

September
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NEWSLETTER TAX

- Income Tax
- Goods and Services Tax



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Income Tax

1. New SFT (Statement of Financial Transactions) Framework for Depository and Mutual Fund Transactions

CBDT

Notification No. 01 & 02/2026 dated 10.09.2026

The CBDT has notified the **format, procedure and guidelines** for furnishing Statement of Financial Transactions (**SFT-2517**) relating to **depository transactions** and **SFT-2518 relating to mutual fund transactions** under section 508(1) of the Income-tax Act, 2025 read with Rule 237(6) of the Income-tax Rules, 2026.

What is SFT?

Statement of Financial Transactions (SFT) is a reporting mechanism through which specified entities provide financial transaction information to the Income-tax Department. The reported information is used for **pre-filling income, gains and losses in income-tax returns** and for enabling taxpayers to reconcile the information appearing in their Annual Information Statement (AIS).

Key Provisions

1. Reporting entities

- For **SFT-2517, all Depositories** covered under the Depositories Act, 1996 are required to prepare and submit the prescribed data.
- For **SFT-2518, all Registrar and Share Transfer Agents registered** under section 12(1) of the Securities and Exchange Board of India Act, 1992 are required to prepare and submit the prescribed data.
- The reporting entities are required to prepare the data from their internal systems and submit it electronically through the prescribed SFT Portal.

The SFT has to be furnished **half-yearly**:

Reporting period	Due date
April to September	31 October
October to March	30 April

A separate **Control Statement** is required to be signed and verified by the Designated Director.

2. Information to be reported

For depository transactions (SFT-2517), the reporting framework covers demat account and transaction information such as:

- Market credits and debits
 - Off-market credits and debits
 - IPO credits
 - Corporate actions
 - Dematerialisation and re-materialisation
 - Pledge invocation
 - Opening and closing values of demat accounts
 - Security-wise transaction details
- There is, however, a specific exception; where **the transferor and transferee are the same person**, information for the off-market debit need not be provided.

For mutual fund transactions (SFT-2518), the reporting framework covers information such as:

- Opening and closing value of holdings

- Purchase value
- Sale value
- Transaction charges
- Stamp duty
- Securities Transaction Tax (STT)
- Dividend paid
- Security-wise transaction details
- Off-market transactions

➤ **Exchange-traded funds and exchange-based transactions may not** be provided under the mutual fund reporting framework.

3. Capital-gains transactions reporting

For user-initiated debit transactions, the reporting framework requires information such as:

- Security class and security code
- Date of debit
- Quantity
- Weighted average unit price
- Sale consideration
- Estimated cost of acquisition
- Fair market value as on 31 January 2018, where relevant
- Adjusted/estimated cost of acquisition
- Indexed cost of acquisition, wherever applicable

➤ **The FIFO method** is used to identify the corresponding acquisition and determine the holding period for classification as short-term or long-term.

➤ **For depository transactions**, estimated sale consideration is determined using the prescribed weighted average price, while the cost of acquisition is determined based on the prescribed methodology.

➤ **For mutual fund transactions**, the estimated sale consideration and cost of acquisition are determined using the available information with the Registrar and Share Transfer Agent.

4. Taxpayer reconciliation

- The information reported to the Income-tax Department is also required to be provided to the account holder so that the taxpayer can reconcile it with the information appearing in AIS.
- Taxpayers retain the ability to modify relevant figures—including sale consideration and cost of acquisition—prior to filing their returns.

5. Correction and deletion

- Where incorrect information or defects are identified, the reporting entity has to furnish a **Correction Statement**.
- Where previously reported information needs to be removed, a **Deletion Statement** is required.

Annexures

The SFT contains the following Annexures which are required to be reported:

1. Annexure A – Preparation of SFT

Specifies what information is to be reported and the methodology for determining transaction details, capital gains, holding period and cost of acquisition.

2. Annexure B – Submission of SFT

Prescribes how the SFT is to be submitted, including SFTP submission, corrections and deletions.

3. Annexure C – Control Statement

Prescribes the control statement and aggregate details to accompany the SFT, to be certified by the Designated Director.

4. Annexure D – Data Structure

Specifies the format, files and data fields in which the SFT information has to be furnished.

5. Annexure E – Validation Rules

Specifies the validation checks for the submitted data and the treatment of errors, defects and exceptions.

