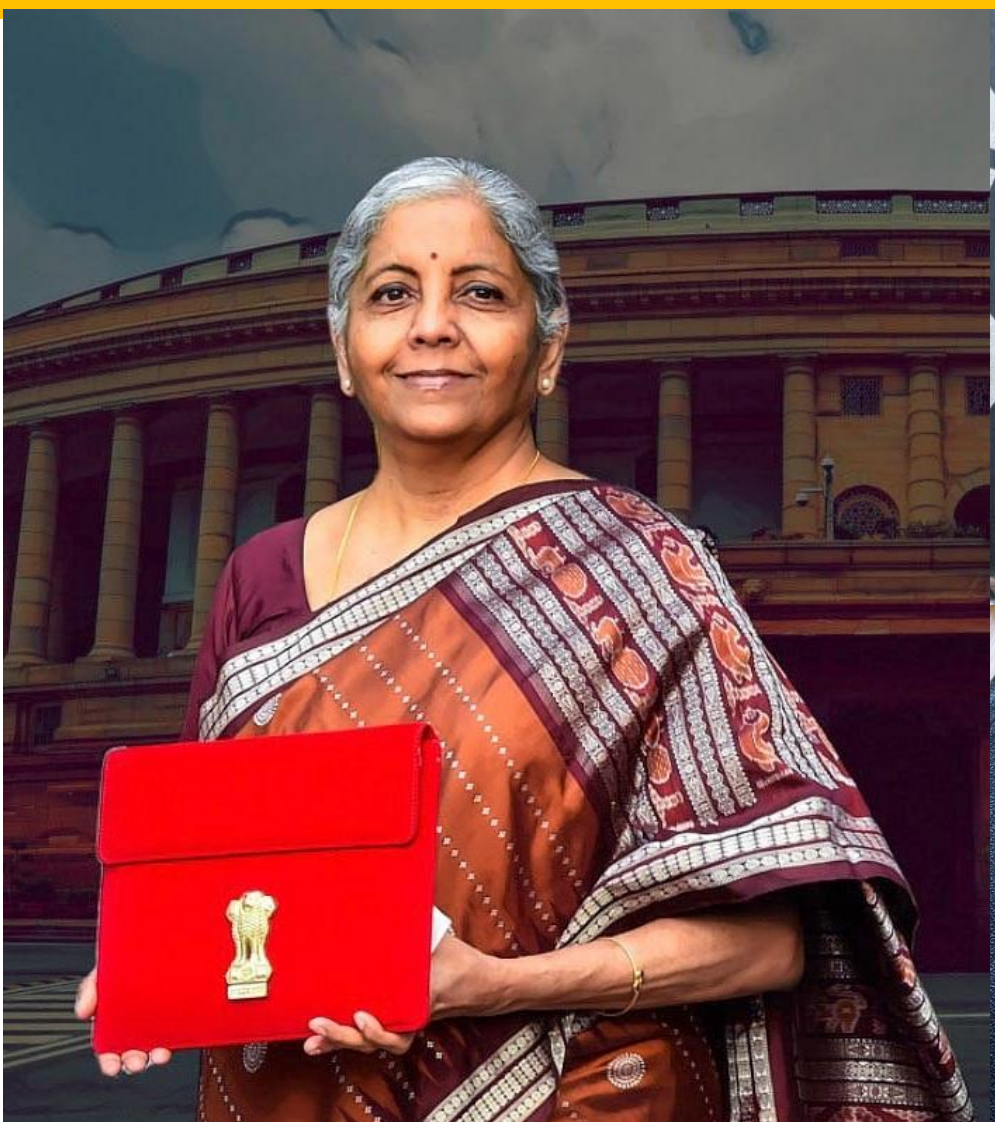
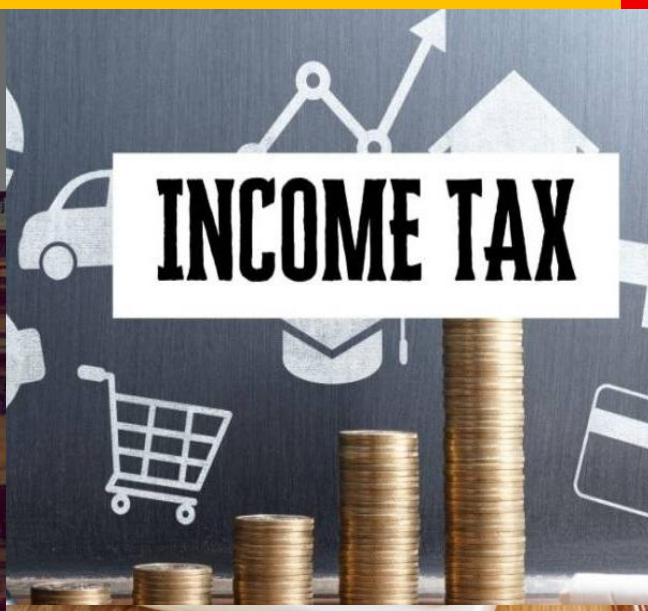
A2Z TAXCORP LLP

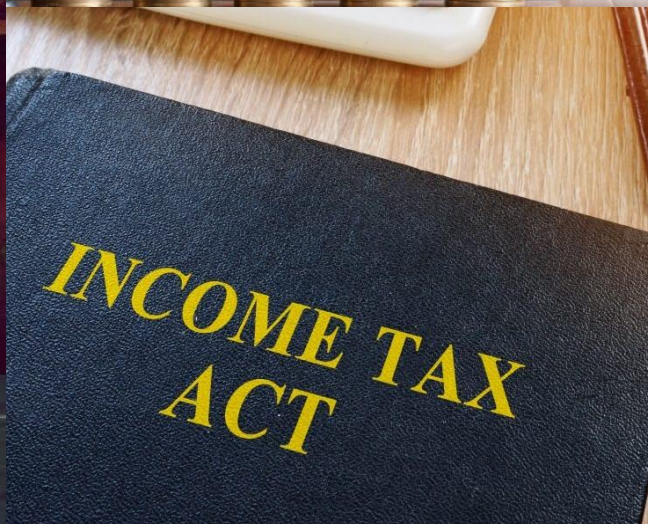
Tax and Law Practitioners

Key Highlights of Union Budget 2026-27

Changes under the Income Tax Law







Direct Tax

Taxation Reforms are one of the key reforms to realize the vision of Viksit Bharat. In the words of the Hon'ble FM, the comprehensive review of the Income Tax Act, 1961, was completed in record time and the new Income Tax Act, 2025 shall come into effect from April 1, 2026. Further, simplified income tax rules and forms will be notified which will give adequate time to the taxpayers to acquaint themselves with its requirements. The new forms have been redesigned such that ordinary citizens can comply with the same without facing much difficulty.

Under the guidance of Prime Minister Shri Narendra Modi, the Government has taken steps to understand the needs voiced by the people. The direct tax proposals include proposals towards providing ease of living, rationalisation of penalty and prosecution provisions, providing of benefits to cooperatives, supporting IT Sector as India's Growth Engine, attracting global business and investment into India and improvisation of tax administration.

The provisions of Finance Bill, 2026 (hereafter referred to as '**the Finance Bill**'), relating to direct taxes seek to amend the Income-tax Act, 1961 (hereafter referred to as '**the Income Tax Act 1961**') and the Income-tax Act, 2025 (hereafter referred to as '**the Income Tax Act 2025**'), to continue reforms in direct tax system through tax reliefs, removing difficulties faced by taxpayers and rationalisation of various provisions.

With a view to achieving the above, the various proposals for amendments are organized under the focused heads:—

(i) Rates of tax for financial year 2026-2027

(ii) Ease of Living

(iii) Rationalizing Penalty and Prosecution

(iv) Benefits to Cooperatives

(v) Supporting IT Sector as India's Growth Engine

(vi) Attracting Global Business and Investment

(vii) Rationalisation of Corporate Tax Regime

(viii) Rationalisation of other direct tax provisions

Following important amendments have been proposed under Income Tax Laws in the Finance Bill vide Clauses 2 to 113, which shall, save as otherwise provided in the Finance Act, 2026, be deemed to have come into force on April 01, 2026 as per Clause 1(2)(a) of the Finance Bill:

1. No Revision of Tax Slabs and Rates in both the Acts i.e. the Income Tax Act, 1961 and the Income Tax Act, 2025

The tax slabs and rates announced in the previous union budget FY 2025-26 remain unchanged in both the Acts i.e. the Income Tax Act, 1961 and the Income Tax Act, 2025.

2. Rationalising the due date to credit employee contribution by the employer to claim such contribution as deduction

Section 29 of the Income Tax Act, 2025 provides for deductions related to employee welfare. Clause (e)(i) of sub-section (1) of the said section provides for deduction of any amount of contribution received by the assessee being an employer, from an employee to which the provisions of section 2(49)(o) apply, if such amount is credited by the assessee to the account of the employee in the relevant fund or funds by the due date.

For the purposes of said clause, "due date" means the date by which the assessee is required as an employer to credit employee contribution to the account of an employee in the relevant fund under any Act, rule, order or notification issued under it or under any standing order, award, contract of service or otherwise.

Accordingly, it is proposed to amend section 29(1)(e) to provide that the due date for the said clause shall be the due date of filing of return of income under section 263(1) of the Income Tax Act, 2025.

