FAST / FACTS

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The COMMUNIQUE

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Our Leadership Speaks

The Trust Factor

Artificial Intelligence is no longer a distant possibility. It is becoming part of how businesses work, make decisions and create value. From automating routine tasks to analysing large volumes of data, AI is helping organisations move faster and operate smarter. But as adoption accelerates, I believe we need to pause and ask a more fundamental question: Can we trust the intelligence we are building? The European Union's AI Act, with its transparency obligations taking effect from 2 August 2026, is one indication of how the conversation is evolving. The focus is gradually shifting from what AI can do to how responsibly it should be used.

For businesses, this shift is significant. Speed and innovation will always matter, but they cannot come at the expense of transparency, accountability and data integrity. India, too, is moving towards a more responsible AI ecosystem, with its AI Governance Guidelines built around principles such as trust, accountability, safety and a people-first approach. As AI becomes embedded in finance, compliance and everyday business operations, trust will become an important differentiator. Customers will want confidence in AI-generated outcomes. Employees will want clarity on how AI influences decisions. And leaders will need assurance that the technology is operating within appropriate guardrails.

We believe technology creates its greatest value when innovation is matched by confidence. For us, automation is not simply about doing things faster; it is about making processes more reliable, transparent and intelligent. As AI finds its place across enterprise functions, we see an opportunity to build systems that do more than automate: systems that businesses can understand, verify and rely on. The next phase of AI will not be defined merely by how powerful the technology becomes, but by how much trust it earns. And we believe that trust will be the real currency of sustainable AI adoption.

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Never miss a date

September 7th

Due date for deposit of TDS/TCS for August 2026. Government offices must deposit tax on the same day where tax is paid without production of an Income-tax challan.

September 7th

Uploading of declarations received in Form No. 127 from buyers during August 2026.

September 14th

Issue of certificate in Form No. 132 under Sec. 395(4) for TDS under Section 393(1) for July 2026.

September 15th

Second installment of advance tax for Tax Year 2026-27.

September 15th

Stock exchange to furnish Form 1 for August 2026 regarding transactions where client codes were modified.

September 15th

Government office to furnish Form No. 137 where TDS/TCS for August 2026 was paid without production of a challan.

September 30th

Furnishing challan-cum-statement in Form No. 141 for TDS under Sec. 393(1) for August 2026.

September 30th

Filing of audit report under Section 44AB for AY 2026-27 where the return is due on October 31, 2026.

September 30th

Furnishing of Audit Report in Form No. 10B/10BB by eligible funds, trusts, institutions, universities, educational institutions, hospitals or medical institutions.

September 30th

Furnishing of audit report in Form No. 10-IL by the specified fund that is the investment division of an offshore banking unit, for exemption under Section 10(4D).

September 30th

Furnishing of certificate in Form No. 10-IJ by a Chartered Accountant certifying the annual statement of exempt income of a specified Category-III AIF under Section 10(23FF).

September 30th

Furnishing of statement in Form No. 3AF containing particulars of expenditure specified under Section 35D(2)(a).

September 30th

Furnishing of Audit Report in Form No. 10CCB for assessees claiming deductions under Sections 80-I, 80-IA, 80-IB or 80-IC.

September 30th

Furnishing of audit report in Form No. 3AC by an assessee claiming deduction under Section 33AB for FY 2025-26.

September 30th

Furnishing of audit report in Form No. 3AE under Section 35D(4) for FY 2025-26 by an assessee other than a company or co-operative society.

September 30th

Furnishing of audit report in Form No. 3AD by an assessee claiming deduction under Section 33ABA for FY 2025-26.

September 30th

Furnishing of report in Form No. 10DA certifying the claim for additional employee cost under Section 80JJAA for FY 2025-26.

September 30th

Form No. 171 application for updating details by persons already registered as income-tax practitioners under the Income-tax Act, 1961.

Happy to enhance our footprint

Trust at the core of every relationship

ALL YOU NEED TO KNOW ABOUT HOW FATCA, CRS & AIS ARE RESHAPING FOREIGN-ASSET COMPLIANCE

Introduction

For decades, tax compliance ran on a simple loop: taxpayers reported, the department processed, and the two sides rarely compared notes until something went wrong. That loop is closing. Increasingly, the department already holds the data before a return is even filed.

The tax department may already know about your foreign financial activity. And now, for the first time, you can see what it knows.

From "tell us" to "we already know"

Under the AEOI framework, India receives financial account information on its tax residents from more than 100 partner jurisdictions through CRS and FATCA. India currently has activated exchange relationships with 111 jurisdictions for receiving account information and 86 jurisdictions for exchanging it, a two-way pipeline that has been quietly running since 2017, when India's CRS exchanges began.

FATCA came first, born out of a 2015 India-US intergovernmental agreement that lets Indian financial institutions pass account data on US persons to Indian authorities, who forward it to the IRS. CRS, the OECD-G20 successor, broadened this into a genuinely global net: a bank account outside India is no longer invisible simply because it sits outside India's borders.

