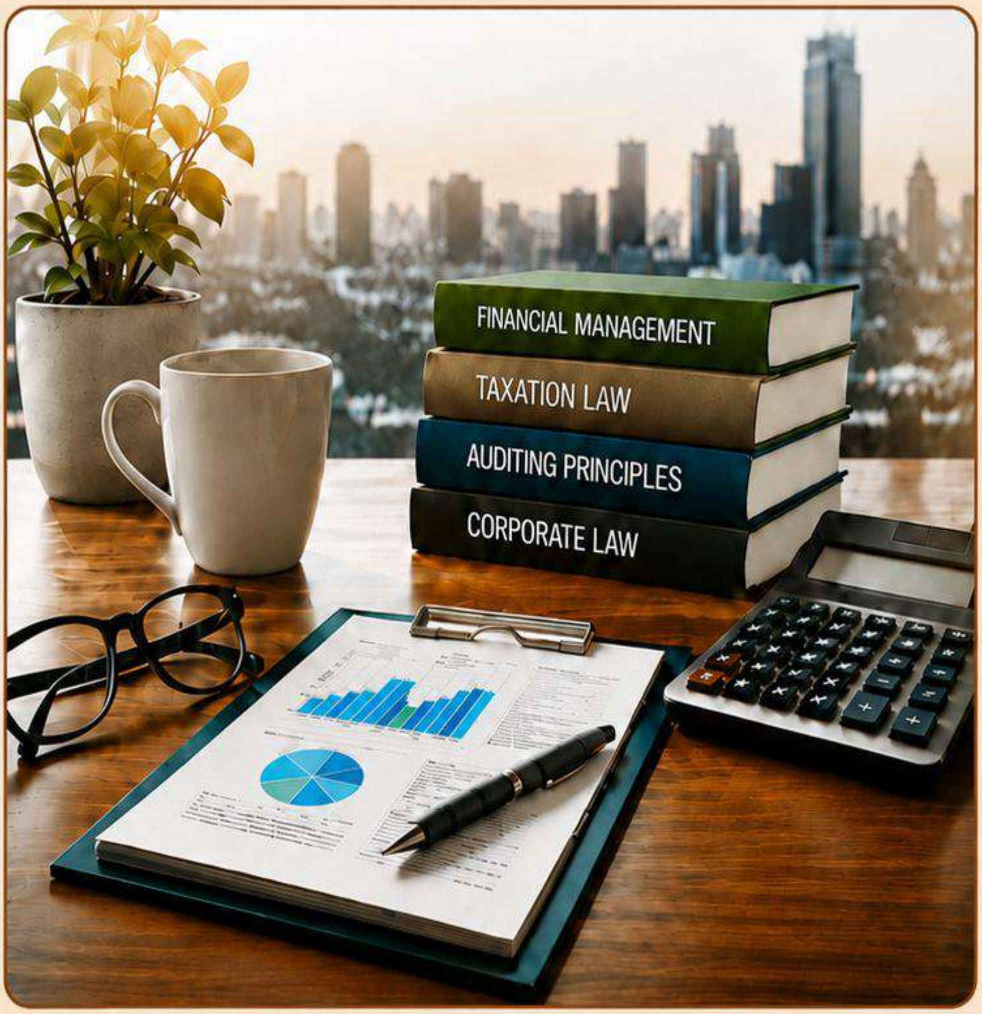
CA INDIA

M/s. K. Ayyanar and Co., Chartered Accountants

Peer Reviewed Firm

AUGUST 2026

MONTHLY PROFESSIONAL JOURNAL



INSIGHTS
In-depth analysis and expert perspectives

TAX & GST
Updates, interpretations and practical guidance

COMPLIANCE
Regulatory changes and compliance alerts

FINANCE
Financial reporting, IFRS, and value creation

TECHNOLOGY
Digital transformation and emerging trends

E - JOURNAL

No.38/21, K.K. Pannai Heritage, Nehruji Nagar 2nd Street, Dindigul - 624 001.
kayyanarandco@gmail.com
7373070799
www.kayyanarandco.com

PAGE INDEX

"Knowledge empowers. Compliance strengthens. Together we create value."

1 CHARTERED ACCOUNTANTS' COMPLIANCE CALENDAR

AUGUST 2026

DUE DATE	COMPLIANCE REQUIREMENT	ACTION TAKEN
7 August 2026	Deposit of TDS/TCS deducted or collected during July 2026	☐
10 August 2026	Filing of GSTR-7 by persons required to deduct GST-TDS	☐
10 August 2026	Filing of GSTR-8 by e-commerce operators required to collect GST-TCS	☐
11 August 2026	Filing of GSTR-1 by monthly return filers	☐
13 August 2026	Filing of IFF under the QRMP Scheme for B2B invoices	☐
13 August 2026	Filing of GSTR-6 by Input Service Distributors	☐
15 August 2026	Issue of quarterly TDS certificate for deductions other than salary	☐
15 August 2026	Payment of EPF contribution and filing of ECR	☐
15 August 2026	Payment of ESI contribution	☐
20 August 2026	Filing of GSTR-3B by monthly return filers	☐
20 August 2026	Filing of GSTR-5 by non-resident taxable persons, wherever applicable	☐
20 August 2026	Filing of GSTR-5A by overseas OIDAR service providers, wherever applicable	☐
25 August 2026	Payment of GST through Form PMT-06 by taxpayers under the QRMP Scheme	☐
30 August 2026	Filing and payment of applicable PAN-based TDS challan-cum-statement	☐
31 August 2026	Filing of Income-tax Return for applicable non-audit taxpayers for AY 2026-27	☐
31 August 2026	Filing of FCRA renewal application for eligible associations	☐

IMPORTANT NOTES

- 15 August 2026 (Saturday) – Independence Day.
- Dates are as per prevailing provisions and may be subject to change. Please refer to official notifications/circulars for any updates.

