

10th February UPDATES

January 2026

P G BHAGWAT LLP

Chartered Accountants | Since 1938

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Updates



January 2026

P G BHAGWAT LLP (“PGB LLP”) is glad to release updates for the month of January 2026

The objective of these updates is to make you aware of the latest changes in auditing, accounting, taxes, labour laws etc.

We hope these updates are useful to you to stay on top of the development in your field.

“The greatest obstacle to discovery is not ignorance—it is the illusion of knowledge”

For detailed information and / or queries, please do get in touch with us at updates@pgbhagwatca.com.

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[CIRCULAR FROM MCA](#)



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[CIRCULAR FROM GST](#)



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We compile only the most relevant & important updates and therefore urge to you go through them...

This edition contains the following: click on the content line to navigate



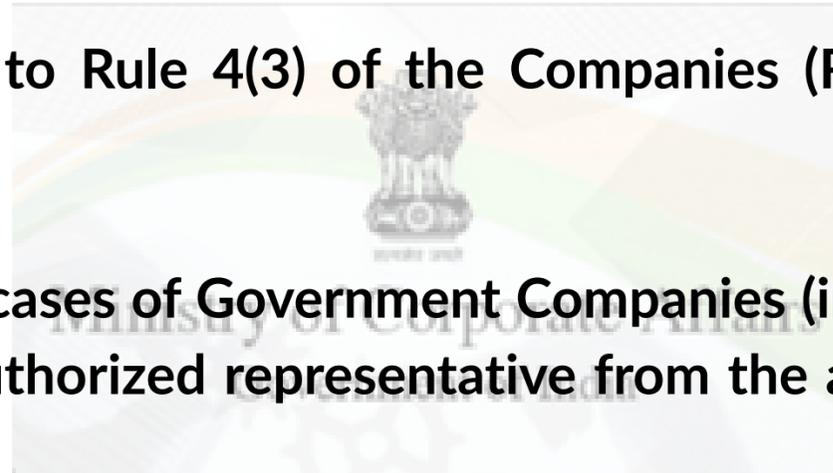
1. the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025

Summary of the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025

What's New?

1. This notification introduces a new proviso to Rule 4(3) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016.
2. The key change is:

Special provision for Government Companies: In cases of Government Companies (including their subsidiaries), the indemnity bond in Form STK-3A can now be given by an authorized representative from the administrative Ministry/Department instead of requiring it from the directors themselves.



Detailed Explanation:

i. Background

- The Companies Act, 2013 allows the Registrar of Companies (RoC) to remove the name of a company from the register under certain circumstances outlined in Section 248.
- When such removal is initiated, Rule 4 of the 2016 Rules prescribes the procedures to be followed.

ii. The Amendment

- The amendment adds a second proviso to Rule 4(3), which deals with the submission of indemnity bonds by directors.



Key Elements:

1. **Applicable to:** Government Companies and their subsidiaries
2. **Specific scenario:** When directors are appointed or nominated by the Central Government or State Government
3. **New procedure:** Instead of the directors giving the indemnity bond personally, an authorized representative from the relevant government administrative Ministry or Department can provide it on behalf of the company
4. **Form to be used:** Form STK-3A (indemnity bond).

Legal Authority:

The Central Government has exercised powers under:

- Section 248(1), (2), and (4) of the Companies Act, 2013.
- Section 469 of the Companies Act, 2013 (rule-making power).

Key Conditions:

1. **Eligibility Criteria**
- The special provision applies only to:
 - Government Companies (as defined under the Companies Act, 2013)
 - Subsidiaries of such Government Companies
 - Directors who are specifically appointed or nominated by the Central Government or State Government.



2. Authorization Requirements

The authorized representative must be:

- From the administrative Ministry or Department of the Government of India OR State Government (as applicable)
- Minimum rank: Under Secretary or equivalent Not below the rank of Under Secretary

3. Form Requirement

- The indemnity bond must be in Form STK-3A
- The bond is given on behalf of the Company.

4. Scope

- Applies to one or more directors appointed/nominated by the government.
- Covers both Central Government and State Government appointees/nominees.