These amendments will take effect from the 1st day of April, 2026 and will, accordingly, apply to tax year 2026-27 and subsequent tax years..

3. Exemption of Interest Income under the Motor Vehicles Act, 1988

The existing Section 11 of the Income Tax Act, 2025 inter alia provides for the exemption of income of persons included in Schedule III subject to the fulfilment of conditions specified therein.

The provisions of Motor Vehicles Act, 1988 inter alia provides for compensation and interest on such compensation to be awarded by the tribunal under said Act, to an individual or his legal heir, on account of death or on account of permanent disability or any bodily injury under the said Act.

In order to alleviate sufferings of victims of such accident and their family which may cause extreme hardship to the aggrieved person and family, it is proposed to amend the said Schedule to provide exemption to an individual or his legal heir, on any income in the nature of interest under the Motor Vehicles Act, 1988.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

4. No tax to be deducted at source in respect of interest on compensation amount awarded by Motor Accidents Claims Tribunal to an individual

As per the provisions of section 393(4) [Table: Sl. No. 7, Column C (c)(iv)] of the Income Tax Act, 2025; tax is not required to be deducted in respect of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal, if the amount or the aggregate of the amounts of such income does not exceed ₹ 50,000 during the tax year.

In order to provide relief to the individual and to alleviate the hardship caused due to accident, it is proposed that no tax shall be deducted at source in respect of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal to an individual.

These amendments will take effect from the 1st day of April 2026.

5. Enabling electronic verification and issuance of certificate for deduction of income tax at lower rate or no deduction of income tax

Section 395 of the Income Tax Act, 2025, pertains to issuance of certificates for deduction of tax at source (TDS) and tax collection at source (TCS) at nil or lower rate.

Sub-section (1) of the said section of the Income Tax Act, 2025, provides for issuance of certificate for deduction of tax at source at Nil or lower rates. As per the present provisions, the payee has to make an application before the Assessing Officer. Subsequent to the application, if the Assessing Officer is satisfied after due verification that the total income of the recipient justifies deduction of income-tax at any lower rates or no deduction of income-tax, he shall issue a certificate for lower or nil deduction of tax at source.

It is proposed to ease the compliance burden of small taxpayers by providing an option to the payee, to file the application for issuance of certificate for lower or nil deduction of income-tax electronically before the prescribed income-tax authority, which may

issue the certificate subject to fulfilment of conditions as may be prescribed, or reject the application if prescribed conditions are not fulfilled or the application is incomplete.

These amendments will take effect from the 1st day of April, 2026.

6. Relaxation from requirement to obtain tax deduction and collection account number ("TAN") by a resident individual or HUF, where the seller of the immovable property is a non-resident

Section 397(1)(a) of the Income Tax Act, 2025, provides that every person, deducting or collecting tax shall apply to the Assessing Officer for the allotment of a "tax deduction and collection account number" (TAN). Clause (c) of the said sub-section provides for cases where a person is not required to obtain TAN.

Presently, if a person buys an immovable property from a resident seller, the person is not required to obtain (TAN) to deduct tax at source. However, where seller of the immovable property is a non-resident, the buyer is required to obtain TAN to deduct tax at source. This creates unnecessary compliance burden for the buyer, as he would need TAN for a single transaction.

In order to reduce compliance burden for the resident individual and Hindu undivided family, it is proposed to amend section 397(1)(c) of the Income Tax Act, 2025, to provide that resident individual or Hindu undivided family, is not required to obtain TAN to deduct tax at source in respect of any consideration on transfer of any immovable property under section 393(2) [Table Sl. No. 17].

These amendments will take effect from the 1st day of October, 2026.

7. Enabling Filing of Declaration for no deduction to a depository

Section 393(6) of the Income Tax Act, 2025, provides that tax is not to be deducted at source in certain cases. As per the provisions of the said section, a written declaration is to be filed by the assessee for no deduction of tax at source to the person responsible for paying any income or sum of the nature as specified in Column C of the Table in section 393(6). The said income include dividend, interest from securities and income from units of mutual fund.

Investors earning income from multiple units and securities face a cumbersome process, needing to submit separate forms to all entities thus leading to enhanced compliance. In order to reduce compliance burden of such investors, it is proposed to

allow filing of the declaration to the depository which in turn shall provide such declaration to the person responsible for paying such income.

Further, in order to ease the compliance for the person responsible for paying income or sum of the nature as specified in Column C of the Table in section 393(6), the time limit for furnishing the declaration received by them to the prescribed Income tax authority have been changed from monthly basis to quarterly basis.

However, only those investors who have held the securities or units in the depository and where the securities are listed in registered stock exchange in India are proposed to furnish the declaration to the depository.

This amendment will take effect from the 1st day of April, 2027.

8. Application of TDS on Supply of Manpower

Section 393(1) [Table: Sl. No. 6(i)] of the Income Tax Act, 2025, provides for the tax deduction at source (TDS) in the case of payments made to contractors for carrying out any work. It provides for rate of deduction of 1% when payment is made to individual or HUF and 2% in other cases.

Section 393(1) [Table: Sl. No. 6(iii)] of the Income Tax Act, 2025, provides for the tax deduction at source in the case of fees paid for professional or technical services. It provides for rate of deduction of 2% in case of fees for technical services or royalty for sale, distribution or exhibition of cinematographic films or to the business engaged in operation of call centre and 10% in other cases.

Section 393(1)[Table: Sl. No. 6(ii)] of the Income Tax Act, 2025, provides for the tax deduction at source by individual and HUF in the case of payments made to contractors for carrying out any work (not covered under section 393(1)[Table: Sl. No. 6(i)], by way of commission or brokerage or by way of professional services (not covered under section 393(1) [Table: Sl. No. 6(iii)]). It provides for rate of deduction of 2% for such payments.

There is ambiguity with regard to applicable rate of TDS for supply of manpower that whether provisions under section 393(1) [Table: Sl. No. 6(i)/(ii)] or [Table: Sl. No. 6(iii)] shall be applied.

In order to provide clarity with regard to the deduction of tax at source in case of supply of manpower, it is proposed to include it under the ambit of "work" in section 402(47) so that the provisions of Section 393(1)[Table: Sl. No. 6(i)] or 393(1)[Table: Sl. No. 6(i)], as the case may be, applies.

These amendments will take effect from the 1st day of April, 2026.

9. Exemption of income on compulsory acquisition of any land under the RFCTLARR Act

The existing Section 11 read with Schedule III of the Income Tax Act, 2025, provides exemption to certain eligible persons on their total income. The said Schedule inter alia provides exemption to an individual or a Hindu undivided family on any income chargeable under the head "capital gains" arising from the transfer of agricultural land subject to the conditions specified therein.

Section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act) inter alia provides that income-tax shall not levied on any award or agreement made (except those made under section 46) under the said Act.

In order to resolve any ambiguity, CBDT vide Circular No.36/2016 clarified that compensation received in respect of award or agreement which has been exempted from levy of income-tax vide section 96 of the RFCTLARR Act shall also not be taxable under the provisions of Income-tax Act, 1961 even if there are no specific provisions of exemption for such compensation in the Income-tax Act, 1961.

In order to align the provisions of the Income Tax Act, 2025, with the RFCTLARR Act it is proposed to amend the said Schedule to provide exemption on any income in respect of any award or agreement made on account of compulsory acquisition of any land, carried out on or after the 1st April, 2026, under the RFCTLARR Act (other than the award or agreement made under section 46 of said Act).

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

10. Exemption for Disability Pension to Armed Forces Personnel

Disability pension is granted to members of the Armed Forces who are invalided out of service on account of a bodily disability that is attributable to, or aggravated by, military, naval or air force service, and comprises a service element and a disability element.

The exemption was first provided under the Indian Income-tax Act, 1922. This has continued under the Income-tax Act 1961 through the repeal and savings clause, and notifications, administrative instructions and clarificatory circulars.

It is proposed to provide for exemption of disability pension, including both the service element and the disability element, only in cases where the individual has been

invalided out of Armed Forces service on account of a bodily disability attributable to, or aggravated by, such service, and not where the individual has retired on superannuation or otherwise. It is also proposed that this exemption will also be available to paramilitary personnel.

These amendments shall take effect from the 1st day of April, 2026, and shall apply in relation to the tax year 2026-27 and subsequent tax years.

11. Rationalising due dates for filing of return of Income <u>(Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)</u>

Section 263 of the Income Tax Act, 2025 makes the provisions for filing of Income Tax Return by taxpayers. The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and the updated return.

Section 263(1)(c) of the Income Tax Act, 2025 deals with "due date" means the date of the financial year succeeding the relevant tax year for filing the return of Income by different classes of assessee/person with different condition applied therein.

In this regard, in order to facilitate the taxpayers who are engaged in business or profession and partners of a firm who do not require to get their books of account audited and trusts, it is proposed that more time should be made available to them to prepare their books of accounts to make the necessary compliances. Accordingly, rationalisation of due dates for filing of return of Income in such non audit business cases and trusts is envisaged to facilitate taxpayers and reduce grievances.

In this regard, assessee having income from profits and gains of business or profession whose accounts are not required to be audited under the Income Tax Act, 2025, or under any other law in force and partner of a firm whose accounts are not required to be audited under the Income Tax Act, 2025, or under any other law in force or the spouse of such partner (if section 10 applies to such spouse), <u>their due date for filing of return is proposed to be extended from 31st July to 31st August.</u>

Further, individuals who files ITR-1 & ITR-2, their due date for filing return of Income shall remain 31st July.