[Notification No. 01](#)

[Notification No. 02](#)

2. New Procedure for Form 97 & Form 98 – Reporting of Specified Financials Transactions Without PAN

CBDT

Notification No. 03 /2026 dated 15.09.2026

Vide this notification, CBDT has prescribed the procedure for submission of **Form No. 98 (SFT Form if PAN is not available)** under Rule 160 of the Income-tax Rules, 2026.

Under the Income-tax Act, 1961, a person who did not have a Permanent Account Number (PAN) and entered into **specified transactions** was required to **furnish a declaration in Form No. 60**, which was reported **by the recipient i.e. Reporting entity in Form No. 61** to Income Tax Department (SFT Reporting).

Under the new Income-tax Act, 2025, **Form No. 97 replaces** Form No. 60, while **Form No. 98 replaces** Form No. 61.

Who has to furnish Form No. 97?

A person, other than a company or firm, who **does not have PAN** and enters into any of the following transactions is required to furnish Form No. 97:

Sl. No.	Transaction	Threshold/ Condition	Reporting person/ Entity
1.	Purchase, sale, gift or joint development agreement relating to immovable property	Amount exceeding ₹20 lakh or stamp valuation exceeding ₹20 lakh	Inspector-General, Registrar or Sub-Registrar under the Registration Act, 1908
2.	Opening of a bank account other than a time deposit or Basic Savings Bank Deposit Account	All such transactions	Manager/officer of banking company/co-operative bank or principal officer of institution
3.	Time deposit with a bank, co-operative bank, post office, Nidhi or specified Non-Banking Financial Company	Exceeding ₹50,000, or aggregate exceeding ₹5 lakh during a financial year	Bank/co-operative bank, post office, Nidhi or specified NBFC – through the prescribed manager/officer/postmaster/principal officer

4.	Commencement of account-based relationship with an insurer	Insurance premium exceeding ₹50,000 during a financial year	Manager/officer of insurer
5.	Cash payment to a hotel, restaurant, convention centre, banquet hall or event manager	Cash payment exceeding ₹1 lakh against a bill/bills at one time	Person issuing the document/bill, where the person is required to get accounts audited under section 58 (Presumptive Taxation)
6.	Sale or purchase of goods or services other than those covered above	Amount exceeding ₹2 lakh per transaction	Person issuing the document/bill, where the person is required to get accounts audited under section 58 (Presumptive Taxation)

Who is the Reporting Person/Entity?

The reporting person/entity is the person or entity that **receives Form No. 97** and is responsible for reporting its particulars to the Income-tax Department in Form No. 98.

Submission of Form No. 98

The reporting person/entity is required to:

- Register on the Income Tax Department's **Reporting Portal** and obtain **Income Tax Department Reporting Entity Identification Number (ITDREIN)**.
- Prepare and digitally sign Form No. 98 using the prescribed utility and submit it electronically.
- File a **correction statement** if errors are identified or communicated through the Data Quality Report.
- File a **Deletion Statement** where any report has been inadvertently submitted.
- Maintain appropriate information security and record-retention procedures.

Due Dates

Form No. 97 received up to	Form No. 98 due by
30 September	31 October of the same year
31 March	30 April of the following financial year

The reporting person/entity is also required to retain Form No. 97 for **six years from the end of the financial year in which the transaction was undertaken**.

Applicability

The notification is effective from **15 September 2026**. Reporting relating to **FY 2025-26 and earlier years**, including correction and deletion, will continue under the Income-tax Act, 1961 and Income-tax Rules, 1962 through **Form No. 61**.

[Notification No. 03](#)

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

CBDT

Notification No. 120 /2026 dated 17.09.2026

Vide this notification, CBDT has introduced certain procedural changes and revised the forms for registration of valuers and authorised income-tax practitioners under The Income-tax Act, 2025.

Key Changes

1. Extension of Registration Dates

Rule	Existing Date	Extended To
246- Valuer registration	30 September 2026	31 March 2027
256 – Authorised income-tax practitioner	30 September 2026	31 March 2027

2. Revised Form 169

Form 169 is the application for registration as a **valuer under Section 514 of the Income-tax Act, 2025**.

Revised form requires some additional details which are as follows:

- Personal information and PAN
- Class of asset for which registration is sought
- Educational qualifications and previous employment
- Valuation experience for the last three years
- Existing registration under the Wealth-tax Act, where applicable
- Details relating to disqualification
- Declaration regarding impartial valuation and conflict of interest

A separate application is required for each class of asset, and the form carries a **₹10,000 fee**, except for valuers already registered under the Wealth-tax Act, 1957.