Until mid-2026, this information stayed inside the department. Taxpayers filed blind, hoping their memory of a dormant account or an old ESOP grant matched what the system already had.

The new layer: foreign assets now show up in your own AIS

On 8 July 2026, the CBDT ordered that foreign financial information be uploaded directly into a taxpayer's Annual Information Statement, the same way TDS details already appear. The stated purpose is to help taxpayers report accurately, not to trigger scrutiny or investigation.

The AIS can now show foreign bank accounts, investment accounts, and certain overseas income already reported to Indian authorities by foreign counterparts. SMS and email alerts are being sent to taxpayers reminding them to report foreign assets and income correctly while filing returns for Assessment Year 2026-27.

Coverage so far is partial. AIS currently displays data for calendar years 2022, 2023, and 2024, with CY2025 information expected once it arrives between September and October 2026. CBDT has also set a rollout timeline for this backlog data.

Where the taxpayer once had to ask, "Did I have a foreign account?" they can now check what the department has on file. That is a structural shift in the compliance relationship, not a cosmetic one.

What AIS is not

AIS is a mirror of what India has received from partner jurisdictions, and nothing more. If a country hasn't reported an account yet, or the exchange for a given year hasn't landed, that asset simply won't appear. Its absence from AIS carries no legal weight. Schedule FA and Schedule FSI still demands full, independent disclosure, and "it wasn't in my AIS" is not a defense.

That distinction matters because the penalty regime hasn't softened. Under Section 43 of the Black Money Act, a flat penalty of ₹10 lakh per year applies for failing to report a foreign asset or for inaccurate reporting, and this holds even where the asset was bought with fully taxed, legitimate money. There is no minimum-value threshold: a near-empty dormant account draws the same
fixed penalty as a seven-figure one. On top of the flat penalty, undisclosed foreign income can attract a 30% flat tax with no deductions, plus a further penalty running up to three times that tax, plus prosecution exposure.

AIS, in short, is a compliance aid. It is not a substitute for disclosure, and it is not an amnesty.

A rebuilt legal scaffolding

This isn't happening in isolation. The Income-tax Rules, 2026, effective from 1 April 2026, replaced the old CRS/FATCA machinery under Rules 114F–114H with new Rules 238–240. The reporting form itself has changed too, from Form 61B to Form 166, the annual statement of reportable accounts, with Section 508 of the Income-tax Act, 2025, supplying the statutory basis for reporting financial institutions to furnish this data.

More significant is what counts as reportable now. CBDT's updated guidance folds in electronic money products, digital assets, and CBDCs, alongside the revised CRS treatment of crypto-assets, effective from 1 January 2026. The framework is deliberately chasing the shape of modern money, not just bank ledgers.

Why this is a business problem, not just a personal one

Reporting financial institutions, meaning custodial institutions, depository institutions, investment entities, and specified insurers, carry the operational weight of this system: identifying reportable accounts, running due diligence, and filing correctly. For these organizations, the real question every cycle is not "Did we file?" but:

- Who is the customer, and where are they tax-resident?
- What account type is involved, and what must be reported?
- Does the data match across internal systems?
- Has due diligence actually been documented, not just assumed?

When these answers live in five different spreadsheets, mismatches are not a risk. They are a certainty waiting to surface

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The real problem is reconciliation

A company's internal ledger shows one number. The bank's record shows another. The foreign tax authority reports a third version through AEOI. The taxpayer sees a fragment of that third version in AIS. When these four don't line up, someone has to figure out why: a timing difference, a misclassified transaction, an omission, or bad data from the source jurisdiction itself.

This is why the compliance conversation is shifting from filing to data integrity. The old question was "which form, by when?" The new question is, does what we reported match what the ecosystem already knows?

Four things businesses should do now

Map your data sources. Know which system, ERP, banking, investment, or payroll, holds the authoritative record for each type of financial information.

Reconcile before you file, not after. Build the matching exercise into the compliance calendar itself, so mismatches surface before submission rather than in a notice.

Document residency and classification rigorously. AEOI depends on correct identification; sloppy classification upstream becomes a penalty downstream.

Retire the spreadsheet-only workflow. Above a certain transaction volume or entity count, manual reconciliation stops scaling and starts creating risk.

The bigger picture

CBDT frames all of this as taxpayer facilitation, using tools like the AI-powered Kar Saathi assistant on the e-Filing portal to help with return selection and reporting queries rather than as an enforcement trap. That framing is credible, but it doesn't change the underlying arithmetic: information asymmetry between taxpayer and tax department is shrinking fast, and the direction of travel, more jurisdictions, richer data categories, and tighter reconciliation, is one-way.

The businesses and individuals who treat this as a once-a-year filing chore will keep discovering mismatches the hard way, through notices and penalty orders. The ones who build reconciliation into how they generate and store financial data year-round will simply file, with nothing left to explain.

Data integrity isn't an accounting nicety anymore. It's the compliance advantage.

Compliance at scale demands intelligence, not manpower.

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