped using DRC-03A**
 - Else, system will demand **fresh pre-deposit**

[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.



Lovi Mehrotra & Associates

Chartered Accountants

21-22 IInd Floor Krishna Nagar Safdarjung Enclave

New Delhi 110029

Website : www.lma.co.in • Email : a.kumar@lma.co.in