Additional Conditions:

i. No Change to Other Companies

- This special provision applies ONLY to Government Companies and their subsidiaries
- Private companies, public companies (non-government), and other entities continue to follow the existing procedure where directors themselves must provide the indemnity bond

ii. Original Rule 4(3) Remains Intact

- The first proviso to Rule 4(3) continues to apply.
- This amendment adds a second proviso without replacing the existing provisions.



i. Administrative Hierarchy

- The representative must be from the administrative Ministry or Department.
- This ensures proper accountability within the government structure.

ii. Retrospective Application

- No retrospective effect is mentioned
- The rules come into force from the date of publication (December 31, 2025)

Practical Implications:

- For Government Companies:

1. **Simplified Process:** Removes the burden from individual government-nominated directors to personally execute indemnity bonds when a company is being struck off
2. **Institutional Accountability:** Shifts responsibility to the administrative Ministry/Department, recognizing that these directors are appointed in their official capacity
3. **Operational Efficiency:** Facilitates faster processing of strike-off applications for defunct government companies
4. **Reduced Personal Liability Concerns:** Government-nominated directors may face less personal exposure in the strike-off process

ii. For Administrative Ministries/Departments:

1. **New Responsibility:** Ministries must now designate authorized representatives (Under Secretary level or above) to execute indemnity bonds
2. **Due Diligence Required:** The Ministry must satisfy itself about the appropriateness of providing the indemnity before executing the bond
3. **Record Keeping:** Proper documentation and authorization procedures need to be established.





i. For Registrar of Companies:

- a. **Verification Process:** RoC must verify that the representative is properly authorized and meets the rank requirement
- b. **Documentation:** Must accept Form STK-3A from authorized government representatives in applicable cases
- c. **Distinction Required:** Must distinguish between government-nominated directors (eligible for this provision) and independent/other directors.

ii. For Practitioners and Professionals:

- a. **Advisory Role:** Must advise Government Company clients about this alternative procedure.
- b. **Form Preparation:** Need to ensure Form STK-3A is properly executed by authorized government representatives.
- c. **Compliance Check:** Verify eligibility and proper authorization before filing.

Implementation Deadlines:

Effective Date: December 31, 2025 - The date of publication in the Official Gazette.

Link : [Click Here](#)



2. Companies (Appointment and Qualification of Directors) Amendment Rules, 2025

Summary of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025.

What's New?

- i. **Simplified KYC Filing System:** The previous dual-system of e-Form DIR-3-KYC and web service DIR-3-KYC-WEB has been replaced with a single Form No. DIR-3-KYC-Web.
- ii. **Revised KYC Filing Frequency:** Directors must now file KYC once every three years (instead of annually), specifically by June 30th following every third consecutive financial year.
- iii. **Updated Administrative Structure:** Reference to "Regional Director (Northern Region), Noida" has been changed to "Regional Director, Northern Region Directorate I".
- iv. **Mandatory Update Timeline for Address/Contact Changes:** Directors must update their mobile number, email address, or residential address within 30 days of any change.



Detailed Explanation:

i. Background

- This amendment modifies the Companies (Appointment and Qualification of Directors) Rules, 2014, which were originally published on April 2, 2014, and last amended on July 16, 2024.

ii. Key Amendments

1. Changes to Rule 11 (DIN Deactivation)

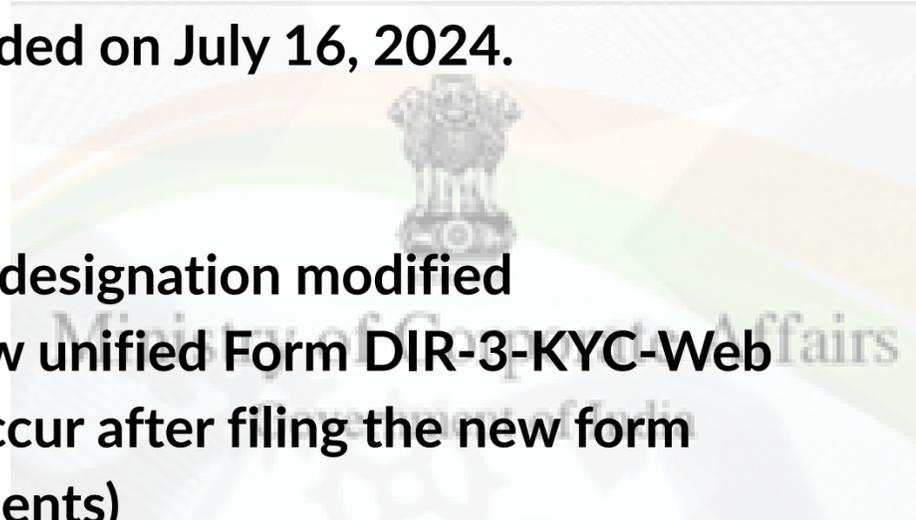
- Administrative update: Regional Director designation modified
- Form reference updated to reflect the new unified Form DIR-3-KYC-Web
- Clarifies that DIN reactivation can only occur after filing the new form

2. Replacement of Rule 12A (KYC Requirements)

- The new Rule 12A introduces two distinct provisions:

1. Sub-rule (1) - Periodic KYC Filing:

- a. Every DIN holder as on March 31 of a financial year must file KYC
- b. Filing due by June 30th of the immediately following every third consecutive financial year
- c. Example: If you hold a DIN on March 31, 2026, and you last filed KYC for FY 2023-24, your next KYC will be due by June 30, 2027 (for FY 2026-27).





