



Quality. Collaboration. Innovation

# JDPro Insights

## February 2026 Edition

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





# INDEX

## I Indirect Tax

## II Corporate Laws

## III International Taxation

## IV GST Compliance Calendar February 2026

## V Other Statutory Compliances Calendar February 2026

**(Note - This pdf contains interactive links to help easy navigation. We suggest viewing it on desktop/laptop to enable most links. Click over the Roman numbers above to directly jump to a section)**



# ➤ INDIRECT TAX INSIGHTS

- 1 Change in GST Rates on Tobacco & Allied Products
- 2 Valuation of Tobacco & Tobacco-Related Products under GST
- 3 Advisory on Interest Calculation and Enhancements in GSTR-3B



# CHANGE IN GST RATES ON TOBACCO & ALLIED PRODUCTS

The Central Board of Indirect Taxes & Customs (CBIC), on the recommendations of the GST Council, has notified revised GST rates on tobacco and tobacco-related products effective from **1 February 2026**. Simultaneously, the Compensation Cess on these products has been withdrawn.

## Revised GST Rates

S.No	Goods	Existing GST Rate	Revised GST Rate
1	Biris	28%	18%
2	Pan masala	28%	40%
3	Unmanufactured tobacco; tobacco refuse (other than tobacco leaves)	28%	40%
4	Cigars, cheroots, cigarillos and cigarettes (of tobacco or substitutes)	28%	40%
5	Other manufactured tobacco and tobacco substitutes (excluding biris)	28%	40%
6	Products containing tobacco or reconstituted tobacco for inhalation without combustion	28%	40%
7	Products containing tobacco or nicotine substitutes for inhalation without combustion	28%	40%

# CHANGE IN GST RATES ON TOBACCO & TOBACCO-RELATED PRODUCTS

## Key Highlights:

- GST rate increased from 28% to 40% for most tobacco and tobacco-related products.
- GST rate reduced to 18% for Biris.
- Compensation Cess withdrawn on tobacco and tobacco-related products.

To read Notification No. 19/2025-CT (Rate) dated 31 December 2025 - [Click Here](#)

To read Notification No. 19/2025-IT (Rate) dated 31 December 2025 - [Click Here](#)

To read Notification No. 19/2025-UTT (Rate) dated 31 December 2025 - [Click Here](#)

To read Notification No. 03/2025-CC (Rate) dated 31 December 2025 - [Click Here](#)

## VALUATION OF TOBACCO & TOBACCO-RELATED PRODUCTS UNDER GST

The Central Board of Indirect Taxes & Customs (CBIC) has introduced a notification dated **31 December 2025**, introducing RSP-based valuation for specified tobacco products, effective 1 February 2026.

### Earlier Valuation Method:

- Taxable value was based on transaction value, i.e., the actual price paid or payable.
- Adjustments were made for fair market value where necessary.
- Input Tax Credit (ITC) for non-manufacturers was subject to Rule 86B restrictions.
- Reporting was done through standard e-invoice, e-way bill, and GSTR filings.

### RSP-Based Valuation (As per New Notification):

- Taxable value is now based on the Retail Sale Price (RSP) declared by the manufacturer or supplier.
- Applies to specified products: Pan masala, unmanufactured tobacco (excluding leaves), cigarettes, cigars, cigarillos, other manufactured tobacco (excluding biris), and inhalable tobacco/nicotine products.

### Taxable value calculation:

Taxable Value=RSP – Applicable Tax, where Applicable Tax=RSP × GST Rate/100+GST Rate

- ITC for non-manufacturers is allowed only if tax is paid based on RSP.
- Reporting under RSP-based valuation is required in e-invoice, e-way bill, GSTR-1/GSTR-1A, and Invoice Furnishing Facility (IFF).

### Key highlights:

- Standardizes taxable value across the industry.
- Ensures uniform GST computation and compliance.
- Reduces disputes arising from variations in transaction pricing.

## VALUATION OF TOBACCO & TOBACCO-RELATED PRODUCTS UNDER GST

### Example: RSP-Based GST Valuation

Product: Cigarettes

Declared Retail Sale Price (RSP): ₹140

Applicable GST Rate: 40%

#### Step 1: Compute Applicable Tax

$$\begin{aligned}\text{Applicable Tax} &= \text{RSP} \times \text{GST Rate}/100 + \text{GST Rate} \\ &= (140 \times 40)/(100+40) = 40\end{aligned}$$

#### Step 2: Determine Taxable Value

$$\text{Taxable Value} = \text{RSP} - \text{Applicable Tax} = 140 - 40 = ₹100$$

#### Step 3: GST Payable

- GST is computed on the taxable value of ₹100 at 40%, ensuring standardized valuation.

#### Interpretation:

Even if the product is sold at different prices, the taxable value for GST purposes is based on RSP minus applicable tax, simplifying compliance and reducing disputes.

