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# JDPro Insights

## January 2026 Edition

Bringing the latest regulatory updates in GST,  
Income Tax and more at your fingertips.





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# ➤ INDIRECT TAX INSIGHTS

- 1 GSTN Advisory on Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ITC Statement
- 2 Advisory on Filing Opt-In Declaration for Specified Premises



# GSTN ADVISORY ON ELECTRONIC CREDIT REVERSAL AND RE-CLAIMED STATEMENT & RCM LIABILITY/ITC STATEMENT

## Background:

The Goods and Services Tax Network (GSTN) has issued an advisory dated **29 December 2025** to guide taxpayers on accurate reporting of Input Tax Credit (ITC) reversals, re-claims, and Reverse Charge Mechanism (RCM) transactions. The advisory highlights the need to track ITC reversals and subsequent claims, reconcile RCM liabilities with ITC claimed, and declare or amend opening balances for transactions prior to the introduction of these reporting requirements. These measures aim to reduce errors, prevent excess ITC claims, and ensure compliance with GSTR-3B filing requirements.

The GSTN Advisory has outlined the following requirements to ensure smooth compliance with GST rules:

- Taxpayers are informed that negative balances and excess ITC claims will no longer be allowed. ITC re-claimed cannot exceed the available balance plus current-period reversals, and ITC claimed under RCM cannot exceed the corresponding liability and available balance.
- Filing of GSTR-3B will be blocked if these conditions are not met. Taxpayers must correct any negative balances or excess claims by reversing ITC, reducing claimed amounts, or paying additional RCM liability before filing.

To read the GSTN Advisory dated 29<sup>th</sup> December 2025 - [Click Here](#)

## FAQs:

### 1. How can I view my Electronic Credit Reversal and Re-claimed Statement?

Navigate to Dashboard → Services → Ledger → Electronic Credit Reversal and Re-claimed.

### 2. How can I view my RCM Liability/ITC Statement?

Navigate to Dashboard → Services → Ledger → RCM Liability/ITC Statement.

# GSTN ADVISORY ON ELECTRONIC CREDIT REVERSAL AND RE-CLAIMED STATEMENT & RCM LIABILITY/ITC STATEMENT

## 3. What changes will be implemented in GSTR-3B for ITC Reclaims?

Taxpayers cannot file GSTR-3B if ITC claimed in Table 4(D)(1) exceeds the sum of the closing balance in the ITC Reclaim ledger and ITC reversed in Table 4(B)(2) of the current period.

## 4. How to file GSTR-3B if ITC Reclaim ledger has a negative balance?

A negative balance indicates excess ITC claimed earlier. To file:

- Reverse the excess ITC in Table 4(B)(2) of the current return.
- If no ITC is available, the reversal will be added to the current period's liability.

Example: If the ledger shows -₹10,000, reverse ₹10,000 in Table 4(B)(2) to proceed with filing.

## 5. How will RCM ITC validation work in GSTR-3B?

GSTR-3B cannot be filed if ITC claimed in Tables 4(A)(2) / 4(A)(3) exceeds the sum of the available RCM ITC balance and RCM liability reported in Table 3.1(d).

## 6. How to file GSTR-3B if RCM Ledger has a negative balance?

A negative RCM balance indicates excess ITC claimed earlier. To file:

- Pay the outstanding RCM liability in Table 3.1(d), or
- Reduce ITC claimed in Tables 4(A)(2) / 4(A)(3) by the negative balance amount.

## ADVISORY ON FILING OPT-IN DECLARATION FOR SPECIFIED PREMISES

The Goods and Services Tax Network (GSTN) has issued an advisory dated 4 January 2026 regarding the electronic filing of opt-in declarations for declaring hotel accommodation premises as “**Specified Premises**” under Notification No. 05/2025 – Central Tax (Rate) dated 16 January 2025. This facility is applicable to both existing registered taxpayers and applicants for new GST registration.

