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India | Regulatory News

Handbook on Residential Status for NRIs - Tax and FEMA Aspects- July 2026 Edition

The International Taxation Committee (ITC) of the Institute of Chartered Accountants of India (ICAI) has issued the **“Handbook on Residential Status for Non-Resident Indians (NRIs) – Tax and Foreign Exchange Management Act (FEMA) Aspects”**.

The Handbook provides guidance on determining the **residential status of individuals under the Income-tax Act, 2025 and FEMA**, with a specific focus on **NRIs**, and covers the related tax and foreign exchange implications arising from such determination.

The Handbook is **limited to the residential status of individuals** and does not cover the determination of residential status of **companies or other entities**.

For more information, [click here](#)

Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961 (Revised 2026)- 5 August 2026

The Direct Taxes Committee of the Institute of Chartered Accountants of India (ICAI) has issued the **Revised (2026) Edition of the Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961**.

The revised Guidance Note incorporates key legislative and regulatory developments, including the **Digital Personal Data Protection Act, 2023**, provisions relating to **Virtual Digital Assets (VDAs)** and **Carbon Credits**, revised guidance on **ethical issues**, updated **sample Management Representation Letter (MRL) formats**, and observations and recommendations of the **Tax Audit Quality Review Board (TAQRB)**.

The **Revised 2026 Guidance Note is the concluding edition applicable to tax audits under the Income-tax Act, 1961**. With the **Income-tax Act, 2025 coming into effect from 1 April 2026**, tax audits for subsequent tax years will be governed by the corresponding provisions and reporting framework under the new Act.

For more information, [click here](#)

Exposure Draft Guidance Note on Report under Section 92E of the Income-tax Act, 1961- August 2026

The International Taxation Committee of the Institute of Chartered Accountants of India (ICAI) has released the **Exposure Draft of the Guidance Note on Report under Section 92E of the Income-tax Act, 1961** for public comments.

The Guidance Note was last issued in its **Ninth Edition in October 2022** and is now proposed to be updated to incorporate recent developments and provide enhanced guidance to professionals. The main objective of the Guidance Note is to help **accountants understand their responsibilities while issuing the report under Section 92E**. It clarifies the separate responsibilities of the taxpayer and the accountant, provides guidance on the information and supports details that accountants should obtain from taxpayers for reporting purposes.

The ICAI has invited comments and suggestions from members and other stakeholders on the Exposure Draft. The **last date for submission of comments is 5 September 2026**.

For more information, [click here](#)

Companies (Indian Accounting Standards) Amendment Rules, 2026- 12 August 2026

The Ministry of Corporate Affairs (MCA), in consultation with the National Financial Reporting Authority (NFRA), has notified the **Companies (Indian Accounting Standards) Amendment Rules, 2026**, further amending the Companies (Indian Accounting Standards) Rules, 2015.

The amendments incorporate into the **Ind AS framework** the IASB's amendments relating to **Classification and Measurement of Financial Instruments** and **Contracts Referencing Nature-dependent Electricity**, along with the **Annual Improvements to Ind AS (2024)**.

Key Amendments include:

Ind AS 109- Financial Instruments (*applicable for annual reporting periods beginning on or after 1 April 2026*)

a) **For contracts referencing nature-dependent electricity** such as electricity generated from solar or wind sources, an entity is permitted to designate a **variable nominal amount of forecast electricity transactions** as the hedged item, with the variable amount aligned to the electricity expected to be generated by the relevant generation facility. Further, where the cash flows of the hedging instrument are dependent on the occurrence of the forecast electricity transaction, such forecast transaction is **presumed to be highly probable** for the purposes of hedge accounting.

b) **Contracts to buy or sell non-financial items:** Paragraph 2.6 of Ind AS 109 has been amended to clarify that contracts referencing nature-dependent electricity are also subject to the assessment of whether they are entered into and continue to be held for the purpose of receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements. Accordingly, entities entering into such contracts (such as solar or wind power purchase agreements), will need to assess whether such contracts qualify for the own-use exception under paragraph 2.4. The amendment is particularly relevant for contracts involving variable electricity generation and potential sales of excess electricity and may affect whether the contract is accounted for as a normal purchase contract or falls within the scope of Ind AS 109.

c) For contracts involving nature-dependent electricity, **sales of unavoidable unused electricity do not necessarily preclude the own-use exception**, provided the entity has been and expects to remain a **net purchaser of electricity**, i.e., its purchases from the same market are sufficient to offset such sales.

d) This is clarified that lease liabilities recognised by a lessee are subject to the derecognition requirements in paragraphs 3.3.1 and 3.3.3 of Ind AS 109. Accordingly, where a lease liability is extinguished in accordance with paragraph 3.3.1, any resulting difference between the carrying amount of the liability extinguished and the consideration paid is recognised in the statement of profit or loss.