In this regard, amendments proposed in section 263(1)(c) of the Income Tax Act, 2025, are as under:

Sl. No.	Person	Conditions	Due Date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply	30th November
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply	31st October
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) Partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	As above	31st August
4.	Any other assessee	--	31st July

Similar rationale as referred in para 2 has been applied to make similar amendments in Explanation-2 to sub-section (1) of section 139 of the Income Tax Act, 1961 to extend the

due date of filing return of Income for non-audit business cases and Trusts requiring no audits.

It is proposed that the amendments made in the Income Tax Act, 2025 shall come into force from the 1st day of April, 2026 for tax year 2026-27 and subsequent tax years.

It is further proposed that the amendments made in the Income Tax Act, 1961 shall come into force from the 1st day of March, 2026 for assessment year 2026-27(previous year 2025-26).

12. Extending the period for filing revised return <u>(Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)</u>

Section 263 of the Income Tax Act, 2025 deals with filing of Income-tax return by taxpayers. The said section prescribes the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and updated return.

Further, section 263(5) of the Income Tax Act, 2025, provides for the revised return of income. It allows a person who has already furnished a return under section 263(1) and (4) to file a revised return, if any omission or wrong statement is discovered in the original or belated return.

Such revised return required to be furnished within nine months from the end of the relevant tax year or before completion of assessment, whichever is earlier.

Section 263(5) allows a taxpayer to revise an original or belated return to rectify any omission or wrong statement, relating to income, deductions, exemptions, losses, or any other particulars.

It is considered to increase the prescribed time limit for filing the revised return from existing 9 months to 12 months from the end of the relevant tax year. As presently, the timeline for revised and belated return coincides with each other which is nine months from the end of the relevant tax year. Hence, a person who is filing his belated return at the end was not having the opportunity to revise his return of income. The extension of time limit for filing revised return of income, will allow the taxpayers to file revised return where belated return is filed at the end.

In this regard, it is proposed to amend section 263(5) of the Income Tax Act, 2025 so as to increase the prescribed time limit for filing the revised return from its existing time limit of nine months to twelve months from the end of the relevant tax year.

Further, a fee is also proposed under section 428(b) of the Income Tax Act, 2025, for revised returns which are filed beyond nine months from the end of relevant tax year.

These amendments will take effect from 1st day of April 2026 for tax year 2026-27 and subsequent years.

Further, section 263 corresponds to section 139 of the Income Tax Act, 1961. Therefore, similar amendments are also proposed in section 139(5) of the Income Tax Act, 1961. Further, a fee is also proposed under section 234I.

It is proposed that these amendments shall come into force from the 1st day of March 2026 in Income-tax Act 1961 and shall be applicable for Assessment year 2026-27 (previous year 2025-26).

13. Scope of Filing updated return in the case of reduction of losses (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

Section 263 of the Income Tax Act, 2025 provides for filing of Income Tax Return by taxpayers. The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and the updated return.

Further, section 263(6) of the Income Tax Act, 2025, deals with the updated return of Income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within 48 months from the end of the financial year succeeding the relevant tax year. The said section further imposes certain restrictions on updating the return of Income. E.g. updated return cannot be a return of loss, cannot reduce tax liability, and cannot increase a refund. Filing an updated return requires payment of additional income-tax, as prescribed, and it is not permitted in cases where assessment, reassessment, search, survey, or prosecution proceedings are pending or completed.

Furthermore, section 263(6)(b) provides that taxpayer may file the updated return in such cases where original return filed under section 263(1) of the Income Tax Act, 2025, is a return of loss and updated return being filed thereafter, is a return of income.

However, section 263(6)(c)(i) of the Income Tax Act, 2025, had created a restriction that updated return cannot be furnished in such cases where updated return is a return of loss for the said tax year.

In this regard, suggestions were received from the stakeholders that updated return may also be allowed in such cases where taxpayer is reducing the amount of loss in comparison

to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).

In view of the above, it is proposed to amend section 263(6) of the Income Tax Act, 2025, so as to allow filing of updated return in such cases where taxpayer reduces the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).

It is further proposed that the above amendments in the Income Tax Act, 2025 shall come into force from the 1st day of April, 2026.

It is further proposed that similar amendment shall be made in the Income Tax Act, 1961 to align with the proposed amendments in the Income Tax Act, 2025.

It is also proposed that amendment in the Income Tax Act, 1961 shall come into force from 1st day of March, 2026.

14. Allowing the filing of updated return after issuance of notice of reassessment (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

Section 263 of the Income Tax Act, 2025 makes the provisions for filing of Income Tax Return by taxpayers. The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished. It covers the original return, belated return, revised return and the updated return.

Further, section 263(6) of the Income Tax Act, 2025, deals with the updated return of Income. It allows a taxpayer, regardless of whether the original return is filed, to file an updated return within 48 months from the end of the financial year succeeding the relevant tax year. This provision is meant to promote voluntary compliance on the part of taxpayer to offer the income for taxation. The said section further imposes certain restrictions on updating the return of Income. i.e. updated return cannot be a return of loss, cannot reduce tax liability, and cannot increase a refund. Filing an updated return requires payment of additional income-tax, as prescribed, and it is not permitted in cases where assessment, reassessment, search, survey, or prosecution proceedings are pending or completed.

Furthermore, Section 263(6)(c)(v) of the Income Tax Act, 2025, prohibits the filing of updated return in such cases where any proceedings for assessment or reassessment or recomputation or revision of income is pending or has been completed for the said tax year. Accordingly, filing of update return was not allowed in such cases where proceedings of reassessment has been initiated.

Section 267(5) of the Income Tax Act, 2025, provides that additional income-tax amounting to 25%, 50%, 60% and 70% of the aggregate of tax and interest payable, shall be paid alongwith original tax and interest payable, for filing the updated return in first, second, third and fourth year, respectively from the end of the financial year succeeding the relevant tax year.

In this regard, it is considered that updated return may also be allowed in such cases where proceedings of reassessment have been initiated and notice of reassessment has been issued under section 280 of the Income Tax Act, 2025, as the same would reduce litigation.

In this regard, it is proposed to amend section 263 of the Income Tax Act, 2025, so that an updated return may be furnished by a person for the relevant tax year in pursuance of a notice under section 280 within such period as specified in the said notice and in such a case assessee shall be precluded from filing return of income in pursuance of notice under section 280 in any other manner.

It is further proposed to amend the section 267 of the Income Tax Act, 2025, so as to prescribe that where an updated return is filed in pursuance of a notice issued under section 280 within the period specified in the said notice, the additional income-tax payable shall be increased by a further sum of 10 % of the aggregate of tax and interest payable on account of furnishing the updated return. It is further proposed that where additional income-tax is paid as per proposed additional income-tax, the income on which such additional income-tax is paid shall not form the basis of imposition of penalty under section 439.

It is proposed that the above amendments shall come into force from the 1st day of April, 2026 and shall be applicable for the tax year 2026-27 and subsequent tax years.

It is also proposed that similar amendment shall be made in the Income Tax Act, 1961 to align with the proposed amendments in the Income Tax Act, 2025. This amendment in the Income Tax Act, 1961 is made so that an updated return may be furnished by a person for the relevant assessment year in pursuance of a notice under section 148 within such period as specified in the said notice, and in such a case assessee shall be precluded from filing return of income in pursuance of notice under section 180 in any other manner.

It is further proposed that amendment in the Income Tax Act, 1961 shall come into force retrospectively from 1st day of March, 2026.

15. Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026 (FAST-DS 2026)

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 was enacted to address the issue of undisclosed foreign income and assets held by resident taxpayers. At the time of its introduction, a one-time compliance window was provided from 1 July 2015 to 30 September 2015 to enable voluntary declaration of undisclosed foreign assets acquired up to 31 March 2015, subject to payment of tax and penalty.

It has been observed that non-compliance is particularly prevalent in cases involving legacy or inadvertent non-disclosures for small taxpayers, including holdings arising from foreign employment benefits such as ESOPs or RSUs, dormant or low-value foreign bank accounts of former students, savings or insurance policies of returning non-residents, and assets held by individuals on overseas deputation. Further, information received under the Automatic Exchange of Information framework indicates non-disclosure of foreign financial assets by a significant number of PAN holders.

In order to facilitate voluntary compliance and enable resolution of such legacy cases of small taxpayers, it is proposed to introduce a time-bound scheme for declaration of foreign assets and foreign-sourced income, with payment of tax or fee based on the nature and source of acquisition and grant of limited immunity from penalty and prosecution under the Black Money Act in respect of matters covered by the declaration. Cases involving prosecution or proceeds of crime are proposed to be excluded.

The proposed scheme shall form part of the Finance Bill, 2026 and shall come into force from the date to be notified by the Central Government.

16. Relaxation of Conditions for prosecution under the Black Money Act

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 [the Black Money Act] provides for penal and prosecution measures in cases of wilful non-disclosure of foreign income and assets by residents. Sections 49 and 50 of the Black Money Act, prescribe prosecution, including rigorous imprisonment and fine, where a resident wilfully fails to furnish a return of income or wilfully omits to disclose foreign assets or income in the return of income.

