

AUGUST 2026

A photograph of a business meeting. Several people are seated around a wooden table. On the table are various items: a laptop displaying a colorful pie chart, a tablet showing a green bar chart, a calculator, a pen, and some papers with charts. The people are dressed in business attire. A large, semi-transparent blue arrow graphic points from the right towards the center of the image, partially overlapping the text and the photograph.

MONTHLY UPDATE CAPSULE

**R R D AND ASSOCIATES
CHARTERED ACCOUNTANTS
CA RAKESH DAFTARY**

Contents

Income Tax	3
1. Lower or nil TDS applications to go online; rules under preparation.....	3
2. FAST-DS 2026: Forgot to report a dormant foreign bank account? Here's how the new disclosure window works.....	3
3. Telangana High Court Grants Section 54F Relief Despite Builder's Delay	4
GST & Customs	6
4. GSTN puts proposed e-way bill changes on hold after industry feedback.....	6
5. Gujarat GST Department Uses Udyam Data, flags even exempt businesses	7
SEBI & ROC	8
6. Sebi proposes mandatory colour-coded Credit Risk-o-Meter for debt securities	8
7. Lower min age for MD, directors to 18: Parliamentary panel	9
8. Govt yet to adopt AI for detecting shell companies: MCA.....	9
IRDAI	11
9. Consider If Vehicles Without Insurance Can Be Denied Fuel: Supreme Court Tells Union, IRDA	11
10. IRDAI wants every insurance policy tagged to seller from January 2027	12
Miscellaneous	13
11. Supreme Court's Landmark Order on Fixing Responsibility for Lift Accidents	13
12. All vehicles to be fitted with V2V communication system from October 1, 2028	14
13. New EPF wage ceiling of Rs 25,000? Who will benefit and what it means for EPF subscribers; here's what the report says.....	14
14. New law to make banking records future-ready	15
R R D AND ASSOCIATES	17
.....	17
WHAT WE SERVE	18
OTHER SPECIALIZED SERVICES:	19
DISCLAIMER:	20

Income Tax

Lower or nil TDS applications to go online; rules under preparation

The Government is preparing rules to allow taxpayers to apply online for lower or nil TDS certificates under the Income-tax Act, 2025.

Currently, taxpayers who expect their actual tax liability to be lower than the TDS that would normally be deducted can seek a certificate for deduction at a lower or nil rate. The proposed online system aims to make this process simpler, faster and more convenient.

The Income Tax Department is expected to use information already available through Income Tax Returns (ITRs), AIS, TIS and Form 26AS while processing applications. This will reduce paperwork and help taxpayers avoid situations where excess TDS is deducted and they have to wait until filing their return to claim a refund.

The move is particularly intended to reduce the compliance burden on taxpayers and improve cash-flow management.

However, the online facility is not yet operational. Detailed rules and the procedure for making these applications are still being prepared and will be notified separately by the Government.

Read More at: [Lower or nil TDS applications to go online; rules under preparation](#)

FAST-DS 2026: Forgot to report a dormant foreign bank account? Here's how the new disclosure window works

The government has introduced FAST-DS 2026, providing eligible taxpayers with a one-time opportunity to disclose certain foreign assets that were missed or not reported earlier.

This may be particularly relevant for people who have an old or dormant foreign bank account, foreign shares, ESOPs or other foreign assets that were not properly disclosed in their Indian income-tax return.

Importantly, even if a foreign bank account is dormant and has no recent transactions, it may still need to be reported where the applicable tax rules require disclosure.

Under FAST-DS 2026, eligible taxpayers can voluntarily disclose such previously undisclosed foreign assets. The disclosure window is available up to 31 December 2026, subject to the conditions of the scheme.

The treatment depends on why the asset was not disclosed. Where the foreign asset or related income was genuinely undisclosed and untaxed, tax and an additional amount may apply. A separate route is available in certain cases where the asset was acquired from already-taxed income or during a period when the taxpayer was a non-resident.

