CoralMetrix

Issue 14

Crack the Code

February 2026

An E-Newsletter from CoralMetrix

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Crack the Code

1.Advisory on RSP-Based Valuation of Notified Tobacco Goods under GST.

A. Notification:

From 1st February 2026, there would be a fundamental shift in the applicability of GST from the Transaction Value to Retail Sale Price.

Vide Notification Nos. 19/2025–Central Tax and 20/2025–Central Tax, both dated 31.12.2025, Retail Sale Price (RSP)-based valuation for specified tobacco and tobacco-related products, has been prescribed with effect from 01.02.2026.

The said notifications cover the following HSN codes and descriptions:

S.No	Chapter / Heading / Subheading	Description of Goods
1	2106 90 20	Pan masala
2	2401	Unmanufactured tobacco; tobacco refuse (other than tobacco leaves
3	2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
4	2403	Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences (other than biris)
5	2404 11 00	Products containing tobacco or reconstituted tobacco intended for inhalation without combustion
6	2404 19 00	Products containing tobacco or nicotine substitutes intended for inhalation without combustion

As per the said notifications, valuation of the notified goods is required to be carried out on the basis of the declared **Retail Sale Price (RSP).** Accordingly, the taxable value for GST purposes is no longer linked to the actual sale price between the supplier and the recipient, but is derived from the RSP printed on the package, irrespective of the commercial consideration.

B. Computation of Tax under RSP

Tax Amount = (RSP × GST Rate in % of applicable taxes) / (100 + Sum of applicable tax rate)

Deemed Taxable Value = RSP – Tax Amount.

Thus, GST liability is determined with reference to RSP, irrespective of the actual sale price.

Value of Supply: Retail Sale Price (MRP/RSP) printed on package minus GST included in such price.

GST Amount : Retail Sale Price × GST Rate ÷ (100 + GST Rate)

Illustration:

GST Rate: 40% ; RSP : Rs.210 ; Transaction Price : Rs.120.

GST Calculation: 210 × (40 ÷ 140) = ₹60

Value of Supply: Rs.210 -Rs.60 = ₹150.

Total Customer Price: ₹120 + ₹60 = ₹180

C. Reporting Mechanism:

In order to facilitate seamless generation of e-Invoice, e-Way Bill and GSTR-1/1A/IFF for RSP based supplies, it has been decided that:

a. Report **the Net Sale Value as taxable value**, calculate tax as per the RSP formula, and show the total invoice value as Net Sale Value + tax. All values must be correctly self-calculated and verified. Correct any system-generated figures if required.

b. This method applies only to the notified HSNs and does not change any GST legal provisions.

2. Update on Interest computation in GSTR 3B:

From January-2026 tax period onwards, the interest calculation in table 5.1 of GSTR-3B on portal has been enhanced, providing the benefit of the minimum cash balance available in the Electronic Cash Ledger of the taxpayer from the due date of return filing until the date of tax payment (offset) in line with the proviso to Rule 88B(1) of the CGST Rules, 2017.

The said change shall be applicable on the delayed returns filed for January 26' tax period for which interest shall be auto-populated in February 26' tax period's GSTR-3B.

Revised Interest Computation Formula

Interest = (Net Tax Liability – Minimum Cash Balance in ECL from due date to date of debit) × (No. of days delayed / 365) × Applicable Interest Rate.

Features:

• Auto-populated values are suggestive in nature.

• Taxpayers may modify upwards these values based on their own records and computations, if required.

The auto-populated breakup can be viewed at:

Login → GSTR-3B Dashboard → Table 6.1 (Payment of Tax) → Tax Liability Breakup

Update in Table 6.1 – Suggestive Cross-Utilization of ITC

From January-2026 period onwards, once the available IGST ITC has been fully exhausted, the GST Portal will allow to pay IGST liability in Table 6.1 of GSTR-3B using available CGST and SGST ITC in any sequence.

Collection of Interest in GSTR-10 for Delayed Filing of Last Applicable GSTR-3B

In case of cancelled taxpayers, if the last applicable GSTR-3B return has been filed after the due date, then the interest applicable on such delayed filing shall be levied and collected through the Final Return i.e., GSTR-10.

