

Lexygen India Digest

April 2026

The April 2026 issue of Lexygen India Digest reports an important notification issued by the Ministry of Corporate Affairs amending Accounting Standard 22 to align with OECD's Pillar Two global minimum tax regime by carving out a temporary exception for deferred taxes alongside new disclosure requirements to flag exposure to Pillar Two taxes that may be incurred, and an important circular issued by the Reserve Bank of India clarifying reporting requirements of borrowers obtaining an external commercial borrowing loan, calculation of late submission fee on delayed submission of each return and mandating submission timelines for authorised dealer banks. The market updates section of this issue reports some significant private equity deals in the financial services, aerospace technology, artificial intelligence, renewable energy, consumer goods, and agricultural technology sectors; fundraising by an India-focused real estate fund; mergers and acquisitions in the real estate, gaming technology, media and entertainment, renewable energy, and power generation sectors; and certain other important deals.

REGULATORY UPDATES

A. MCA NOTIFICATIONS

MCA amends AS 22 to align with OECD Pillar Two model rules

The Ministry of Corporate Affairs ("MCA") has, *vide* notification no. G.S.R. 169(E), dated March 10, 2026, amended the Companies (Accounting Standards) Rules, 2021 ("Accounting Standards") to update Accounting Standard 22 ("AS 22") in alignment with the Organisation for Economic Co-operation and Development's Pillar Two model rules ("OECD Pillar Two Rules").

Pursuant to the amendment, a new paragraph 2A has been inserted in AS 22 to clarify the treatment of income taxes arising from tax laws enacted to implement OECD Pillar Two Rules, including qualified domestic minimum top-up

taxes. The amendment introduces a mandatory exception whereby enterprises are not required to recognise or disclose deferred tax assets and liabilities arising from taxes under the OECD Pillar Two Rules.

Additionally, new disclosure requirements have been introduced through paragraphs 32A to 32D. These require enterprises to:

- (i) disclose the application of the above exception;
- (ii) separately disclose current tax expense or income arising from Pillar Two income taxes; and
- (iii) provide specified qualitative and

quantitative information regarding the entity's exposure to such taxes where OECD Pillar Two Rules have been enacted but are not yet in force, to the extent that such information is available or can be reasonably estimated.

The amendment exempts small and medium sized companies from certain disclosure requirements as envisaged under 32C and 32D. Prior to this amendment, AS 22 did not contain any specific OECD Pillar Two carve-out or disclosure requirements. Accordingly, enterprises applied the general recognition and disclosure framework under AS 22. This amendment introduces a specific exception along with corresponding disclosure requirements.

B. RBI NOTIFICATIONS

RBI revises ECB reporting requirements, clarifies LSF calculation, and introduces a submission timeline to AD Banks

The Reserve Bank of India ("RBI") has, *vide*

A.P. (DIR Series) Circular No. 25 ("Circular") dated March 30, 2026, revised the External Commercial Borrowing ("ECB") reporting framework under the Foreign Exchange Management Act, 1999 ("FEMA"). The RBI

also introduced clarifications on the computation of the Late Submission Fee ("LSF") for certain ECB filings and mandated a 7 day submission timeline for Authorised Dealer Category I ("AD") banks.