



# MONTHLY UPDATE

## CAPSULE

### MAY 2026

R R D AND ASSOCIATES  
CHARTERED ACCOUNTANTS  
CA RAKESH DAFTARY



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## Income Tax

### **Flag AIS errors on e-filing portal but don't miss deadline for filing ITR**

With the commencement of the Income Tax Return (ITR) filing season for Assessment Year 2026-27, taxpayers are advised to carefully review the details reflected in their Annual Information Statement (AIS) while ensuring that return filing is not delayed due to pending corrections or portal-related discrepancies.

The AIS contains financial information reported to the Income Tax Department by banks, employers, mutual funds, stock brokers, and other reporting entities. As the department increasingly relies on technology-driven scrutiny and automated mismatch detection, accurate reconciliation of AIS data has become an important part of tax compliance.

Taxpayers and professionals have recently observed discrepancies such as duplicate transaction entries, incorrect reporting of interest income, mismatches in securities transactions, inaccurate TDS details, and errors arising from joint account or PAN mapping issues. Such discrepancies may result in differences between AIS records and the figures disclosed in the Income Tax Return.

Accordingly, taxpayers should reconcile AIS information with Form 26AS, TDS certificates, bank statements, capital gain statements, and other supporting financial records before finalising the return of income. The e-filing portal also provides an option to submit feedback for incorrect AIS entries.

However, taxpayers are advised not to postpone ITR filing solely on account of unresolved AIS discrepancies, particularly as the due date approaches. Returns may be filed based on correct financial records and revised subsequently, wherever required, after rectification of AIS data.

Considering the portal slowdowns and technical glitches reported during peak filing periods, timely verification and early compliance are recommended to avoid last-minute difficulties, notices, or delays in refund processing.

Read more at : [Flag AIS errors on e-filing portal but don't miss deadline for filing ITR](#)

## **India recasts rules for foreign tax info exchange: New framework from July 1 aims to curb cross-border tax evasion & speed up case closure**

The Government of India has introduced a revised framework for exchange of tax-related information with foreign jurisdictions, effective from 1 July 2026, with the objective of strengthening transparency, curbing cross-border tax evasion, and speeding up disposal of international tax matters. The revised mechanism aims to improve coordination between Indian tax authorities and overseas administrations under global information-sharing arrangements such as the Common Reporting Standard (CRS) and FATCA.

Under the new framework, foreign tax information requests will be treated as high-priority matters and stricter timelines have been prescribed for processing and responding to such requests. In certain cases, information may be required to be shared within 15 days, which is expected to significantly reduce delays in international tax investigations and facilitate faster closure of pending cases.

Financial institutions may also seek additional information from account holders, including tax residency details, Taxpayer Identification Numbers (TIN), and information relating to beneficial ownership and controlling persons.

The framework further indicates India's preparedness for future exchange of information relating to crypto and digital assets, expected to commence from April 2027. These developments highlight the growing global focus on tax transparency and compliance.

Taxpayers having foreign income, overseas assets, or international financial arrangements should ensure that disclosures made in tax filings and related documents are accurate and consistent, as international information-sharing mechanisms continue to become more robust and efficient.

Read more at : [India recasts rules for foreign tax info exchange: New framework from July 1 aims to curb cross-border tax evasion & speed up case closure](#)

## **ITR filing: What are the nuances of new income tax return forms? Top things salaried taxpayers, including cross border employees should know**

The Income Tax Department has introduced significant changes in the Income Tax Return (ITR) forms for FY 2025-26 (AY 2026-27) as part of its continued focus on digitisation, enhanced disclosures, and improved tax compliance. The revised framework places greater emphasis on accurate reporting, integration of pre-filled financial data, and simplified filing processes for taxpayers.

One of the most important aspects for salaried individuals is the correct selection of the applicable ITR form. The choice between ITR-1, ITR-2, and ITR-3 now depends not only on income levels but also on factors such as residential status, foreign income, capital gains, and the nature of financial transactions undertaken during the year. Taxpayers having foreign assets, overseas income, or cross-border employment arrangements may not qualify for simpler forms such as ITR-1 and may be required to file ITR-2 or ITR-3 instead.

The revised forms also introduce additional reporting requirements relating to long-term capital gains, buyback losses, futures and options (F&O) transactions, intraday trading income, and foreign asset disclosures. Certain taxpayers with limited long-term capital gains may now continue using ITR-1 subject to prescribed conditions, thereby simplifying compliance for small investors.

