AS INTRODUCED IN LOK SABHA

Bill No. 150 of 2026

THE TAXATION AND OTHER LAWS (AMENDMENT) BILL, 2026

A

BILL

further to amend the Payment and Settlement Systems Act, 2007 *and the Income-tax Act,* 2025*, and to amend the Finance Act,* 2026*.*

BE it enacted by Parliament in the Seventy-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Taxation and Other Laws (Amendment) Act, 2026.

(*2*) Save as otherwise provided in this Act, it shall be deemed to have come into force on the 1st day of April, 2026.

CHAPTER II

AMENDMENT TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

Amendment of Act 51 of 2007.

2. In the Payment and Settlement Systems Act, 2007, in section 10A, for the words, figures and letters "the electronic modes of payment prescribed under section 269SU of the Income-tax Act, 1961", the words "one or more electronic modes of payment as the Central Government may, by notification, specify" shall be substituted with effect from the date of publication of this Act in the Official Gazette.

43 of 1961.

CHAPTER III

AMENDMENTS TO THE INCOME-TAX ACT, 2025

Substitution of new Schedule for Schedule I.

3. In the Income-tax Act, 2025 (hereafter in this Chapter referred to as the principal Act), for Schedule I, the following Schedule shall be substituted, namely:—

30 of 2025.

'SCHEDULE I

[*See* section 9(*12*)]

CONDITIONS FOR CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS CONNECTION IN INDIA

1. (*1*) The eligible investment fund referred to in section 9(*12*) shall be a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit, and fulfils the following conditions:—

(*a*) the fund is not a person resident in India;

(*b*) the fund is—

(*i*) a resident of a country or a specified territory with which an agreement referred to in section 159(*1*) or (*2*) has been entered into; or

(*ii*) established or incorporated or registered in a country or a specified territory as the Central Government may, by notification, specify;

(*c*) the aggregate participation or investment in the fund, directly by persons resident in India, does not exceed 5% of the corpus of the fund as on the 1st April and the 1st October of the tax year, and—

(*i*) for the purposes of calculation of such aggregate participation or investment in the fund, any contribution up to twenty-five crore rupees made by the eligible fund manager during the first three years of operation of the fund shall not be taken into account; or

(*ii*) where the said aggregate participation or investment in the fund exceeds 5% on the 1st April or the 1st October of the tax year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied within four months of the 1st April or the 1st October, as the case may be, of such tax year;

(*d*) the fund shall not carry on or control and manage, directly or indirectly, any business in India; and

(*e*) no person acting on behalf of the fund engages in any activity which constitutes a business connection in India other than the activities undertaken by the eligible fund manager on its behalf.

(*2*) The eligible fund manager referred to in section 9(*12*), in respect of an eligible investment fund, shall be any person who is engaged in the activity of fund management and fulfils the following conditions:—

(*a*) the person is not an employee of the eligible investment fund or a connected person of such fund;

(*b*) the person is registered as a fund manager or an investment advisor in accordance with the specified regulations;

(*c*) the person is acting in the ordinary course of his business as a fund manager; and

(*d*) the person along with his connected persons shall not be entitled, directly or indirectly, to more than 20% of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through the fund manager.

(*3*) Every eligible investment fund shall, in respect of its activities in a tax year, furnish within ninety days from the end of the tax year,—

(*a*) a statement in the prescribed form to the prescribed income-tax authority containing information relating to the fulfilment of the conditions specified in this Schedule; and

(*b*) provide such other relevant information or documents, as may be prescribed.

(*4*) The provisions of this Schedule shall apply as per such guidelines and in such manner, as the Board may prescribe in this behalf.

2. In this Schedule, the expressions—

(*a*) "connected person" shall have the meaning assigned to it in section 184(*5*);

(*b*) "corpus" means the total amount of funds raised for the purpose of investment by the eligible investment fund as on a particular date;

(*c*) "specified regulations" means—

(*i*) the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013; or

(*ii*) the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020; or

(*iii*) such other regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), as may be notified in this behalf.'.

