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CHARTERED ACCOUNTANTS**

Monthly Updates

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(I) CORPORATE LAW

MCA ISSUES DRAFT COMPANIES (INCORPORATION) AMENDMENT RULES, 2026.

The Ministry of Corporate Affairs (“MCA”) vide a public notice dated 08.04.2026 (“**Public Notice**”), has issued draft Companies (Incorporation) Amendment Rules, 2026 (“**Draft Amendment Rules**”), proposing amendments to the Companies (Incorporation) Rules, 2014 (“**Incorporation Rules**”).

Key changes proposed by the Draft Amendment Rules are as follows:

- (i) **Consolidation of E-Forms:** Several existing incorporation related e-forms into two simplified forms. Forms relating to changes in registered office and company name, including INC-4, INC-22, INC23 and INC-24, are proposed to be merged into a single form titled “E-CHNG.” Forms relating to conversions, approvals and orders, including INC-6, INC-18, INC-12, INC-20, INC-27, RD-1 and INC28, are proposed to be merged into a single form titled “E-CON.”
- (ii) **Relaxation for One Person Companies (“OPCs”):** The requirement of submitting an affidavit by directors for conversion into an OPC is proposed to be removed, and the criminal liability provision applicable to OPCs is proposed to be omitted.
- (iii) **Reforms to Name Reservation:** Rule 8 is proposed to be redrafted in simpler and clearer language, taking into account international practices. Rule 8A is proposed to be substituted to provide clarity on trademark related objections. In addition, a proviso is proposed to be inserted in Rule 9A to allow Applicants to withdraw reserved names before incorporation or change of name.
- (iv) **Simplification of Incorporation Documentation:** The KYC and document requirements for subscribers are proposed to be simplified, and Rule 17, which currently requires filing of Form DIR-12 for first directors, is proposed to be omitted since such information is already captured in the SPICe+ form.
- (v) **Changes for Section 8 Companies:** In relation to companies licensed under Section 8 of the Companies Act, 2013, the draft proposes to streamline the documentation required for licence applications by removing requirements such as attaching the memorandum and articles of association and providing estimates of future income and expenditure. Further, the rules are proposed to be amended to permit conversion of a Section 8 company limited by guarantee into a Section 8 company limited by shares, which is currently not permitted.
- (vi) **New Provision for Deceased Subscribers:** A new rule is proposed to address situations where a subscriber to the memorandum dies before paying for the shares subscribed at the time of incorporation. In such cases, the legal representative of the deceased subscriber will be liable to pay the unpaid amount and, upon payment, will assume the rights and obligations of the original subscriber.
- (vii) **Registered Office related documents:** The rules will specifically recognise different types of premises, including owned, leased or rented premises, coworking spaces, and premises located in Special Economic Zones. The range of acceptable documents is proposed to be expanded to include

documents such as title deeds, property tax receipts, municipal records, allocation letters, and recent utility bills.

- (viii) **Flexibility in Physical Verification:** The Registrar will be empowered to carry out verification through an authorised person, in the presence of two local witnesses and with police assistance if required, based on a risk-based approach rather than mandatory visits in all cases.
- (ix) **Changes to Shifting of Registered Office:** Companies will be permitted to serve notices to stakeholders and regulators through speed post or e-mail. Further, shifting may be permitted in certain cases even where inquiries or investigations are pending, subject to appropriate undertakings, and in insolvency resolution cases where defaults relate to a period prior to change in management.
- (x) **Liberalisation of Director Identification Number (“DIN”) allotment and Director appointment:** The cap on the number of directors for whom DIN can be applied at incorporation is proposed to be increased from 3 to 5. In addition, consent of individuals who are also subscribers to act as directors will be deemed to have been given, and consent of other proposed directors may be obtained through OTP-based authentication.
- (xi) **AGILE-PRO-S/ INC 35:** The form will continue to facilitate multiple registrations (GSTIN, EPFO, ESIC, Profession Tax, Shops and Establishment, and bank account opening), however, obtaining EPFO, ESIC and bank account through this route will be optional, allowing companies to obtain such 4 RBI's Master Direction - Non-resident Investment in Debt Instruments Directions, 2025 registrations at a later stage based on business requirements.

The MCA has invited suggestions and comments from stakeholders on the Draft Amendment Rules which may be submitted through the e-Consultation Module available on MCA's website latest by 09.05.2026.

