KANJ

Business Law & Regulatory Update

June 2026 | Insights for Business, Compliance and Risk

A curated briefing on key legal and regulatory developments relevant to business, compliance, and risk teams. This edition covers major changes in company law, GST, insolvency, FEMA, and labour law enforcement.

This quarter brings notable developments across legal, regulatory, and compliance areas, with recent amendments aimed at streamlining obligations, improving transparency, and strengthening enforcement. The latest notifications and circulars carry practical implications for tax, corporate, labour, and foreign investment compliance, making timely review essential for effective advisory and risk management.

COMPANY LAW

Companies Compliance Facilitation Scheme (CCFS), 2026

The Ministry of Corporate Affairs (MCA) has opened a temporary relief window from 15 April to 15 July 2026 under the Companies Compliance Facilitation Scheme (CCFS), 2026, allowing defaulting companies to regularize long-pending annual returns and financial statements. The scheme applies to defaulting companies registered under the Companies Act, while LLPs remain excluded.

Eligible companies may file overdue forms—including Form MGT-7/7A, Form AOC-4, and Form ADT-1—**by paying standard filing fees plus only 10% of accumulated late fees.**

If any dormant or inactive company wishes to strike off its name, this scheme also reduces the filing fee from INR 10,000 to INR 2,500.

Director KYC timeline changes

Reducing compliance burden on directors, the directors holding an active DIN as of 31 March are no longer required to complete annual web validation each year. Instead, Form DIR-3 KYC Web must now be filed once every three consecutive financial years, provided personal details remain unchanged.

For the relevant compliance cycle, the filing window opens on 01 April and closes on 30 June of the following financial year. If details such as mobile number, email address, or residential address change, the form must be filed within 30 days of the change.

Corporate Laws (Amendment) Bill, 2026

The Corporate Laws (Amendment) Bill, 2026 is under review by a Joint Parliamentary Committee, with further consideration expected in the upcoming monsoon session. Proposed highlights:

Compliance Relief: The bill proposes a substantial expansion of the “Small Company” thresholds—paid-up capital up to INR 20 crore and turnover up to INR 200 crore—potentially extending relief from auditor rotation and cash flow disclosure requirements to a much larger pool of businesses.

Fewer Forms, Less Paperwork: The proposed rules would consolidate nine existing corporate e-forms into two unified formats and formally recognise co-working spaces as valid registered office addresses.

Decriminalisation Drive: The amendment proposes to convert 21 procedural defaults into monetary civil penalties administered through an online e-adjudication mechanism.

Simplified fast track merger: The amendment proposes to lower approval thresholds dropping the statutory consent mandate for both shareholders and creditors from 90% down to 75% in value. It also proposes to widen the administrative route overseen by the Regional Director by allowing more corporate structures to execute mergers without ever undergoing lengthy NCLT court proceedings.

TAX (GST)

Wider e-invoicing and procedural relaxations

Effective 1 April 2026, e-invoicing has been extended to firms with turnover above INR 1 crore, alongside a simplified four-tier GST rate structure and removal of compensation cess on key items.
A new facility through Form REG-32 now allows withdrawal of GST registration applications within three days, easing procedural delays at the registration stage.

Exports and refund simplification

Exporters must file a fresh Letter of Undertaking (LUT) for FY 2026–27 to continue making exports without payment of IGST.

The removal of the earlier INR 1,000 threshold for export refund claims is expected to improve access to smaller claims and simplify refund processing.

New Voluntary closure Faciity and Mandatory Field Requirements

The GSTN is introducing a voluntary E-Way Bill (EWB) Closure facility and making the "Ship To GSTIN" field mandatory, effective 15 June 2026. The new closure feature allows suppliers, recipients, or transporters to digitally close an e-way bill on the day of delivery or the next day via the E-Way Bill Portal or an OTP-based mobile search. Additionally, all Bill-To/Ship-To transactions must include a "Ship To GSTIN" (or "URP" for unregistered buyers). Businesses should immediately test these updates in the E-Way Bill API Sandbox and update internal logistics workflows before the mid-June deadline.

NBFC

New Registration Exemption for Low-Risk NBFCs From 1 July 2026

The RBI has introduced a landmark amendment creating "Unregistered Type I NBFCs," effective 1 July 2026. This regulatory update exempts corporate investment vehicles and family offices from mandatory RBI registration and reserve fund requirements, provided they maintain an asset size under ₹1,000 crore, accept zero public funds, and have no customer interface. Existing registered NBFCs that meet these criteria have a one-time window until 30 September 2026 to surrender their Certificate of Registration via the online RBI PRAVAAH Portal. Eligible entities must immediately coordinate with their statutory auditors to ensure compliance and include mandatory balance sheet disclosures.