2

CBDT Circular for NPOs condonation of Delay In 80G Renewals

CA K. Ayyanar,
Chartered Accountant.

Summary:

1.01 CBDT has issued Circular No. 06/2026 dated July 2, 2026 (F. No. 300176/ 3/2026-ITSA-I) which condones the delay in electronic filing of Form No. 10AB for regular approval under section 80G(5) of the Income Tax Act, 1961. The Circular is provided in Annexure 1.

1.02 This circular condones the delay in filing of the application of the NPOs that filed their Form 10AB application for 80G approval electronically between October 1, 2025, and March 31, 2026, after missing the original due date of September 30, 2025.

1.03 It may be noted Applications previously rejected solely due to late submission within this window will now be treated as condoned and must be reconsidered on their merits.

1.04 The jurisdictional Principal Commissioner or Commissioner of Income tax must dispose of these applications on or before December 31, 2026.

Background :

2.01 Section 80G of the Income-tax Act, 1961 provides for deduction in respect of donations made to certain funds and institutions.

2.02 Under clause (ii) of the first proviso to section 80G(5), a fund or institution already approved under section 80G(5), whose approval is due to expire, is required to file an application for renewal in Form No. 10AB electronically, at least six months prior to expiry of the said approval period.

2.03 For approvals expiring on 31.03.2026, the statutory due date for filing Form No. 10AB was 30.09.2025. A number of funds and institutions were unable to meet this deadline on account of bona fide reasons and representations to this effect were made to the Central Board of Direct Taxes ("CBDT" or "the Board") for consideration of application filed after the due date 30.09.2025. In response CBDT has issued Circular No. 06/2026 dated July 2, 2026 (F. No. 300176/3/2026-ITA-I) condoning the delay, however, circular raises certain issues and confusions which have not been effectively addressed and are discussed in this issue.

Relief Granted By the Circular:

3.01 The CBDT has in exercise of its powers under section 119(2)(b) of the Income-tax Act, 1961 read with section 536(2) of the Income Tax Act, 2025, granted the following relief in case of application being submitted under section 80G(5)(ii) :

3.02 Condonation of delay: Where Form No. 10AB has been furnished electronically between 01.10.2025 and 31.03.2026, the delay in filing (beyond the original due date of 30.09.2025) stands condoned.

3.03 Deemed condonation in rejected cases: Where an application in Form No. 10AB filed within the same window (01.10.2025 to 31.03.2026) has already been rejected solely on the ground of delay, the delay is deemed to have been condoned as on the date of issue of the Circular.

3.04 Disposal authority and timeline: The jurisdictional Principal Commissioner of Income-tax ("Pr. CIT") or Commissioner of Income-tax ("CIT") is authorised to dispose of such applications on merits, with the order to be passed on or before 31.12.2026. 3.05 The Circular clarifies that it does not confer any automatic entitlement to approval under section 80 G(5), or under the corresponding provision (section 133(1)(b)) of the Income Tax Act, 2025. Each application will still be examined and decided on merits.

Applicability of the Circular and Suggested Action to Be Taken:

4.01 The below summarizes the scenarios covered by the Circular and the corresponding action to be taken.

Scenario: A

Description:

Form No. 10 AB filed electronically between 01.10.2025 & 31.03.2026(i.e., after the original due date of 30.09.2025) and the application is still pending disposal.

Action Required:

Delay stands condoned by this Circular. No fresh application or condonation is needed. Await disposal by the jurisdictional Pr. CIT/CIT on merits.

Timeline:

Order expected on or before 31.12.2026

Scenario: B

Description:

Form No. 10AB filed within the same window (01.10.2025 to 31.03.2026) but already rejected solely on the ground of being filed beyond 30.09.2025

Action Required:

Delay is deemed condoned automatically. Recommended: write to the jurisdictional 31.12.2026 but already rejected solely Pr. CIT/CIT (with a copy of the rejection order and this Circular) requesting revival/ disposal of the application on merits.

Timeline:

Order expected on or before 31.12.2026

Scenario : C

Form No. 10AB not filed at all, or filed after 31.03.2026, or rejected for reasons other than delay alone.

Action Required:

Not covered by this Circular. No automatic relief;

Timeline:

Not Applicable.

No Real Relief To Renewal Category applications:

5.01 The circular has condoned the delay of applications filed between 01.10.2025 to 31.03.2026, but under the prevailing Income Tax Law, an organization can continue the same benefit, even if it makes a fresh application after 01.04.2026 under section 354 of the Income Tax Act 2025 (the new section against section 80G) and get the approval with effect from the Tax Year 2026-27.