### 1. What is a “Specified Premises”?

A specified premises refers to a hotel accommodation premises that is voluntarily declared as such by the taxpayer for GST purposes. Once declared, all accommodation services provided from that premises attract GST at a uniform rate of 18% with Input Tax Credit (ITC), irrespective of the actual room tariff.

### 2. GST Treatment Where Premises Is Not Declared as Specified Premises

If the premises is not opted in as a specified premises, GST is applicable based on the declared room tariff:

- Declared tariff up to ₹7,500 per unit per day – 5% GST (without ITC)
- Declared tariff above ₹7,500 per unit per day – 5% GST (without ITC)

This tariff-linked structure often results in rate fluctuations and increased compliance complexity.

### 3. Eligible Persons

The opt-in declaration can be filed by:

- Regular GST taxpayers (active or suspended) supplying hotel accommodation services
- Applicants for new GST registration intending to declare premises as specified premises

Not eligible: Composition taxpayers, TDS/TCS registrants, SEZ units/developers, casual taxpayers, and taxpayers with cancelled registrations.

### 4. Types of Declarations Available

The following annexures are available on the GST Portal:

- Annexure VII – Opt-In Declaration for existing registered taxpayers (applicable for the succeeding financial year)

## ADVISORY ON FILING OPT-IN DECLARATION FOR SPECIFIED PREMISES

- Annexure VIII – Opt-In Declaration for new registration applicants (effective from the date of registration)
- Annexure IX (Opt-Out Declaration) will be enabled separately.

### 5. Timelines for Filing

#### (A) Existing Registered Taxpayers – Annexure VII

Filing window: 1 January to 31 March of the preceding financial year

For FY 2026–27: Filing allowed from 01.01.2026 to 31.03.2026

#### (B) New Registration Applicants – Annexure VIII

- Must be filed within 15 days from the date of ARN generation
- Can be filed even before GSTIN allotment, provided the application is not rejected
- If not filed within 15 days, declaration can be filed only during the Annexure VII window
- Filing is not permitted if the registration application is rejected

### 6. Procedure for Filing on GST Portal

- Log in to the GST Portal
- Navigate to: Services → Registration → Declaration for Specified Premises
- Select:
  - Opt-In Declaration for Specified Premises, or
  - Download Annexure Filed
- Select eligible premises, complete the declaration, and submit using EVC
- An ARN will be generated upon successful submission

### 7. Key Points to Note

- A maximum of 10 premises can be selected per declaration
- Multiple declarations may be filed for additional premises

## ADVISORY ON FILING OPT-IN DECLARATION FOR SPECIFIED PREMISES

- Separate PDFs and reference numbers are generated for each premise
- Suspended taxpayers may file the declaration; cancelled taxpayers cannot
- Once opted, the declaration remains valid for future years unless opted out through Annexure IX

### 8. Download of Filed Declarations

Filed Annexures (VII / VIII) can be downloaded from:

Services → Registration → Declaration for Specified Premises → Download

### 9. Intimation

Email and SMS confirmations will be sent to all authorised signatories upon successful filing.

### 10. Key Benefits of Opting In

- Uniform GST rate of 18% with ITC on all accommodation services from the declared premises
- Full eligibility of Input Tax Credit on inputs and input services
- Simplified compliance by avoiding tariff-based GST rate determination
- Certainty and continuity, as the option remains valid for subsequent years unless opted out

### 11. Consequences of Not Opting In / Opting Out

If premises are not declared as specified premises:

- The GST rate will be 5% without ITC
- Higher compliance complexity and potential classification disputes

To read the GSTN Advisory dated 4 January 2026- [Click Here](#)



# ► DIRECT TAX INSIGHTS

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CBDT Initiative – Voluntary Review of  
Deduction/Exemption Claims for AY 2025–26



## CBDT INITIATIVE – VOLUNTARY REVIEW OF DEDUCTION/EXEMPTION CLAIMS FOR AY 2025–26

The Central Board of Direct Taxes (CBDT) has launched an initiative encouraging taxpayers to voluntarily review and correct ineligible deduction or exemption claims identified through risk analytics. Taxpayers can file **revised tax returns** for **Assessment Year (AY) 2025–26** by **31 December 2025**, if applicable.

