

MAR 2026 | 1ST & 2ND WEEK

TAXWEEKLY

The Weekly Magazine on recent updates and developments in Tax regime.



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THE TAXWEEKLY MAGAZINE

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In this issue:

Statutory Updates

- IMPORTANT COMPLIANCES BEFORE MARCH END
- Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority
- Tax Liability Breakup - New update to GSTR-3B
- GSTAT instruction on filling of appeals (APL-05)

IMPORTANT COMPLIANCES BEFORE MARCH END

As the FY 2025-26 draws to its inexorable close on 31st March 2026, taxpayers, business enterprises, companies, and professionals across the length and breadth of India stand at a critical juncture of fiscal and statutory accountability. The transition from one FY to another is not a mere calendar event, it is a solemn moment of legal reckoning, wherein compliance lapses and procedural omissions crystallise into penalties, interest liabilities, and litigation.

Tax Deadline Alert: March 31, 2026



PART I : GOODS AND SERVICES TAX (GST) COMPLIANCES



Renew GST LUT for FY 2026-27

• LUT for Exporters - Annual Renewal

Exporters of goods and services who supply without payment of IGST are required to furnish a Letter of Undertaking (LUT) in Form GST RFD-11 at the commencement of each FY, in accordance with Rule 96A of the CGST Rules, 2017. Therefore, exporters must file a fresh LUT for FY 2026-27 before making any export supplies from 1st April 2026.

• Opting for GST Composition Scheme - Annual Renewal

An eligible registered person desirous of opting for the Composition Levy u/s 10 of the CGST Act, 2017 for FY 26-27 must file an intimation in Form GST CMP-02 - must be filed before the commencement of the FY.

Form GST ITC-03 to reverse all ITC availed on stock in hand as on the date of opting in, within 60 days.



• GTA - Annual Declaration for Forward Charge

Goods Transport Agencies (GTAs), by default, fall under the Reverse Charge Mechanism under Notification No. 13/2017-Central Tax (Rate). However, a GTA may opt to pay GST on a Forward Charge basis by filing a declaration in Annexure V. This declaration must be made on or before 31st March of the preceding FY and is valid for the entire next FY.





• Declare hotel premises as "Specified Premises"

GST has started an online facility to declare hotel premises as "Specified Premises" for applicable taxpayers. Existing hotels must file Annexure VII between 1st Jan to 31st Mar 2026. For FY 2026-27 onwards, electronic filing is mandatory even if previously filed manually.

• Compliance with 86B - Annual compliance

GST Rule 86B restricts taxpayers with a monthly taxable turnover exceeding Rs 50 lakhs from using Input Tax Credit (ITC) to pay more than 99% of their output tax liability. At least 1% of the tax must be paid in cash, aiming to curb fraudulent ITC usage. Annual compliance should be ensured.



• Reconciliation of GSTR-1 and GSTR-3B

Before the financial year closes, every registered taxpayer must undertake a meticulous reconciliation of their outward supply data reported in GSTR-1 against the tax actually discharged in GSTR-3B. Any discrepancy between the two returns, if left unaddressed, may attract scrutiny notices

• Input Tax Credit (ITC) Reconciliation — GSTR-2A/2B vs Books

Pursuant to Rule 36(4) of the CGST Rules, 2017, and the mechanism of auto-population in GSTR-2B, taxpayers are required to avail Input Tax Credit only to the extent reflected in GSTR-2B or as otherwise permissible. Year-end is the recommended effective window to claim any ITC pertaining to FY 2025-26 that may have been missed, or reversal of ITC may be pursuant to section 17(5) or rule 42 or 43 etc.

PART II: INCOME TAX ACT, 1961 - COMPLIANCES

• REVISION OF TDS RETURN - LAST DATE 31.3.2026

According to section 397(3)(f) of the Income Tax Act, 2025, a deductor or collector can submit a correction statement within two years from the end of the tax year in which the original statement was required to be delivered. After 31st March 2026 revision of FY (Q4) 18-19, FY 19-20 TO FY 22-23, FY (Q1 - Q3) 23-24 will be barred by limitation and will no longer be accepted by the authorities.



File corrections by
March 31, 2026.