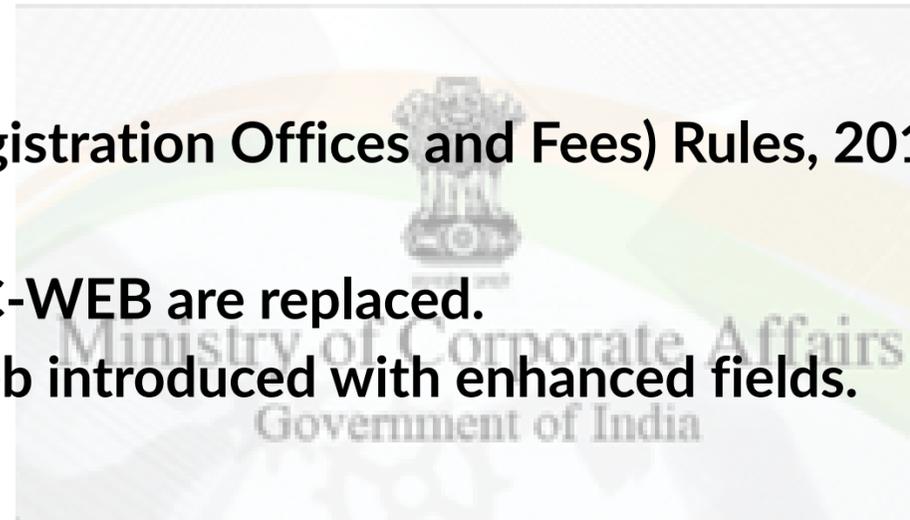
2. Sub-rule (2) - Event-Based Updates:

a. Mandatory filing within 30 days for changes in:

- i. Personal mobile number
- ii. Email address
- iii. Residential address
- iv. Applicable fees as per Companies (Registration Offices and Fees) Rules, 2014

3. Form Consolidation

- Old Forms DIR-3-KYC and DIR-3-KYC-WEB are replaced.
- New unified Form No. DIR-3-KYC-Web introduced with enhanced fields.



Key Conditions:

i. Periodic KYC Filing (Every 3 Years)

- **Who:** All individuals holding a Director Identification Number
- **When:** On or before June 30th following every third consecutive financial year
- **Where:** File electronically using Form DIR-3-KYC-Web.



ii. Event-Based Filing (Within 30 Days)

- **Trigger Events:**

1. Change in personal mobile number
2. Change in email address
3. Change in residential address (permanent or present)

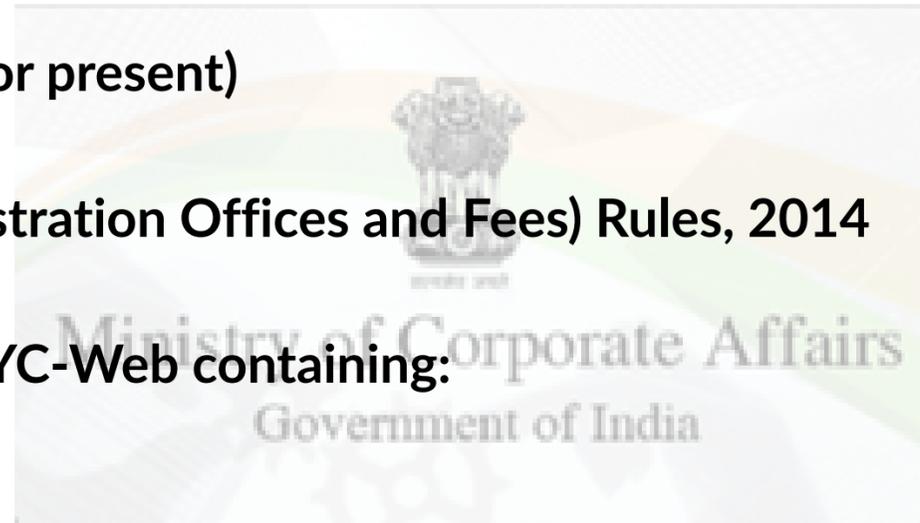
- **Timeline:** 30 days from date of change

- **Fee:** As prescribed under Companies (Registration Offices and Fees) Rules, 2014

iii. Form Requirements

- All filings must be made in Form No. DIR-3-KYC-Web containing:

- Director Identification Number (DIN)
- Full name (no abbreviations)
- Nationality and date of birth
- Income Tax PAN (with verification)
- Passport number
- Mobile number and Email ID (with OTP verification)
- Permanent and present residential addresses
- Residential proof documents
- Digital signature of DIN holder





iv. Professional Certification

- Chartered Accountant (in whole-time practice), OR
- Cost Accountant (in whole-time practice), OR
- Company Secretary (in whole-time practice)
- The professional must certify that they have verified the particulars from original/certified records.