4. In Schedule IV to the principal Act, in the Table,— Amendment of Schedule IV.

(*a*) in serial number 13A, in column D,—

(*i*) for clause (*d*), the following clause shall be substituted, namely:—

"(*d*) the contract manufacturer produces specified electronic goods on behalf of the foreign company for a consideration; and";

(*ii*) in clause (*e*), for the figures "2030-2031", the figures "2040-2041" shall be substituted;

(*b*) in serial number 13C, in column D, clause (*a*) shall be omitted;

(*c*) after serial number 13C and entries relating thereto, the following shall be inserted, namely:—

A	B	C	D
"13D.	Any interest on Government security, and any capital gains arising from the sale, exchange or transfer of such Government security.	A Foreign Institutional Investor.	Such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed.
13E.	Any interest on Government security, and any capital gains arising from the sale, exchange or transfer of such Government security.	Bank for International Settlements.	Such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed.";

(*d*) after serial number 13E as so inserted and the entries relating thereto, the following shall be inserted, with effect from the 1st day of October, 2026, namely:—

A	B	C	D
"13F.	Any income on sale of rough diamonds.	A foreign company— (*a*) engaged in the business of diamond mining; or (*b*) being a sightholder of the company referred to in clause (*a*); or (*c*) being a broker, aggregator or a tender and auction entity connected with sale of rough diamonds.	(*a*) The sale of rough diamonds is carried out in any notified special zone as referred to in section 9(*9*)(*c*)(*ii*)(*C*); (*b*) such foreign company maintains and furnishes such information in such form and manner, as may be prescribed; and (*c*) such exemption shall be available up to the tax year ending on the 31st March, 2041.
13G.	Any income accruing or arising on account of storage of components in a warehouse in a custom bonded area.	A foreign company, which stores components in a warehouse in a custom bonded area for providing them to a contract manufacturer to be used for manufacturing of specified electronic goods.	(*a*) Such exemption shall be available on sale of components by such foreign company; (*b*) such contract manufacturer produces electronic goods on behalf of any foreign company;

A	B	C	D
			(*c*) such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed; and (*d*) such exemption shall be available up to the tax year ending on the 31st March, 2041.”;

(*e*) after Note 2 below the Table, the following Note shall be inserted, namely:—

‘Note 2A: For the purposes of Sl. No. 13A, the expression “specified electronic goods” means—

(*a*) mobile phones; or

(*b*) laptops, all-in-one personal computers and tablets; or

(*c*) servers and ultra small form factor (USFF); or

(*d*) sub-assemblies to the finished goods mentioned in clauses (*a*) to (*c*); or

(*e*) hearables and wearables and accessories related to the finished goods mentioned in clauses (*a*) to (*c*).’;

(*f*) in Note 3 below the Table, for clause (*c*), the following clause shall be substituted, namely:—

‘(*c*) “specified data centre” means a data centre which—

(*i*) is operated by an Indian company, whether by way of owning or leasing; and

(*ii*) satisfies such other conditions as may be prescribed.’;

(*g*) after Note 3 below the Table, the following Note shall be inserted, namely:—

‘Note 4: For the purposes of Sl. Nos. 13D and 13E,—

(*a*) “Bank for International Settlements” means the Bank for International Settlements established at the Hague Conference in 1930 and headquartered at Basel, Switzerland;

(*b*) “Foreign Institutional Investor” shall have the meaning assigned to it in section 210(*6*)(*a*);

(*c*) “Government security” shall have the same meaning as assigned to it in section 2(*f*) of the Government Securities Act, 2006 (38 of 2006).’;

(*h*) after Note 4 as so inserted, the following Notes shall be inserted with effect from the 1st day of October, 2026, namely:—

'Note 5: For the purposes of Sl. No. 13F, the expression "rough diamond" means any diamond that is unworked or simply sawn, cleaved or bruted and falling under the Tariff Heading 7102 10, 7102 21, or 7102 31 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and accompanied by the Kimberley Process Certificate.

Note 6: For the purposes of Sl. No. 13G,—

(*a*) "contract manufacturer" means an Indian company which produces specified electronic goods on behalf of any foreign company in a custom bonded area;

(*b*) "custom bonded area" means a warehouse as referred to in section 65 of the Customs Act, 1962 (52 of 1962); and

(*c*) "specified electronic goods" shall have the meaning assigned to it in Note 2A.'.

Amendment of Schedule V.

5. In Schedule V to the principal Act, in the Table, in serial number 5, in column D, clause (*b*) shall be omitted.

CHAPTER IV

AMENDMENT TO THE FINANCE ACT, 2026

Amendment of Act 4 of 2026.

6. In section 3 of the Finance Act, 2026,—

(*a*) in sub-section (*4*), in clause (*b*), in the Table, for serial number 9 and the entries relating thereto, the following shall be substituted:—

A	B	C	D
"9.	200 or 201.	Every domestic company other than a special purpose vehicle referred to in Schedule V [Note 2].	10%.
9A.	200 or 201.	Every domestic company, being a special purpose vehicle referred to in Schedule V [Note 2].	25%.";

(*b*) in sub-section (*12*), in clause (*b*), in the Table, for serial number 9 and the entries relating thereto, the following shall be substituted:—

A	B	C	D
"9.	200 or 201.	Every domestic company other than a special purpose vehicle referred to in Schedule V [Note 2].	10%.
9A.	200 or 201.	Every domestic company, being a special purpose vehicle referred to in Schedule V [Note 2].	25%.".