CA SUJATHA G
GST

Budget Update:

S.No	Finance Bill 2026	GST	Effective Date
1	Clause 137 and 138	Amendment in Sec.15(3) (b)of the CGST Act:	From such date as notified by government, by issue of Notification in official gazette.
	Comment: Earlier, post-supply discounts could be excluded from the value of supply only if they were agreed upon before or at the time of supply. Whereas, as per the proposed amendment, post-supply discounts determined even after the supply will now be allowed to be excluded from the value of supply, provided credit notes are issued and corresponding ITC is reversed by the recipient and subject to time limitation given in Section 34 of CGST Act 2017. With the corresponding amendments "Post supply discount" is specified as one of allowed scenarios for issue of GST Credit note.		
2	Clause 139	Amendment of Sec.54 (6)(a) & Amendment of Sec.54 (14)(a)	From such date as notified by government, by issue of Notification in official gazette.
	Comment: • Earlier in case of export of goods, the refund of amount below Rs.1,000/- was not applicable. The proposed amendment extends such refunds too. • The existing provision doesn't provide explicit refund for Inverted Duty Structure. Through this amendment, the same has been addressed.		
3	Clause 140	Amendment of section 101A.	1st April 2026
	Comment: Currently the National Appellate Authority for Advance Ruling was empowered to administer matters wherever there were conflicting ruling of States on the same subject matter. Till date, no such authority was constituted. To overcome the difficulty, through this amendment the power has been delegated to "existing authority" , which shall include "Tribunal"		
4	Clause 141	Integrated Goods and Services Tax, Sec.13(8) omitted	From such date as notified by government, by issue of Notification in official gazette.
	Clause (b) of sub-section (8), of Sec.13 which previously deemed the place of supply for "intermediary services" to be the location of the supplier, is omitted. As a result, intermediary services will now default to the general rule under sub-section (2) of section 13, where the place of supply is the location of the recipient of service		

Legal Series: Backdrop of DPDP Act, 2023

Part III of Indian Constitution lays out the Fundamental Rights of citizens of the country

Article 21 states "No person shall be deprived of his life or personal liberty except according to procedure established by law."

For years, personal liberty and life mentioned in Article 21 was widely interpreted with respect to personal life, individual liberty of the person – his way of life (laid under Article 19), his decisions, his safety provided they fall under the Fundamental Rights conferred under Part III of Indian Constitution.

Since 1990, the provisions which are included/implied and not included/implied explicitly in Article 21 were laid down slowly. Some of notable ones are as follows:

- Right to Privacy may be limited if the person voluntarily enters the public controversy
- Surveillance is an act of intrusion to personal liberty
- It also includes the right to a fair trial, mental privacy and substantive due process
- It should not account for violation of basic human rights

Turning Point

With the introduction of Aadhaar by the Government of India to the citizens/residents of the country, its details – physical and biometric information – were used to allow private use, mandatory bank linking, etc. This was challenged in Justice **K.S.Puttaswamy vs Union of India (Aadhaar cases, 2018).**

The Supreme Court had earlier declared the right to privacy as intrinsic to Article 21(2017) and hereby striking down the provision allowing the sharing the biometric data for private use. Further, the court emphasized the need for Comprehensive Data Protection law.

Few other notable cases under Supreme Court, Delhi High Court and Madras High Court established privacy's three-pronged test – **legality, legitimate aim and proportionality** – and a push for robust data Fiduciary Accountability. The prominent present case is **Meta Platforms Inc Vs Competition Commission of India** & **Whatsapp LLC Vs Competition Commission of India** which is currently being heard in the Supreme Court. It claimed that the new privacy policy violated the fundamental right to privacy and allowed Whatsapp to profile users' data without any government regulation.

All the above opened to the necessity of our own Data Protection law. And after a wait of 4 years, The Digital Personal Data Protection Bill was passed in 2023. After President's accent, it was published as **the Digital Personal Data Protection Act, 2023. On November 13, 2025**, the DPDP Rules, 2025 were notified, which follows a staggered rollout for full enforcement/compliance.

Enforcement timeline

This landmark bill will be enforced in 3 phases with various Sections coming in force at different stages.