Another key area of focus is the selection between the old and new tax regimes. Eligible taxpayers may revisit their choice while filing returns, depending on the nature of deductions, exemptions, and income structure applicable to them. The updated forms also require more detailed disclosure of deductions and schedules, increasing the importance of maintaining proper documentation and reconciliation with Form 26AS, AIS, and other financial records.

Given the increasing integration of financial data and global reporting standards, taxpayers particularly salaried individuals with investments, foreign assets, or cross-border employment arrangements should carefully review their reporting obligations and ensure accurate disclosure while filing their returns for the year.

Read more at: ITR filing: [ITR filing: What are the nuances of new income tax return forms? Top things salaried taxpayers, including cross border employees should know](#)

## **GST & Customs**

### **GST Returns May Lose Edit Option**

The GST compliance framework in India is expected to become more system-driven, with reports indicating that taxpayers may soon lose the facility to manually edit values in GSTR-3B once returns are auto-populated from GSTR-1 and GSTR-2B. The proposed move is aimed at improving invoice matching, reducing fake input tax credit (ITC) claims, and strengthening overall GST compliance.

At present, taxpayers can modify auto-populated figures before filing GSTR-3B. However, under the proposed mechanism, GST liability and ITC details may largely flow directly from supplier-uploaded invoices and system-generated data. This would increase dependence on timely and accurate vendor compliance.

The proposed system is also expected to reduce manual adjustments currently made for timing differences, missed invoices, or reconciliation issues. As a result, businesses should strengthen internal controls, accounting processes, and vendor follow-up mechanisms to avoid future compliance disruptions.

Read more at : [GST Returns May Lose Edit Option](#)

### **Advisory to Taxpayers and Stakeholders – Enhancements in the e-Way Bill (EWB) Portal**

The GSTN has proposed significant enhancements to the E-Way Bill (EWB) portal with the objective of improving transaction traceability, strengthening data accuracy, and enhancing operational efficiency within the GST framework. These proposed changes form part of the government's continued focus on building a more technology-driven and transparent indirect tax system.

One of the major proposed changes is the mandatory capture of "Ship-To GSTIN" in Bill-To Ship-To transactions. In many business transactions, the billing entity and the actual delivery location are different, particularly in cases involving third-party billing arrangements, branch

transfers, direct dispatch transactions, or supply chain intermediaries. Under the revised framework, taxpayers will be required to mandatorily report the GSTIN of the actual recipient location where goods are being delivered. This change is expected to improve end-to-end visibility of goods movement, reduce data mismatches, and strengthen reconciliation between invoices, GST returns, and e-way bills.

The enhanced reporting requirement is also likely to improve audit trails and assist tax authorities in better monitoring the movement of goods across the supply chain. Improved data accuracy may help reduce discrepancies during departmental scrutiny and lower the risk of compliance-related notices arising from mismatches in transaction reporting.

Another important enhancement proposed on the EWB portal is the introduction of an EWB Closure functionality. This feature will enable taxpayers to voluntarily close e-way bills in specified situations where goods movement does not ultimately take place or where transactions are cancelled after generation of the e-way bill. Under the existing system, taxpayers primarily rely on cancellation mechanisms within prescribed timelines, which may not sufficiently address all practical business scenarios. The proposed closure functionality is expected to provide greater operational flexibility and help maintain more accurate transaction records within the EWB ecosystem.

Businesses, ERP vendors, transporters, and system integrators will need to undertake necessary system modifications and preparedness activities before implementation of these changes. Companies may be required to update invoicing processes, ERP configurations, logistics documentation systems, and reconciliation controls to ensure smooth compliance with the revised E-Way Bill requirements. Greater coordination between logistics, taxation, and finance teams will also become increasingly important to avoid reporting mismatches and operational disruptions once the new functionalities are introduced.

Read more at: [Advisory to Taxpayers and Stakeholders – Enhancements in the e-Way Bill \(EWB\) Portal](#)

## Miscellaneous

### **Maharashtra citizens can now secure wills now for Rs.100, anytime and anywhere**

In a significant step towards simplifying estate planning and improving accessibility of legal documentation, the Government of Maharashtra has enabled citizens to register and safeguard wills at any of the state's 517 sub-registrar offices for a nominal registration fee of ₹100. The initiative is aimed at making will registration more affordable, convenient, and accessible for individuals across the state.

Under the revised framework, citizens are no longer required to register wills only within a specific jurisdiction, thereby allowing registration at any sub-registrar office across Maharashtra. Further, unlike several other property-related documents, wills are exempt from the statutory four-month registration timeline and may be presented for registration at any time after execution.

The initiative is expected to particularly benefit senior citizens, individuals owning immovable properties, and families seeking clarity in succession planning.