FAST-DS 2026 gives eligible taxpayers a limited opportunity to regularise certain forgotten foreign assets and reduce the risk of more serious consequences under the Black Money Act. Taxpayers with old or dormant foreign accounts should check their past ITR disclosures and determine whether the scheme applies to them.

Read more at: [FAST-DS 2026: Forgot to report a dormant foreign bank account? Here's how the new disclosure window works](#)

Telangana High Court Grants Section 54F Relief Despite Builder's Delay

The Telangana High Court has provided relief to a taxpayer who was denied exemption under Section 54F of the Income-tax Act, 1961, after a builder delayed the construction of a villa by nearly four years.

The case concerned a taxpayer who had utilised the proceeds from the sale of a long-term capital asset for acquiring a residential villa. Although the investment was made with the intention of complying with the conditions of Section 54F, the construction of the villa was substantially delayed by the builder and was completed beyond the prescribed period.

The tax authorities denied the exemption on the ground that the residential property was not completed within the statutory time limit. The taxpayer challenged the denial, contending that the delay was attributable to the builder and was beyond his control.

The High Court observed that a taxpayer who has made the requisite investment and taken genuine steps towards acquiring or constructing a residential property should not be penalised for a delay attributable to the builder. The Court recognised that the taxpayer had acted within the prescribed framework and that the delay was not due to any failure on his part.

Accordingly, the Court granted relief to the taxpayer and allowed the benefit of the Section 54F exemption, holding that genuine compliance with the statutory requirements should not be defeated merely because of circumstances beyond the taxpayer's control.

The ruling highlights the importance of considering the substance and circumstances of a transaction, particularly where a taxpayer has made the required investment within the prescribed period but faces delays attributable to third parties.

Read more at: [Telangana High Court Grants Section 54F Relief Despite Builder's Delay](#)

GST & Customs

GSTN puts proposed e-way bill changes on hold after industry feedback

The Goods and Services Tax Network (GSTN) has put on hold two proposed enhancements to the e-Way Bill system, which were scheduled to be implemented from 1 August 2026, following concerns raised by industry stakeholders regarding practical implementation challenges.

The proposed changes included mandatory reporting of the “Ship-To GSTIN” in Bill-to/Ship-to transactions and the introduction of a voluntary closure facility for e-Way Bills. The Ship-To GSTIN requirement was intended to improve identification of the actual recipient of goods and strengthen traceability, while the voluntary closure facility would allow taxpayers to close an active e-Way Bill where the movement of goods did not ultimately take place.

The changes also required corresponding API updates for ERP and e-invoicing integrations. Industry stakeholders highlighted difficulties in adapting existing systems, particularly for businesses with complex supply chains, and sought additional time to test and implement the proposed functionalities.

In its latest advisory, GSTN has withdrawn its earlier advisories dated 9 June 2026 and 17 June 2026 concerning these changes and stated that their implementation has been put on hold until further notice.

The decision is expected to provide businesses additional time to prepare their systems and avoid disruptions to ongoing operations. The revised implementation framework or timeline is expected to be communicated by GSTN after further consideration of the industry feedback.

Read more at: [GSTN puts proposed e-way bill changes on hold after industry feedback](#)

Gujarat GST Department Uses Udyam Data, flags even exempt businesses

The Gujarat GST Department is using Udyam Registration data to identify businesses that may require GST scrutiny.

Udyam Registration contains details such as the turnover and size of a business. The GST Department is comparing this information with GST records to identify businesses where there may be a mismatch.

Importantly, being flagged does not necessarily mean that the business has violated GST rules. Some businesses may have higher turnover but still be exempt from GST registration because of the nature of their activities or specific GST provisions.

For example, if a business shows substantial turnover in its Udyam registration but does not have a GST registration, the department may ask the business to explain why GST registration is not applicable.