- To read Notification No. 19/2025-CT dated 31 December 2025 - [Click Here](#)
- To read Notification No. 20/2025-CT dated 31 December 2025 - [Click Here](#)
- To read the GSTN Advisory dated 23 January 2025 - [Click Here](#)

## ADVISORY ON INTEREST CALCULATION AND ENHANCEMENTS IN GSTR-3B

The Goods and Services Tax Network (GSTN) has issued an advisory dated **30 January 2026** on enhancements in GSTR-3B filing, effective from January 2026, aimed at improving interest computation, tax liability reporting, and ITC utilization.

### Previous Interest Computation:

- Interest under Section 50 CGST Act was calculated on the entire net tax liability of delayed returns.
- Formula:  
$$\text{Interest} = \text{Net Tax Liability} \times \text{No. of days delayed} / 365 \times \text{Applicable Interest Rate}$$
- No offset for the available cash balance in the Electronic Cash Ledger (ECL).
- Taxpayers could edit the interest values upward or downward.

### Revised Interest Computation (As per Advisory):

- Interest now considers the minimum cash balance in the Electronic Cash Ledger from the return due date to the date of tax payment, as per Rule 88B(1) CGST Rules.
- Formula  
$$\text{Interest} = (\text{Net Tax Liability} - \text{Minimum Cash Balance in ECL}) \times \text{No. of days delayed} / 365 \times \text{Applicable Interest Rate}$$
- Auto-populated values in Table 5.1 of GSTR-3B are non-editable downward; taxpayers should self-assess and adjust upward if necessary.

### Key Enhancements:

- **Tax Liability Breakup Table Auto-Population:** For supplies reported in GSTR-1 / GSTR-1A / IFF of previous periods.
- **Cross-Utilization of ITC:** IGST liability can now be paid using available CGST/SGST ITC once IGST ITC is exhausted.
- **Interest in GSTR-10:** Delayed GSTR-3B filing by cancelled taxpayers will be collected through the Final Return (GSTR-10).

## ADVISORY ON INTEREST CALCULATION AND ENHANCEMENTS IN GSTR-3B

### Key Highlights:

- Ensures accurate interest computation and alignment with law.
- Reduces overstated interest by considering available cash balances.
- Provides auto-population and ITC flexibility, simplifying compliance for taxpayers.

To read the GSTN Advisory dated 30 January 2026 - [Click Here](#)



# ➤ CORPORATE LAW INSIGHTS

1

MCA Simplifies Director KYC – Once in Three Years



## MCA SIMPLIFIES DIRECTOR KYC – ONCE IN THREE YEARS

The Ministry of Corporate Affairs (MCA) has amended **Rule 12A** of the Companies (Appointment & Qualification of Directors) Rules, 2014, replacing the annual KYC requirement for directors with an abridged **KYC filing once every three years**, effective **31 March 2026** (notification dated 31 December 2025).

### Key Highlights:

- **Simplified KYC Form:** Can be used for KYC compliance, updating mobile number, email address, residential address, or re-activating Director Identification Number (DIN).
- **Digital Signature Verification:** Required only if personal contact details or address are updated; otherwise, no certification needed.
- **Next Filing Due:** Directors who have already completed KYC will file next by 30 June 2028. Those who haven't submitted KYC can continue under existing rules until 31 March 2026.
- **Objective:** Reduces compliance burden while ensuring periodic verification and accuracy of director details, enhancing corporate transparency.

This amendment provides significant ease of compliance for directors across all companies while maintaining regulatory oversight.

To read MCA Press Release issued by the MCA dated 1 January 2026 - [Click Here](#)

To read Notification issued by the MCA dated 31 December 2025 - [Click Here](#)



# INTERNATIONAL TAXATION INSIGHTS

1

Supreme Court on Tiger Global – Substance Over Form in DTAA Claims



# SUPREME COURT ON TIGER GLOBAL – SUBSTANCE OVER FORM IN DTAA CLAIMS

The Supreme Court of India in its judgment dated **15 January 2026** clarified that Tax Residency Certificates (TRCs) alone are not sufficient to claim benefits under **Double Taxation Avoidance Agreements (DTAAs)**. The ruling emphasizes substance over form, ensuring cross-border arrangements have genuine commercial purpose.

## Background:

- **Entities Involved:** Tiger Global International II, III, and IV Holdings—Mauritius-based investment entities.
- **Transaction:** These entities sold shares of Flipkart's Singapore holding company to a Luxembourg buyer during Walmart's acquisition, generating significant capital gains.
- **DTAA Claim:** The entities sought exemption under the India–Mauritius DTAA, relying on the grandfathering clause (Article 13(3A)), which protects capital gains on shares acquired before 1 April 2017. Grandfathering is intended to shield genuine pre-existing investments from new taxation rules, but it does not apply to arrangements designed solely for tax avoidance.
- **Lower Authorities:**
  - **Authority for Advance Rulings (AAR):** Refused relief, citing Section 245R(2)(iii) of the Income-tax Act, as the arrangement was *prima facie* a tax-avoidance structure.
  - **Delhi High Court:** Initially allowed DTAA benefits, based on TRCs and grandfathering protections.