• ITR-U OF AY 21-22 : LAST CHANCE

Section 139(8A) of the Income Tax Act, 1961 permits taxpayers to file an Updated Return (ITR-U) within two years from the end of the relevant Assessment Year upon payment of additional tax. For AY 2021-22 (FY 2020-21), the last date for filing ITR-U is 31st March 2026. Additional tax payable : 70% of the aggregate tax and interest as computed.

• Advance Tax - Final Instalment

The fourth & final instalment of advance tax for FY 2025-26 is due on or before 15th March 2026 for all taxpayers (other than those opting for the presumptive taxation scheme under Sections 44AD and 44ADA, who are required to pay 100% advance tax by 15th March 2026.



• Tax-Saving Investments and Deductions

The 31st of March 2026 is the final date by which qualifying investments and payments must be made to claim deductions under Chapter VI-A of the Income Tax Act, 1961 for FY 25-26. Taxpayers opting for the Old Tax Regime must ensure all such investments are made before midnight of 31st March.

• Income Tax Act 2025: A New Era of Tax Compliance Begins

With the Income Tax Act, 2025 coming into effect from 1st April 2026, taxpayers should start preparing for the new compliance framework. Individuals and businesses are advised to stay informed about updated provisions, documentation, and filing procedures.



Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority

This advisory explains how taxpayers can properly account for pre-deposits when appealing a demand order. Often, payments made voluntarily via Form GST DRC-03 are not automatically linked to a specific Demand ID in the electronic liability register. To resolve this, users must submit Form GST DRC-03A, which maps previous payments to the relevant debt. Once this link is established, the GST portal will recognise the settled amount and allow the appeal filing without requesting redundant payments.

Q1. What problem is this advisory addressing?

This advisory addresses a common issue where taxpayers pay some amount during investigation through DRC-03, but later while filing an appeal, the GST portal still asks them to pay the pre-deposit again, even if they have already paid sufficient amount earlier.

Q2. Why does the GST portal not consider payment made through DRC-03?

The GST portal does not consider DRC-03 payment because such payments are not automatically linked to the specific demand order. Since they are not mapped to the Demand ID, they do not get reflected as adjusted payment in the Electronic Liability Register.

Q3. What is a Demand ID and why is it important?

A Demand ID is generated when a demand order such as DRC-07 is issued. It acts as a reference against which payments are tracked, and only payments linked to this Demand ID are recognized by the system for adjustment.

Q4. Which payments are automatically considered by the GST system?

Only those payments which are made using the “Payment towards Demand” option on the GST portal are automatically linked to the Demand ID and reflected in the Electronic Liability Register.

Q5. How does the GST portal determine the pre-deposit requirement at the time of appeal?

The GST system calculates the total amount required for filing an appeal by adding the admitted amount and the prescribed pre-deposit. It then checks how much amount has already been paid against the Demand ID in the liability register.

Q6. What happens if sufficient amount is already paid against the Demand ID?

If the amount already paid and linked to the Demand ID is equal to or more than the required amount, the system allows the taxpayer to file the appeal without asking for any additional payment.

Q7. What happens if the payment linked to the Demand ID is less than required?

If the amount linked to the Demand ID is less than the required amount, the portal will require the taxpayer to pay the balance amount before allowing the appeal to be filed.

Q8. What is the core issue with DRC-03 payments in this context?

The core issue is that DRC-03 payments remain unlinked to the Demand ID, which means the system does not treat them as payment against the demand while calculating the pre-deposit requirement.

Q9. What is the solution provided in this advisory?

The advisory provides that taxpayers should file Form GST DRC-03A to link the payment made through DRC-03 with the relevant Demand ID so that the system can recognize it. Once DRC-03A is filed, the earlier DRC-03 payment gets mapped to the demand order, appears in the Electronic Liability Register, and is considered while calculating the pre-deposit requirement.

The taxpayer should first file DRC-03A to properly link the payment with the Demand ID and only then proceed with filing the appeal to avoid unnecessary additional payment.

GST Advisory: How to Link Pre-Deposits Using Form DRC-03A

THE PROBLEM: UNLINKED PAYMENTS

DRC-03 Payments Are Not Auto-Linked
Payments made through DRC-03 do not automatically adjust against Demand IDs in the Liability Register.