Under the NUDGE (Non-intrusive Usage of Data to Guide and Enable) campaign, taxpayers have been informed via SMS and email about potential issues, including:

- Bogus donations to Registered Unrecognised Political Parties (RUPPs)
- Other ineligible deductions or exemptions
- Errors in PAN details of donees
- Incorrect claim amounts

The initiative reflects a trust-based approach, allowing taxpayers to review returns and voluntarily correct errors, thereby avoiding future enquiries. During FY 2025–26, over 21 lakh taxpayers have updated returns for AYs 2021–22 to 2024–25, paying more than ₹2,500 crore in additional taxes. Over 15 lakh returns have already been revised for the current AY 2025–26.

### Action Required:

- Review your tax return and verify the correctness of deductions/exemptions.
- File a revised return, if necessary, by 31 December 2025.
- Taxpayers with genuine claims need not take any action.
- Returns can still be revised after 1 January 2026, subject to additional tax liability.

1

## **CBDT INITIATIVE – VOLUNTARY REVIEW OF DEDUCTION/EXEMPTION CLAIMS FOR AY 2025–26**

### **Reference:**

- To read the Press Release dated 13 December 2025 issued by Ministry of Finance - [Click Here](#)
- To read the Press Release dated 23 December 2025 issued by CBDT - [Click Here](#)



# ➤ CORPORATE LAW INSIGHTS

- 1 MCA Relaxation of Threshold for Classification as 'Small Company'
- 2 MCA Initiatives to Strengthen Ease of Doing Business in India (Since 2014)
- 3 100% FDI Permitted in Insurance Sector under Insurance Laws (Amendment) Bill, 2025
- 4 MCA Extends Filing Deadline for Financial Statements and Annual Returns for FY 2024-25



# MCA RELAXATION OF THRESHOLD FOR CLASSIFICATION AS 'SMALL COMPANY'

## Background:

Under the Companies Act, 2013, companies classified as '**Small Companies**' are eligible for several compliance relaxations, including:

- Exemption from preparing a cash flow statement and filing simplified Board reports
- Lower penalties for non-compliances and reduced filing fees
- Requirement to hold only two Board meetings per year with a minimum gap of 90 days
- Eligibility for fast-track merger under Section 233 of the Companies Act

## MCA Notification – 1 December 2025

The Ministry of Corporate Affairs (MCA) has relaxed the monetary threshold limits for qualifying as a '**Small Company**'. This revision expands the scope of companies eligible for the associated compliance benefits.

Particulars	Pre-Amendment Threshold	Revised Threshold
1. Paid Up Capital	Rs. 4 Crores	Rs. 10 Crores
2. Turnover	Rs. 40 Crores	Rs. 100 Crores

## MCA RELAXATION OF THRESHOLD FOR CLASSIFICATION AS 'SMALL COMPANY'

### **Impact:**

This is a positive reform aimed at easing compliance for smaller businesses. With the enhanced thresholds, a larger number of private limited companies are expected to qualify as 'Small Companies'. Historically, each upward revision in thresholds has resulted in 20–30% more companies becoming eligible for these benefits.

### **Reference:**

- To read the Notification dated 1 December 2025 issued by MCA - [Click Here](#)
- To read the Press Release dated 16 December 2025 issued by MCA - [Click Here](#)

## MCA INITIATIVES TO STRENGTHEN EASE OF DOING BUSINESS IN INDIA (SINCE 2014)

The Ministry of Corporate Affairs (MCA) has highlighted a series of initiatives and policy reforms undertaken since 2014 to enhance the Ease of Doing Business and promote a transparent, technology-driven corporate compliance framework in India.