Additional Conditions:

i. OTP Verification Mandatory

- Mobile number must be verified via OTP
- Email ID must be verified via OTP
- Income Tax PAN must be verified

ii. Document Attachments Required

- Proof of change in particulars (mandatory for updates)
- Residential proof (Voter ID/Passport/Driving License/Aadhaar/Bank Statement/Utility Bill)
- Optional attachments as needed

iii. Digital Signature Requirements

- DIN holder must digitally sign the form
- Certifying professional must digitally sign the form





iv. Declaration and Verification

- DIN holder must declare that:

- All particulars are true and match attached documents.
- Information is being filed within prescribed timelines.
- They understand liability under Section 448 of Companies Act, 2013 and Bharatiya Nyaya Sanhita, 2023 for false statements.

v. Purpose Selection

- Form allows multiple purposes:

- Reactivation of DIN
- KYC compliance
- Update of mobile number
- Update of email ID
- Update of permanent residential address
- Update of present residential address





Practical Implications:

i. For Directors:

- **Reduced Compliance Burden:** KYC filing reduced from annual to once every three years, significantly reducing administrative workload.
- **Quick Updates Required:** Must be vigilant about 30-day deadline for updating contact/address changes to avoid penalties.
- **Enhanced Data Accuracy:** Regular updates ensure MCA database contains current contact information.
- **Professional Engagement:** Need to engage CA/CS/CMA for certification, adding to compliance cost but ensuring accuracy.
- **Technology Requirement:** Must have access to digital signature and ability to receive OTPs on registered mobile/email.

ii. For Companies:

- **Monitoring Director Compliance:** Companies should track their directors' KYC compliance status to avoid potential issues.
- **Board Changes:** When appointing new directors, verify their DIN is active and KYC is up-to-date.
- **Corporate Governance:** Better data quality in MCA records improves overall corporate governance framework.

iii. For Professionals (CA/CS/CMA):

- **New Service Opportunity:** Certification requirement creates additional professional work.
- **Due Diligence Responsibility:** Must verify documents from original records, carrying liability under Section 448.
- **Practice Management:** Need to maintain proper documentation of verification process.

Implementation Deadlines:

Effective Date: March 31, 2026

Link : [Click Here](#)



3. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026

Summary of Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026

What's New?

This notification introduces several significant changes:

- i. **Unified Framework:** For the first time, export AND import regulations are combined in a single regulation (previously only export regulations existed under FEMA 23(R)/2015-RB).
- ii. **Extended Realization Period:** Standard period increased from 9 months to 15 months for exports
- iii. **Special provision:** 18 months for exports invoiced/settled in Indian Rupees.
- iv. **Simplified Compliance:**
 - Threshold limit of ₹10 lakh introduced for simplified procedures
 - Bulk closure option for entries on quarterly basis
 - Declaration-based closure for small value transactions.
- v. **Merchanting Trade Transaction (MTT):** Comprehensive framework now included in main regulations.
- vi. **Set-off Provisions:** Explicit provisions for setting off export receivables against import payables with group/associate companies.
- vii. **Enhanced AD Flexibility:** Greater discretionary powers to Authorised Dealers for extensions and adjustments.



Detailed Explanation:

This regulation unifies the framework for export and import of goods and services, merchanting trade, and project exports. Exporters must submit an Export Declaration Form (EDF) at the time of export for goods (automatic at EDI ports) and within 30 days of invoice for services. Export proceeds must be realized within 15 months (18 months for INR-denominated transactions) from shipment/invoice date, while project exports follow contract terms. Transactions up to ₹10 lakh enjoy simplified compliance through declaration-based closures and quarterly bulk reporting. Import advance payments must be routed through the same AD and require genuineness assessment (advance remittance prohibited for gold/silver). Non-materialized imports require advance repatriation, failing which future advances need LC/bank guarantee. Non-compliance penalties include mandatory advance payment or LC requirements for future transactions if export proceeds remain unrealized beyond one year or import advances are not repatriated.