In order to provide relief in cases of minor and inadvertent non-disclosures and to align the prosecution provisions with the penalty framework under the Black Money Act, it is proposed to amend sections 49 and 50 to provide that these provisions shall not apply

in respect of foreign assets, other than immovable property, where the aggregate value does not exceed twenty lakh rupees.

These amendments shall take effect retrospectively from the 1st day of October, 2024.

17. Relaxation of Prosecution Proceedings (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

The Income Tax Act, 2025 has various provisions in chapter XXII which imposes criminal liability on assessee and prescribes imprisonment including rigorous imprisonment which span from three months to seven years for various offences including falsification of books of accounts, failure to credit TDS/TCS deducted, tendering false statement, wilful attempt to evade tax, failure to furnish return within due time, abatement of false return, removal/concealment/transfer of property to evade recovery of tax, failure to follow certain directions of AO, etc.

Section 473 to 485 prescribe various offences on the part of assessee and form and manner of punishment and the conditions therein including time limitation, exceptions, threshold for amount of tax evaded and its punishment, punishment for subsequent offences, etc.

Section 473 deals with the contravention of order made under section 247(Search & Seizure) by the assessee in an attempt to derail the search proceedings and tamper wit the evidence.

At the same time, section 474 deals with the offence of not providing the necessary facility to inspect the books of account of other documents during search proceedings.

Section 475 penalises the assessee in case of offence of removal, concealment, transfer or delivery of property to prevent tax recovery.

Section 476 criminalises the offence of not crediting the TDS deducted in the account of Central Government. This section covers four offences which are TDS deducted for winnings from lottery, crossword puzzle; winning from online games; benefit or perquisite arising from business or profession; sum for transfer of a virtual digital asset.

In the similar manner, section 477 deals with tax collected at source but not credited to the account of Central Government.

Section 478 deals with the offence of wilful attempt to evade any tax, penalty or under reporting of income and payment of any tax, penalty or interest.

Section 479 criminalise the offence to failure to furnish return either by issuance of notice under this Act or otherwise.

In the similar manner, section 480 penalises the offence of failure to furnish return in search cases.

In case, assessee failed to produce the books of accounts or other documents or failed to follow direction of Assessing Officer, section 481 criminalises this offence.

In case, a person makes false statement or delivers an account which is false, section 482 prescribes punishment for this offence.

Section 483 penalises the offence of falsification of book of accounts or documents or made entry or statement which is false in books of account.

Section 484 deals with offence of abatement of false return wherein person makes or delivers an account or statement relating to any income which is false.

Further, section 485 deals with second and subsequent offences.

Section 494 deals with disclosure of particulars by public servants.

In this regard, it is proposed to amend Section 473 to 485 & 494 of the Income Tax Act, 2025, in light of continued exercise of decriminalisation and to make the punishment for the offences mentioned in these sections proportionate to the crimes. The principles that are followed in the proposed decriminalization exercise are as follows:

(a) The nature of punishment is changed from rigorous imprisonment to simple imprisonment wherever prescribed in the sections mentioned above.

(b) Maximum punishment is proposed to be limited to 2 years from its current 7 year and for the subsequent offences, it is reduced to 3 years from its current 7 years.

(c) Wherever punishment of offences is prescribed based on certain grading of amount of tax evaded, new grading of offences and its corresponding punishment is prescribed.

(d) For amount of tax evaded does not exceeds ten lakh rupees, punishment of only fine is prescribed.

(e) Imposition of fine is introduced in lieu of or in addition of imprisonment.

(f) Certain offences are fully decriminalized.

Following changes in the nature and period of punishment in section 473 to 485 & 494 are proposed based on the principles of decriminalisation followed as discussed in para 7:

(a) In section 473, punishment for the offences mentioned under section 473 is proposed to be changed from its current "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" to "simple imprisonment upto two years and fine".

(b) In section 474, punishment for the offences mentioned under section 474 is proposed to be changed from its current "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" to "simple imprisonment upto 6 months and/or fine".

(c) In section 475, punishment for the offences mentioned under section 475 is proposed to be changed from its current "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" to "simple imprisonment upto two years and fine".

(d) In case of offences related to tax deducted at source (TDS):

(i) If a person fails to pay the tax deducted at source or ensures the payment of such tax, in case of winnings from Lottery or crossword puzzle etc. as required under section 476(1)(b)(i) and if a person fails to pay and ensure payment of tax deducted at source in case of benefits or perquisite under section 476(1)(b)(ii) then the punishment for these offences is rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and with fine. These offences are proposed to be fully decriminalized.

(ii) Further, in similar manner, if a person fails to pay tax deducted at source or ensure payment of tax in case of winnings from online games under section 476(1)(b)(i) and consideration from virtual digital asset under section 476(1)(b)(ii) then these offences attract punishment of rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and with fine. In these cases, winnings from online games and consideration from virtual digital asset which are wholly in kind are also proposed to be excluded from criminal liability related to prosecution in case of failure to pay tax or ensure payment of tax. In any other case, punishment in these cases under section 476 is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(b) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(e) In section 477, punishment for the offences mentioned under section 477 I rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and with fine. This punishment is proposed to be change in the manner given below:

(i) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term upto six months or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

(f) In case of wilful attempt to evade tax,

(i) In section 478(1), punishment for the offences as mentioned under section 478(1) is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount sought to be

evaded or tax on under-reported income exceeds fifty lakh rupees;

(b) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where the amount sought to be evaded or tax on under-reported income exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(ii) In section 478(2), punishment of offences under section 478(2) is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount sought to be evaded exceeds fifty lakh rupees;

(b) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where the amount sought to be evaded exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(g) In section 479, punishment for the offences mentioned under section 479(1) is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(h) In section 480, punishment for the offences mentioned under section 480 is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount of tax exceeds fifty lakh rupees;

(b) with simple imprisonment upto six months, or with fine, or with both, in a case where the amount of tax, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(i) In section 481, punishment for the offences mentioned under section 481 is proposed to be changed in the manner given below:

(a) in the case where a person wilfully fails to produce, or cause to be produced, the accounts and documents as are referred to in the notice served on him under section 268(1) on or before the date specified in such notice, this provision under section 481 is proposed to be fully decriminalised.

(b) in the case where a person wilfully fails to comply with a direction issued to him under section 268(5), the punishment is proposed to be changed from its current "rigorous imprisonment for a term which may extend to one year and with fine" to simple imprisonment for a term upto six months, or with fine, or with both.

(j) In section 482, punishment for the offences mentioned under section 482 is proposed to be changed in the manner given below:

(a) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

(k) In section 483, punishment for the offences mentioned under section 483(1) is proposed to be changed from its current "rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine" to "simple imprisonment for a term upto two years and shall also be liable to fine"

(l) In section 484, punishment for the offences mentioned under section 484 is proposed to be changed in the manner given below:

(i) with simple imprisonment for a term upto two years, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term upto six months, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

(m) In section 485, punishment for the offences mentioned under section 485 is proposed to be changed from its current "rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine" to "simple imprisonment for a term which shall not be less than six months but which may extend to three years and shall also be liable to fine".

(n) In section 494, punishment for the offences mentioned under section 494(1) is proposed to be changed from its current "imprisonment which may extend to six months, and shall also be liable to fine" to "simple imprisonment upto one month, or with fine, or with both".

Heading of sections in following sections of the Act is proposed to be aligned with the Act and further simplify the Act:

(a) In section 473, heading of the section is changed to "Contravention of order made during search action".

(b) In section 474, heading of the section is changed to "Failure to afford facility for inspection of books of account during search".

(c) In section 478, heading of the section is changed to "Failure to comply with a direction of special audit or valuation".

Similar principles as referred in para 7 has been followed to make amendments of similar nature as referred in para 8 & 9 in relevant prosecution provisions i.e. section 275 to 278A & 280 of the Income Tax Act, 1961.

The amendments in section 473 to 485 & 494 of the Income Tax Act, 2025 will take effect from the 1st day of April, 2026.

The amendments in section 275A to 278A & 280 of the Income Tax Act, 1961 will take effect from the 1st day of March, 2026.

18. Rationalising the period of block in case of other persons

Section 295 of the Income Tax Act, 2025, provides, inter-alia, that where Assessing officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein after referred to as the 'other person'), other than the person (herein after referred to as the 'specified person') with respect to whom search was initiated under section 247 or requisition was made under section 248, then –

(a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income will be handed over to the Assessing Officer having jurisdiction over such other person; And

(b) Assessing Officer of the other person shall proceed under section 294 against such other person and the provisions of this section will apply accordingly.

Furthermore, in the existing provisions of Block assessment, the block period is same for the specified person or other person.

In this regard, it has been considered that where undisclosed income pertaining to a third person relates only to a single tax year, the third person is nonetheless required to undergo the full block assessment procedure, resulting in an increased complianc burden on a person against whom no search or requisition was initiated.

Accordingly, it is proposed to amend the section 295(2) of the Income Tax Act, 2025 so as to limit the period of block in case of third party.

This amendment will take effect from the 1st day of April, 2026, for search or requisition is initiated or made as the case maybe, on or after 1st day of April, 2026.

19. Referencing the time limit to complete block assessment to the initation of search or requisition

Section 296 of the Income Tax Act, 2025, provides for time limit for completing a block assessment. An assessment or reassessment order under Section 294 (procedure for block assessment must be completed within 12 months from the end of the quarter in which the last search authorization was executed or requisition was made.