5.02 Therefore, as the earlier approval was having its validity upto asst year 2026-27 and a fresh approval shall be having validity with effect from tax Year 2026 -27 both with a validity period of five years.

5.03 Therefore, an NPO whose 80G (5) approval expired on 31.03.2026 is independently eligible to move a fresh application under section 354 (Table Sl. No. 2) of the 2025 Act for a fresh approval. It is important to note here that such an approval, when granted, is expressed to be effective from the tax year in which the application is made.

Provisional To Regular Registration Not Covered:

6.01 The next important issue to note is that the circular does not provide any relief to the organisation having provisional registration and have made delay in filing of application for regular registration. The condonation of delay applies strictly to delayed filings under clause (ii) of the first proviso to section 80G (5) —i.e., renewal of an existing registration under section 80G which is set to expire. The circular does not extend similar condonation to delayed filings by NPOs falling under other clauses of the first proviso to section 80G (5) such clause (iii), covering conversion of provisional approval to regular approval.

6.02 It may not be legally sustainable to deprive the organisations which fall under clause (iii) of section 80G (5). In this context, one may rely on the Madras High Court's decision in Sri Narsimha Priya Charitable Trust v. Central Board of Direct Taxes, 2024 SCC On Line Mad 729 (decided 02.04.2024). In this case the Madras High Court adjudicated the legality of CBDT Circular No. 6 of 2023 in which also the delay of the organization falling in category (iii) was not condoned. The Madras High Court observed that once the Board itself recognized genuine hardship as the basis for granting an extension, excluding one similarly-placed category without any stated rationale amounted to an artificial classification bearing no nexus to the object of the circular, and was therefore arbitrary and violate of Article 14 of the Constitution. The Court directed the CBDT to consider such excluded category also for condonation. In the light of the Madras High Court decision, it seems that similar benefit of condonation should be available to organization falling under clause (iii) of section 80G (5) also.

3

Important GST Threshold Limits

CA MML. Vassya Sivagami
Chartered Accountant

GST Registration:

Goods: ₹40 Lakhs * Services: ₹20 Lakhs

HSN Reporting:

Up to ₹5 Crore AATO: 4-Digit HSN

Above ₹5 Crore AATO: 6-Digit HSN

Annual Return:

Above ₹2 Crore: GSTR-9

Above ₹5 Crore: GSTR-9 & GSTR-9C

E-Way Bill:

Intra-State: State-specific limits

Inter-State: Consignment value above ₹50,000

E-Invoicing:

Up to ₹5 Crore AATO: Not Required

Above ₹5 Crore AATO: Mandatory

Composition Scheme:

Goods: Up to ₹1.50 Crore

Services (Section 10(2A)): Up to ₹50 Lakhs

The above GST limits are currently applicable for FY 2026–27. No major changes have been notified in these thresholds.

Key Points Verified:

GST Registration: The threshold continues to be ₹40 lakh for goods and ₹20 lakh for services in normal category States. (Special category States have lower thresholds of ₹20 lakh/₹10 lakh, as applicable.)

HSN Reporting: 4-digit HSN is applicable where the Aggregate Annual Turnover (AATO) is up to ₹5 crore, while 6-digit HSN is mandatory where AATO exceeds ₹5 crore.

Annual Return: GSTR-9 is mandatory where turnover exceeds ₹2 crore, while GSTR-9C (Reconciliation Statement) is mandatory where turnover exceeds ₹5 crore.

E-Way Bill: For inter-State movement, an e-way bill is generally required where the consignment value exceeds ₹50,000. For intra-State movement, the threshold is prescribed by the respective State Government.

E-Invoicing: Mandatory for taxpayers whose Aggregate Annual Turnover exceeds ₹5 crore in any financial year from FY 2017–18 onwards? No further reduction in the threshold has been notified.

Composition Scheme: The turnover limit is ₹1.50 crore for suppliers of goods (₹75 lakh in specified Special Category States) and ₹50 lakh for service providers opting under Section 10(2A).

Important Notes

1. *For suppliers engaged in both goods and services (mixed suppliers), the registration threshold is generally ₹20 lakh.*
2. *The ₹1.50 crore composition limit for goods applies only to normal category States.*
3. *E-invoicing applicability is determined based on the taxpayer's Aggregate Annual Turnover in any financial year from FY 2017–18 onwards. Once the prescribed threshold has been crossed in any of the previous FY, the requirement continues even if the turnover subsequently falls below the threshold.*

4 Mandatory Reporting of Ship-to GSTIN in E-Way Bill and E-Invoice. (Currently kept on hold)

In Bill-to/Ship-to and Combination transactions, the Ship-to GSTIN must be entered where the consignee is registered. Where GSTIN is unavailable, "URP" may be entered.