e) The wording of paragraph 5.1.3 of Ind AS 109 has been amended to clarify that trade receivables without a significant financing component are initially measured at the **amount determined by applying Ind AS 115**. The amendment clarifies the interaction between Ind AS 109 and Ind AS 115 and is **not expected to result in a substantive change in the measurement of trade receivables**.

f) **Derecognition of financial liabilities (using electronic payment system):** An entity may elect to **derecognise a financial liability before the settlement date** when payment is made through an electronic payment system, provided that the payment instruction is irrevocable, the entity no longer has access to the cash, and the settlement risk is insignificant.

g) Clarification of the SPPI assessment:

- Contractual cash flows are **not consistent with a basic lending arrangement** where they are linked to variables unrelated to basic lending risks or costs, such as **equity prices or commodity prices**, or where the lender receives a **share of the borrower's revenue or profit**.

- If contractual cash flows are linked to the performance, usage or cash flows generated by a particular asset/project, rather than to basic lending risks and costs, the financial asset will generally fail the SPPI test.

- A non-recourse financial asset where repayment is limited to cash flows from specified underlying assets; therefore, the SPPI assessment may need to look through to the underlying assets because the entity's exposure is primarily to their performance risk rather than the debtor's credit risk.

Ind AS 107 - Financial Instruments: Disclosures (*applicable for annual reporting periods beginning on or after 1 April 2026*)

a) The disclosure requirements for **investments in equity instruments designated at FVOCI** have been enhanced. For each class of such investments, an entity is required to disclose the **fair value gain or loss recognised in OCI during the period**, separately identifying the fair value gain or loss relating to **investments derecognised during the reporting period** and **investments held at the reporting date**. Further, the entity is required to disclose **transfers of cumulative gains or losses within equity during the reporting period** relating to investments derecognised during the reporting period.

b) Entities are required to provide enhanced disclosures for financial instruments containing contractual terms that change cash flows upon the occurrence or non-occurrence of contingent events unrelated to basic lending risks and costs. The disclosures include the nature of the contingent event, the possible quantitative impact on contractual cash flows, and the carrying amount of the affected financial assets or liabilities.

c) **Enhanced disclosure requirements have been introduced for contracts for the purchase of electricity that meet the criteria in paragraph 5B of Ind AS 109.** The required information is to be presented in a **single note** to enable users to understand the effect of such contracts on the entity's **future cash flows, financial performance, and related uncertainties**.

For more information, [click here](#)

Frequently Asked Questions (FAQs) - Registration of Foreign Companies / Subsidiary of Foreign Body Corporate- 24 August 2026

The Ministry of Corporate Affairs (MCA) has issued FAQs on **Registration of Foreign Companies / Subsidiary of Foreign Body Corporate**, providing certain clarifications on filing requirements under **Forms FC-1 to FC-4**, documentation and authentication requirements for documents executed outside India, and regulatory approvals applicable to Liaison, Branch and Project Offices and entities operating in the IFSC. The FAQs also provide clarifications relating to **name reservation, resident representatives, foreign subscribers, CSR applicability and investments involving entities/persons from land-border-sharing countries**. Overall, the FAQs provide practical guidance on registration and ongoing compliance requirements for foreign companies and entities having foreign ownership or operations in India.

For more information, [click here](#)



Reserve Bank of India Notifications - Fourth Amendment Directions, 2026-6 August 2026

The Reserve Bank of India (RBI) has issued the **Fourth Amendment Directions, 2026** to the **Responsible Business Conduct framework** applicable to **Rural Co-operative Banks (RCBs), Urban Co-operative Banks (UCBs), Regional Rural Banks (RRBs), Local Area Banks (LABs), Small Finance Banks (SFBs) and Commercial Banks**.

The amendments introduce **comprehensive requirements relating to conduct in the recovery of loan dues and the engagement of recovery agencies** by regulated entities. The revised framework, inter alia, seeks to strengthen standards of conduct and ensure that recovery activities undertaken by banks and their recovery agents are carried out in a fair, transparent and responsible manner.

These Directions shall come into effect from **1 January 2027**

For more information, [click here](#)

Reserve Bank of India Notifications -Third Amendment Directions, 2026-6 August 2026

The Reserve Bank of India (RBI) has issued the **Third Amendment Directions, 2026** applicable to **Housing Finance Companies (HFCs), specified categories of Non-Banking Financial Companies (NBFCs) and All India Financial Institutions (AIFIs)** in relation to the **engagement of recovery agents**.

The amendments introduce **comprehensive requirements relating to the conduct of recovery activities and engagement of recovery agencies** by such regulated entities. The revised framework seeks to strengthen standards of conduct in the recovery of loan dues and ensure that recovery activities are undertaken in a fair, transparent and responsible manner.