Further, it is considered that use of last date of authorisations as reference for deciding date of limitation lead to different date of limitations in case of group being searched. As search and seizure proceedings are more often conducted in a group of cases which require coordinated investigation and assessments.

Accordingly, it is proposed to amend the section 296 of the Income Tax Act, 2025, so as to take the date of initiation of search as the reference point to decide the date of limitation for block assessment where any search has been initiated or requisition is made in the case of any person and consequently, the period of twelve months is proposed to be to eightee months to complete such assessment in case of such person.

This amendment will take effect from the 1st day of April, 2026, for search or requisition is initiated or made as the case maybe, on or after 1st day of April, 2026.

20. Rationalisation of Penalties into Fee

Section 446 of the Income Tax Act, 2025, provides penalty for failure to get accounts audited. It further provides that, if any person fails, without reasonable cause, to get his accounts audited in respect of any previous year or years relevant to an assessment year or to obtain a report of such audit as required under the aforesaid provision, the Assessing officer may direct that such person shall pay, by way of penalty, lesser of –

i. 0.5% of the total sales, turnover or gross receipts, in the business, or the gross receipts in the profession, for such tax year or years, or
ii. ₹ 150000.

Further, section 447 provides penalty for failure to furnish report under section 172 of the Income Tax Act, 2025, where section 172 relates to report from an accountant to be furnished by persons entering into international transaction or specified domestic transactions. Presently, a penalty of ₹ 1,00,000/- is levied for such failure.

Further, section 454 provides for penalty for failure to furnish statement of financial transactions or reportable account. Presently, a penalty of ₹ 500 is levied for everyday during which such failure continues. Further, 454(2) provides that if person referred to in sub-section (1), fails to furnish the statement within the period specified in the notice issued under section 508(7), then in that case a penalty of ₹ 1000 is levied for everyday during which the failure continues.

In this regard, it is considered that penalties for technical delays should be converted into mandatory fee as fee reduces litigation for technical faults.

In view of the above it is proposed to convert following penalties into fee:

I. **Penalty under section 446 for failure to get accounts audited is converted to a fee under proposed section of 428(c). Accordingly, Graded fee of Rs. 75,000 and 1,50,000 is proposed depending upon the period of delay. It is pertinent to mention that this penalty under section 446 has been omitted but the same section has been replaced by the penalty for failure to furnish information or for furnishing inaccurate information on transactions of crypto asset.**

II. **Penalty under section 447 for failure to furnish report under section 172 is converted to a fee under section 428(4). Graded fee of Rs. 50,000 and 1,00,000 is provided depending upon the period of delay.**

III. **Penalty under section 454(1) for failure to furnish statement of financial transaction or reportable account is converted to a fee under section 427(3).**

Further, an upper limit of Rs. 1,00,000/- is also proposed to be made in existing penalty under section 454(2) of the Income Tax Act, 2025.

The above amendments will take effect from the 1st day of April, 2026 and shall apply for tax year 2026-27 and subsequent tax years.

21. Imposition of penalty for under-reporting or misreporting of income within Assessment Order

Under the existing provisions of the Income Tax Act, 1961, first an assessment order is passed and based on the findings or additions made in it and subject to the status of appellate proceedings, penalty is initiated in the assessment order by the Assessing Officer.

Subsequently, separate penalty proceedings are initiated by giving a show cause notice and a separate penalty order is passed after giving due opportunity to the assessee.

Section 274 of the Income Tax Act, 1961 prescribes the procedure for imposing penalties and mandates that no penalty shall be levied unless the assessee is given a reasonable opportunity of being heard. It requires the Assessing Officer to issue a show-cause notice for which the penalty is proposed, and in certain cases, prior approval of higher authorities is necessary before imposing the penalty. The section ensures adherence to the principles of natural justice and aims to prevent arbitrary or invalid penalty proceedings.

Section 220 of the Income Tax Act, 1961, deals with the payment and recovery of tax demand, stating that any amount specified in a notice of demand under Section 156 must be paid within 30 days of service of the notice. If the assessee fails to pay within this period, they are deemed to be in default and become liable to interest under Section 220(2), along with possible recovery proceedings such as attachment of property. The Assessing Officer may, however, allow payment by instalments or extend the time for payment, subject to conditions, to provide relief in genuine cases.

Section 245MA of the Income Tax Act, 1961, provides for the Dispute Resolution Committee (DRC). It prescribes for the constitution of a DRC to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The Committee is empowered to reduce or waive penalties and grant immunity from prosecution, subject to conditions, with the objective of reducing litigation. The section lays down eligibility, procedure, and binding nature of the DRC's order, promoting voluntary compliance and speedy dispute resolution.

In this regard, it is considered that the above scheme leads to multiplicity of proceedings, as eventually penalty has to be imposed based on the findings of the assessment order and additions made in it and subject to the status of appellate proceedings. Further, taxpayer remains in uncertainty regarding the status of imposition of penalty as the appellate proceedings may stretch to multiple years. In this context, a common order for both assessment and penalty for under-reporting and misreporting of income will ensure avoiding multiplicity of proceedings which in turn would reduce the compliance of the tax payers apart from providing consistency in levying of penalty.

Accordingly, it is proposed to amend section 274, to provide that, penalty for under-reporting of income under levied under section 270A to be imposed within the assessment Order. Further, section 220 is also proposed to be amended for charging of interest under section 220(2) only after passing of the order by CIT(A) or ITAT (for appeal against DRP orders), as case maybe. Consequential amendment is also proposed in section 245MA.

The proposed amendments shall come into force in the Income Tax Act, 2025 from 1st day of April, 2026 and shall be effective from 1st day of April, 2027, where any draft of the proposed order of assessment under section 275 is made or assessment under section 270 or reassessment under section 279 is made on or after 1st of April, 2027.

Further, similar amendments are also proposed in the Income Tax Act, 1961 in section 274, 220, 234MA.

It is further proposed that these proposed amendments shall come into force in the Income-tax Act, 1961 from the 1st day of March, 2026 and shall be effective from 1st day of April, 2027, where any draft of the proposed order of assessment under section 144C is made or assessment under section 143 or reassessment under section 147 is made on or after 1st of April, 2027.

22. Increase in maximum amount of penalty under Section 466 of the Income Tax Act, 2025

Section 254 of the Income Tax Act, 2025 provides the power to the income-tax authorities to collect information from the premises where business or profession is carried out, by directing the proprietor or employee or any other person, who may at that time and place, be attending in any manner to, or helping in, or carrying on of such business or profession, to furnish certain information as authorized.

Further, section 466 of the Income Tax Act, 2025, provides for a penalty if any person fails to comply with the provision of section 254, i.e. power to collect information, and does not furnish the requisite information to the authorized income-tax authorities. The section further gives power to Joint Commissioner, Deputy Director or Assistant Director or the Assessing officer to impose maximum penalty amounting to Rs. 1000/-.

In this regard, it has been considered that the maximum amount of penalty should be proportionate to create adequate deterrence and voluntary compliances.

In view of the same, it is proposed to amend the section 466 of the Income Tax Act, 2025 so as to enhance the maximum amount of penalty to Rs. 25,000 from existing Rs. 1,000.

This amendment will take effect from the 1st day of April, 2026 and shall apply for tax year 2026-27 and subsequent tax years.

23. Rationalisation of tax rate under Section 195 and penalty under Section 443 in respect of certain income

Section 195 of the Income Tax Act, 2025 provides for tax on income referred to in section 102 to 106. Section 102 to 106 provides for income on account of, unexplained credits,

unexplained investment, unexplained asset, unexplained expenditure and amount borrowed or repaid through negotiable instrument, hundi, etc.

Section 195(1) further provides that where total income of an assesse includes any income referred to in section 102 or 103 or 104 or 105 or 106, the income-tax calculated on such income will be charged at the rate of 60%.

Further, section 443 provides that, penalty amounting to 10% of the tax payable under section 195(1)(i), on an assessee if the income determined in his case for any tax year includes any income referred to in section 102,103,104,105 or 106.

With regard to the section 195 of the Income Tax Act, 2025, on the tax on income referred to in section 102 to 106, it is considered that the tax rate of 60% which is currently charged on income referred to in section 102 to 106 as per section 195, is not proportionate and need rationalisation. Therefore, to rationalise the same, the tax rate of 30% is proposed under section 195 of the Income Tax Act, 2025.

Further, it is also proposed to bring the penalty rate on income determined by Assessing Officer which is in nature of income referred to in section 102 to 106 at par with the rate charged for misreporting of income under section 439. Accordingly, penalty provision under section 443 (penalty for income referred to in section 102 to 106) is proposed to be omitted and, in respect of such income, penalty is proposed to be included in the cases of under-reporting of income in consequence of misreporting under section 439(11) of the Income Tax Act, 2025.

Therefore, it is proposed to amend section 195 to reduce the tax rate from 60% to 30%. Further, it is also proposed to omit penalty under section 443 and subsume this penalty under section 439(11) of the Income Tax Act, 2025.

This amendment will take effect from the 1st day of April, 2026 and shall apply for tax year 2026-27 and subsequent tax years.

