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MONTHLY UPDATE CAPSULE



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Income Tax

Old income tax notices resurface as 10–15-year-old tax demands appear on portal, interest piles up

Many taxpayers in India are suddenly seeing income tax demands from very old years like 2005 to 2011 on the income tax portal, according to The Economic Times. This has come as a shock because many people never received any notice or assessment order at the time.

Why is this happening now?

The Income Tax Department is digitizing and integrating old records. During this process, past assessment orders and tax demands are being uploaded to the portal. So, even cases that were never communicated properly earlier are now showing up online.

The biggest issue: interest

In many cases, the interest charged over the years is equal to or even more than the original tax amount. Taxpayers say that if they had received the notice on time, they could have appealed and avoided this heavy interest.

Missed chance to appeal

For example, for FY 2009–10, notices for escaped income could be issued up to March 31, 2017, and assessment orders up to December 31, 2017. Taxpayers normally get 30 days to appeal after receiving the order. But since many never received these orders, they lost their right to appeal, and interest kept adding up.

Challenges for both sides

It is hard for the department to prove that notices were sent correctly 10–15 years ago. At the same time, taxpayers also struggle to produce old documents after so many years.

Separate crackdown on fake deductions

On July 14, 2025, the Income Tax Department launched a nationwide investigation into fraudulent deductions and fake exemptions. Searches in states like Maharashtra, Tamil Nadu,

Delhi, Gujarat, Punjab, and Karnataka found that some ITR preparers and intermediaries were filing false claims and trying to get excess refunds.

Misused tax sections

Wrong claims were made under sections like 10(14), 80GG, 80E, 80D, 80EE, 80EEA, 80G, 80GGA, and 10(13A). Even some employees of MNCs, PSUs, and government bodies were involved.

Use of technology

The department is now using data analytics, third-party data, intelligence inputs, and AI tools to detect irregularities, including in old cases.

What taxpayers should do

Old tax cases are now being reopened. Taxpayers should regularly check the income tax portal, not ignore any demand notices, and take professional advice quickly if a case appears.

Read more at : [Old income tax notices resurface as 10–15-year-old tax demands appear on portal, interest piles up](#)

GST & Customs

GSTN Enables Online Opt-In for Declaring Hotel Premises as “Specified Premises”

The GST Portal now allows online filing of declarations to classify hotel accommodation premises as “Specified Premises” under Notification No. 05/2025. This is essential to confirm, via notification 05/2025, that they will collect 18% GST and claim Input Tax Credit (ITC), where the room tariff exceeds ₹7,500/day.

Both existing registered hotel service providers (active or suspended) and new GST registration applicants can file these declarations. Composition taxpayers, TDS/TCS taxpayers, SEZ units, casual taxpayers, and cancelled registrations are not eligible.

Two declarations are available:

- **Annexure VII** for existing taxpayers (for the next financial year)
 - **Annexure VIII** for new applicants (within 15 days of ARN generation)
- An opt-out form (Annexure IX) will be introduced later.

Existing taxpayers can file Annexure VII from **1 January to 31 March** of the preceding financial year. For FY 2026–27, the window is **01.01.2026 to 31.03.2026**. New applicants must file Annexure VIII within **15 days** of ARN generation.

Declarations can be filed on the GST Portal under **Services → Registration → Declaration for Specified Premises** using EVC. A maximum of **10 premises** can be declared per form, with separate reference numbers for each.

Once opted in, the status continues for future years unless an opt-out declaration is filed. Confirmation is sent by email and SMS after submission. For FY 2025–26, declarations were filed manually. From FY 2026–27 onwards, all taxpayers, including those who filed earlier, must submit Annexure VII online.

Read more at : [GSTN Enables Online Opt-In for Declaring Hotel Premises as “Specified Premises”](#)

GSTN Revises Interest Calculation in GSTR-3B from January 2026

The Goods and Services Tax Network (GSTN) has issued an advisory announcing system-level enhancements in GSTR-3B, effective from the January 2026 tax period, aimed at improving accuracy and easing compliance.

1. The most important change relates to interest calculation, where the GST portal will now give credit for the minimum cash balance maintained in the Electronic Cash Ledger while computing interest on delayed payment, in line with Rule 88B and Section 50 of the CGST Act. The revised interest will be auto-calculated in Table 5.1 as the minimum payable amount and cannot be edited downward, though taxpayers must self-assess and increase it if required.
2. In addition, the portal will auto-populate the tax liability breakup in Table 6.1 based on past-period supplies reported in GSTR-1, GSTR-1A, or IFF but paid in the current return, with values being suggestive and editable upward.
3. Further, after exhausting IGST ITC, taxpayers will be allowed to use CGST and SGST ITC in any order to discharge IGST liability.
4. For cancelled taxpayers, interest on delayed filing of the last GSTR-3B will be levied and collected through the final return, GSTR-10.

