KANJ

Business Law & Regulatory Update

Aug 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 introduces pivotal regulatory and legislative updates designed to streamline business obligations, enhance operating transparency, and tighten statutory enforcement. Driven by recent ministry notifications and board circulars, these changes carry immediate operational implications for your tax, corporate governance, labour law, and foreign investment frameworks—making an immediate compliance review essential for effective risk mitigation

COMPANY LAW

Companies Compliance Facilitation Scheme (CCFS), 2026

The Ministry of Corporate Affairs (MCA) has extended the last date till 31 August 2026 (from 15 July 2026) for the Companies Compliance Facilitation Scheme (CCFS), 2026. Under this Scheme, defaulting companies can 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.

Corporate Laws (Amendment) Bill, 2026

The Corporate Laws (Amendment) Bill, 2026 is under review by a Joint Parliamentary Committee, with further consideration still underway.

CSR Amendments

The Ministry of Corporate Affairs' 2026 amendment allows companies to meet CSR mandates by investing in Zero Coupon Zero Principal (ZCZP) instruments via the Social Stock Exchange. Capped at 10% of annual CSR budgets, these market-regulated donations exempt businesses from tedious project-tracking and impact assessment duties, streamlining corporate social spending.

- **Regulated Giving**: Funds flow exclusively through SEBI-regulated, listed non-profit organisations. This eliminates the need for companies to vet private, unverified NGOs independently.
- **Administrative Relief:** By routing money through the SSE, corporate boards are legally exempt from conducting costly independent impact assessments.
- **Zero Financial Return:** The ZCZP instruments serve purely as structured philanthropic vehicles. They guarantee zero interest and zero principal repayment to the company.
- **Closer Accountability:** The receiving non-profit must deploy the capital within 3 years or return unspent balances to a Central Government fund, ensuring capital is never locked up or wasted.

TAX (GST)

"Ship To GSTIN" Mandate (E-Way Bill & E-Invoice)

The GSTN issued a unified advisory rolling out rigid system updates across the e-Invoice, e-Way Bill, and e-Way Bill Closure APIs effective 01 August 2026. For all "Bill-To/Ship-To" corporate transactions, suppliers are now legally mandated to input the exact consignee's valid GSTIN alongside the billing details..

Revised Timeline for Amending Annual Turnover (AATO)

Taxpayers can now apply to amend their system-calculated AATO only between 01 July and 31 July 2026 (shifting away from the legacy practice of doing so in May). Once submitted, local tax officers have a fixed window between 01 August and 15 August 2026 to audit and formally approve or reject the turnover amendment requests

Extended Window for Filing GSTAT Appeals

The Ministry of Finance issued Notification S.O. 3502(E) on 30 June 2026 extending the statutory window to file appeals or applications before the Goods and Services Tax Appellate Tribunal (GSTAT) under Section 112 of the CGST Act until 31 July 2026. This gave entities extensive relief from limitation-period expiries on disputed tax demands

Mandatory Facility for Voluntary E-Way Bill Closure

Effective 01 August 2026, the e-Way Bill system introduced an explicit API feature allowing taxpayers to execute the voluntary closure of an E-Way bill.

FEMA

The NDI Third Amendment Rules

On 12 June 2026, the Ministry of Finance broadened investment avenues via the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026. The change expands eligibility to "an individual person resident outside India," allowing global non-residents and HNIs to invest in listed Indian equities on a repatriation basis. Investments resulting in ownership transfers to individuals from land-border sharing nations require government approval, with a 5-day divestment rule for cap breaches

Trade Acceleration: Export Realisation Period Cut

Via Notification No. FEMA 23(R)/(8)/2026-RB (effective 05 June 2026), the RBI, accelerated capital inflows by reducing the max timeline for export proceeds repatriation from 15 months to 9 months.

Corporate Restructuring: Cross-Border Merger Amendment

Effective 05 June 2026, the RBI updated cross-border merger regulations to accept approvals from the "Competent Authority," broadening eligibility beyond the NCLT to include Regional Directors (i.e. under fast track mechanism)

INSOLVENCY LAW

Operational Changes

Number of operational changes were brought about in the CIRP and Liquidation Regulations in June 2026. Some of the amendments in the Code as well as the Regulations have brought about far reaching implications, especially for financial creditors. Read our Practice Area Newsletter on the Topic for detailed information. The discontinuation of interim moratorium for Personal Guarantors is likely to be a game changer in actions against personal guarantors to corporate debtors.