The development shows that tax authorities are increasingly using data from different government databases for cross-verification and compliance checks. Businesses should therefore ensure that the information provided in Udyam Registration and GST records is accurate and that they have proper documentation to support any GST exemption or non-registration.

Read more at: [Gujarat GST Department Uses Udyam Data, flags even exempt businesses](#)

Sebi proposes mandatory colour-coded Credit Risk-o-Meter for debt securities

The Securities and Exchange Board of India (SEBI) has proposed making a mandatory colour-coded “Credit Risk-o-Meter” for debt securities. The objective is to make it easier for investors to understand and compare the credit/default risk of bonds before investing. The proposal is similar to the existing risk-o-meter framework used for mutual funds.

The Credit Risk-o-Meter will have six risk levels, ranging from Irish Green (lowest credit risk) to Red (high to very high risk of default). The other levels are Chartreuse (very low), Neon Yellow (low), Caramel (moderate) and Dark Orange (moderate risk of default).

Under the proposal, issuers and Online Bond Platform Providers (OBPPs) will have to display the meter in offer documents, abridged prospectuses, private placement memorandums, advertisements and on their websites/mobile platforms.

The meter will represent only the credit risk of the debt security. The credit rating agency’s name and the actual credit rating must be disclosed immediately below it. If a security has ratings from multiple rating agencies, the meter will be based on the lowest rating, while all ratings must be disclosed. For unsecured debt securities, a prominent disclosure in bold red text will also be required. OBPPs will additionally have to immediately communicate any change in the Credit Risk-o-Meter on their platforms.

SEBI believes the measure will improve transparency, investor understanding and investor protection by presenting complex credit-risk information in a simpler format. The proposal is currently under consultation, and SEBI has invited public comments up to September 3, 2026.

In short: SEBI wants investors to see a simple colour-based risk indicator alongside the credit rating of debt securities, making it easier to understand the possibility of default and take investment decisions according to their risk appetite.

Read more at: [Sebi proposes mandatory colour-coded Credit Risk-o-Meter for debt securities](#)

Lower min age for MD, directors to 18: Parliamentary panel

A Parliamentary panel has recommended reducing the minimum age for appointment as a Managing Director (MD), Whole-time Director (WTD) or Manager from 21 years to 18 years under the Companies Act, 2013. The recommendation forms part of the proposed amendments under the Corporate Laws (Amendment) Bill, 2026.

The panel observed that individuals aged 18 and above are already legally permitted to undertake several corporate activities, including incorporating companies, holding shares and serving as directors. The proposed change is intended to align the eligibility requirements for senior management positions with these existing rights and with practices followed in several other jurisdictions.

The committee has also recommended increasing the maximum age for appointment to such positions from 70 years to 75 years and removing the requirement for a special resolution for appointments beyond 70 years.

The recommendations are part of a broader review of corporate laws aimed at simplifying compliance, modernising corporate governance and improving the ease of doing business. However, the proposed age-related changes are recommendations at this stage and would require legislative approval and notification before becoming effective.

Read more at: [Lower min age for MD, directors to 18: Parliamentary panel](#)

Govt yet to adopt AI for detecting shell companies: MCA

The Ministry of Corporate Affairs (MCA) has clarified that the government has not yet deployed an artificial intelligence-based system specifically for detecting shell companies. At present, suspicious companies are identified through the rule-based MCA-21 system, which uses predefined parameters to flag entities for further examination.

Under the existing mechanism, corporate information available with the MCA is analysed against specified parameters to identify companies displaying potentially suspicious patterns. Companies flagged through this process may subsequently be subjected to inspection, inquiry or other regulatory action, depending on the findings.

The government has also been using data analytics and technology-driven tools to strengthen its corporate monitoring and enforcement mechanisms. However, according to the MCA, a dedicated AI-based system for identifying shell companies has not yet been adopted.