MCA INTRODUCES COMPANIES COMPLIANCE FACILITATION SCHEME, 2026 (CCFS-2026)

The MCA has introduced the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) as a one-time compliance window, effective from 15.04.2026 to 15.07.2026, aimed at enabling companies to regularise pending statutory filings at concessional costs.

The Scheme permits companies to file overdue annual returns and financial statements, including forms such as MGT-7/MGT-7A, AOC-4 series, ADT-1, FC-3 and FC-4, along with certain legacy forms, upon payment of only 10% of the applicable additional fees, while the normal filing fee remains payable in full. It further provides concessions for dormant status applications (50% of normal fee) and strike-off filings (25% of applicable fee).

All companies are eligible to avail the Scheme, except those already under final strike-off action, companies that have applied for strike-off or dormant status prior to the Scheme, dissolved entities, and vanishing companies.

The Scheme also provides conditional immunity from penalties and prosecution, particularly where filings under Sections 92 and 137 of the Companies Act, 2013 are completed before issuance of notice or within 30 days thereof. No separate application is required to claim such immunity.

Importantly, companies seeking to avail the Scheme must ensure that financial statements are duly audited and compliant, including generation of UDIN, prior to filing. The Scheme allows regularisation of multiple years of pending filings.

Failure to utilise this window may expose defaulting companies to regulatory enforcement actions, including striking off from the register of companies.

MCA REVISES DIR-3 KYC COMPLIANCE FRAMEWORK AND FEES

The MCA, vide notification dated 21.04.2026, has introduced the Companies (Registration Offices and Fees) Amendment Rules, 2026, amending the Companies (Registration Offices and Fees) Rules, 2014, with immediate effect.

The amendment revises the timeline and fee structure for filing DIR-3 KYC by individuals holding a Director Identification Number (DIN). Under the revised framework, directors are now required to file DIR-3 KYC (Web) on or before 30 June of every third consecutive financial year. Additionally, any change in personal details such as mobile number, email address or residential address must be updated within 30 days.

From a fee perspective, the amendment introduces a structured regime:

- Nil fee where DIR-3 KYC is filed within the prescribed timeline;
- Rs. 5,000 for delayed filing or for reactivation of a deactivated DIN; and
- Rs. 500 per filing for subsequent DIR-3 KYC (Web) filings made due to changes in personal details.

(II) INDIRECT TAXATION

GSTN CLARIFIES MECHANISM FOR FILING APPEALS IN “NIL DEMAND” CASES

The GST Network (“GSTN”), vide update dated 03.04.2026, has addressed practical difficulties faced by taxpayers in filing appeals where adjudication orders reflect “NIL” demand, despite an underlying dispute on tax liability.

The issue typically arises where a taxpayer has made voluntary payment at the stage of issuance of the Show Cause Notice (“SCN”) without admitting liability and the adjudicating authority subsequently issues an order treating such payment as full discharge, without explicitly determining the liability. Consequently, the GST portal records a zero demand in the Demand and Collection Register (“DCR”).

Due to this system behaviour, taxpayers attempting to file an appeal (Form APL-01) encounter technical restrictions, including errors such as “Disputed amount cannot be more than demand amount itself,” effectively preventing exercise of the statutory right of appeal.

GSTN has clarified that payments made at the SCN stage do not amount to acceptance of liability, and taxpayers retain the right to challenge such liability under Section 107 of the CGST Act, 2017. However, where the adjudication order incorrectly reflects NIL demand, the portal does not permit filing of appeals.

To address this, GSTN has prescribed an alternate procedural remedy. Taxpayers are required to approach the adjudicating authority and seek issuance of a rectification order reflecting the correct demand. Such rectification requests may be filed through the GST portal. Upon issuance of the rectified order capturing the disputed demand, taxpayers may proceed to file appeals within the prescribed timelines.

GSTN ENABLES EDITABLE PRE-DEPOSIT FIELD FOR APPEALS ON GST PORTAL

The GSTN, vide update dated 10.04.2026, has introduced a significant functional change in the GST portal relating to pre-deposit requirements for filing appeals in Form APL-01.

Under the earlier system configuration, the portal auto-populated the pre-deposit at 10% of the disputed tax amount in line with Section 107(6) of the CGST Act, 2017, and this field was non-editable. This created practical challenges in cases where taxpayers had already discharged the pre-deposit through alternative modes, or where the demand was incorrectly reflected across tax heads, leading to mismatches in computation.

To address these issues, GSTN has, with effect from 06.04.2026, made the pre-deposit field editable at the time of filing the appeal. Taxpayers can now modify the pre-deposit percentage and corresponding amount based on the factual matrix of their case and proceed with filing the appeal accordingly.