The simplified process and nominal fee structure are therefore expected to encourage greater awareness and adoption of formal estate planning practices among citizens.

Individuals intending to register a will are advised to ensure that the document is drafted clearly, signed in the presence of witnesses, and properly reflects the intention of the testator. Proper estate planning and timely documentation continue to remain important aspects of financial and family governance.

Read more at : [Maharashtra citizens can now secure wills now for Rs.100, anytime and anywhere](#)

## **EPFO to launch Aadhar-based portal to track inoperative accounts**

In a significant move towards strengthening digital accessibility and improving member services, the Employees' Provident Fund Organisation (EPFO) is set to introduce E-PRAAPTI — an Aadhaar-based digital platform designed to help members identify, track, and activate old or inoperative EPF accounts.

The proposed portal, known as EPF Aadhaar-Based Access Portal for Tracking Inoperative Accounts (E-PRAAPTI), will enable members to securely access old EPF accounts that may not be linked with their Universal Account Number (UAN). Through Aadhaar-based authentication, users will be able to update profile details, link inactive accounts with their existing UAN, and facilitate activation of such accounts with minimal manual intervention.

The initiative is expected to particularly benefit employees from the pre-UAN era, where multiple job changes often resulted in separate PF accounts being left untracked or inactive. EPFO has observed a substantial number of dormant accounts over the years, many of which continue to hold unclaimed balances belonging to employees.

In the initial phase, the portal is proposed to function on a member ID-based system, allowing members possessing earlier account details to access and consolidate their records efficiently. The scope of the platform is expected to expand gradually to accommodate users who may not have access to their old member IDs or employment details.

The introduction of E-PRAAPTI forms part of EPFO's broader digital transformation initiatives aimed at enhancing transparency, reducing paperwork, and improving claim settlement efficiency. Recent data released by the ministry also indicates a significant increase in automated claim processing and faster settlement timelines during FY 2025-26

Members who have changed employment multiple times or suspect the existence of inactive PF accounts are advised to keep Aadhaar, PAN, UAN, and previous employment records updated to facilitate seamless access once the portal becomes operational.

Read more at : [EPFO to launch Aadhar-based portal to track inoperative accounts](#)

## **Insurers told to link top management's pay with claim response, grievance handling: IRDAI**

The Insurance Regulatory and Development Authority of India (IRDAI) has introduced a significant reform aimed at improving customer service standards in the insurance sector. Under the revised framework, insurance companies will now be required to link the remuneration and incentives of senior executives, including CEOs and Key Managerial Personnel (KMPs), with policyholder-focused parameters such as claim settlement efficiency, grievance redressal, and customer service quality.

Traditionally, executive compensation in insurance companies has been linked largely to financial performance and business growth. However, the new framework shifts the focus towards accountability and customer outcomes. Insurers will now be evaluated on factors such as timely claim settlements, quality of grievance handling systems, transparency, product performance, and fair customer practices.

IRDAI has also directed insurers to publicly disclose important customer-service related information on their websites, including claim settlement data, grievance statistics, and customer service indicators. The objective is to improve transparency and help policyholders make more informed decisions while choosing insurance providers.

This reform is particularly important as concerns regarding delayed claims, unresolved complaints, and lack of transparency have remained key challenges in the insurance industry. By linking management incentives with policyholder outcomes, IRDAI aims to encourage insurers to improve operational efficiency, strengthen customer support systems, and build greater trust among policyholders.

Overall, IRDAI's decision marks a progressive step towards improving accountability, transparency, and policyholder protection within the insurance sector.

Read more at: [Insurers told to link top management's pay with claim response, grievance handling: IRDAI](#)

## Key Considerations Under India's New Labour Codes and Maharashtra State Rules

The Government of India has undertaken one of the most significant labour law reforms in recent years through the implementation of the four Labour Codes. These Codes consolidate 29 existing labour laws into a simplified and technology-driven framework aimed at improving ease of doing business, strengthening worker welfare, and ensuring uniform compliance standards across the country. The Central Government notified the final rules under these Codes on 8 May 2026, while states such as Maharashtra have initiated the process of implementing state-specific rules. As labour is a concurrent subject under the Constitution of India, the effective implementation of the Labour Codes requires coordination between both the Central and State Governments.

One of the most important changes introduced under the new Labour Codes is the revised definition of "wages." Under the new framework, wages must constitute at least 50% of an employee's total remuneration. If allowances exceed 50% of total remuneration, the excess amount will be added back to wages for the purpose of calculating statutory benefits. This revised wage structure directly affects Provident Fund (PF), gratuity, bonus, overtime, and other social security benefits. Consequently, many organisations may need to restructure their salary components and payroll systems to comply with the new requirements.