The potential use of AI could enable authorities to analyse large volumes of corporate and financial data more efficiently, identify complex patterns and relationships, and assist in detecting entities requiring further scrutiny.

The clarification comes amid continued regulatory efforts to identify shell companies, financial irregularities and possible corporate misconduct. The existing rule-based framework therefore continues to remain the primary mechanism for identifying companies that may warrant further investigation under the Companies Act, 2013.

Read more at: [Govt yet to adopt AI for detecting shell companies: MCA](#)

IRDAI

Consider If Vehicles Without Insurance Can Be Denied Fuel: Supreme Court Tells Union, IRDA

The Supreme Court has directed the Centre and the Insurance Regulatory and Development Authority of India (IRDAI) to consider a pilot project under which vehicles without valid third-party insurance may be denied fuel at petrol pumps. The proposal is aimed at improving compliance with mandatory motor insurance requirements and strengthening road safety.

The Court has suggested linking vehicle registration details with insurance records so that the insurance status of a vehicle can be verified at fuel stations. The proposed mechanism would enable petrol pumps to identify vehicles without valid third-party insurance before dispensing fuel.

The initiative comes against the backdrop of a significant number of vehicles operating without the legally required third-party insurance cover. The Court has emphasised the need for a technology-driven approach to improve enforcement of motor insurance and road safety regulations.

IRDAI and the Ministry of Road Transport and Highways have been directed to work on the proposed pilot project and examine the feasibility of implementing such a system. The proposal is part of broader measures being considered to improve compliance with motor vehicle laws and reduce risks arising from uninsured vehicles.

Read more at: [Consider If Vehicles Without Insurance Can Be Denied Fuel: Supreme Court Tells Union, IRDA](#)

IRDAI wants every insurance policy tagged to seller from January 2027

The Insurance Regulatory and Development Authority of India (IRDAI) has proposed a new framework under which every insurance policy will be digitally linked to the individual who sells it, with the system proposed to come into effect from January 2027. The move is aimed at creating greater accountability and traceability in insurance distribution.

Under the proposed framework, policies sold through insurance agents, banks, brokers and other distribution channels would carry a unique identifier linked to the specific salesperson responsible for the transaction. This would allow the regulator to identify the individual associated with a policy even where the salesperson subsequently changes employers or intermediaries.

The proposed system is intended to strengthen oversight of insurance sales and address concerns relating to mis-selling, unsuitable products and customer grievances. A centralised record of policies sold by an individual would also enable better monitoring of sales patterns and provide regulators with greater visibility into the conduct of insurance distributors.

The framework is expected to create a digital trail for insurance sales, making it easier to establish responsibility in cases where a policyholder raises a complaint or alleges misrepresentation during the sale of a policy. It would also enable the regulator to track an individual's sales history across different insurers or intermediaries.

The proposed measure forms part of IRDAI's broader efforts to improve transparency, consumer protection and accountability in the insurance sector. The implementation of the framework from January 2027 is expected to require insurers and distribution channels to strengthen their systems for capturing and maintaining seller-level information.

Read more at: [IRDAI wants every insurance policy tagged to seller from January 2027](#)

Miscellaneous

Supreme Court's Landmark Order on Fixing Responsibility for Lift Accidents

The Supreme Court has ruled that responsibility for accidents involving passenger lifts can extend to the lift manufacturer, maintenance agency and owner or management of the premises.

In a significant ruling, the Court held that passenger lifts can be treated as “common carriers”, placing a heightened duty of care on those responsible for their manufacture, maintenance and operation. Passengers rely entirely on the safety of the lift system and have no control over its technical functioning.

The Court clarified that a consumer injured in a lift accident cannot reasonably be expected to determine the precise extent of fault attributable to each party before seeking compensation. Where responsibility is shared, the concerned parties may determine their respective liabilities among themselves.

The ruling arose from a fatal lift accident in 2003 and upheld compensation of approximately ₹3.01 crore, along with interest, as awarded by the National Consumer Disputes Redressal Commission. The Court also upheld the apportionment of liability among the parties involved in the manufacture, maintenance and operation of the lift.