Key Conditions:

i. Mandatory Conditions

a) Export Value Realization:

- Full export value must be realized within prescribed period
- Repatriation to India mandatory
- Interest on advance/delayed payment capped at trade credit all-in-cost ceiling.

b) EDPMS/IDPMS Reporting:

- AD must enter details within 5 working days
- Monitor and follow-up for closure
- Update for all receipts/payments

c) Merchanting Trade:

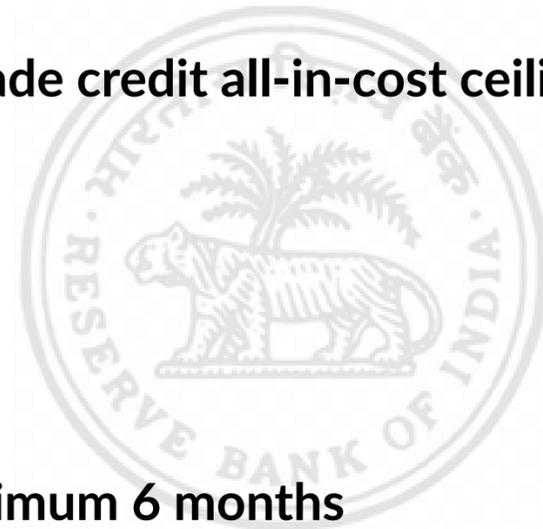
- Gap between outward and inward remittance: maximum 6 months
- Payments only to overseas seller, receipts only from overseas buyer
- Documentary evidence mandatory

d) Third Party Transactions:

- Permitted only with AD satisfaction of bonafides
- Relationship disclosure required

e) Set-off Arrangements:

- Only with same overseas buyer/supplier or their group companies
- Within stipulated realization period





ii. AD Responsibilities

a) Policy Framework:

- Comprehensive internal policy and SOP mandatory
- Must be disclosed on website
- Clear delegation of powers required

b) Customer Protection:

- Reasonable and proportional charges
- Cannot levy penalty for regulatory violations by customer
- Grievance redressal and appeal mechanism mandatory

c) Monitoring:

- Systems to track realization within timelines
- Follow-up with exporters/importers
- Genuineness verification before transactions





Practical Implications:

Exporters benefit from extended realization timelines (15-18 months vs earlier 9 months), simplified compliance for transactions up to ₹10 lakh through declaration-based closures and quarterly bulk reporting, but must ensure timely EDF submission and route advance receipts through the same AD, with the penalty that unrealized proceeds beyond one year restrict future exports to advance/LC basis only. Importers face new obligations including declaration requirements for IDPMS closure, routing advances through the same AD, and mandatory repatriation of advances if imports don't materialize, failing which future advances require LC/bank guarantee. Authorised Dealers receive greater discretionary powers to grant extensions and approve adjustments but shoulder increased responsibilities including mandatory comprehensive policy and SOP disclosure on websites, enhanced monitoring obligations, customer grievance mechanisms, 5-day timelines for EDPMS/IDPMS entries, and critically, cannot levy penalties on customers for their regulatory violations while maintaining reasonable charging structures. Merchanting trade operations now have clear 6-month timelines between transaction legs with flexibility for AD-approved extensions and group company payments.

Implementation Deadlines:

October 1, 2026 The regulations shall come into force from this date.

Link : [Click Here](#)



4. RBI/2025-26/194 - A.P. (DIR Series) Circular No. 20 dated January 16, 2026

"Export and Import of Goods and Services"

Summary of RBI/2025-26/194 - A.P. (DIR Series) Circular No. 20 dated January 16, 2026

"Export and Import of Goods and Services"

What's New?

- i. Introduction of new consolidated regulations: Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026.
- ii. Supersession of multiple legacy circulars: 96 circulars on exports and 71 circulars on imports are being replaced.
- iii. Introduction of PRAVAAH portal for all references to RBI.
- iv. Shift from fragmented regulations to a unified framework.

Detailed Explanation:

The Reserve Bank of India has conducted a comprehensive review of FEMA regulations governing export-import transactions in consultation with stakeholders. The objective is to:

- Simplify and consolidate scattered regulations into one comprehensive framework.
- Promote ease of doing business, especially for small exporters and importers.
- Empower Authorised Dealers (ADs) to provide quicker and more efficient services.
- Modernize the regulatory framework by replacing decades-old circulars (dating back to 2000).



Key Conditions:

i. Compliance Requirements: Authorised Dealers must ensure adherence to:

- FEMA, 1999
- Rules, regulations, and directions under FEMA
- Foreign Trade Policy issued by Government of India

ii. Mandatory Portal Usage: All references to RBI must be sent through the PRAVAAH portal (<https://pravaah.rbi.org.in/pravaah/#/>)

iii. Reporting Obligation: ADs must inform the Directorate of Enforcement (DoE) about any doubtful transactions.