24. Expanding the scope of immunity from penalty or prosecution under section 440 of the Income Tax Act, 2025

Section 440 of the Income Tax Act, 2025, provides, inter-alia, procedure of granting immunity by the Assessing Officer from imposition of penalty or prosecution, if assessee fulfils the following conditions, namely: –

(a) the tax and interest payable as per Assessment order, has been paid within the period specified in notice of demand;

(b) no appeal against the such assessment order has been filed

Further, sub-section (2) provides that assessee shall file an application within one month from the end of the month in which said assessment order has been received by him.

Furthermore, sub-section (3) provides that assessing officer shall, subject to the fulfilment of the aforementioned conditions, and after the expiry of the period of filing the appeal, grant the immunity from imposition of penalty under section 439 and initiation of prosecution proceedings under section 478 or section 479.

Further, sub-section (4) provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of three months from the end of the month in which the application for requesting immunity is received.

Presently, immunity under section 440 can only be granted in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting.

In this regard, it has been considered that provision of immunity should also be extended to such cases where under-reporting of income is in consequence of misreporting.

However, the taxpayer is required to pay an additional income-tax to the extent of 100% of the amount of tax payable on such income in lieu of the penalty.

Additionally, as the separate penalty (existing penalty under section 443 of the Income Tax Act, 2025) for income determined by AO, which is in the nature of income referred to in section 102 to 106 (unexplained credits, unexplained investment, unexplained asset etc) of the Income Tax Act, 2025 is proposed to be omitted and subsumed in cases of misreporting of income under section 439(11), therefore immunity provision for the same is also proposed in section 440, to provide opportunity to the taxpayers to settle the disputes at an early stage on payment of additional-tax and reduce the burden of litigation and compliance. However, the taxpayer is required to pay an additional income-tax to the extent of 120% of the amount of tax payable on such income in lieu of penalty.

In view of the same, it is proposed to amend the section 440 of the Income Tax Act, 2025, so as to extend the scope of immunity to such cases where penalty is initiated for under-reporting of income in consequence of misreporting.

This amendment will take effect from the 1st day of April, 2026 for tax year 2026-27 and subsequent tax years.

25. Explanding the scope of immunity from imposition of penalty or prosecution under Section 270AA

Section 270AA of the Income Tax Act, 1961, provides, inter-alia, procedure of granting immunity by the Assessing Officer from imposition of penalty or prosecution, if assessee fulfils the following conditions, namely: –

(a) the tax and interest payable as per Assessment order, has been paid within the period specified in notice of demand;

(b) no appeal against the such assessment order has been filed.

Further, sub-section (2) provides that assessee shall file an application within one month from the end of the month in which said assessment order has been received by him.

Furthermore, sub-section (3) provides that assessing officer shall, subject to the fulfilment of the aforementioned conditions, and after the expiry of the period of filing the appeal, grant the immunity from imposition of penalty under section 270A and initiation of prosecution proceedings under section 276C or section 276CC.

Further, sub-section (4) provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of three months from the end of the month in which the application for requesting immunity is received.

Presently, immunity under section 270AA can only be granted in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting. However, the taxpayer is required to pay an additional income-tax to the extent of 100% of the amount of tax payable on such income in lieu of the penalty.

In this regard, it is considered that provision of immunity should also be extended to such cases where under-reporting of income is in consequence of misreporting.

In view of the same, it is proposed to amend the section 270AA of the Income Tax Act, 1961 so as to extend the scope of immunity to such cases where penalty is initiated for under-reporting of income in consequence of misreporting.

This amendment will take effect from the 1st day of March, 2026 for AY 2026-27 or any earlier Assessment years.

26. Amendment of Section 169 of the Income Tax Act, 2025 relating to providing effect to advance pricing agreements

The existing provisions of section 168(1) allow filing of a modified return of income only by the person who has entered into advance pricing agreement (APA) with the Board. The provisions do not allow for modifying the return of income or filing of return of income by the associated enterprise whose income and tax liability is correspondingly modified consequent to the APA.

Hence, there is no provision in the existing law to enable such Associated Enterprise (who is not the person entering into an APA) for filing of return of income and claiming refund of any additional taxes paid by it or withheld from its income.

In order to rationalise the aforesaid provision, it is proposed to provide that where an income is modified as a result of advance pricing agreement entered into with any person then, such person shall, or any other person being an associated enterprise, may, furnish a return or a modified return, as the case may be, in accordance with and limited to the agreement; within a period of three months from the end of the month in which the said agreement was entered into, in respect of tax years covered by such agreement, where such agreement is entered on or after 1st April, 2026, in respect of tax year beginning from 1st April, 2026 and subsequent tax years.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

27. Exemption to a foreign company on any income arising in India by way of procuring date centre services from a specified data centre

The existing provisions of section 11 read with Schedule IV of the Income Tax Act, 2025, specifies the eligible income, which shall not be included in the total income of the eligible non-residents, foreign companies and other such persons.

In order to attract investment in data centre and promote artificial intelligence data centre framework in India, it is proposed to amend the Schedule IV to provide exemption to a foreign company, on any income accruing or arising in India or deemed to accrue or arise in India by way of procuring data centre services from a specified data centre, for a period upto tax year ending on 31st March, 2047.

One of the conditions for exemption is that where services are provided to India users by the foreign company, it shall be routed through an Indian reseller entity.

For the purposes of above provisions, it is also proposed to define the following terms, namely:

(a) "data centre" means a dedicated secure space within a building or centralised location where computing and networking equipment is concentrated for the purpose of collecting, storing, processing, distributing or allowing access to large amounts of data;

(b) "data centre services" means services provided by a data centre through the use of physical infrastructure including land, buildings, mechanical electrical

power equipment's, cooling system, security and information technology infrastructure including servers, computers, storage systems, operating systems, security solutions, network and associated software platforms, networking and other equipment, human resource in India;

(c) "specified data centre" means a data centre which—

(i) is set up under an approved scheme and is notified in this behalf by the Central Government in the Ministry of Electronics and Information Technology; and

(ii) is owned and operated by an Indian company.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

28. Exemption to a foreign company on income arising on account of providing capital equipment etc. to an electronic goods manufacturer located in a custom bonded area

The existing provisions of section 11 read with Schedule IV of the Income Tax Act, 2025, specifies the eligible income, which shall not be included in the total income of the eligible non-residents, foreign companies and other such persons.

In order to promote manufacturing of electronic goods by a contract manufacturer and provide certainty on taxation of supply of capital equipment by a foreign company to such manufacturer, it is proposed to amend the Schedule IV to provide exemption to a foreign company for a period upto the tax year 2030-2031, on any income arising on account of providing capital goods, equipment or tooling to a contract manufacturer, being a company resident in India, who is located in a custom bonded area (warehouse referred to in section 65 of the Customs Act, 1962) and produces electronic goods on behalf of such foreign company for a consideration.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

29. Exemption of specified business on Non-Residents which are under presumptive taxation from the applicability of Minimum Alternate Tax ("MAT")

Certain foreign companies are excluded from the application of MAT under the present provisions. The income of non-residents derived from certain business who opt for presumptive rate of taxation under section 61 of the Income Tax Act, 2025 are also excluded. However, certain other businesses who have opted for presumptive taxation under section 61 have not been so excluded.

In order to ensure similar treatment among all the different specified businesses of non-residents opting for presumptive taxation, it is proposed that two other specified

businesses (business of operation of cruise ships and the business of providing services or technology for the setting up an electronics manufacturing facility in India to a resident company) shall also be excluded from the applicability of MAT.

This amendment is proposed to take effect from the 1st day of April, 2026, and will accordingly apply to tax year 2026-27 and subsequent tax years.

30. Exemption to Non-Residents for rendering services under a notified scheme in India

The existing provisions of section 11 read with Schedule IV of the Income Tax Act, 2025, specifies the eligible income, which shall not be included in the total income of the eligible non-residents, foreign companies and other such persons.

In order to provide tax certainty to a non-resident individual visiting India for rendering certain services in connection with any notified Scheme of the Central Government, it is proposed to amend the said Schedule to provide exemption to an individual, being a non-resident for a period of five consecutive tax years immediately preceding the tax year during which he visits India for the first time for rendering services, on any income which accrues or arises outside India, and is not deemed to accrue or arise in India, for five consecutive tax years commencing from the first tax year during which he visits India, if such person renders any service in India in connection with any Scheme as may be notified by the Central Government and fulfils such other conditions as may be prescribed.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

31. Rationalisation of MAT Provisions

The existing provisions under section 206 of the Income Tax Act, 2025 provide for MAT which is applicable for companies. This tax is charged on the Book profit of the assessee at the rate of 15% for corporates (other than units located in an International Financial Services Centre). In case the MAT is higher than the income-tax payable on the company's total income computed under normal tax provisions, the assessee pays MAT.

When a company pays MAT when it is higher than regular tax, the excess amount paid is allowed as a tax credit. This credit can be carried forward up to 15 years and set off in future years where the company's regular tax liability exceeds the MAT liability. The MAT regime is presently in place only for the old tax regime.

It is proposed that the tax paid under provisions of MAT be made as final tax in the old regime and no new MAT credit may be allowed. However, the tax rate of MAT has been reduced to 14% of book profit from the existing 15%. Further, set-off of MAT credit may be allowed only in the new tax regime for domestic companies to the extent of 25% of

the tax liability. In the case of foreign companies, set off is proposed to be allowed to the extent of the difference between the tax on the total income and the minimum alternate tax, for the tax year in which normal tax is more than MAT.

These amendments will allow companies to make a smooth transition from the old tax regime (with deductions and exemptions) to the new tax regime.