The GSTN has clarified that the appellate authority will verify the correctness of the pre-deposit, including the quantum and mode of payment, during the course of adjudication.

AMENDMENT IN GST RATES ON BEVERAGES INCLUDING FRUIT JUICES, CAFFEINATED BEVERAGES, OTHER NON-ALCOHOLIC BEVERAGES, ETC.

CBIC vide its Notification No. 01/2026 Central Tax (Rate) dated 30.04.2026 made following changes:

Schedule I (2.5%)

S. No. 150: Old HSN Codes:

2202 99 20 (Fruit pulp or fruit juice- based drinks other than Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice)

New HSN Codes:

2202 99 21 (Fruit pulp or fruit juice- based drinks: Cranberry products),
2202 99 29 (Fruit pulp or fruit juice- based drinks: others)

S. No. 151: Old HSN Codes:

2202 99 30 (Beverages containing milk)

New HSN Codes:

2202 99 31 (Beverages containing milk: Cranberry products),
2202 99 39 (Beverages containing milk: others)

Schedule III (20%)

S. No. 2: Old HSN Codes:

2202 91 00, 2202 99 90 (Other non-alcoholic beverages other than those specified in Schedule I vide notification 9/2025).

New HSN Codes:

2202 99 90 (other non-alcoholic beverages [other than tender coconut water and caffeinated beverages])
2202 99 91 (Other: Cranberry products),
2202 99 99 (other: other)

S. No. 3: Old HSN Codes:

2202 99 90 (Caffeinated Beverages)

New HSN Codes:

2202 99 91 (Other: Cranberry products)

2202 99 99 (other: other)

CBIC CLARIFIES DRAWBACK ELIGIBILITY ON RE-EXPORT OF SEZ TO DTA SUPPLIES

CBIC, vide Instruction No. 06/2026-Customs dated 27.04.2026, has clarified that goods cleared from an SEZ to the Domestic Tariff Area (“DTA”) on payment of applicable customs duties and subsequently re-exported shall be treated as “imported goods” for the purposes of claiming drawback under Section 74 of the Customs Act, 1962.

The clarification addresses divergent practices in field formations and is based on the provisions of Section 30 of the SEZ Act, 2005, which treats SEZ clearances to DTA as liable to customs duties, and the principle that SEZ is deemed to be foreign territory for trade purposes. Accordingly, such goods satisfy the conditions of being duty-paid and identifiable goods previously imported into India, making them eligible for drawback on re-export under Section 74.

(III) DIRECT TAXATION

CBDT NOTIFIES REVISED PROCEDURE AND FORMS FOR PAN CORRECTION

The Central Board of Direct Taxes (“**CBDT**”), through the Directorate of Income-tax (Systems), has issued an order dated 01.04.2026 under Rule 158(12) of the Income-tax Rules, 2026 read with Section 262(4) of the Income-tax Act, 2025, prescribing revised forms and procedures for correction of PAN data. The order (F. No. ADG(S)-1/PAN/M/3699/2026) is effective from 01.04.2026.

Pursuant to this order, CBDT has formally introduced two distinct application forms for PAN correction, namely: (i) PAN CR-01 for individuals; and (ii) PAN CR-02 for non-individuals.

These forms standardise the process for updating or correcting PAN data and are accompanied by detailed guidelines governing documentation, verification and submission requirements. The forms may be submitted either physically through PAN service centres (UTIITSL/Protean eGov) or through their respective online portals, thereby continuing the hybrid mode of access.

The revised framework prescribes a structured disclosure-based approach to PAN correction, requiring applicants to specifically identify the fields where changes are sought and provide corresponding documentary evidence. Mandatory disclosures include personal or entity details, address, contact information, and supporting proof of identity, address, date of birth/incorporation and any proposed changes. The forms also incorporate Aadhaar linkage requirements for individuals, except in exempt categories, reinforcing the integrated identity framework.

Detailed procedural guidelines have been issued to ensure uniformity in applications. These include requirements relating to format (block letters, English language), submission of photographs and signatures, attestation norms (in case of thumb impressions), and mandatory submission of PAN copies or FIRs in case of loss. For non-individuals, additional requirements such as registration number, date of incorporation/formation and entity-specific documentation have been prescribed.

The framework also clarifies that for mere reprint of PAN cards without any change, applicants are required to follow a separate simplified process through designated portals, thereby distinguishing correction requests from routine reissuance.

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