Phase I: Started with the date of publication of the Rules (13th Nov 2025)

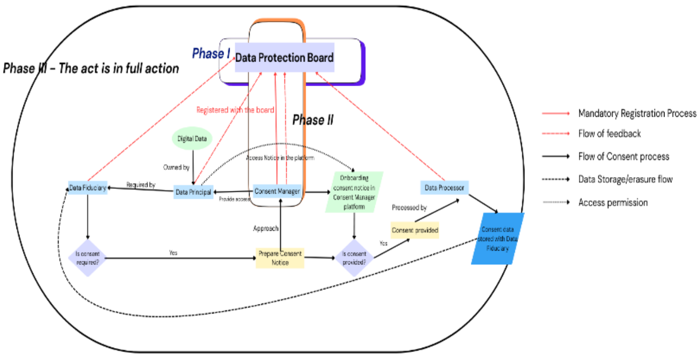
- Establishment of Data Protection Board
- Appointment of Chairman and other members
- Procedure of operation of the board

Phase II: One year from the date of publication of the Rules (13th Nov 2026)

- Registration of Consent Manager
- Fulfilment of the obligations of Consent Manager

Phase III: 18 months from the date of publication of the Rules. Complete enforcement of the act (13th May 2027)

- Issue of notice from Data Fiduciary to Data Principal
- Security Safeguards at Data Fiduciary's end
- Consent Process becomes mandatory
- Responsibilities/Accountabilities of Data Principal



Recent Developments:

The Ministry of Electronics and IT (MeitY) may shorten the timeline for Big Tech companies such as Meta, Google, and Amazon to comply with India's Digital Personal Data Protection Act, 2023 and other related rules to 12 months from the current 18 months, as the government looks at creating separate compliance regimes for large companies and startups – Indian Express, Jan 23,2026

India's two digital industry groupings — the Internet and Mobile Association of India (IAMAI), which represents big tech companies such as Meta, Bharti Airtel and Amazon; and the startup body Empower India — have formally asked the IT ministry not to shorten the compliance timeline under India's new data protection law, warning that doing so would strain businesses and disrupt operations. – Hindustan Times, Feb 05, 2026

What is Phase I?

The Data Protection Board is established by the appointment of the Chairperson and members through Search-cum-Selection Committee constituted by the Central Government.

The constitution of the Board is crucial because Consent Manager, one of the key stakeholders of the whole DPDP Act, 2023 must be registered with the Board. And the Board has the authority to suspend or cancel the registration of Consent Manager in case of any non-adherence to the obligations and conditions as laid down by the act.

Besides, the Data Protection Officer appointed by Significant Data Fiduciary must be registered under the Board.

Hence, the establishment of the Board is vital step in the enforcement of DPDP Act, 2023.

Adv.Meenakshi G

Minimum Alternate Tax

The Union Budget 2026 has introduced the most significant overhaul of the Minimum Alternate Tax (MAT) framework in nearly a decade. Positioned as a "transitionary" tax, the new rules are designed to push domestic companies away from the old tax regime and toward the simplified, lower-rate corporate tax structures.

1. What is Minimum Alternate Tax (MAT)?

Introduced under Section 115JB of the Income Tax Act, MAT is a provision created to ensure that companies reporting high "book profits" (profits shown in their financial statements) do not escape paying tax entirely by using various exemptions, deductions, and incentives. If a company's tax liability under normal provisions is lower than the tax calculated under MAT, the company must pay the MAT amount instead.

2. Updated MAT Rates (Budget 2026)

The 2026 Budget brought a welcome reduction in the headline rate, but with specific conditions that change how companies view this tax.

Particulars	Rate (Before Budget 2026)	New Rate (Effective April 1, 2026)
Standard MAT Rate	15%	14%
IFSC Units	9%	9% (No change)
Surcharge & Cess	Applicable	Applicable (Standard 4% Cess)

Key Change: For companies staying in the old regime, MAT is now proposed to be a "Final Tax." This means for tax paid from April 1, 2026, onwards, companies will no longer earn "MAT Credit" to be used in future years.

3. Applicability: Who must pay MAT?

MAT applies primarily to corporate entities. However, the 2026 Budget has clarified and narrowed its scope to encourage specific sectors:

Applicable To:

- All Domestic Companies: Both private and public companies not opting for the concessional tax regime (Section 115BAA/115BAB).
- Foreign Companies: If they have a permanent establishment in India or if specific treaty benefits do not exempt them.

Exemptions (2026 Updates):

- New Tax Regime Companies: Domestic companies that have opted for the 22% or 15% concessional tax rates remain exempt from MAT.
- Non-Residents on Presumptive Basis: Budget 2026 explicitly exempts all non-residents who pay tax on a presumptive basis (e.g., shipping, aircraft, or certain civil construction) from the rigors of MAT.
- Life Insurance Business: Income from life insurance remains exempt under Section 115JB.

