

**MARCH 2026**

# **MONTHLY UPDATE CAPSULE**



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## Contents

Income Tax.....	3
1. FINANCE ACT 2026 HAS BEEN NOTIFIED.....	3
2. Govt notifies Income-tax Rules 2026; new regime from April 1 .....	3
3. Notification of Revised ITR Forms for AY 2026–27 (FY 2025–26).....	4
4. Banks to seek more details from account holders under amended Income Tax Rules, 1962; check what new information you may have to share .....	5
5. CIC advises Income Tax Dept: Institutionalise taxpayer-friendly grievance redressal...	6
6. Gratuity under new labour laws: Govt clears confusion, says rule applies from THIS date .....	7
COMPANY LAW .....	9
7. Don't Let Late Fees Drain Your Capital: Unlock Concessional Filings via the CCFS-2026. ....	9
8. Director compliance relief: Corporate affairs ministry eases KYC norms, shifts from annual filing to 3-year cycle .....	10
SEBI .....	11
9. Your mutual funds can now be locked: Sebi introduces debit freeze feature for investors.....	11
RBI .....	12
10. RBI's new digital payment rules from April 1: Big changes in UPI, cards and online transactions explained .....	12
Miscellaneous .....	13
11. Now, Mumbai Residents Can Complete All Property-Related Changes from Home - Here's How .....	13
12. FSSAI Revises Licenses, Registration Certificates Validity, Ups Turnover Threshold	13
13. Rules finalised, rollout of all 4 labour codes likely in April .....	14
R R D AND ASSOCIATES .....	15
.....	15
WHAT WE SERVE .....	16
OTHER SPECIALIZED SERVICES:.....	17
DISCLAIMER: .....	18

## Income Tax

### FINANCE ACT 2026 HAS BEEN NOTIFIED

The Finance Act, 2026 (No. 4 of 2026) has been formally enacted following the assent of the Hon'ble President on 30 March 2026 and its subsequent publication in the Gazette of India (Extraordinary).

This enactment gives statutory effect to the financial proposals of the Central Government for the financial year 2026–27.

The Act shall be known as the Finance Act, 2026. As per its commencement provisions:

- The majority of sections, including core taxation provisions, are effective from 1 April 2026.
- Certain provisions will come into force on dates to be notified separately by the Central Government.

The Finance Act, 2026 also incorporates provisions referencing the Income-tax Act, 2025, thereby indicating a transitional phase in India's direct tax framework. This reflects the Government's approach towards gradual implementation of the new legislative regime.

Read more at: [Finance Act 2026 has been notified](#)

### Govt notifies Income-tax Rules 2026; new regime from April 1

The Income-tax Rules, 2026 have been officially notified, completing the transition to the new Income-tax Act, 2025, which will come into effect from April 1, 2026. This marks a major overhaul of India's tax system, replacing the 1961 law with a more streamlined structure, reducing sections from over 800 to 536 and chapters from 47 to 23. A key change is the introduction of a single "Tax Year," removing the earlier distinction between Previous Year and Assessment Year, thereby simplifying the tax filing process.

The new rules provide detailed procedural clarity across areas such as valuation, cross-border taxation, and financial instruments, while strengthening anti-avoidance measures and aligning with global standards. They also introduce stricter compliance requirements with greater emphasis on documentation, audit trails, and reporting, alongside a digital-first approach with new forms and shorter timelines for corrections.

For salaried individuals, there are significant increases in tax-exempt allowances, including higher limits for children's education, hostel expenses, meal vouchers, and expanded HRA benefits for additional cities. The rules also tighten certification requirements by introducing experience and revenue thresholds for professionals, including recognition of qualified foreign practitioners.

Overall, while the new framework simplifies the structure and language of tax laws, it also brings a more compliance-intensive regime with stricter timelines and enhanced reporting obligations.

Read More at : [Govt notifies Income-tax Rules 2026; new regime from April 1.](#)

### **Notification of Revised ITR Forms for AY 2026–27 (FY 2025–26)**

The government has notified Income Tax Return (ITR) forms ITR-1 to ITR-7 for Assessment Year 2026–27, along with ITR-V (verification) and ITR-U (updated return). Taxpayers can file their returns using the applicable forms, with the due date for individuals generally being 31 July 2026. Returns for Financial Year 2025–26 will continue to be governed by the Income Tax Act, 1961.