✓Ship-to GSTIN required:

- Bill-to / Ship-to transactions
- Combination transactions

✖ Not required:

- Regular transactions
- Bill-from / Dispatch-from transactions

Important points:

- *Bill-to GSTIN and Ship-to GSTIN cannot be the same.*
- *Ship-to GSTIN will not be printed on the e-Way Bill.*
- *It will be visible only to authorized GST officers.*
- *In eligible export movements, "URP" may be used.*
- *Ship-to GSTIN can be provided while generating the e-Way Bill through IRN, where it was not entered during IRN generation.*
- *"URP" is not case-sensitive.*

S. No.	Transaction Type	Description	Example	Whether "Ship-To GSTIN" is Required?
1	**Regular**	A transaction where the **invoice is issued to the buyer (Bill-to)**, and the **goods are delivered to a Same person.**	**A Ltd. sells goods to B Ltd. and the goods move directly from A Ltd. to B Ltd.**	**No. This is not treated as a Bill to Ship to transaction.**
2	**Bill-to / Ship-to Transaction**	A transaction where the **invoice is issued to the buyer (Bill-to)**, but the **goods are delivered to a third party (Ship-to)** as per the buyer's instructions.	**A Ltd.** raises the invoice on **B Ltd.**, but ships the goods directly to **C Ltd.** on the instruction of **B Ltd.**	**Yes.** The **GSTIN of C Ltd. (Ship-To party)** should be entered in the **Ship-To GSTIN** field, where the consignee is a registered person. If the consignee is unregistered, "URP" should be entered.
3	**Bill-from / Dispatch-from Transaction**	A transaction where the **supplier raises the invoice to the buyer**, but the **goods are dispatched from a third-party location** instead of the supplier's own premises.	**A Ltd.** raises the invoice on **B Ltd.**, but the goods are dispatched from **C Ltd.** directly to **B Ltd.**	**No.** Since the goods are delivered to the **buyer (B Ltd.)**, who is already the **Bill-To party**, there is **no separate Ship-To GSTIN** to be entered. Only the **Dispatch-From details** are required.
4	**Combination Transaction (Bill-to/Ship-to +Bill-From/ Dispatch-from)**	A transaction where both concepts are involved. The **invoice is issued by the supplier to the buyer**, the **goods are dispatched from a third-party location**, and **delivered to another party** as instructed by the buyer.	**A Ltd.** raises the invoice on **B Ltd.**, the goods are dispatched from **C Ltd.**, and delivered to **D Ltd.** on the instruction of **B Ltd.**	**Yes.** The **GSTIN of D Ltd. (Ship-To party)** should be entered in the **Ship-To GSTIN** field, where D Ltd. is a registered person. The **Dispatch-From details** should also be provided for **C Ltd.**

5

Companies Compliance Facilitation Scheme

E. Malarvizhi
CS Final - Article Manager

The CCFS-2026 is a structured, one-time relief and amnesty initiative introduced by the Ministry of Corporate Affairs (MCA), Government of India. Its main purpose is to help inactive, delayed, or non-compliant businesses regularize their pending statutory records and annual filings with the Registrar of Companies (ROC) without facing crippling penalty fees.

Entities Eligible to Avail the Scheme:

All companies eligible, except those specifically excluded under the Scheme, namely:

- companies against which final action for strike off has already been initiated;
- companies that have already applied for strike off;
- companies that applied for dormant status before commencement of the Scheme;
- companies dissolved pursuant to amalgamation; and
- Vanishing companies.
- Companies already struck off
- Companies under liquidation
- Certain non-compliant categories as defined by MCA

Filings Covered Under The Scheme:

The Scheme covers relevant e-forms relating to annual filings and related compliances, including:

- MGT-7, MGT-7A;
- AOC-4 including AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), and AOC-4 XBRL;
- ADT-1; FC-3 and FC-4; and
- Legacy forms such as Form 20B, Form 21A, Form 23AC, Form 23ACA, Form 23AC- XBRL, Form 23ACA-XBRL, Form 66 and Form 23B.

Scheme:

MCA has extended the Companies Compliance Facilitation Scheme, 2026 till 31 August 2026, giving companies additional time to complete pending statutory filings amid ongoing restoration of MCA systems.

On 8 July 2026, the Ministry of Corporate Affairs (MCA) announced the extension of the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) till 31 August 2026, providing company's additional time to complete pending statutory filings.

The extension has been granted in view of capacity enhancement and restoration activities at the MCA data center following a fire incident on 5 June 2026.

Earlier, the Scheme was scheduled to remain in force from 15 April 2026 till 15 July 2026.

Reason for Extension:

The ongoing technical issues on the MCA-21 V3 portal, paired with the data center fire have severely constrained compliance operations. Professionals are urging stakeholders to act quickly rather than relying on the last-minute crush. With no certainty of future extensions, many Chartered Accountants and Company Secretaries are emphasizing that companies need to utilize this window to clear backlogs before the portal congestion spikes again near the end of August.

Key Benefits of the Scheme:

- Reduced additional filing fees
- Relief from heavy penalties
- Immunity from prosecution (where applicable)
- Opportunity to clean compliance records
- Helps avoid director disqualification
- Improves company credibility
- Late Fee Waiver, Companies can clear long-pending annual filings (such as AOC-4, MGT-7, and MGT-7A) by paying only 10% of the standard additional (late) filing fees, achieving up to a 90% discount.
- Eligible inactive companies can apply to become 'dormant' for half the normal fee.
- Companies that wish to shut down permanently can use the scheme to file for closure at significantly reduced filing costs.
- The Scheme is intended to facilitate filing of relevant overdue forms and may be used to regularize multiple

pending filings, subject to eligibility and compliance with the applicable conditions.