4. The "MAT Credit" Overhaul

Perhaps the most technical change in the 2026 Budget involves MAT Credit—the "banked" tax a company keeps when it pays MAT in excess of its normal tax.

- No New Accumulation: Starting April 1, 2026, companies will stop accumulating new MAT credits. The tax paid at 14% is considered final.
- The "Nudge" to the New Regime: Companies moving to the New Tax Regime (Section 115BAA) after April 1, 2026, are now allowed to carry forward their existing MAT credits (accumulated up to March 31, 2026).
- 25% Cap: To protect government revenue, these shifting companies can only use their accumulated credit to offset up to 25% of their tax liability in any given year for a period of up to 15 years.

5. Interest and Penalties

While MAT is an "alternate" calculation, it is treated as part of your "advance tax" obligations.

- Section 234B & 234C: If a company fails to pay the required MAT as advance tax during the financial year, interest is levied at 1% per month on the shortfall.

- 2026 Update: The Budget 2026 ensures that interest provisions for "Updated Returns" (Section 139(8A)) will now calculate interest on the tax amount after adjusting for eligible MAT credits, providing some relief to leveraged corporate groups.

Feature	**Old Rule**	**New Rule (FY 2026-27)**
Base Rate	15%	14%
Nature of Tax	Credit-based	Final Tax (for old regime)
Credit Transfer	Lapses if moving to New Regime	Allowed (Capped at 25% of liability)
Presumptive Non-Residents	Ambiguous	Explicitly Exempt

CA Chaitanya Kumar
Direct Tax

Challenges in Apartment Accounting and the Need for Structured Governance

Apartment living in India is growing fast—but so are the operational challenges that come with it. Amidst facility management, resident coordination, and infrastructure upkeep, one area consistently surfaces as a source of stress, conflict, and risk: apartment accounting.

Unlike corporate or small business accounting, apartment accounting must balance financial discipline with volunteer governance, resident transparency, and regulatory compliance. Unfortunately, this balance is rarely easy to achieve.

In this article, we unpack the unique difficulties in apartment accounting, and highlight why associations must rethink traditional approaches to finance and governance.

What Makes Apartment Accounting Different?

Apartment associations are legally and financially distinct from both businesses and charities. They collect funds from residents, pay multiple vendors, manage long-term funds like sinking funds or reserves, and still need to maintain strict transparency with diverse stakeholder groups.

Key apartment accounting activities include:

- Maintenance fee collection and reconciliation
- Vendor invoice payments
- Sinking fund and corpus allocation
- Statutory audit preparation
- Tax compliance and record maintenance
- Regular financial reporting to residents

Each of these processes requires accuracy, consistency, and traceability — something that voluntary office bearers struggle to maintain without professional support.

Common Pain Points in Apartment Accounting

1. Manual or Inconsistent Record-Keeping

Many associations rely on spreadsheets or email chains to track receipts and payments. Without standardized workflows or audit trails, errors and omissions are common.

2. Volunteer Turnover

Apartment committees typically rotate annually. When treasurers and secretaries change, continuity in financial management is disrupted — leading to knowledge gaps and inconsistent accounting practices.

3. Vendor Management Complexities

Apartments contract multiple services — security, housekeeping, elevators, landscaping, utilities — each with different billing cycles and terms. Managing all of this without a systematic approach leads to delays and reconciliation headaches.

4. Lack of Oversight and Review

Few apartments implement periodic financial reviews or internal controls. As a result, misclassifications, delays in reporting, and unexplained variances often go unnoticed.

Beyond Numbers: Governance Implications

Apartment accounting is not just about recording debits and credits. It has direct implications on:

- Resident trust
- Committee credibility
- Regulatory compliance
- Audit readiness

When financial records are unclear or poorly managed, residents raise concerns, conflicts escalate, and office bearers may face undue scrutiny or liability.

Strong governance requires:

- Transparent processes
- Consistent documentation
- Standard reporting formats
- Regular oversight and control mechanisms

Without these, even well-intentioned associations struggle to maintain financial integrity.

Addressing the Human Resource Gap

One of the most overlooked challenges in apartment accounting is the lack of trained talent. Experienced accountants rarely choose apartment associations as a full-time role. At the same time, fresh commerce graduates often lack the domain knowledge to handle the nuances involved.