ITR-1 (Sahaj) is applicable to resident individuals with income up to ₹50 lakh from salary, pension, one house property, and other sources, subject to specified conditions. ITR-2 applies to individuals and HUFs without business or professional income, including those with capital gains, multiple house properties, or foreign assets. ITR-3 is meant for individuals and HUFs having income from business or profession, while ITR-4 (Sugam) is for taxpayers opting for the presumptive taxation scheme with income up to ₹50 lakh.

For non-individual entities, ITR-5 applies to firms, LLPs, and similar entities, ITR-6 is for companies not claiming exemption under Section 11, and ITR-7 is applicable to trusts, political parties, and specified institutions.

The updated return form, ITR-U, allows taxpayers to correct or update previously filed returns within 48 months from the end of the relevant assessment year, promoting voluntary compliance. ITR-V serves as the verification form for returns not digitally validated and must be verified within 30 days through prescribed methods.

Overall, the notification of these forms facilitates timely and structured tax compliance for various categories of taxpayers.

Read more at : [Government notifies ITR forms for AY 2026-27: Taxpayers can file returns by July 31](#)

### **Banks to seek more details from account holders under amended Income Tax Rules, 1962; check what new information you may have to share**

The Central Board of Direct Taxes (CBDT) has amended Rules 114F, 114G and 114H of the Income-tax Rules, 1962 through Notification No. 19/2026 dated 5 March 2026, with effect from 1 January 2026. The amendments expand the scope of financial account reporting under the Common Reporting Standard (CRS) and FATCA framework and require banks and reporting financial institutions to collect and report additional information about account holders. Institutions must now report details such as self-certification status, joint account information, number of account holders, whether the account is new or pre-existing, and the specific role through which a person qualifies as a controlling person in entity accounts. The rules also require collection of TIN and date of birth when updating pre-existing accounts under PMLA requirements, and mandate reporting of gross proceeds from sale or redemption of financial assets where the institution acts as a custodian or broker. The definition of financial assets has been expanded to include relevant crypto-assets and certain digital financial products, while reporting under CRS may be avoided if the same transactions are already reported under the Crypto-Asset Reporting Framework (CARF). The amendments also improve transparency for joint accounts, entity ownership structures and offshore

Monthly update capsule – March 2026 Page 5 of 18

holdings, which may increase visibility of individuals' financial interests and digital asset transactions.

Under the amended Rule 114H, the due diligence rules clarify how reportable accounts should be identified. New accounts under the existing CRS framework are identified from 1 January 2016, while accounts that become financial accounts due to the CRS amendments will be treated as new accounts from 1 January 2026. For pre-existing accounts, the reference date remains 31 December 2015 under the earlier CRS framework, while accounts that become financial accounts only due to the amendments will be treated as pre-existing accounts as of 31 December 2025. These changes aim to strengthen tax transparency and ensure reporting systems capture emerging digital financial assets and complex ownership structures.

Read more at : [Banks to seek more details from account holders under amended Income Tax Rules, 1962; check what new information you may have to share](#)

## **CIC advises Income Tax Dept: Institutionalise taxpayer-friendly grievance redressal**

The Central Information Commission has advised the Income Tax Department to establish a taxpayer-friendly mechanism for resolving tax grievances, noting that taxpayers are often forced to run from “pillar to post” to correct discrepancies in tax records.

The issue mainly arises when there is a mismatch between Form 16 issued by the Drawing and Disbursing Officer (DDO) and Form 26AS maintained by the Income Tax Department across multiple assessment years.

In such cases, taxpayers are repeatedly asked to pursue authorities to reconcile discrepancies even though the deductor/DDO is legally responsible for correctly depositing and reporting TDS. Officials often pursue the taxpayer instead of the deducting authority responsible for the reporting error, which results in unnecessary hardship for honest taxpayers.

A system should be introduced where the deductor is first asked to explain the discrepancy and confirm whether the tax has been properly deducted, deposited, and reported. Only if the issue is attributable to the taxpayer should both the taxpayer and the deductor be heard together to resolve the matter transparently and fairly.

Read more at : [CIC advises Income Tax Dept: Institutionalise taxpayer-friendly grievance redressal](#)

## **Gratuity under new labour laws: Govt clears confusion, says rule applies from THIS date**

The new labour codes clarify that gratuity provisions will be effective from November 21, 2025, with no retrospective application. This means gratuity will apply only to service from this date onward and will be calculated based on the last drawn wages at the time of exit. The calculation will follow the revised wage definition under the Code on Social Security, where only specified components are included, and exclusions such as gratuity, ESI, and retirement benefits are not considered. A key aspect is the 50% wage rule, under which if allowances exceed half of total remuneration, the excess is added back to wages, increasing the base for gratuity and other social security benefits.