To summarise, there is now better clarity on bearing liquidation costs and unpaid insolvency costs during liquidation. Also, schemes of arrangements during liquidation shall now be done only with requisite majority of the COC.

Clarity is also given in submission of documents along with claims and timeline for the RP to decide on the claims within 7 days.

MSME ACT

In a major win for India’s small business ecosystem, Parliament has passed the MSME Development (Amendment) Act, 2026 (clearing both houses as of August 7, 2026). The updated framework introduces massive structural changes aimed at tackling the perennial problem of cash flow and payment delays.

TReDS Settlement Made Mandatory

To inject immediate liquidity into the ecosystem, all Central Public Sector Enterprises (CPSEs) are now legally mandated to route and settle small business invoices through the digital Trade Receivables Discounting System (TReDS) platform.

Fast-Track Dispute Resolution

Micro and Small Enterprises Facilitation Councils (MSEFCs) must now follow strict, aggressive timelines. Mediation must wrap up within 90 days, arbitration within 30 days, and final awards must be delivered within 90 days of completed pleadings.

Tighter 45-Day Payment Alignment

The strict 45-day payment statutory window remains heavily enforced. Corporate buyers must keep this tightly aligned with Section 43B(h) of the Income Tax Act to prevent losing critical business expense deductions on delayed vendor payments.

Decriminalisation & Grace Periods

The Act favors business-friendly enforcement by decriminalising minor paperwork defaults. First-time compliance infractions will now receive a formal warning instead of harsh financial penalties.

Immediate action

Corporate buyers should immediately audit their vendor lists on the Udyam Portal to map out MSME exposure and streamline payment pipelines before the upcoming tax audit season.

LABOUR LAWS

Enactment of Central Rules

The most critical advancement in Indian labour law between June and August 2026 is the issuance of the finalized Central Rules under all 4 major Labour Codes by the Central Government, alongside a push from key state governments publishing their respective state rules.
Because labour falls under the Concurrent List of the Constitution, these newly published rules establish the concrete framework for record-keeping and payroll restructuring as India transitions into the unified code era.

The Four Pillars

This framework covers the Code on Wages, Industrial Relations Code, Code on Social Security, and the Occupational Safety, Health, and Working Conditions (OSH) Code.

Shift to Digital Registers

The rules mandate a single, unified registration mechanism and standardized electronic formats for maintaining statutory records, notices, and employee attendance logs.

State-Level Compliance

Maharashtra Notification: The Labour Department of Maharashtra officially gazetted its state-specific Code on Wages Rules and Industrial Relations Code Rules.

Establishments operating in Maharashtra must now align their internal HR policies with the state's exact formatting mandates for wage slips and dispute mechanisms.

Key Payroll & Working Hour Standards Codified

The newly released rules explicitly define operational limitations that HR and compliance teams must execute

Standard Work Hours: Normal working parameters are strictly locked at 8 hours per day and 48 hours per week.

Weekly Rest Days: The rules codify that establishments offering two rest days must place them on Saturday and Sunday. For single-rest-day structures, the day must ordinarily be Sunday.

The 50% Wage Rule Reminder: The rules reinforce that an employee's Basic Salary + Dearness Allowance (DA) must comprise at least 50% of their total Cost to Company (CTC), forcing widespread corporate restructuring of allowances

COMPLIANCE TRACKER

Compliance area	Due date / filing	Applicable entity / action
GST		
GSTR-1	11th / 13th of following month	Covers July, August 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 July, August 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		
DIR-3 KYC	Due 30 September	For all directors
AGM	30 September 2026	For all companies unless extension is granted
Completion of Audit	30 September 2026	Audit should be complete before convening AGM
Sept quarter governance check	On or before 30 Sept 2026 (as applicable)	Hold BM for approval of accounts, prepare directors' report and annual report

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

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