This amendment is proposed to take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

32. Rationalisation of TCS Rates

Section 394(1) of the Income Tax Act, 2025, provides multiple rates for collection of tax at source ("**TCS**"). It is proposed to rationalize the rates of TCS by providing uniform rates to the extent possible. It is also proposed to reduce some of the rates so as to provide relief to the collectees.

Table: Sl. No. 1 of the said section provides that TCS on sale of alcoholic liquor for human consumption be collected at the rate of 1%. It is proposed that the rate shall be increased to 2%.

Table: Sl. No. 2 of the said section requires that 5% TCS be collected on sale of tendu leaves. It is proposed that the rate shall be reduced to 2%.

Table: Sl. No. 4 of the said section requires for collection of tax at source by the seller at the rate of 1% on sale of scrap. It is proposed that the rate shall be increased to 2%.

Table: Sl. No. 5 of the said section requires that TCS be collected at the rate of 1% on sale of minerals, being coal or lignite or iron ore. It is proposed that the rate shall be increased to 2%.

Table: Sl. No. 7 of the said sub-section requires for TCS on remittances made under Reserve Bank of India's Liberalised Remittance Scheme (LRS). At present, TCS at 5% is collected if remittance is for the purposes of education or medical treatment and the remittance amount is more than ten lakh rupees. It is proposed to reduce the rate of TCS to 2%.

Table: Sl. No. 8 of the said sub-section requires TCS at the rate of 5% and 20% on sale of overseas tour programme package including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure. It is proposed to reduce the rate of TCS to 2%. It is further proposed that threshold for applicability of the provision be removed and TCS on sale of overseas tour programme package be collected at 2% irrespective of the amount. This will address the concern of shifting of business from domestic tour operators to overseas tour operators.

Therefore, rationalisation of TCS rates is proposed as follows:—

Sl. No.	Nature of Receipt	Current Rate	Proposed Rate
1.	Sale of alcoholic liquor for human consumption	1%	2%
2.	Sale of tendu leaves.	5%	2%
3.	Sale of scrap.	1%	2%
4.	Sale of minerals, being coal or lignite or iron ore.	1%	2%
5.	Remittance under the Liberalised Remittance Scheme of an amount or aggregate of the amounts exceeding ten lakh rupees—	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment.	(a) 2% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment.
6.	Sale of "overseas tour programme package" including expenses for travel or hotel stay or boarding or lodging or an such similar or related expenditure	(a) 5% of amount or aggregate of amounts up to ten lakh rupees; (b) 20% of amount or aggregate of amounts exceeding ten lakh rupees.	2%

The amendment will take effect from the 1st day of April, 2026.

33. Assessments not to be invalid on ground of any mistake, defect, or omission on account of computer-generated DIN, if such assessment is referenced by computer generated DIN in any manner (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

Section 292B of the Income Tax Act, 1961 states that no return of income, assessment, notice, summons or other proceeding in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of income, assessment, notice, summons or other proceeding if such return of income, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.

CBDT Circular 19 of 2019 dt. 14.8.2019 provided for quoting of a computer-generated document identification number (DIN), on inter-alia, assessment orders. There have been various judgments of High Courts where assessments have been held to be invalid on specious grounds like non-quoting of DIN on every page of the assessment order or non-quoting of DIN on the body of the order even where DIN was lawfully generated an quoted in communication accompanying the said orders. This has resulted in an interpretation where assessments have been annulled even though they were in conformity with the requirements of law and were duly protected by the provisions of section 292B as it saves all assessments which are in substance and effect in conformity with or according to the intent and purpose of the Act.

The Income Tax Act, 2025 is coming into force from the 1st of April, 2026. The objective of the new law has been to provide simplicity in language and provisions so as to avoid interpretational issues and prevent litigation. Therefore, there is an urgent need to clarify the position of law in the Income Tax Act, 2025. The intention of the legislature also needs to be clearly laid out in the Income Tax Act, 1961 so that the intent is uniformly reflected in the two Acts.

Accordingly, it is proposed to clarify in section 292B that notwithstanding anything contained in any judgment, order or decree of court, no assessment in pursuance of any of the provisions of the Income Tax Act, 1961 shall be invalid or shall be deemed to have been invalid on the ground of any mistake, defect or omission in respect of quoting of a computer generated Document Identification Number, if such assessment order are referenced by such number in any manner. Further, this amendment seeks to clarify as long as there is a reference of DIN in the assessment order, the same would be sufficient compliance even if there may be some minor mistakes, defects or omissions in notices or summons in relation to such assessment. Suitable amendments are also proposed to be carried out in the Income Tax Act, 2025 so that correct interpretation is taken, litigation is minimized and certainty is achieved.

The clarification in Income-tax Act, 1961 shall come into force with retrospective effect from 1st day of October, 2019.

The amendment in Income-tax Act, 2025 shall come into force with effect from 1st day of April, 2026.

34. Clarifying time limit for Completion of Assessment under Section 144C (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

Section 144C of the Income Tax Act, 1961 provides for a special procedure where assessment is made in cases where the eligible assessee is a person in whose case variations arise on account of order of a transfer pricing officer or where the person is a non-resident. As per this section, the Assessing Officer is required to forward a draft of the proposed order of assessment (draft order) to the eligible assessee.

The eligible assessee has two choices. He can accept the variation proposed in the draft order or file objections before the Dispute Resolution Panel (DRP). Where variations in the draft order are accepted, the Assessing Officer is required to complete the assessment on basis of the draft order. The period for completing the assessment in this case is provided in section 144C(4) which is one month from the end of the month in which the acceptance from the eligible assessee is received or the period of 30 days of filing objections before DRP expire. Section 144C(4) clearly provides that the time limit of one month from the end of the month shall be available notwithstanding anything contained in section 153 or section 153B.

Where the eligible assessee files objection to the DRP, the DRP is required to pass directions as per section 144C(12) and time limit for passing these directions is nine months from the end of the month in which draft order is forwarded to the eligible assessee. The period for completing the assessment in this case is provided by section 144C(13) which is one month from the end of month in which such directions are received. Section 144C(13) clearly provides that the time limit of one month from the end of the month shall be available notwithstanding anything contained in section 153 or section 153B.

Section 153 provides for time limit for completion of assessment, reassessment and recomputation. Section 153B provide time limit for completion of assessment in search cases.

On plain reading of section 144C and 153 or 153B, as the case maybe, leaves no doubt that section 153 or section 153B provides for time limit for assessment but where assessment is made under section 144C(3) or 144C(13), the time available as per section 144C(4) or 144C(13) shall apply, notwithstanding the provisions of section 153 or section 153B.

In various judgements of courts, differing interpretations have been made regarding the intent of the legislature. A view has been taken that the entire process of section 144C has to satisfy the overall time limit of section 153 or 153B, even though, clear carve out has been provided by the section 144C itself. Even the apex court has rendered split verdict on this issue, thus, necessitating in bringing certainty and clarity to the legislative intent.

Further, the Income Tax Act, 2025 is coming into force from the 1st of April, 2026. The objective of the new law has been to provide simplicity in language and provisions so as to avoid interpretational issues and prevent litigation. Therefore, there is an urgent need to clarify the position of law in the Income Tax Act, 2025. The intention of the legislature also needs to be clearly laid out in the Income Tax Act, 1961.

Accordingly, notwithstanding anything contained in any judgment, order or decree of court, it is proposed to clarify in section 153 and section 153B that time lines in these sections govern the draft order stage and the timelines provided in section 144C operate for finalization of assessments, notwithstanding the time limit provided in section 153 and section 153B.

Suitable amendments are also proposed to be carried out in the Income Tax Act, 2025 so that correct interpretation is taken, litigation is minimized and certainty is achieved.

The clarification in Income-tax Act, 1961 shall come into force with retrospective effect from 1.4. 2009 in respect of section 153 and from 1.10.2009 in respect of section 153B. The amendment in Income-tax Act, 2025 shall come into force with effect from 1st day of April, 2026.

35. Clarifying the manner of computation of sixty days for passing the order by the Transfer Pricing Officer (Applicable to the Income Tax Act, 1961 and the Income Tax Act, 2025)

Section 92CA of the Income Tax Act, 1961 deals with the case where assessee, has entered into an international transaction or specified domestic transaction in any previous year, and the Assessing Officer (AO) may refer the computation of the arm's length price in

relation to the said international transaction or specified domestic transaction under section 92C to the Transfer Pricing Officer (TPO).

Section 92CA(3A) states that TPO is required to pass an order before 60 days prior to the date on which period of limitation under section 153, or as the case may be, in section 153B for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, expires.

There has been considerable litigation in courts as to how the period of sixty days referred in section 92CA(3A) is required to be computed. The intent of the legislature has always been to include the date of limitation in the computation of sixty days. However, the courts have annulled number of assessments holding that period of sixty days does not include the date of limitation and therefore assessments which have lawfully made by the Transfer Pricing Officer with clearly sixty days remaining for completion of final assessment as per section 153 or 153B as the case may be, have been struck down, though the legislative intent is otherwise.

The Income Tax Act, 2025 is coming into force from the 1st of April, 2026. The objective of the new law has been to provide simplicity in language and provisions so as to avoid interpretational issues and prevent litigation. Therefore, there is an urgent need to clarify the position of law in the Income Tax Act, 2025. The intention of the legislature also needs to be clearly laid out in the Income Tax Act, 1961 so that the intent is uniformly reflected in the two Acts.