- A company applying for dormant status in e-form MSC-I is required to pay one half of the normal filing fee applicable under the rules.

Benefit Available For Delayed Filing Of Annual Returns And Financial Statements:

- A company filing overdue relevant e-forms during the Scheme period is required to pay only 10% of the additional fee.

- Illustration: If the annual return is being filed with a delay of 300 days. In the normal scenario, the additional fees payable would be 300*100 Rs. = 30000. However, if such filing is made during the currency of the scheme, additional fees of Rs.3000/ would be payable.

Scheme Provide Immunity From Penalty:

In certain cases. Where filings under sections 92 (Annual Return Relevant form-MGT-7/7A) and Section 137 (Financial Statements Relevant form(s)- AOC-4 including AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), and AOC-4 XBRL) are made before issuance of notice by the adjudicating officer, or within 30 days of such notice, proceedings are concluded and no penalty shall be liveable.

In other cases, immunity against prospective penal action is available if the forms are filed under the Scheme, and no prosecution has been filed and no adjudication proceedings have been initiated by issuance of a show cause notice before such filing. No **requirement to file separate form to avail immunity.**

However, No immunity for default against section 96. The companies can conduct AGM for any of the previous Financial Years, adopt the Financial Statements for respective FY and subsequently update their filings availing the Scheme.

The financial statements of the company for the past years shall been audited for availing of the Scheme:

The Scheme facilitates filing of overdue financial statements and annual returns, including e-Form ADT-1. Accordingly, a company is required to have its accounts audited for the relevant financial years and file the same after obtaining a valid Unique Document Identification Number (UDIN) generated in accordance with the guidelines issued by the Institute of Chartered Accountants of India.

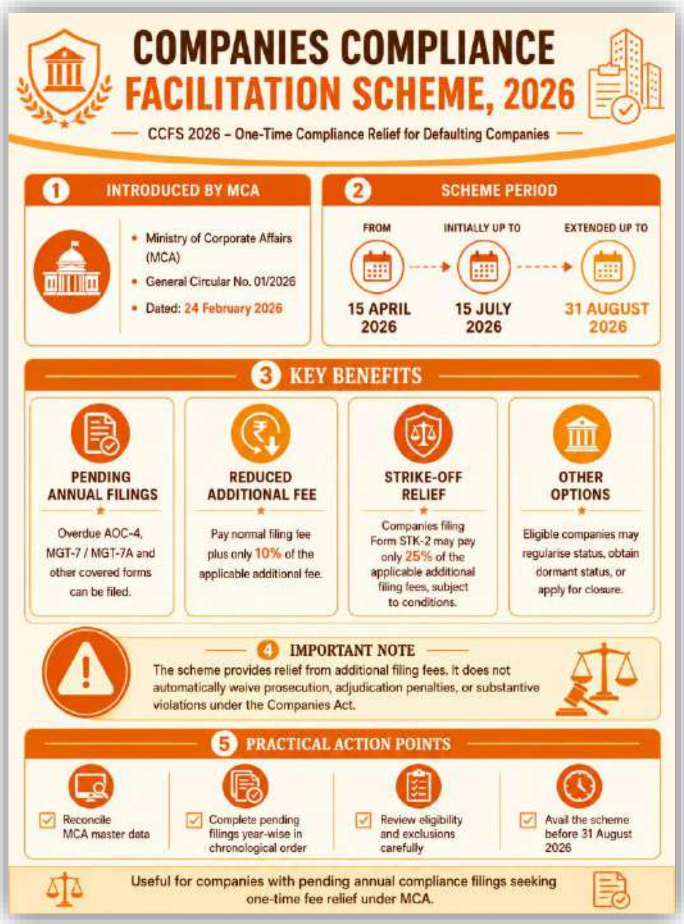
Conclusion:

The **Companies Compliance Facilitation Scheme 2026** is a valuable opportunity for companies to clear pending ROC filings and avoid heavy penalties. Businesses should act quickly, complete their filings, and restore compliance before the deadline.

Taking professional assistance ensures smooth filing and helps avoid costly mistakes.

After the Scheme closes, the defaulting companies are liable to be subject to enforcement action, including striking off from the register.

Companies shall immediately identify all pending annual filings, verify eligibility, prepare the relevant forms, and complete filing within the Scheme period to avail the reduced fees and other applicable benefits.



6

MSME Payment Rules and the "Defect Clock"

Ms. S. Bhuvaneshwari
CA Final - Article Clerk

Section 43B (h) of the Income-tax Act, 1961 and Section 37(2) (g) of the Income-tax Act, 2025

1. Overview

Section 43B(h) of the Income-tax Act, 1961 requires timely payment of amounts payable to qualifying Micro and Small Enterprises. From Tax Year 2026–27 onwards, the corresponding provision is contained in Section 37(2)(g) of the Income-tax Act, 2025.

Under these provisions, expenditure payable to a Micro or Small Enterprise is deductible only in accordance with the payment period prescribed under Section 15 of the Micro, Small and Medium Enterprises Development Act, 2006.

The provision does not apply to Medium Enterprises.

2. Statutory Payment Period

The payment period is calculated from the Day of Acceptance or Day of Deemed Acceptance:

Payment terms	Maximum payment period
No written agreement	15 days
Written agreement	Agreed period, subject to a maximum of 45 days
Agreement exceeding 45 days	Restricted to 45 days

A contractual credit period of 60 or 90 days does not override the statutory maximum of 45 days.