INSOLVENCY LAW

IBC 2.0: A Decade of Reform

The Insolvency and Bankruptcy Code has undergone its most significant overhaul since inception. IBC 2.0, as it is known, aims at reducing judicial backlogs, eliminating procedural delays, and aligning with global best practices. Key proposed highlights:

- **Creditor Initiated Insolvency Resolution Process (CIIRP)** - Financial creditors holding at least **51% voting share** can now initiate early-stage restructuring outside the NCLT.
- **Fast track liquidation** - The total timeframe to complete company liquidation has been slashed to **180 days.**
- **Group Insolvency Framework -** enabling a Group Insolvency Framework to handle interconnected corporate entities collectively, alongside a Cross-Border Insolvency Framework based on UNCITRAL model principles.
- **Two stage plan approval** - In an attempt to reduce litigation in plan implementation, a two stage plan approval is proposed whereby the plan is approved in first stage and NCLT may approve the distribution manner within 30 days.

FEMA

FEMA Framework Tightens Even as FDI Access Expands

FDI Policy Liberalisation

The Ministry of Finance updated the FEMA Non-Debt Instruments Rules following Press Note 2 of 2026. This allows 100% Foreign Direct Investment (FDI) in the insurance sector via the automatic route. Foreign investors can now set up fully owned subsidiaries without prior regulatory or government approvals.

Fast-Track Land-Border Reviews

A strict 60-day expedited approval timeline has been implemented for foreign investments or equity shifts involving investors from nations sharing a land border with India. This service level agreement is designed to clear administrative backlogs and accelerate corporate structural reorganisations.

Joint Venture Scrutiny

Regulatory focus has shifted toward ultimate parent entities and indirect shareholdings. Even minor downstream equity changes will trigger mandatory prior government approval if a minority foreign investor maintains commercial or structural ties to a land-bordering country.

Standardised Penalty Calculation

The Reserve Bank of India (RBI) has replaced subjective compounding practices for late submissions with a clear mathematical formula. Delayed filings for overseas investments or external borrowings now incur a fixed fee of ₹7,500 plus 0.025% of the transaction value multiplied by the years of delay.

LABOUR LAWS

Big Shift for India Inc: New Labour Codes Move from Legislation to Enforcement

India's four Labour Codes—the Code on Wages, Industrial Relations Code, Social Security Code, and Occupational Safety, Health and Working Conditions Code—have moved into full enforcement following notification of the final Central Rules on 08 May 2026, replacing the earlier fragmented framework of 29 legacy central labour laws for establishments under central jurisdiction.

The Regulatory Milestone

On 08 May 2026, the Union government notified the final Central Rules across all four Labour Codes, activating a unified compliance architecture for sectors under central jurisdiction, including banking, telecom, insurance, ports, and mines, while state-level implementation remains relevant where state jurisdiction applies.

The Payroll Cut-off

Organisations have already begun redesigning salary structures, payroll logic, and HRMS configurations to reflect the statutory definition of wages, including the 50% wage threshold that may materially affect provident fund, gratuity, and overtime-linked computations.

Crucial Compliance Clarification

FAQs issued by the Ministry of Labour and Employment in March 2026 clarified the operational scope of the definition of wages, including its relevance to gratuity and overtime calculations, increasing the urgency for employers to reassess liability models and compliance documentation

Key Action Items for Employers

Organisations that have not completed the transition should act immediately to review wage structures, payroll formulas, gratuity provisioning, overtime calculations, employment documentation, and reporting workflows to reduce exposure to financial and compliance penalties

COMPLIANCE TRACKER

Compliance area	Due date / filing	Applicable entity / action
GST		
GSTR-1	11th / 13th of following month	Covers May 2026 outward supplies; confirm filing frequency and invoice coverage across B2B, B2C, exports, and credit notes.
GSTR-3B	20th / 22nd / 24th of following month	Covers May 2026 tax liability; reconcile output tax, input tax credit, reverse charge, and e-invoice/e-way bill consistency before filing.
E-invoice / e-way bill health check	Monthly internal review	Review IRNs, cancelled IRNs, e-way bill validity, and document mismatches before monthly filing.
Labour		
EPF payment + ECR upload	15th	Applicable to establishments covered under EPF; reconcile wages, arrears, and employee joiner/exiter data before filing.
ESI payment	15th	Applicable to establishments covered under ESI; review wage ceilings, employee coverage, and contribution periods.
Professional Tax	State-specific	Depends on state registration and filing periodicity for both employer and employee compliance.
Shops & Establishments register/renewal	Monthly / annual (state-specific)	Maintain prescribed registers and returns, and track registration or licence renewal dates where applicable.
MCA / ROC		
Form MSME-1	Due 30 April / 31 October	Not due for June 2026. Monitor MSME aging for the September 2026 cycle.
Form DPT-3	30 June 2026	Reports outstanding deposits and non-deposit amounts as of 31 March 2026. Review loans, advances, and borrowings before filing.
Form PAS-6	Due 30 May	PAS-6 due 30 May 2026. Keep reconciliation and certification ready for the next cycle.
June quarter governance check	On or before 30 June 2026 (as applicable)	Hold first FY Board meeting. Record MBP-1 and DIR-8 disclosures; update minutes and statutory registers timely.

Note: This tracker highlights key GST, labour, and ROC/MCA compliance items relevant for June 2026. Entity-specific applicability, filing frequency, and any official extensions should be reviewed before filing.

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