The Directions shall **come into effect from 1 January 2027**.

For more information, [click here](#)

Reserve Bank of India (Priority Sector Lending – Targets and Classification) Second Amendment Directions, 2026- 7 August 2026

The Reserve Bank of India (RBI) has amended the **Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025** to provide temporary relief in the computation of **Adjusted Net Bank Credit (ANBC)**.

Under the amendment, the following advances extended in India will be **excluded from ANBC** for Priority Sector Lending (PSL) computation:

- Advances against **fresh Foreign Currency Non-Resident (Bank) FCNR(B) deposits** with a tenor of **3 to 5 years**, including deposits renewed upon maturity, mobilised between **8 June 2026 and 30 September 2026**; and
- Advances against **Non-Resident External (NRE) term deposits** with a tenor of **3 years or more**, including deposits renewed upon maturity, mobilised between **19 June 2026 and 30 September 2026**.

The amendment is aligned with RBI's measures to encourage mobilisation of longer-tenor **FCNR(B) and NRE deposits**, including the temporary US Dollar-Rupee swap facility for eligible FCNR(B) deposits. **In essence, advances funded against the specified NRI deposits during the prescribed window will not form part of ANBC for determining banks' PSL targets**, thereby providing temporary relief to banks from the corresponding PSL requirement on such advances.

The amendment shall come into force with immediate effect.

For more information, [click here](#)

Reserve Bank of India (Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026- 25 August 2026

The **Reserve Bank of India (RBI)** has issued the fourth amendment directions in respect of 'Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)' maintenance requirement applicable to Commercial Banks, Regional Rural Banks, Small Finance Banks and Co-operative Banks, revising the period during which certain fresh deposits mobilised by banks qualify for exemption from CRR and SLR maintenance. The exemption available for fresh FCNR(B) deposits with a tenor of three to five years mobilised between 8 June 2026 to 30 September 2026, and for fresh NRE term deposits with a tenor of three years or more mobilised between 19 June 2026 to 30 September 2026, has been curtailed, with the end date revised from 30 September 2026 to 31 August 2026.

The amendment is effective immediately and accordingly, deposits mobilised on or after 1 September 2026 will not qualify for the aforesaid CRR/SLR exemption.

For more information, [click here](#)

Reserve Bank of India (Interest Rate on Deposits) Third Amendment Directions, 2026- 25 August 2026

The **Reserve Bank of India (RBI)** has issued the amendment directions in respect of 'Interest Rate on Deposits', applicable to Commercial Banks, Small Finance Banks, Regional Rural Banks, Local Area Banks and Urban Co-operative Banks, revising the period for which certain temporary relaxations relating to interest rates ceiling on **FCNR(B) and NRE deposits** are available. The temporary withdrawal of the interest rate ceiling on fresh **FCNR(B) deposits with a tenor of three to five years**, and the applicable restrictions on interest rates for **NRE deposits with a tenor of three years and above**, including deposits renewed upon maturity, which were made effective from **17 June 2026 until 30 September 2026**, have been curtailed. The end date for the aforesaid temporary relaxation has been revised from **30 September 2026 to 31 August 2026**.

The amendment is effective immediately and, accordingly, the temporary relaxation will cease to apply from **1 September 2026**.

For more information, [click here](#)

Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Fourth Amendment Directions, 2026- 25 August 2026

The **Reserve Bank of India (RBI)** has issued these amendment directions, revising the **large exposure framework applicable to Infrastructure Debt Fund – Non-Banking Financial Companies (IDF-NBFCs) forming part of the Upper Layer**. A new paragraph **39A** has been inserted in the RBI's Concentration Risk Management Directions, providing that the **large exposure limits applicable to NBFC-IFCs (Infrastructure Finance Companies) will also apply to IDF-NBFCs that are subject to Upper Layer regulations**. The amendment aligns the concentration risk requirements applicable to Upper Layer IDF-NBFCs with those prescribed for NBFC-IFCs and is intended to strengthen the regulatory framework for managing concentration and large exposure risks.

The amendments shall come into force with immediate effect.

For more information, [click here](#)

FAQs on the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 - August 2026

The Government of India has notified the **Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026 (FAST-DS Rules, 2026)** to operationalise the **Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026**, introduced under Chapter IV (Sections 130 to 144) of the Finance Act, 2026.

The Scheme provides a **one-time voluntary disclosure opportunity** to eligible taxpayers to declare specified undisclosed foreign assets and/or undisclosed foreign income, subject to payment of the prescribed tax or fee and compliance with the applicable conditions.

Along with the FAST-DS Rules, 2026, the **Central Board of Direct Taxes (CBDT)** has also issued FAQs providing clarifications on the key provisions and implementation of the Scheme.