### **Key highlights:**

- No recalculation of gratuity for past service periods
- Fixed-term employees eligible for gratuity after **1 year of service**
- Contractors liable for gratuity after **5 years for contract workers**
- Overtime included in wages; performance incentives excluded
- ESI threshold remains **₹21,000 per month**
- Standard working hours: **8 hours per day / 48 hours per week**, with overtime at double rate
- Leave carry forward up to **30 days** (unlimited if denied), and mandatory creche facilities

Overall, the clarification removes ambiguity around implementation timelines and ensures that employers and employees can align with the updated wage structure and compliance requirements going forward.

Read more at : [Gratuity under new labour laws: Govt clears confusion, says rule applies from THIS date.](#)

## COMPANY LAW

### **Don't Let Late Fees Drain Your Capital: Unlock Concessional Filings via the CCFS-2026.**

The Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) is a one-time initiative under the Companies Act, 2013 that allows companies in India to regularize overdue filings of Annual Returns and Financial Statements through the MCA-21 portal at reduced cost. Normally, delayed filings attract an additional fee of INR 100 per day with no upper limit, which can result in heavy penalties. This scheme aims to ease that burden, encourage companies to update their statutory records, and improve the accuracy and transparency of the corporate registry. The CCFS-2026 scheme will be available for a three-month period, starting April 15, 2026, till July 15, 2026.

Under the scheme, companies can either complete pending filings by paying only 10 percent of the additional late fees, apply for dormant status by paying 50 percent of the normal filing fee with reduced compliance requirements, or opt for strike-off by paying 25 percent of the normal fee to close the company. The scheme is particularly beneficial for MSMEs, startups, One Person Companies, and private limited companies that have missed compliance deadlines, as it provides a cost-effective way to become compliant or exit.

Read more at : [Don't Let Late Fees Drain Your Capital: Unlock Concessional Filings via the CCFS-2026.](#)

## **Director compliance relief: Corporate affairs ministry eases KYC norms, shifts from annual filing to 3-year cycle**

The Ministry of Corporate Affairs has relaxed compliance requirements for company directors by replacing the mandatory annual DIR-3 KYC filing with a simplified requirement of once every three years under the Companies Act, 2013. This change follows amendments to Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 and is effective from 31 March 2026.

Under the revised framework, directors are required to submit an abridged KYC form once every three years instead of filing it annually. A revised KYC form has been introduced, which also allows updating of mobile number, email ID, and residential address, along with reactivation of the Director Identification Number (DIN). Verification through digital signature and professional certification is required only in cases where such details are being updated.

All directors who have already completed their KYC requirements are covered under the new provisions, with the next due date falling on 30 June 2028. Directors who have not yet completed their KYC may continue to regularize and reactivate their DIN under the existing provisions up to 31 March 2026.

These changes are aimed at reducing compliance burden and improving ease of doing business for directors.

Read more at : [Director compliance relief: Corporate affairs ministry eases KYC norms, shifts from annual filing to 3-year cycle](#)

### **Your mutual funds can now be locked: Sebi introduces debit freeze feature for investors**

Mutual fund investors in India will soon have the option to add an extra security layer to their investments through a voluntary lock-in or debit freeze facility. This feature allows investors to temporarily block withdrawals or debits from their mutual fund folios.

When the lock is activated, no units can be redeemed, switched, or otherwise debited until the investor removes the freeze. The facility will apply to both demat and non-demat mutual fund holdings, covering folios held in demat accounts as well as those maintained directly with asset management companies (AMCs).

Initially, the feature will be available through MF Central, a digital platform used to manage mutual fund transactions across different fund houses. Registrars and Transfer Agents (RTAs) will enable investors to activate or deactivate the freeze through this platform.

To use the facility, the folio must be KYC compliant and linked to a valid email ID and mobile number for authentication and communication related to locking and unlocking.

The Association of Mutual Funds in India will define the operational framework for how the locking and unlocking process works and will also specify which financial and non-financial transactions remain allowed during the freeze period.

Fund houses and RTAs will publish the procedures and explain how the feature affects transactions in their investor documents.