3. Revised Form 171

Form 171 is the application for **registration as an authorised income-tax practitioner** under Section 515 of the Income-tax Act, 2025. Revised form requires some additional details which are as follows:

- Personal and residential details
- PAN and professional address
- Details of partnership, if applicable
- Educational qualifications
- Existing registration as an authorised income-tax practitioner under the Income-tax Act, 1961
- Details of disqualification
- Declaration that the applicant has practised before income-tax authorities for at least one year

Certain information will be pre-filled wherever possible.

4. Changes in tax-recovery provisions

The notification also amends Rule 225 relating to recovery of tax arrears and removes certain residual provisions concerning arrest and detention. The amendments should not, however, be interpreted as abolition of the overall statutory tax-recovery mechanism.

The Notification is effective from the date of its publication in the Official Gazette.

[**Notification No. 120**](#)

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

CBDT

Notification No. 121 /2026 dated 22.09.2026

Vide this notification, CBDT has introduced fifth amendment rules, 2026 which mainly makes changes to the **TDS reporting mechanism for transfer of immovable property** and revises Forms 132 and 141 accordingly.

The existing TDS reporting provisions and forms did not specifically provide the detailed reporting framework for transactions covered under **Section 393(2), Table Sl. No. 17**, relating to consideration for transfer of immovable property where the consideration is paid or credited by a **resident individual or Hindu Undivided Family (HUF)**.

Key Changes

1. Section 393(2) has been incorporated into the TDS reporting rules

Rules 215, 218 and 219 have been amended to specifically include TDS under Section 393(2), Table Sl. No. 17, where a resident individual or HUF pays or credits consideration for transfer of immovable property.

2. Form 132 has been expanded (TDS Certificate)

Form 132 now specifically includes **transfer of immovable property by a non-resident to a resident individual or HUF**.

3. A new Schedule E has been introduced in Form 141 (Challan-Cum statement)

The major change is the introduction of **Schedule E – TDS on consideration for transfer of immovable property** covered under Section 393(2), Table Sl. No. 17.

The new Schedule E requires detailed information on:

- **Property:** address, type of property, stamp duty value and total sale consideration.
- **Buyer:** PAN, name and proportion of consideration payable by each buyer.
- **Seller:** PAN, name, status, contact details, foreign address, Tax Residency Certificate and Tax Identification Number, where applicable.
- **Payment:** whether payment is in lump sum or instalments and whether it is the first, subsequent or final instalment.
- **TDS:** amount liable to TDS, applicable rate, amount of TDS and date of deduction.
- **Capital gains:** nature of capital gain in the hands of the seller.
- **Certificates:** details of lower/nil deduction certificates, where applicable.

Special requirement for non-resident sellers

Where the seller is a non-resident, the revised form specifically requires the seller's:

- contact number
- email ID
- address outside India
- Tax Residency Certificate number
- Tax Identification Number

These details are required even where the non-resident's PAN is not available, subject to the requirements specified in the form.

Other changes

The revised form also clarifies that:

- TDS amount includes surcharge, wherever applicable, and cess.
- Where there is more than one deductor, **each deductor has to file a separate form**.
- Some information will be pre-filled to the extent possible.

- Seller status has been given prescribed codes for standardised reporting.

The Notification is effective from 1 October, 2026.

[Notification No. 121](#)

5. Extension of Due Dates for Audit Reports and Income-tax Returns – AY 2026-27

CBDT

Circular No. 07 /2026 dated 28.09.2026

Vide this circular, CBDT has extended the due dates for furnishing certain **Income-tax Returns and audit reports for Assessment Year (AY) 2026-27**.

Amended due dates are as follows:

Particulars	Earlier Due Date	Extended Due Date
Tax Audit Report	30 September 2026	21 October 2026
Income-tax Return for persons whose accounts are required to be audited under the Income-tax Act or any other applicable law	31 October 2026	21 November 2026

Transfer Pricing cases: For assesseees required to furnish a report under Section 92E of the Income-tax Act, 1961 (Form 3CEB), the existing due dates remain unchanged – 31 October 2026 for furnishing the Tax Audit Report and Form 3CEB, and 30 November 2026 for furnishing the Income-tax Return.

[Circular No. 07](#)

<u>Goods and Service Tax</u>
No notifications or circulars received in Goods and Service Tax in September 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.



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