3. Day of Acceptance and Deemed Acceptance

The Day of Acceptance is ordinarily the date on which goods are delivered or services are rendered.

Where the buyer raises a written objection concerning defects, shortages, quality, specifications or incomplete services within 15 days, the Day of Acceptance shifts to the date on which the supplier satisfactorily removes the objection.

Where no written objection is raised within 15 days, the goods or services are deemed to have been accepted on the original delivery or service date.

Verbal complaints, internal discussions or objections raised after 15 days may not alter the statutory payment period.

4. Understanding the "Defect Clock"

The term "Defect Clock" is a practical expression and is not specifically used in the MSMED Act.

A timely written defect notice effectively resets the payment timeline as follows:

1. Goods are delivered or services are rendered.
2. The buyer raises a written objection within 15 days.
3. The supplier rectifies the defect or deficiency.
4. The date of rectification becomes the revised Day of Acceptance.
5. The applicable payment period of 15 days or the agreed period, not exceeding 45 days, is calculated from the revised acceptance date.

A valid objection should clearly describe the defect and be supported by documents such as emails, inspection reports, photographs, test reports or replacement records.

Administrative delays, shortage of funds or internal payment approvals do not normally affect the Day of Acceptance.

Income-tax Consequences

Payment within the MSMED period

The expenditure is deductible in the normal course, subject to the other provisions of the income-tax law.

Delayed payment made within the same tax year

Where payment is made after the MSMED due date but before the end of the same tax year, deduction may be claimed in that year on an actual-payment basis. However, statutory interest may still apply.

Amount overdue and unpaid at year-end

Where the amount remains unpaid after the expiry of the MSMED period:

The expenditure must be disallowed in that tax year; and

Deduction will be allowed only in the year of actual payment.

Payment made after the year-end but before the income-tax return filing due date does not restore the deduction for the earlier year.

6. Interest on Delayed Payment

Under Section 16 of the MSMED Act, delayed payment attracts compound interest:

- With monthly rests; and
- At three times the Bank Rate notified by the Reserve Bank of India.

This liability applies notwithstanding any contrary contractual terms.

Interest payable under the MSMED Act is not deductible while computing taxable income.

7. Financial Statement Disclosures

Buyers whose annual accounts are required to be audited must disclose the prescribed particulars under Section 22 of the MSMED Act, including:

- ✓ principal amount remaining unpaid;
- ✓ interest due and unpaid;
- ✓ interest paid during the year;
- ✓ interest accrued but unpaid; and
- ✓ Further interest payable until the date of actual payment.

These disclosure requirements are not restricted to companies and may apply to any audited entity.

8. Facilitation Council Proceedings

A Micro or Small Enterprise may approach the Micro and Small Enterprises Facilitation Council for recovery of the principal amount and statutory interest.

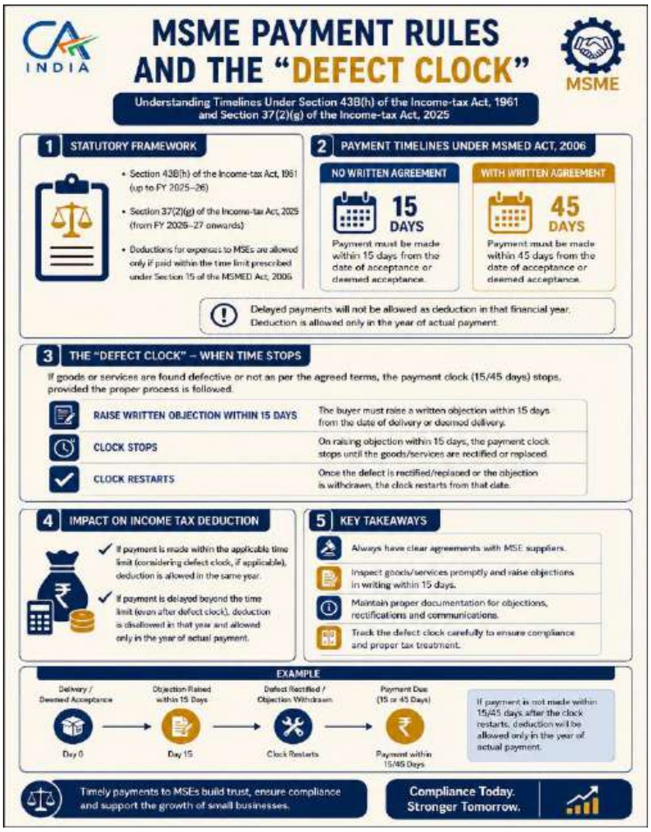
The process generally involves conciliation followed by arbitration if conciliation fails.

A buyer challenging an award is ordinarily required to deposit 75% of the award amount before the challenge can be entertained.