Accordingly, notwithstanding anything contained in any judgment, order or decree of court, it is proposed to be clarified in section 92CA(3A) as to how the period of sixty days is required to be computed. Suitable amendments are also proposed to be carried out in the Income Tax Act, 2025 so that correct interpretation is taken, litigation is minimized and certainty is achieved.

The clarification in the Income Tax Act, 1961 shall come into force with retrospective effect from 1st day of June, 2007.

The amendment in the Income Tax Act, 2025 shall come into force with effect from 1st day of April, 2026.

36. Penalty Provision for non-furnishing of statement or furnishing inaccurate information in a statement on transaction of crypto-assets

Section 509 of the Income Tax Act, 2025, provide for obligation to furnish information on transaction of crypto-asset. As per the said section, prescribed reporting entity has the

obligation to furnish information in respect of transactions in a crypto asset in a statement.

To ensure compliance to the provisions of section 509 of the Income Tax Act, 2025, and create a deterrence for non-furnishing of such statement or for sharing inaccurate information in such statement, it is proposed to introduce penalty provision. Penalty of Rs. 200 per day for non-furnishing of statement and Rs. 50,000 for furnishing inaccurate particulars and failure to correct such inaccuracy is proposed to be levied.

Accordingly, it is proposed to amend section 446 of the Income Tax Act, 2025, to provide penalty provisions for non-furnishing of statement and for furnishing inaccurate information in the statement.

The amendment will take effect from the 1st day of April, 2026.

37. Correction in Provisions relating to Income from House Property and Permanent Account Number

Correction is proposed to be made in section 21(5) of the Income Tax Act, 2025 to align with the corresponding provision of the Income Tax Act, 1961 so as to provide that annual value of property held as stock-in-trade to be taken as nil upto two year from the end of the financial year in which certificate of completion of construction is obtained from the competent authority.

Section 22 of the Income Tax Act, 2025 deals with deductions in the case of income from house property. Further, section 22(2) provides that, the aggregate amount of deduction in the case of self-occupied property shall not exceed Rs. 2 lakh where property is acquired or constructed with borrowed capital. However, this ceiling of Rs. 2 lakhs has not included the deduction of prior-period interest payable for the acquisition or construction of property.

It is pertinent to mention that section 22 of the Act corresponds to section 24 of the Income Tax Act, 1961. In the Income-tax Act, 1961, aggregate amount of deduction for the interest on the borrowed capital was inclusive of prior period interest payable

In this regard, it is proposed to amend section 22(2) of the Income Tax Act, 2025 so as to provide that aggregate amount of deduction for interest on borrowed capital shall be inclusive of prior- period interest payable.

Section 262(10)(c) provides that Central Board of Direct Taxes (CBDT) may make rules for categories of documents pertaining to business or profession in which Permanent Account Number shall be quoted by every person.

However, the said section 262(10)(c) does not specify the power of the CBDT to make rules for quoting of Permanent Account Number (PAN) in such documents which does not relate to business or profession.

It is pertinent to mention that section 262(10)(c) of the Income Tax Act, 2025 corresponds to section 139A(5)(c) of the Income-tax Act, 1961 which provides that every person shall quote such number in all documents pertaining to such transactions as may be prescribed by the Board in the interest of revenue.

In this regard, it is proposed to amend section 262(10)(c) to enable Central Board of Direct Taxes (CBDT) to make rules for quoting of Permanent Account Number in documents related to such transactions which do not relate to business or profession.

These amendments will take effect from 1 st April, 2026.

38. Clarifying repeal and savings clause where amount allowed as deduction earlier is to be treated as income in a later year

Section 536(2)(h) of the Income Tax Act, 2025, provides that where any deduction has been allowed or any amount has not been included in the total income under the Income Tax Act, 1961, subject to fulfilment of certain conditions, then on violations of such conditions, such amount will be deemed to be income in the tax year in which violation takes place.

However, there are provisions in the Income Tax Act, 1961, where any deduction allowed or any income which has not been included in the total income under the Income Tax Act, 1961 may have to be included as income as per the provisions of the Income Tax Act, 1961 under the provisions of the Income Tax Act, 2025, even without violations of any conditions. Section 536(2)(h) presently does not cover these cases.

Thus, to include such situations, it is proposed that where any sum has been allowed as deduction or has not been included in the total income under the Income Tax Act, 1961, such sum will be deemed to be income under the Income Tax Act, 2025, even without violations of any conditions, if it was to be included in the total income under the Income Tax Act, 1961 had it not been repealed.

It is proposed to amend section 536(2)(h) of the Income Tax Act, 2025.

The amendment will take effect from the 1st day of April, 2026 and will, accordingly, apply to tax year 2026-27 and subsequent tax years.

39. Non-allowability of interest as a deduction against dividend income

Dividend income and income from units of mutual funds constitute passive investment receipts taxable under the head "Income from other sources" under the Income Tax Act, 2025. Section 93 of the Act provides for allowing certain deductions against such income, i.e interest expenditure incurred for earning such income, subject to a ceiling of twenty per cent of the gross dividend or income from units of mutual funds.

It is proposed to amend section 93(2) to provide that no deduction shall be allowed in respect of any interest expenditure incurred for earning dividend income or income from units of mutual funds.

The amendment will take effect from the 1st day of April, 2026 and shall accordingly apply for tax year 2025-26 onwards.

40. Increase in Tax Rates of Securities Transaction Tax

Securities Transaction Tax (STT) was introduced by the Finance (No. 2) Act, 2004 as a mechanism for efficient collection of tax on transactions in specified securities carried out through recognised market infrastructure. Under the STT framework, the obligation to collect and deposit the tax is placed on recognised stock exchanges, mutual funds in respect of equity-oriented schemes, insurance companies, or lead merchant bankers, as applicable. Over time, STT has become an integral component of the securities market ecosystem and supports the policy objective of promoting transparent, exchange-traded transactions.

The rates of STT have been revised periodically to reflect changes in market structure and trading behaviour. In view of the scale and depth achieved by the derivatives market, it is considered appropriate to undertake a calibrated revision of the applicable rates of STT on options and futures transactions.

It is proposed to increase the rate of STT on sale of an option in securities from 0.1 per cent to 0.15 per cent of the option premium, on sale of an option where the option is exercised from 0.125 per cent to 0.15 per cent of the intrinsic price, and on sale of a future in securities from 0.02 per cent to 0.05 per cent of the traded price. This will address issue of disproportionate increase in speculation in futures and options trading

These amendments shall take effect from the 1st day of April, 2026, and the revised rates shall apply to transactions in options and futures in securities entered into on or after that date.

41. Taxation of Buyback of Shares

Under the existing provisions of the Income Tax Act, 2025, consideration received by a shareholder on buy-back of shares by a company is treated as dividend income under section 2(40)(f) of the Income Tax Act, 2025, and taxed accordingly, while the cost of acquisition of the shares extinguished on buy-back is recognised separately as a capital loss under section 69.

It is proposed to rationalise the taxation of share buy-backs by providing that consideration received on buy-back shall be chargeable to tax under the head "Capital gains" instead of being treated as dividend income.

Further, having regard to the distinct position and influence of promoters in corporate decision-making, particularly in relation to buy-back transactions, it is proposed that, in the case of promoters, the effective tax liability on gains arising from buy-back shall be thirty per cent, comprising tax payable at the applicable rates together with an additional tax. In case of promoter companies, the effective tax liability will be 22%.

These amendments shall take effect from the 1st day of April, 2026, and shall apply in relation to the tax year 2026-27 and subsequent tax years.

42. Other Miscellaneous Changes

It is important to note some of the few other amendments that have been highlighted by the Hon'ble FM in her speech –

- **Allowance of deduction on dividends received by cooperative societies from other cooperative societies, to the extent such dividends are distributed to its members, in the new tax regime**
- **Allowance of deduction or dividends received by notified federal cooperatives from companies for 3 years, i.e. till tax year 2028-29 under both the old and new tax regimes**
- **Allowance of deduction from profits and gains of business towards activity of Supplying of cattle feed and cotton seeds which are also undertaken by the members of the primary co-operative society within the ambit of section 149(2)(b) of the Act.**
- **Inclusion of Cooperatives registered under Multi-State Cooperative Societies Act, 2002 in the definition of co-operative society'**

- **Proposal to expand the list of critical minerals in Schedule XII of the Act making expenditure on prospecting and exploring of such critical minerals also eligible for deduction as per the provision of section 51 of the Act.**
- **Extension of period of deduction for units in IFSC from 10 consecutive years out of 15 years to 20 consecutive years out of 25 years. Similarly, the period of deduction for OBUs has also been extended from the earlier 10 consecutive years to 20 consecutive years now.**
- **Rationalisation of tax rates for units in IFSC by taxing business income after the expiry of period of deduction at the rate of 15%**
- **Providing Definitions of certain terms such as "commodity derivative" and "authorised person"**
- **Correction of Referencing Errors between certain Sections of the Income Tax Act, 2025**
- **Amendment of Section 400(2) of the Income Tax Act, 2025 to provide for guidelines to be binding on income tax authorities and persons liable to deduct or collect income tax pertaining to TDS/TCS chapters.**

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Thank You

About us:

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Thanks & Best Regards,

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