The Court further observed that liability may extend beyond the immediate cause of an accident. Where defects or recurring problems are known, failure to take appropriate corrective measures or ensure safe operation may attract liability.

The judgment reinforces the responsibility of stakeholders involved in the installation, maintenance and operation of lifts to address safety concerns and prevent avoidable risks.

Read more at: [Supreme Court's Landmark Order On Fixing Responsibility For Lift Accidents](#)

All vehicles to be fitted with V2V communication system from October 1, 2028

The Ministry of Road Transport and Highways has proposed making Vehicle-to-Vehicle (V2V) communication systems mandatory in all new vehicles manufactured from 1 October 2028. The proposal forms part of the Government's efforts to strengthen road safety and promote connected vehicle technology.

Under the proposed framework, vehicles across L, M and N categories, covering two-wheelers, passenger vehicles and goods vehicles, would be required to be equipped with V2V technology. Vehicles fitted with the system from 1 October 2027 would also be required to comply with the prescribed technical standards.

V2V technology enables nearby vehicles to exchange real-time information such as speed, location, direction and braking status. This information can help identify potential collision risks and provide timely warnings in situations such as sudden braking, unsafe lane changes and other safety-critical events.

The proposed measure is expected to create an additional layer of safety on Indian roads by enabling vehicles to communicate with one another and respond to potential hazards more effectively. The Government has invited public comments and objections on the draft proposal as part of the regulatory process.

Read more at: [All vehicles to be fitted with V2V communication system from October 1, 2028](#)

New EPF wage ceiling of Rs 25,000? Who will benefit and what it means for EPF subscribers; here's what the report says

The wage ceiling for mandatory coverage under the Employees' Provident Fund (EPF) may be increased from the existing ₹15,000 per month to ₹25,000 per month, according to recent reports. The proposal has received approval at the Department of Expenditure level but is still subject to the required government approvals before it can be implemented.

The existing EPF wage ceiling of ₹15,000 has remained unchanged since September 2014. At present, employees covered under the EPF framework are generally subject to mandatory contributions within this wage ceiling, while higher contributions may be made subject to the applicable rules and conditions.

If approved, increasing the ceiling to ₹25,000 would bring more employees within the scope of mandatory EPF coverage and could increase the amount of salary considered for provident fund contributions.

The proposed revision could also affect the Employees' Pension Scheme (EPS), as the pensionable salary ceiling is linked to the applicable EPF wage ceiling. A higher ceiling could therefore increase the pensionable salary considered for eligible members, subject to the final rules and implementation framework.

Read more at: [New EPF wage ceiling of Rs 25,000? Who will benefit and what it means for EPF subscribers; here's what the report says](#)

New law to make banking records future-ready

The Government has introduced the Bankers' Books Evidence Bill, 2026 in the Lok Sabha to replace the existing Bankers' Books Evidence Act, 1891 and modernise the legal framework governing the use of banking records as evidence in judicial proceedings.

The proposed legislation seeks to align the law with the rapid shift towards digital banking and electronic record-keeping. It provides for recognition of electronic, digital and cloud-based banking records, including records maintained through computer systems, as evidence in legal proceedings.

Under the existing framework, certified copies of bank records can be produced as evidence without requiring the original records. The proposed Bill seeks to update these provisions to reflect the way banking records are currently created, stored and accessed digitally.

The proposed framework also aims to provide greater clarity regarding the authentication and evidentiary value of electronic banking records, thereby facilitating their use in courts and other legal proceedings.

The Bill represents an effort to replace a law dating back to the pre-digital era with a framework suited to modern banking practices. The Lok Sabha subsequently passed the Bill on 6 August 2026, marking a significant step towards giving legal recognition to contemporary digital banking records.

Read more at: [New law to make banking records future-ready](#)

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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