9. Compliance Checklist for Buyers

Buyers should:

- ✓ Obtain and verify the supplier's Udyam Registration;
- ✓ Confirm whether the supplier is classified as Micro, Small or Medium;
- ✓ Include payment terms not exceeding 45 days in purchase orders;
- ✓ Inspect goods and services promptly;
- ✓ Raise specific written objections within 15 days;
- ✓ Document the date on which the supplier removes the objection;
- ✓ Maintain invoice-wise ageing of Micro and Small Enterprise creditors;
- ✓ Identify overdue balances at year-end;
- ✓ Compute the amount disallowable under the income-tax law; and
- ✓ Ensure appropriate MSMED disclosures and interest treatment.



7 Case Law : 01. MSME

Silpi Industries v. KSRTC

Supreme Court of India — Decision dated 29 June 2021

The judgment covered:

- *Silpi Industries v. Kerala State Road Transport Corporation*; and
- The connected case of *Khyaati Engineering v. Prodigy Hydro Power Pvt. Ltd.*

The MSME registration issue mainly arose in the connected *Khyaati Engineering* case.

Facts

In the *Silpi Industries* case, suppliers provided thread rubber to KSRTC. Under the purchase terms, 90% was payable on supply and the remaining 10% after performance evaluation. Disputes arose when the balance payment was withheld.

KSRTC questioned whether the claims were barred by limitation and whether it could raise counterclaims.

In the connected *Khyaati Engineering* case, most supplies and services were completed before the enterprise obtained MSME registration on 25 March 2015. The enterprise later sought MSMED Act benefits for those earlier transactions.

Supreme Court Ruling

The Supreme Court held that:

1. **Limitation Act applies**
   Claims before the MSME Facilitation Council must be filed within the applicable limitation period.
2. **Counterclaims are permitted**
   Buyers may raise counterclaims or set-off claims in MSME arbitration proceedings.
3. **MSMED Act overrides private arbitration clauses**
   Where the MSMED Act applies, its dispute-resolution mechanism prevails over conflicting contractual arbitration terms.
4. **MSME registration is prospective**
   Registration obtained after completion of supplies does not ordinarily provide MSMED Act benefits for earlier transactions.

10. Key Takeaways

- ✓ The provision applies only to Micro and Small Enterprises.
- ✓ Payment must be made within 15 days where there is no written agreement.
- ✓ A written agreement may provide a payment period of up to 45 days.
- ✓ A defect objection must be raised in writing within 15 days.
- ✓ A valid objection shifts the Day of Acceptance to the date of rectification.
- ✓ Overdue amounts unpaid at year-end are deductible only in the year of actual payment.
- ✓ Payment before the return filing due date does not cure the earlier-year disallowance.
- ✓ Delayed payment attracts statutory compound interest, which is not tax-deductible.

Case Law : 02. GST - WFB Baird and Company India Private Limited v. State Tax Officer-I & Others

Court: **Madras High Court**
Date: **7 July 2026**
Case Nos.: **W.P. Nos. 24237 and 24239 of 2026**
Judge: **Justice Senthilkumar Ramamoorthy**

Issue

The Show Cause Notice was issued under **Section 73 of the GST Act** for excess ITC based mainly on a **GSTR-3B versus GSTR-2A mismatch**. However, the detailed assessment order was passed under **Section 74**, imposing a 100% penalty.

Because the order was treated as a Section 74 order, the taxpayer's waiver application under **Section 128A** was rejected.