The new rules will take effect from April 30 and are intended to strengthen security as mutual fund investing becomes increasingly digital, helping reduce the risk of cyber fraud and unauthorized transactions.

Read More at : [Your mutual funds can now be locked: Sebi introduces debit freeze feature for investors](#)

## RBI

### **RBI's new digital payment rules from April 1: Big changes in UPI, cards and online transactions explained**

Starting April 1, 2026, the Reserve Bank of India will introduce a new framework that changes how digital payments are authenticated across India, aiming to make transactions safer and reduce fraud as digital usage grows. Under the new rules, all digital payments, including UPI, card, and wallet transactions, will require mandatory two-factor authentication, meaning users must complete two separate verification steps such as OTP, PIN, password, biometrics, or device-based checks, with OTP no longer being the sole method. The framework also introduces risk-based authentication, where the level of security will be adjusted in real time, allowing low-value or routine transactions from trusted devices to go through with minimal friction, while high-value or unusual transactions will require additional verification. This system is designed to address rising cyber threats like phishing, SIM swap fraud, and unauthorised transactions by adding multiple layers of protection and encouraging the use of advanced technologies. Banks and payment platforms will need to upgrade their systems to comply, creating a more secure digital ecosystem. For users, this may mean slightly more steps for certain transactions, but routine payments could become smoother due to intelligent risk assessment. Overall, the framework marks a shift from basic OTP-based systems to more advanced, adaptive security methods, aligning with global practices and aiming to deliver safer, more reliable digital payment experiences.

Read more : [RBI's new digital payment rules from April 1: Big changes in UPI, cards and online transactions explained](#)

## Miscellaneous

### **Now, Mumbai Residents Can Complete All Property-Related Changes from Home - Here's How**

Maharashtra has launched a new online platform for property-related services in Mumbai, enabling users to carry out name transfers and update land records without visiting government offices. The system supports around 45 types of transactions, including lease updates, mortgage registrations, inheritance cases, gift deeds, and purchase deeds, along with technical changes such as land reservations and setbacks.

Developed by the National Informatics Centre and integrated with the Mahabhoomi system, the platform allows users to submit and track applications online, receive SMS updates, and access services remotely, even from outside Mumbai or abroad. It also provides assistance through a help desk at the Mumbai City Collector's office.

Overall, the platform simplifies property transactions, supports a wide range of activities like buying, selling, and transfers, and is part of a broader effort to modernize administrative processes.

[Now, Mumbai Residents Can Complete All Property-Related Changes from Home - Here's How](#)

### **FSSAI Revises Licenses, Registration Certificates Validity, Ups Turnover Threshold**

The Food Safety and Standards Authority of India has introduced major reforms to improve ease of doing business by granting perpetual validity to its licenses and registration certificates, removing the need for periodic renewals. It has also raised the turnover threshold for basic registration from ₹12 lakh to ₹1.5 crore, while setting revised limits for licenses, with state licenses applicable for businesses with turnover between ₹1.5 crore and ₹50 crore, and

central licenses required for turnover above ₹50 crore, effective from April 1, 2026. The changes also address dual compliance issues for street food vendors and introduce provisions for risk-based inspections and flexible categorisation criteria. Additionally, FSSAI has made it mandatory for all milk producers (except those supplying entirely to cooperative societies) and milk vendors to register before starting or continuing operations, along with ensuring periodic inspection of milk chillers to maintain proper storage conditions and prevent spoilage. To enhance the regulatory framework, the authority has also notified 252 food testing laboratories and 24 referral laboratories for appellate sample analysis.

Read More at : [FSSAI Revises Licenses, Registration Certificates Validity, Ups Turnover Threshold](#)

### **Rules finalised, rollout of all 4 labour codes likely in April**

The Central government is set to notify the rules under all four labour codes, including the Code on Wages, Code on Social Security, Industrial Relations Code, and Occupational Safety, Health and Working Conditions Code, with implementation expected in April after final approval from the law ministry. These codes, already notified in November 2025, consolidate 44 labour laws into a simplified framework of 29 provisions, and their draft rules were released for public consultation before being finalised. Once implemented, the rules will enable key reforms such as social security coverage for unorganised, gig, and platform workers, mandatory annual health check-ups for workers above 40 years, statutory minimum wages for all, and provisions for unemployment benefits. The government also plans to establish a social security fund to provide comprehensive coverage to around 400 million unorganised workers.

Read more at : [Rules finalised, rollout of all 4 labour codes likely in April](#)

## 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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