For more information, [click here](#)

Micro, Small and Medium Enterprises Development (Amendment) Act, 2026 – 13 August 2026

The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026, was passed by the Parliament in August 2026. The amendments seek to reduce payment-related constraints, make dispute resolution more time-bound and simplify compliance.

Key Highlights of the amendment:

- **MSME Registration:** The filing of the memorandum will be free and voluntary for all MSMEs. The Central/State Governments shall notify a digital platform for this purpose.
- **Payments through Trade Receivables Discounting System (TReDS):** All Central Public Sector Enterprises (CPSEs) are required to settle invoices for goods and services procured from MSMEs through the TReDS platform. This aims to address payment-related issues faced by MSMEs. States may mandate their Public Sector Enterprises (PSEs), authorities, or entities to use TReDS for invoice settlement.
- **Mediation and Arbitration:** Central Government may establish an online mechanism for conducting online mediation or arbitration. Specific timelines have been introduced for mediation and arbitration.
- **Dispute Resolution:** A buyer seeking to set aside an award or mediated settlement must deposit 75% of the awarded amount with the court. Courts shall also direct payment to MSE suppliers when an application to set aside a decree, award or order remains pending for more than six months. The payment must be at least 50% of the awarded amount.

The amendments shall come into force on such date(s) as may be notified by the Central Government, and different provisions may have different commencement dates.

For more information, [click here](#)



International | Accounting News

New educational module on the 'International Financial Reporting Standards (IFRS) for Small Medium Enterprises (SMEs)'- 6 August 2026

The International Accounting Standards Board (IASB) has released **Module 29 – Income Tax** as part of its updated educational modules following the issuance of the **third edition of the IFRS for SMEs Accounting Standard**.

The module provides practical guidance on applying **Section 29 – Income Tax**, including:

- key requirements for recognition, measurement and presentation of income tax;
- **significant judgements** involved in accounting for income tax;
- explanatory notes and practical examples; and
- **case studies and questions** to facilitate understanding and application of the requirements.

The module is primarily an **educational and practical application resource** and does not introduce new accounting requirements. It is useful for entities and practitioners applying the third edition of the IFRS for SMEs Standard, particularly in understanding the application of **Section 29 – Income Tax**.

For more information, [click here](#)

FASB Seeks Public Comment on Proposal to Enhance Cash Equivalents Disclosures and Clarify the Cash Equivalents Evaluation for Certain Digital Assets- 18 August 2026

The **Financial Accounting Standards Board (FASB)** has issued a proposed Accounting Standards Update (ASU) to **clarify whether certain digital assets, including stablecoins, qualify as cash equivalents** under U.S. GAAP and to reduce diversity in practice. The proposal responds to stakeholder feedback highlighting uncertainty in applying the existing definition of cash equivalents to digital assets.

To promote consistent application, the FASB proposes **illustrative examples** for assessing such digital assets and also seeks to **enhance disclosures on the significant components of cash equivalents**, thereby improving transparency for investors and other financial statement users.

The **last date for submission of comments is 19 November 2026**

For more information, [click here](#)



AICPA Provides New Guidance on Stablecoins, Mining Revenue and Current Auditing Standards- 25 August 2026

The American Institute of CPAs (AICPA) has released an updated version of its practice aid, “**Accounting for and Auditing of Digital Assets**”, incorporating guidance on recent developments in the digital asset ecosystem.

The key updates include:

- **Stablecoin accounting:** New guidance on accounting considerations for stablecoin issuers, including recognition of obligations arising from issued tokens and consideration related to reserve assets maintained to support stablecoins.
- **Mining revenue:** New auditing guidance addressing mining revenue arrangements, including arrangements involving mining pool participants and data centre hosts, together with illustrative audit procedures.
- **Updated auditing standards:** Revisions to reflect auditing standards issued through **Statement on Auditing Standards (SAS) No. 148**, including updates relating to **SAS No. 146**, which addresses quality management for engagements conducted in accordance with generally accepted auditing standards.
- **Digital asset assertions:** Chapter 5, *Considerations for Existence, Rights and Obligations of Digital Assets*, has been revised and streamlined, without changing the underlying guidance.

For more information, [click here](#)

Disclaimer

This document is intended for general informational purposes only and does not constitute professional advice. The comments and views expressed herein are based on our understanding and interpretation of the facts as they stand at the time of writing. These views are subject to change depending on the specific circumstances of each case, as well as any amendments or updates to relevant laws, rules, regulations, or legislation etc. Readers are strongly advised to seek appropriate professional guidance before acting upon any information or opinions presented in this document. We shall not be held liable for any loss, damage, or consequence, whether direct, indirect, incidental, or consequential, that may arise from any person solely relying on the information, views, or opinions expressed in this communication.

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