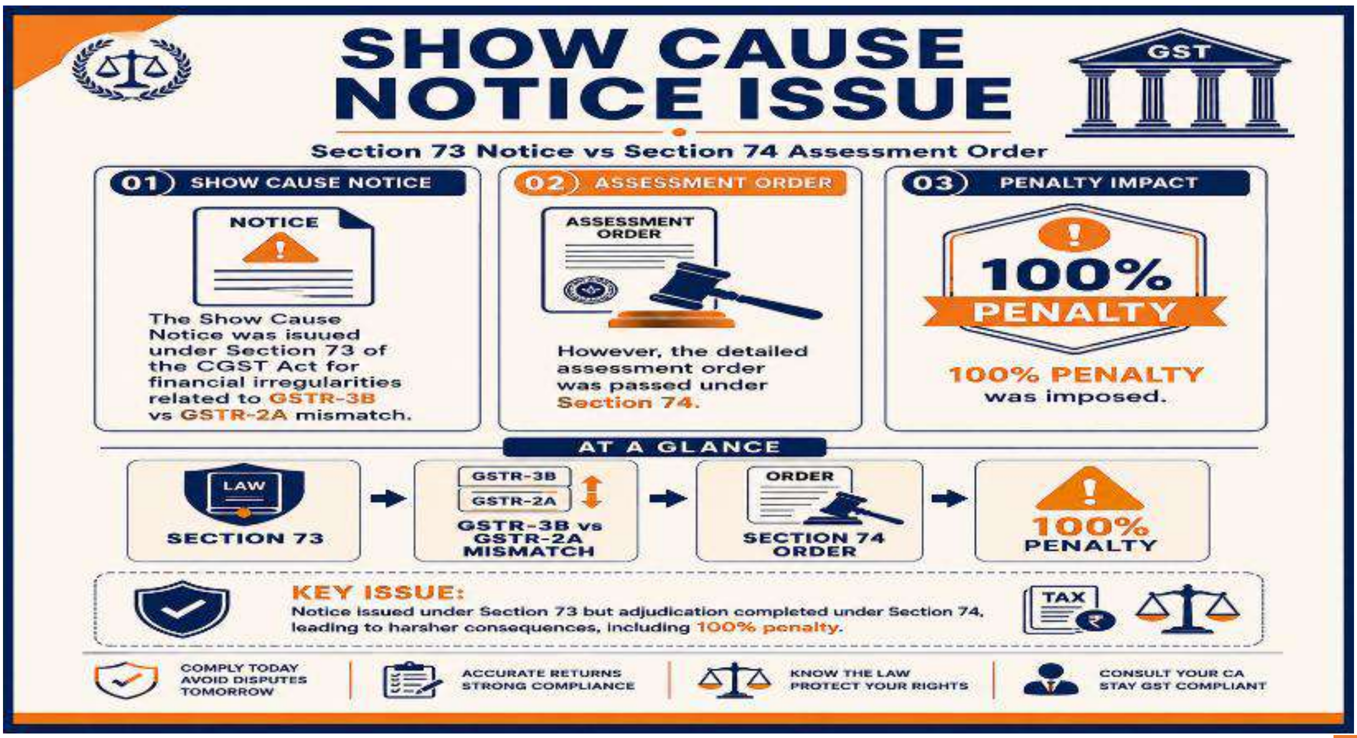
Madras High Court's Ruling

The Court held that:

- Proceedings initiated under **Section 73 cannot be concluded under Section 74** without allegations of fraud, wilful misstatement or suppression of facts with intent to evade tax.
- A mere difference between **GSTR-3B and GSTR-2A**, or failure to substantiate an ITC claim, does not automatically establish fraud or suppression.
- Under **Section 75(2)**, the proceedings should have been initiated and concluded under Section 73.
- The Section 74 assessment order was set aside and the matter was remanded for passing a fresh order under Section 73.
- The order rejecting the taxpayer's Section 128A application was also set aside.
- After the fresh Section 73 order, the taxpayer may file a new application under Section 128A within the prescribed time.

Key Takeaway

A Section 73 notice cannot result in a Section 74 order unless fraud, wilful misstatement or suppression with intent to evade tax is specifically alleged and established. A departmental classification error cannot deprive the taxpayer of Section 128A waiver benefits.



8

EXCEL SHORTCUTS

Ctrl A to Z

	Shortcut	Action
A.	Ctrl + A	Select All
B.	Ctrl + B	Bold
C.	Ctrl + C	Copy
D.	Ctrl + D	Fill Down
E.	Ctrl + E	Flash Fill
F.	Ctrl + F	Find
G.	Ctrl + G	Go To
H.	Ctrl + H	Find & Replace
I.	Ctrl + I	Italic
K.	Ctrl + K	Insert Hyperlink
L.	Ctrl + L	Create Table
M.	Shift + F11	New Worksheet
N.	Ctrl + N	New Workbook
O.	Ctrl + O	Open Workbook
P.	Ctrl + P	Print
Q.	Ctrl + Q	Quick Analysis
R.	Ctrl + R	Fill Right
S.	Ctrl + S	Save
T.	Ctrl + T	Create Table / Toggle
U.	Ctrl + U	Underline
V.	Ctrl + V	Paste
W.	Ctrl + W	Close Workbook
X.	Ctrl + X	Cut
Y.	Ctrl + Y	Redo
Z.	Ctrl + Z	Undo

	Shortcut	Action
A.	Ctrl + Arrow	Fast navigation
B.	Ctrl + Shift + Arrow	Select data
C.	Ctrl + +	Insert Rows/Cells
D.	Ctrl + –	Delete rows/cells
E.	Alt + F1 or F11	Insert Chart
F.	Alt + H, H	Fill Color
G.	Alt + A, M	Remove Duplicates
H.	Ctrl + Shift + F	Open Font Dialog Box
I.	F5, then Alt + S	Go To Special
J.	Alt + H, O, A	AutoFit Row Height
K.	Ctrl + 9	Hide Rows
L.	Ctrl + 0	Hide Columns
M.	Ctrl + Shift + (	Unhide Rows
N.	Alt + H, O, U, L	Unhide columns
O.	Alt + A, V, V	Input Message
P.	Ctrl + K	Insert Hyperlink
Q.	Ctrl + Shift + L	Apply/Remove Filter
R.	Alt + H, M, C	Merge Cells
S.	Alt + H, O, I	AutoFit Column Width
T.	Alt + P, S, P	Page Setup
U.	Alt + A, S	Sort Data
V.	Alt + N, V	Create Pivot Table
W.	Ctrl + Alt + V	Paste Special
X.	Alt + F4	Close Excel
Y.	Alt + A, V, V	Insert Drop-Down List
Z.	Alt + W, Q	Zoom

TIP: Learning shortcuts can save your time and make you an Excel expert!

9 July Month – Events

CA - Day Celebrations with Senior Members
CA P. Ramalingam / CA KS. Anandhakrishnan / CA V. Veerappan

NPO Knowledge-Enrichment Programme for Our Staff – Led by CA N. Sudakaran, Madurai

EDITORIAL BOARD

AUGUST 2026

DISCLAIMER

H/o : Dindigul B/o : Oddanchatram & Chennai

Contact No. : 7373070799

Email ID : kayyanarandco@gmail.com

Website : www.kayyanarandco.com