### Key Initiatives and Reforms:

- **Business Reform Action Plan (BRAP):** Launched in 2014 by DPIIT to reduce regulatory bottlenecks and improve transparency; seven editions completed to date.
- **Companies Act Amendments (2015–2020):** Multiple amendments introduced to simplify compliance, address industry concerns, and decriminalize technical and procedural defaults, particularly benefiting small companies, start-ups, OPCs, and producer companies.
- **LLP Reforms:** The LLP (Amendment) Act, 2021 decriminalized minor violations and introduced the concept of 'Small LLP' with reduced compliance and fees.
- **Targeted Exemptions:** Various exemptions granted to private companies, government companies, charitable entities, Nidhis, and IFSC (GIFT City) companies through notifications issued under Section 462 of the Companies Act.
- **Incorporation & Capital Measures:**
  1. No incorporation fee for companies with authorized capital up to ₹15 lakh
  2. Permission for direct overseas listing by Indian public companies, enhancing access to global capital and strengthening 'Brand India'.

## MCA INITIATIVES TO STRENGTHEN EASE OF DOING BUSINESS IN INDIA (SINCE 2014)

- **Fast-Track Mergers:** Scope expanded in 2021 and further widened in September 2025, with improved implementation of deemed approvals.
- **Digitisation & Centralisation:**
  1. Central Registration Centre (CRC) (2016) for speedy incorporation
  2. SPICe+ and AGILE PRO-S forms enabling multiple registrations at incorporation
  3. FiLLiP form introduced for LLP incorporation
  4. C-PACE (May 2023) for simplified and time-bound company/LLP strike-off
  5. Central Processing Centre (CPC) (Feb 2024) for centralized processing of non-STP forms
- **E-Adjudication Framework: Amendments to the Companies (Adjudication of Penalties) Rules, 2014** in August 2024 mandate fully electronic adjudication under Section 454, ensuring faster and transparent penalty proceedings.
- **Technology & Analytics:** MCA21 V3 integrates data analytics-driven compliance tools, including early warning systems, risk-based classification, automated alerts, and non-compliance pattern analysis.

### Impact:

- The number of active companies increased from 9.52 lakh (31 March 2014) to 18.51 lakh (31 March 2025), nearly doubling over the period.
- These reforms have significantly contributed to business formalization, improved compliance, and overall economic growth.

To read Press Release dated 15 December 2025 issued by MCA - [Click Here](#)

## 100% FDI PERMITTED IN INSURANCE SECTOR UNDER INSURANCE LAWS (AMENDMENT) BILL, 2025

The **Insurance Laws (Amendment) Bill, 2025** was passed by Parliament on **17 December 2025**, introducing significant reforms to strengthen India's insurance sector. The Bill amends the following legislations:

- Insurance Act, 1938
- Life Insurance Corporation Act, 1956
- Insurance Regulatory and Development Authority Act, 1999

### Key Highlights:

- **100% FDI Permitted:** The Bill allows up to 100% Foreign Direct Investment (FDI) in insurance companies, enabling greater participation by foreign investors. This is expected to support capital infusion, adoption of advanced technology, introduction of global best practices, and generation of employment opportunities.
- **Ease of Doing Business:**
  - Introduction of one-time licensing for insurance intermediaries
  - Provision for suspension of licence instead of immediate cancellation
  - Threshold for prior regulatory approval for transfer of share capital increased from 1% to 5%
  - Net Owned Fund requirement for Foreign Reinsurance Branches reduced from ₹5,000 crore to ₹1,000 crore
- **Policyholder Protection:** Establishment of a Policyholders' Education and Protection Fund to promote awareness and safeguard policyholder interests.