Additional Conditions:

ADs must inform their customers/constituents about these new regulations.

Directions issued under Sections 10(4) and 11(1) of FEMA, 1999.

Permissions/approvals under other laws remain unaffected.

Practical Implications:

i. For Authorised Dealers:

- a. Need to familiarize themselves with new consolidated regulations
- b. Must migrate to PRAVAAH portal for RBI communications
- c. Greater autonomy in providing services to customers



ii. For Exporters/Importers:

- a. Simplified compliance process
- b. Potentially faster processing times
- c. Single reference point for regulations instead of navigating 167 separate circulars.

iii. Operational Changes:

- a. Banks and dealers will need to update internal processes and systems
- b. Staff training on new regulations required
- c. IT system updates for PRAVAAH portal integration

Implementation Deadlines:

Notification Date: January 16, 2026

Effective Date: October 01, 2026

Transition Period: Approximately 8.5 months for implementation

All superseded circulars (167 total) will cease to be effective from October 01, 2026.

Link : [Click Here](#)



5. Foreign Exchange Management (Guarantees) Regulations, 2026 Notification No. FEMA 8(R)/2026-RB dated January 6, 2026.

Summary of Foreign Exchange Management (Guarantees) Regulations, 2026 Notification No. FEMA 8(R)/2026-RB dated January 6, 2026.

What's New?

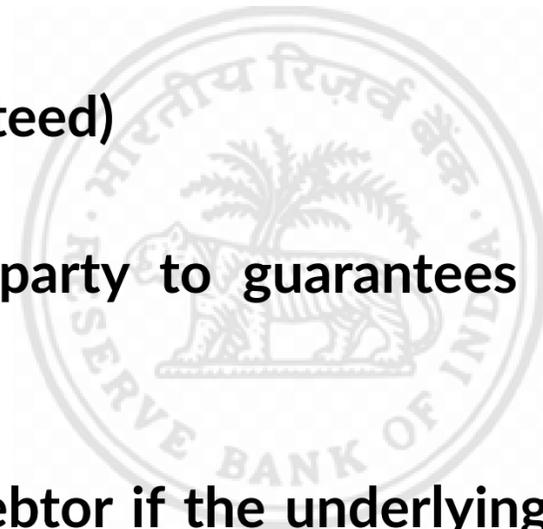
- Supersedes the old FEMA 8/2000-RB dated May 3, 2000.
- Introduces structured reporting framework with quarterly submissions.
- Introduces Late Submission Fee mechanism for delayed reporting.
- Provides clearer exemptions for IFSC branches, FPI custodian arrangements, and overseas investments.
- Standardizes guarantee reporting through Form GRN with detailed fields.



Detailed Explanation:

This notification regulates guarantees involving at least one party resident outside India. It covers situations where Indian residents act as:

- Surety (guarantor)
- Principal debtor (borrower whose debt is guaranteed)
- Creditor (beneficiary of guarantee)
- Core Prohibition: Indian residents cannot be party to guarantees with non-residents unless permitted under these regulations.
- Key Permissions:
 - o Indian residents can act as surety/principal debtor if the underlying transaction is permitted and parties are eligible to lend/borrow under FEMA Borrowing and Lending Regulations.
 - o Indian creditors can obtain guarantees even when both surety and debtor are non-residents, provided the underlying transaction is permitted.





Key Conditions:

i. For Sureties and Principal Debtors (Regulation 5)

- Underlying transaction must not be prohibited under FEMA.
- Surety and principal debtor must be eligible to lend/borrow from each other under FEMA Borrowing and Lending Regulations, 2018.

ii. Exemptions from Condition 2:

- Guarantees by AD banks covered by 100% counter-guarantee or collateral from non-residents
- Guarantees by agents of foreign shipping/airline companies for statutory obligations in India
- Guarantees where both surety and debtor are Indian residents

iii. For Creditors (Regulation 6)

- When both surety and debtor are non-residents, creditor must ensure underlying transaction is not prohibited under FEMA



Additional Conditions:

Reporting Requirements (Regulation 7)

i. Who Reports:

- Surety (if Indian resident)
- Principal debtor (if arranged guarantee with foreign surety)
- Creditor (if both surety and debtor are non-residents OR creditor arranged the guarantee).

ii. What to Report:

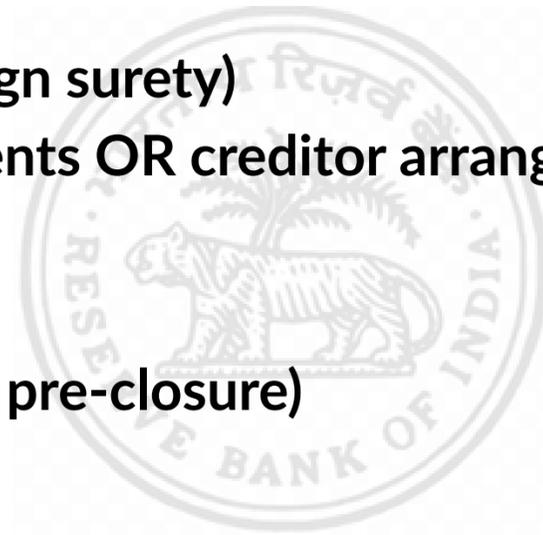
- Issuance of guarantee
- Modifications (amount change, period extension, pre-closure)
- Invocation of guarantee

iii. Timeline:

- Quarterly basis within 15 calendar days from quarter-end to authorized dealer bank

iv. AD Bank Submission:

- Within 30 calendar days from quarter-end to RBI.





Practical Implications:

i. For Indian Companies

- Enhanced compliance burden: Quarterly reporting of all cross-border guarantees
- Better clarity: Standardized conditions for giving/receiving guarantees
- Cost of non-compliance: Late submission fees can be substantial for large guarantees

ii. For Banks

- Streamlined process: Clear exemptions for IFSC operations and custodian IPCs
- Reporting responsibility: Must consolidate and submit client reports to RBI within 30 days

iii. For Group Companies

- Intra-group guarantees: Easier for parent-subsidary arrangements meeting eligibility criteria
- Documentation: Need to maintain clear records of underlying transactions

iv. Financial Impact

- Late Submission Fee formula: $\text{₹}7,500 + 0.025\% \times \text{Amount} \times \text{Years of delay}$
- For a ₹100 crore guarantee delayed by 6 months: $\text{₹}7,500 + \text{₹}1,25,000 = \text{₹}1,32,500$

Implementation Deadlines:

Effective Date: From the date of publication in the Official Gazette (expected shortly after January 6, 2026)

Link : [Click Here](#)



6. Foreign Exchange Management (Guarantees) Regulations, 2026

Summary of Foreign Exchange Management (Guarantees) Regulations, 2026.

What's New?

- Introduction of comprehensive new regulations specifically governing guarantees involving non-resident parties.
- Mandatory reporting framework for all guarantees (issued, modified, or invoked) through Form GRN.
- Discontinuation of quarterly reporting on guarantees for Trade Credit from March 2026 quarter.
- Supersession of 19 previous circulars dating from 2002 to 2023.

Detailed Explanation:

- The RBI has consolidated and updated the regulatory framework for guarantees involving foreign exchange transactions.
- Authorized Dealer Category I Banks must now follow these new regulations when facilitating any guarantee where at least one party is a person resident outside India.
- The regulations aim to streamline reporting and ensure comprehensive oversight of cross-border guarantee transactions.



Key Conditions: 1. Applicable to: All guarantees where any party is a non-resident

2. Reporting requirement: All guarantees (issued, modified, invoked) must be reported in Form GRN

3. Bank compliance: AD banks must ensure adherence to regulatory guidelines from RBI's Department of Regulation

4. Comprehensive coverage: Applies across ECB, Trade Credits, Export/Import of Goods & Services, and Other Remittances.

Additional Conditions: 1. Banks must inform their customers/constituents about these new regulations

2. Amendments will be made to related Master Directions covering ECB, Trade Credits, Exports, Imports, and Reporting requirements

3. Reporting format and submission manner to be communicated separately by RBI

Practical Implications: 1. For Banks: Need to implement new reporting systems for Form GRN; update internal procedures.

2. For Businesses: All cross-border guarantees will now require reporting through their AD banks.

3. Simplification: Single consolidated regulation replaces multiple circulars spanning two decades.

4. Reduced compliance: Quarterly Trade Credit guarantee reporting eliminated.

Implementation Deadlines:

Effective date: January 12, 2026 (date of circular issuance).

Quarterly reporting discontinuation: From quarter ending March 2026.

Form GRN reporting: Format and submission process to be notified in due course.

Link : [Click Here](#)



7. Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Amendment Directions, 2026

Summary of Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Amendment Directions, 2026

What's New?

The amendment introduces mandatory disclosure requirements for exposures to related parties in NBFC financial statements. This is a new disclosure category added to Chapter-III of the existing Directions.