## Supreme Court Findings:

- **Real Control:** Despite incorporation in Mauritius, strategic decisions and investment approvals were made by Tiger Global Management LLC in the USA, not Mauritius.
- **Commercial Substance:** The Mauritius entities were conduits without real business activities.
- **Grandfathering Limitation:** The Court emphasized that grandfathering protections apply only to genuine pre-2017 investments; they cannot shield artificial arrangements designed to avoid tax.

## SUPREME COURT ON TIGER GLOBAL – SUBSTANCE OVER FORM IN DTAA CLAIMS

- **TRCs Are Not Enough:** Holding a TRC does not automatically confer DTAA benefits if the underlying structure lacks substance.
- **GAAR (General Anti-Avoidance Rule):** Domestic anti-abuse rules apply even when a treaty exists. GAAR allows India to ignore or recharacterize transactions if they are primarily aimed at tax avoidance.

### Conclusion:

The Supreme Court held that Tiger Global's gains are taxable in India, as the Mauritius companies were impermissible conduits without commercial substance. The judgment underscores:

- **Substance over form:** Real control and operations matter more than legal incorporation.
- **Conditional grandfathering:** Pre-2017 investments are protected only if genuine.
- **TRCs alone are insufficient:** Compliance with formalities is not enough for DTAA benefits.
- **GAAR overrides treaty abuse:** Artificial arrangements cannot bypass Indian tax laws.

### Impact:

The ruling sends a clear signal that DTAA benefits will be denied for structures lacking commercial substance, reinforcing India's substance against treaty shopping and strengthening cross-border tax compliance.

To read the judgement pronounced by Supreme Court dated 15 January 2026 - [Click Here](#)

# COMPLIANCE CALENDARS - FEBRUARY 2026

- 1 **GST Compliance Calendar  
February 2026**
- 2 **Other Statutory Compliances  
Calendar February 2026**



# GST COMPLIANCE CALENDAR FEBRUARY 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	Jan 2026	10.02.2026
2	To be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST	GSTR 8	Jan 2026	10.02.2026
3	Filing of outward supplies	GSTR 1	Jan 2026	11.02.2026
4	To be filed by Non-Resident Taxpayers and ODIAR services provider	GSTR 5/5A	Jan 2026	13.02.2026
5	To be filed by Input Service Distributors	GSTR 6	Jan 2026	13.02.2026
6	Taxpayers with an annual turnover exceeding ₹ 5 Crores.	GSTR 3B	Jan 2026	20.02.2026
7	Monthly payment for QRMP taxpayers	PMT - 06	Jan 2026	25.02.2026
8	Filing of Invoice Furnishing Facility (IFF) for B2B invoices under the QRMP scheme		Jan 2026	13.02.2026

## OTHER STATUTORY COMPLIANCES CALENDAR FEBRUARY 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	Jan 2026	07.02.2026
2	Filing Professional Tax returns by the employers or the individuals who are liable to pay professional tax		Jan 2026	10.02.2026
3	Provident fund(PF) & ESI Payment and returns		Jan 2026	15.02.2026
4	Due date for issue of TDS Certificate (Other than Salary)		Oct-Dec	15.02.2026

- Readers may note that a detailed PPT analysing the Union Budget proposals and their impact will be published shortly.

# ABOUT US

J D P & Co is a top-tier professional services firm specializing in Audit, Tax, FEMA, and corporate law matters, committed to delivering premium-quality services to our clients.

Our skilled professionals are trained to anticipate and implement innovative solutions tailored to each client's unique needs, facilitating the achievement of organizational objectives.

With a blend of specialized expertise, we provide sound financial advice and proactive services customized to our clients' requirements.

Our firm maintains regular interaction with industry and professionals, ensuring we stay abreast of contemporary developments to meet evolving client needs effectively.

The J D P & Co team boasts extensive industry experience across diverse sectors, including Technology, Manufacturing, Communications, Infrastructure & Real Estate, and Pharmaceuticals.



**Disclaimer:** The contents of this report are solely for informational purposes. It does not constitute professional advice or recommendations from the firm. Neither the authors nor the firm and its partners accept any liability for any loss or damage of any kind arising from any information in this report or any actions taken independently thereafter. Readers are encouraged to consult a professional to determine the relevance of this article to their individual situations. While due care has been taken in preparing this report, the presence of errors and omissions is not excluded.

# OUR EDITORIAL TEAM



**CA L Padam Jain**  
Partner | Audit



**CA Dikshit P Jain**  
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**