## 100% FDI PERMITTED IN INSURANCE SECTOR UNDER INSURANCE LAWS (AMENDMENT) BILL, 2025

- **Data Protection:** Mandatory collection and protection of policyholder data in compliance with the Digital Personal Data Protection Act, 2023.
- **Stronger Regulatory Governance:** Introduction of consultative and standardised procedures for regulation-making, along with rationalisation of penalties and defined criteria for their imposition.

### Overall Impact:

These reforms aim to expand insurance coverage, deepen market penetration, enhance regulatory oversight, and promote ease of doing business. Collectively, they are expected to strengthen the insurance sector and improve financial resilience of the Indian economy.

To read the Press Release dated 18 December 2025 issued by MCA - [Click Here](#)

## MCA EXTENDS FILING DEADLINE FOR FINANCIAL STATEMENTS AND ANNUAL RETURNS FOR FY 2024-25

The **Ministry of Corporate Affairs (MCA)** has announced an extension for filing Financial Statements and Annual Returns under the Companies Act, 2013 for FY 2024-25.

### Key Details

- Extended Deadline: Companies can now file relevant forms—including MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), and AOC-4 (XBRL)—up to **31 January 2026** without payment of additional fees.

This relaxation comes in response to representations from stakeholders and aims to ease compliance burden on companies.

To read the Press Release dated 30 December 2025 issued by MCA - [\*\*Click Here\*\*](#)

# COMPLIANCE CALENDARS - JANUARY 2026



1

**GST Compliance Calendar**  
**January 2026**

2

**Other Statutory Compliances**  
**Calendar January 2026**



# GST COMPLIANCE CALENDAR JANUARY 2026

S.No	Particulars of Compliance	Form/Return	Period	Due Date
1	To be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST	GSTR 7	Dec 2025	10.01.2026
2	To be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST	GSTR 8	Dec 2025	10.01.2026
3	Filing of outward supplies	GSTR 1	Dec 2025	10.12.2026
4	To be filed by Non-Resident Taxpayers and ODIAR services provider	GSTR 5/5A	Dec 2025	13.01.2026
5	To be filed by Input Service Distributors	GSTR 6	Dec 2025	13.01.2026
6	Taxpayers with an annual turnover exceeding ₹ 5 Crores.	GSTR 3B	Dec 2025	20.01.2026
7	Monthly payment for QRMP taxpayers	PMT - 06	Dec 2025	25.01.2026
8	Due Date for Filing GSTR 3B under QRMP Scheme	GSTR 3B	Oct-Dec	22.01.2026

## OTHER STATUTORY COMPLIANCES CALENDAR JANUARY 2026

S.No	Particulars of Compliance	Form/Return	Period	Due Date
1	Due date for deposit of TDS/TCS for the month of December 2025.	Challan	Dec 2025	07.01.2026
2	Filing Professional Tax returns by the employers or the individuals who are liable to pay professional tax		Dec 2025	10.01.2026
3	Provident fund(PF) & ESI Payment and returns		Dec 2025	15.01.2026
4	Filing of audited financial statements in form AOC-4 / AOC-4 XBRL	All Companies	FY 2024-25	31.01.2026
5	Filing of Annual Return in form MGT-7 & 7A with Registrar of Companies	All Companies	FY 2024-25	31.01.2026
6	Due Date for filing TDS Return for 3rd Quarter		Oct-Dec	31.01.2026
7	Due Date for Filing TCS Return for 3rd Quarter		Oct-Dec	31.01.2026

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Partner | Taxation



**CA Prakash Patel**  
Director | Indirect  
Taxes



**CA Vaishnavi Kanuganti**  
Manager | Risk Advisory

# THANK YOU



## ADDRESS

J D P & Co Chartered Accountants Unit 3B, 6-3-569/2, Above  
Kia Showroom, Opp. RTA Khairtabad Rockdale Compound,  
Somajiguda-082. +91 - 40 4955 0560 . www.jpco.in



## REACH OUT TO US

Do write us back your  
feedback/Queries/Comments, if any at  
**mail@jpco.in**