This mismatch creates:

- Inconsistent accounting outcomes
- Lack of professional discipline
- No standardized process or escalation point
- Increased dependence on individuals rather than systems

For sustainable accounting governance, training and ongoing supervision must be part of the solution — not an afterthought.

A Better Support Model for Apartment Associations

Apartment associations, especially in large urban centers like Bengaluru, are increasingly recognizing that traditional volunteer-led accounting isn't enough for the scale and complexity they now face.

A structured support model should include:

- Trained accounting professionals well-versed in apartment finance
- Standardized processes and documentation
- Ongoing review and quality control
- Transparent reporting mechanisms tailored for residents
- Support for statutory and audit compliance

These elements shift accounting from being a reactive chore to a proactive governance strength.

Closing Thoughts

Apartment governance is evolving. As associations grow larger and financially more complex, the old ways of handling accounts — informal, individual-led, spreadsheet-dependent — are increasingly untenable.

What's required now is a hybrid model: Trained professionals embedded on the ground, supported by structured oversight and governance processes that ensure clarity, consistency, and confidence for all stakeholders.

At a time when financial transparency matters more than ever, strengthening your accounting framework is not just a need — it's an imperative.

Dipali Kumari

Financial year 2025 - 2026 Compliance Calendar

Disclaimer: Dates are subject to change as per notification from government authorities

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APR

- 07TH MONTHLY TDS PAYMENT
- 07TH GOVT. DEDUCT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP - 08
- 20TH GSTR 3B
- 22ND QRMP
- 25TH PMT 06
- 30TH GSTR 4
- 30TH MSME 1
- 30TH GOVT. NON DEDUCT

MAY

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH GSTR 1
- 12TH ECB 2 RETURN
- 13TH GSTR 1 (QRMP/IFF)
- 20TH GSTR 3B
- 29TH PAS 6
- 30TH LLP ANNUAL RETURN
- 31ST TDS Q4 FILING (24-25)
- 31ST FORM 61A

JUNE

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 10TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q4 TDS CERTIFICATE
- 15TH Q1 ADVANCE TAX 15%
- 20TH GSTR 3B
- 30TH DPT 3

JULY

- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH FLA RETURN
- 18TH CMP 08
- 20TH GSTR 3B (QRMP)
- 22ND QRMP
- 31ST TDS Q1 FILING (25 - 26)
- 31ST INDIVIDUAL ITR FILING

AUG

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q1 TDS CERTIFICATE
- 20TH GSTR 3B

SEPT

- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q2 ADVANCE TAX 45%
- 20TH GSTR 3B
- 30TH TAX AUDIT
- 30TH DIRECTOR KYC

OCT

- 07TH MONTHLY TDS PAYMENT
- 10TH ECB - 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP - 08
- 20TH GSTR 3B
- 22ND QRMP
- 29TH AOC 4
- 30TH LLP FORM 8
- 31ST MSME 1
- 31ST COMPANY ITR
- 31ST TDS Q2 FILING (25 - 26)

NOV

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q2 TDS CERTFICATE
- 20TH GSTR 3B
- 28TH MGT-7/MGT - 7A
- 29TH PAS -6
- 30TH FINAL ITC

DEC

- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1(QRMP/IFF)
- 15TH Q3 ADVANCE TAX 75%
- 20TH GSTR 3B
- 31ST BELATED/REVISED ITR
- 31ST GSTR - 9/9A/9C
- 31ST TDS Q3 FILINGC (25 - 26)
- 31ST APR RETURN

JAN

- 07TH MONTHLY TDS PAYMENT
- 09TH ECB 2 RETURN
- 10TH GSTR 7
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 18TH CMP 08
- 20TH GSTR 3B
- 22ND GSTR 3B (QRMP)
- 25TH PMT 06
- 31ST Q3 TDS FILING (25 - 26)

FEB

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q3 TDS CERTIFICATE
- 20TH GSTR 3B
- 25TH PMT 06

MAR

- 07TH MONTHLY TDS PAYMENT
- 10TH GSTR 7
- 11TH ECB 2 RETURN
- 11TH GSTR 1
- 13TH GSTR 1 (QRMP/IFF)
- 15TH Q4 ADVANCE TAX 100%
- 20TH GSTR 3B
- 25TH PMT 06
- 31ST FORM CSR - 2
- 31ST ITR U (FY 2022 - 23)

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