System "Blind Spot" During Appeals
The portal ignores unlinked DRC-03 payments when calculating the mandatory pre-deposit for appeals.

THE SOLUTION: THE DRC-03A BRIDGE

THE DRC-03A BRIDGE

File Form GST DRC-03A
Use this form to manually map your DRC-03 payment to the corresponding Demand ID.

Update the Electronic Liability Register
Filing DRC-03A makes the payment entry visible and adjusted against the demand in the register.

Seamless Appeal Filing
Once linked, the system recognizes the pre-deposit and allows filing without additional payment prompts.

FORM PURPOSE REFERENCE (DATA TABLE)

| Form Code | Purpose in this Process |
|-------------|--|
| GST DRC-03 | Initial voluntary payment during investigation. |
| GST DRC-07 | Issuance of a formal Demand Order (creates Demand ID). |
| GST DRC-03A | Links the DRC-03 payment to the DRC-07 Demand ID. |

Tax Liability Breakup - New update to GSTR-3B

An additional compliance layer requiring taxpayers to consciously verify and confirm the classification of their tax liability before filing GSTR 3B. In essence, the GST portal now expects the taxpayer to ensure that the total liability reported in GSTR-3B is correctly bifurcated into appropriate heads such as outward taxable supplies, reverse charge liability, and other applicable categories, in line with system-generated data and underlying records.

This is not a mere procedural formality; rather, it is a declaration of correctness that places greater responsibility on the taxpayer to reconcile figures with GSTR-1, books of accounts, and other disclosures before submission. The objective is to minimize mismatches, prevent incorrect reporting, and strengthen data accuracy within the GST ecosystem.

Consequently, any incorrect confirmation may expose the taxpayer to scrutiny, notices, or audit complications, making it imperative from a professional standpoint to adopt a more rigorous review and reconciliation process prior to filing GSTR-3B.

Maharashtra PT Circular 2026: Payment and registration relaxation amid portal disruptions

Due to technical problems in the new MahaGST portal, taxpayers were not able to do normal compliance like registration and return filing for Profession Tax in March 2026.

So **instead of extending deadlines**, the department took a balanced approach: They kept the payment facility active so **tax can still be collected on time**, but temporarily stopped other functions like registration and return filing to reduce system load.

To solve the practical issue, they allowed taxpayers to pay tax using PAN instead of registration numbers (PTEC/PTRC), and clarified that such payment will be treated as valid. They also said that if someone could not register due to system issues, they can pay first using PAN and complete registration later (by 30 April 2026), and still their payment will be considered valid from the beginning.

GSTAT instruction on filling of appeals (APL-05)

presidential order dated 10th March 2026

Instruction issued by GST Appellate Tribunal (GSTAT) explaining how appeals (APL-05) should be filed and scrutinized on the portal. It standardizes what documents are required and how scrutiny officers should treat certain situations.

When a taxpayer files an appeal, they must upload:

- Show Cause Notice (SCN)
- Order-in-Original (OIO)
- Order-in-Appeal (OIA)
- Statement of Facts
- Grounds of Appeal

Also, pre-deposit and court fees are compulsory in normal cases.

The instruction clearly says that If higher courts have given exemption from pre-deposit or court fees, then Scrutiny officer should NOT raise defect also in cases where certified copies of orders (OIO/OIA) are uploaded and appear genuine, No defect should be raised unnecessarily.

Authorization is mandatory if appeal is filed through:

- CA / Tax practitioner - Authorization required
- Advocate - Vakalatnama required

Special rule for Department (Revenue appeals), when department files appeal:

- They must attach SCN, OIO, OIA, facts, grounds, etc.
- but no pre-deposit or court fee is required

Why This Instruction Was Issued:

This document is not a law change, it is a process control circular.

1. Too many defects in appeal filings
2. Over-strict scrutiny by officers
3. Portal-based filing standardization
4. Avoid litigation on procedural grounds

This instruction ensures that GST appeals are not rejected for minor procedural defects and brings uniformity in document requirements and scrutiny process.



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