Overall, these changes are intended to reduce disputes, improve transparency in interest computation, and streamline GST compliance.

Read more at : [GSTN Advisory on Interest Collection and Related Enhancements in GSTR-3B, effective from January 2026 tax period onwards](#)

Company Law

NFRA looks to enhance communication between auditors and audit panels

The National Financial Reporting Authority (NFRA) has launched the first part of its **Auditor–Audit Committee Interaction Series** to strengthen communication between statutory auditors and audit committees and improve audit quality.

The initiative highlights the need for more effective communication between auditors and those charged with governance (TCWG), in line with the Companies Act, 2013, relevant Standards on Auditing (SA 260 and SA 265), and quality control standards.

The first edition focuses on the questions audit committees and boards should ask about **accounting estimates, management judgments**, and the **audit of expected credit losses** under Ind AS 109.

The series aims to promote professional scepticism, encourage meaningful two-way discussions, and ensure that audit committees actively question auditors rather than simply accepting their views. Stronger interaction between auditors and TCWG is expected to enhance confidence in corporate financial statements.

Read more at : [NFRA looks to enhance communication between auditors and audit panels](#)

Miscellaneous

EPF ATM, UPI withdrawal rules: Employees can soon withdraw 75% PF through ATM

The Employees' Provident Fund Organisation (EPFO) plans to allow subscribers to withdraw their EPF money through **ATM and UPI** before **March 2026**, making the process faster and more convenient. This move aims to reduce paperwork and simplify access to members' own funds.

At present, EPF withdrawals involve multiple forms, which often cause delays and inconvenience. To fix this, major reforms were approved in **October 2025** to make the system simpler, quicker, and more transparent.

Earlier, EPF withdrawals were restricted by many categories, different service requirements, and limited withdrawal amounts. These rules caused confusion and frequent claim rejections. The government has now merged **13 withdrawal categories** into a simpler framework.

Under the new rules, members can withdraw not only their own contributions and interest, but also the **employer's contribution**. This has increased the withdrawable amount to **75% of the total EPF balance**, which is much higher than before.

The eligibility period has also been standardised. Instead of varying timelines that went up to seven years, members can now withdraw after **12 months of service** for all purposes.

In case of unemployment, **75% of the EPF balance** can be withdrawn immediately, and the remaining **25%** after one year. Full withdrawal is allowed in cases such as retirement at 55, permanent disability, retrenchment, voluntary retirement, or permanent relocation abroad.

Read more at : [EPF ATM, UPI withdrawal rules: Employees can soon withdraw 75% PF through ATM](#)

EPFO wage ceiling hike 2026: Supreme Court asks PF body to increase Rs 15,000 limit

The Supreme Court has asked the central government to review and increase the **EPF wage ceiling of ₹15,000 per month** within four months. This limit decides who must compulsorily join the Employees' Provident Fund (EPF) and Employees' Pension Scheme (EPS).

The ceiling has not changed since **September 2014**, even though salaries, minimum wages, and inflation have increased significantly. As a result, many workers earning above ₹15,000 are excluded from EPF and EPS coverage.

Currently, employees who joined after **1 September 2014** with a salary above ₹15,000 can opt out of EPF and are not eligible for EPS. They can join EPF only if their employer agrees, but they still cannot join the pension scheme.

The court has asked the petitioner to submit a formal request to the government, and the Centre must take a decision within **four months**.

If the wage ceiling is increased, more employees will become eligible for EPF, EPS, and EDLI benefits, improving social security coverage. Employee groups have been demanding a hike to **₹21,000**, but no revision has happened so far.

Read more at : [EPFO wage ceiling hike 2026: Supreme Court asks PF body to increase Rs 15,000 limit](#)

Mandatory service charge by restaurants declared illegal; CCPA cracks down on unfair billing practices

The Central Consumer Protection Authority has declared that automatically adding a service charge to restaurant bills is illegal and amounts to an unfair trade practice under the Consumer Protection Act, 2019. This action follows a Delhi High Court ruling that upheld CCPA guidelines stating that service charges must be voluntary and cannot be imposed by default. Based on complaints received through the National Consumer Helpline, the CCPA took enforcement action against several restaurants across India, ordering refunds to customers, directing changes in billing systems, and imposing penalties of up to ₹50,000. The authority clarified that customers have the right to refuse paying a service charge without facing denial of service or discrimination, reinforcing that tipping is entirely optional.

Read more at : [Mandatory service charge by restaurants declared illegal; CCPA cracks down on unfair billing Practices.](#)



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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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