The revised wage definition is expected to have a significant impact on employees. As the basic wage component increases, contributions towards Provident Fund and gratuity are also likely to increase, resulting in improved retirement benefits and social security coverage. While employees may experience a slight reduction in their monthly take-home salary due to higher statutory deductions, the long-term benefits in the form of enhanced retirement savings and financial security are expected to outweigh the short-term impact.

The Labour Codes also introduce important reforms relating to gratuity and social security. Gratuity calculations will now be based on the revised wage definition, which may result in higher gratuity payouts for eligible employees. In addition, fixed-term employees may become eligible for gratuity after completing one year of service, thereby extending benefits to a larger segment of the workforce. The Code on Social Security further expands coverage to include gig workers, platform workers, contractual employees, and workers in the unorganised sector.

These measures aim to provide broader social protection and financial security to millions of workers who were previously outside the scope of traditional labour welfare legislation.

Employee welfare and workplace safety are also key focus areas under the new Labour Codes. The Occupational Safety, Health and Working Conditions Code introduces several measures aimed at improving workplace conditions, including mandatory appointment letters, enhanced safety standards, health and welfare facilities, annual medical examinations for specified categories of employees, and stronger protections for women, contract workers, and migrant workers. The Codes continue to prescribe standard working hours of eight hours per day and forty-eight hours per week, while providing for overtime compensation in accordance with applicable rules.

Another significant feature of the Labour Codes is the emphasis on digital and technology-driven compliance. The Government seeks to modernise labour law administration through electronic registers, digital filings, web-based compliance systems, risk-based inspections, and automated monitoring mechanisms. As a result, employers may need to upgrade their HR, payroll, and compliance systems, review employment contracts, revise workplace policies, and conduct employee awareness programmes to ensure compliance with the new legal framework.

In conclusion, the new Labour Codes represent a transformative shift in India's employment and labour law landscape. By simplifying regulations, expanding social security coverage, improving employee welfare, and promoting technology-enabled compliance, the reforms seek to balance worker protection with business efficiency. Both employers and employees should proactively understand these changes and prepare for their implementation to ensure a smooth transition to the new labour law regime.

Read more at: [Key Considerations Under India's New Labour Codes and Maharashtra State Rules](#)

[Key considerations of the notified Central Rules under India's Labour Codes](#)

## R R D AND ASSOCIATES



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## WHAT WE SERVE



## SPECIALIZED INTO

- ✓ Audit & Assurance (incl. Tax Audit, Statutory Audit etc)
- ✓ Internal audit / Management audit
- ✓ ESOP Valuation SBP (Share based payment) under Ind AS
- ✓ Valuations under various laws including Companies Act and IBBI
- ✓ Implementation of IFC, Drafting SOPs, Testing controls
- ✓ Company formation and assisting clients with Regulatory compliance for setting up business in India
- ✓ Setting up of Vigil and whistle-blower mechanism
- ✓ Developing, implementing and operationalizing Business Ethics and Code of Conduct for Employees and Directors
- ✓ Tax, Regulatory and Advisory
- ✓ Accounting advisory, Book Keeping and MIS services
- ✓ Project Financing for Term Loan & Working Capital Loan
- ✓ ECB Compliances, Returns, Hedge Accounting and Certification
- ✓ Tax effective Portfolio Management / Reshuffling advisory
- ✓ Regular Attest function
- ✓ Talent pool of proficient resources to our network firms and clients

## OTHER SPECIALIZED SERVICES:

### Assurance

- ✓ Concurrent Audit
- ✓ Statutory Audit
- ✓ Stock Audit
- ✓ Forensic Audit
- ✓ Due Diligence
- ✓ Tax Audit

### Operations & Risk Consultancy

- ✓ Internal Audit
- ✓ Review of Internal Financial Control
- ✓ Drafting and assistance in SOP's
- ✓ Fraud Investigations

### Tax, Regulatory & Advisory

- ✓ Consultancy under Direct and Indirect taxation
- ✓ GST Implementation Services
- ✓ Assessment and Litigation Support
- ✓ Filing of Returns under direct and indirect taxes
- ✓ ROC Fillings Regulatory compliances
- ✓ RBI and SEBI fillings
- ✓ Supporting in 15CA and 15CB filing

### Accounting Advisory

- ✓ Assistance in drafting and preparations of Financial statement with respect to Ind-AS, IFRS, US GAAPs
- ✓ Accounts receivables / payable reconciliations
- ✓ Bank Reconciliations
- ✓ Inventory Management support
- ✓ Fixed Asset & Inventory verification
- ✓ MIS, Budgeting

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