August 2026

NEWSLETTER
TAX

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Income Tax

1. Exemption of Specified Income of Noida Special Economic Zone Authority

CBDT
Notification No. 108 /2026 dated 04.08.2026

Vide this circular, CBDT has notified the **Noida Special Economic Zone Authority (PAN: AAALN0639A)** for exemption in respect of specified income under **Schedule III [Table: Sl. No. 36] read with Section 11 of the Income-tax Act, 2025**.

Specified income covered

- Lease rent
- Interest from banks on FDRs
- Allotment fees for standard design factories
- Auction/bid amounts for vacant plots/buildings
- Transfer charges for plots/buildings
- Fee for issuing Form-I for building plan exemption
- Processing fees for approval of building plans
- Site usage charges from service providers
- Income from sale of miscellaneous scrap/waste

Conditions for exemption

- The Noida Special Economic Zone Authority must **not engage in any commercial activity**.
- It must **file its return of income** in accordance with Income-tax Act, 2025.
- Its activities and the nature of specified income must **remain unchanged** during the relevant tax years

Consequence of non-compliance

Failure to satisfy these conditions will result in **withdrawal of the exemption** and initiation of proceedings under the Income-tax Act, 2025.

Applicability

The notification is applicable for **Tax Years 2026–27 and 2027–28.**

Notification No. 108

2. Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026

CBDT
Notification No. 114 /2026 dated 14.08.2026

Vide this notification, CBDT has notified the **Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026** under Section 143 of the Finance Act, 2026.
The Rules shall come into force from **16 August 2026**.

Key provisions:

- The Scheme provides a mechanism for eligible small taxpayers to **disclose certain undisclosed foreign assets or foreign income** and settle the corresponding tax liability.
- The **valuation date** for determining the value of foreign assets is **31 March 2026**.
- Eligible taxpayers are required to furnish the declaration **electronically in Form 1**.

The Scheme provides for two categories:

1. Category 1 – Undisclosed Foreign Assets / Foreign Income

This category covers **undisclosed foreign assets and/or undisclosed foreign income** where the aggregate value does not exceed **₹1 crore**.
The amount payable comprises:

- **Tax:** 30% of the undisclosed asset/income; and
- **Penalty:** 100% of the tax payable.

Accordingly, the **aggregate tax and penalty effectively amount to 60%** of the relevant undisclosed value.

2. Category 2 – Foreign Assets Acquired from Specified Sources

This category covers foreign assets that were **not disclosed in the relevant schedule of the return of income**, where such assets were:

- acquired from **income earned outside India while the taxpayer was a non-resident**; or
- acquired from income that had **already been offered to tax under the Income-tax Act, 1961**.

Where the aggregate value of such foreign assets does not exceed **₹5 crore**, a **fee of ₹1 lakh** is payable instead of tax and penalty, as the underlying income has either already been taxed or was earned during the period of non-residence.

➢ Where the amount payable is not paid within **two months from the end of the month in which the order is received**, **interest at 1% per month or part thereof** shall be payable.

The Rules prescribe **four forms**, covering the complete process from declaration to final certification:

Form	Purpose	Key Details
Form 1	**Declaration of undisclosed foreign assets/income**	The taxpayer electronically declares eligible undisclosed foreign assets or income. The declaration is subject to the prescribed thresholds of **₹1 crore** for aggregate undisclosed income/assets under Sl. No. 1 of Section 133 and **₹5 crore** for aggregate undisclosed assets under Sl. No. 2.
Form 2	**Order determining amount payable**	The Income-tax Authority issues an electronic order determining the **amount payable, including applicable tax, penalty or fee** under the Scheme.
Form 3	**Intimation of payment**	The declarant submits an electronic intimation of the amount paid, along with **proof of payment and applicable interest**, to the Income-tax Authority.
Form 4	**Order certifying validity of declaration and payment**	The Income-tax Authority issues an order certifying the **validity of Form 1 and payment made by the declarant** for the purposes of Section 139. The order is to be issued within **one month from the end of the month in which Form 3 is submitted**.

Notification No. 114

Goods and Service Tax
No relevant notifications or circulars received in Goods and Service Tax in August 2026.

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.