Detailed Explanation:

The notification amends the disclosure norms for NBFCs by inserting a new sub-paragraph 21(9A) that requires NBFCs to disclose comprehensive details about their exposures to related parties in their financial statements. This change is consequent to the recently issued Credit Risk Management Amendment Directions, 2026.

The disclosure framework is divided into two main sections:

- i. Section A: Loans to Related Parties (5 specific metrics)
- ii. Section B: Contracts and Arrangements involving Related Parties (2 specific metrics)



Key Conditions:

NBFCs must disclose the following information in their Notes to Accounts:

- Loans to Related Parties:
 - o Aggregate value of loans sanctioned during the year
 - o Outstanding loans as on March 31st
 - o Outstanding loans as % of total credit exposure
 - o Outstanding loans categorized as:
 - § Special Mention Accounts (SMAs)
 - § Non-Performing Assets (NPAs)
 - o Provisions held against related party loans
- Contracts and Arrangements:
 - o Aggregate value of contracts awarded during the year
 - o Outstanding contracts and arrangements as on March 31st
 - o All amounts to be reported in ₹ crores with comparative figures for previous year.

Additional Conditions:

- Related parties are as defined in the RBI (NBFCs – Credit Risk Management) Directions, 2025
- Disclosures must be presented in the prescribed tabular format
- Comparative data for the previous year is mandatory





Practical Implications:

i. For NBFCs:

- o Enhanced transparency requirements for related party transactions
- o Need to upgrade MIS systems to capture and track related party exposures
- o Increased scrutiny on asset quality of related party loans
- o Potential reputational impact if significant related party NPAs are disclosed

ii. For Stakeholders:

- o Investors and analysts get better visibility into potential conflicts of interest
- o Easier assessment of concentration risk and governance quality
- o Improved comparability across NBFCs

iii. Compliance Requirements:

- o Update accounting and disclosure policies
- o Train finance teams on new requirements
- o Review existing related party identification processes

Implementation Deadlines:

Mandatory Implementation: April 1, 2026

Link : [Click Here](#)



8. Advisory on Filing Opt-In Declaration for Specified Premises, 2025 (Notification No. 05/2025 – Central Tax (Rate), dated 16th January 2025)

Summary of Advisory on Filing Opt-In Declaration for Specified Premises, 2025 (Notification No. 05/2025 – Central Tax (Rate), dated 16th January 2025)

What's New?

- Electronic filing facility now available on GST Portal for declaring hotel accommodation premises as "specified premises"
- Two declaration forms introduced: Annexure VII (existing taxpayers) and Annexure VIII (new applicants)
- Online process replaces manual filing for FY 2026-27 onwards

Detailed Explanation:

- This advisory enables hotel accommodation service providers to electronically declare their premises as "specified premises" through the GST Portal.
- The facility allows both existing registered taxpayers and new registration applicants to opt-in by filing appropriate declarations, which impacts their GST treatment for hotel accommodation services.



Key Conditions:

- Eligibility:
 - o Regular taxpayers (active/suspended) supplying hotel accommodation services
 - o New GST registration applicants
- Not Applicable to:
 - o Composition taxpayers
 - o TDS/TCS taxpayers
 - o SEZ units/developers
 - o Casual taxpayers
 - o Cancelled registrations
- Filing Limits:
 - o Maximum 10 premises per declaration
 - o Additional declarations can be filed for remaining premises



Additional Conditions:

- Suspended taxpayers can file declarations; cancelled taxpayers cannot
- If any premises are left out, taxpayers can file Annexure VII again during the eligible window.
- Once opted-in, the option continues for subsequent years unless opt-out declaration (Annexure IX) is filed.
- Separate PDFs with reference numbers generated for each premise.
- Email and SMS confirmation sent to authorized signatories upon successful filing.



Practical Implications:

- First-time declarants (FY 2025-26 manual filers): Must re-file electronically via Annexure VII for FY 2026-27
- New declarants: Must file Annexure VII for FY 2026-27 between specified dates
- New applicants: Can file within 15 days of ARN generation, even before GSTIN allotment
- Declarations can be downloaded from GST Portal after submission

Implementation Deadlines:

i. For Existing Taxpayers (Annexure VII):

- FY 2026-27: 1st January 2026 to 31st March 2026.
- General window: 1st January to 31st March of preceding financial year.

ii. For New Registration Applicants (Annexure VIII):

- Within 15 days from ARN generation date
- Can file irrespective of GSTIN allotment (if application not rejected)
- After 15 days lapse: Must wait for Annexure VII window (1st Jan to 31st March)
- Cannot file if registration application is rejected

Link : [Click Here](#)