CHAPTER V

MISCELLANEOUS

Ord. 2 of 2026.

Repeal and saving.

7. (*1*) The Income-tax (Amendment) Ordinance, 2026 is hereby repealed.

(*2*) Notwithstanding such repeal, anything done or any action taken under the provisions of the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

The Income-tax Act, 2025 (the said Act) was enacted to consolidate and amend the law relating to income-tax, which came into force on the 1st April, 2026.

2. In recent months, on account of evolving geopolitical developments and related disruptions in international trade and supply chains, the global economic landscape has undergone considerable uncertainty. Hence, a need has arisen to undertake certain immediate taxation measures with a view to mitigate the impact of external economic shocks, ensure stability in the domestic economy, and support key sectors affected by the prevailing global conditions, which require certain amendments to the provisions of the said Act to be carried out on an urgent basis in the larger public interest.

3. As Parliament was not in session and circumstances existed which rendered it necessary to take immediate action, the President, in exercise of the powers conferred by clause (1) of article 123 of the Constitution, promulgated the Income-tax (Amendment) Ordinance, 2026 on the 5th June, 2026.

4. The Ordinance was promulgated with the objective of mitigating the impact of external economic shocks, ensuring stability in the domestic economy and supporting key sectors affected by the prevailing global conditions by amending certain provisions of the Act. Subsequent policy assessment in view of representations received from stakeholders after the enactment of the Finance Act, 2026 has indicated that, while the objective sought to be achieved through the Ordinance continues to remain relevant, additional taxation measures are necessary to comprehensively achieve the same objective. Further, having regard to the continuing global developments and the need for a timely and coherent response, it is considered appropriate to incorporate these measures in the present Bill itself.

5. In accordance with sub-clause (*a*) of clause (2) of article 123 of the Constitution, the Income-tax (Amendment) Ordinance, 2026 is to be replaced by an Act of Parliament, and accordingly, it is proposed to introduce the Taxation and Other Laws (Amendment) Bill, 2026 in Parliament. Further, in order to provide ease of doing business and tax certainty, as reasoned above, few other amendments are also proposed as part of the said Bill.

6. The Bill seeks to achieve the above objectives.

NEW DELHI; NIRMALA SITHARAMAN.

The 31*st July*, 2026.

FINANCIAL MEMORANDUM

This Bill seeks to replace the Income-tax (Amendment) Ordinance, 2026 and further to amend the Income-tax Act, 2025 and to amend the Finance Act, 2026 which is administered by the Department of Revenue through Central Board of Direct Taxes, and to amend the Payment and Settlement Systems Act, 2007 which is administered by the Department of Financial Services. Thus, no additional expenditure is contemplated on the enactment of the Bill.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Board to make rules for various purposes as specified therein.

Clause 4 of the Bill seeks to amend Schedule IV of the Income-tax Act, 2025 by inserting four line items as Sl. Nos. 13D, 13E, 13F and 13G.

Sl. Nos. 13D and 13E provide for tax exemption on interest income on government security and also tax exemption on any capital gains arising from the sale, exchange or transfer of Government security in the hands of Foreign Institutional Investor and Bank for International Settlements. Column D of the Table in amended Schedule IV against Sl. Nos. 13D and 13E empowers the Board to provide by rules the form and manner wherein information has to be furnished by the Foreign Institutional Investor and Bank for International Settlements to claim such exemption.

Sl. No. 13F provides for tax exemption on income of sale of rough diamonds, in the hands of a foreign company, engaged in the business of diamond mining or a foreign company functioning as a sightholder, broker, aggregator or a tender and auction entity for such business, for a period of fifteen years up to tax year ending on 31st March, 2041. Column D of the Table in amended Schedule IV against Sl. No. 13F empowers the Board to provide by rules the form and manner wherein information has to be maintained and furnished by such foreign company to claim such exemption.

Further, Sl. No. 13G provides for tax exemption on income accruing or arising on account of storage of components in a warehouse in a custom bonded area, in the hands of a foreign company which stores components in a warehouse in a custom bonded area for providing them to a contract manufacturer to be used for manufacturing of specified electronic goods, for a period of fifteen years up to tax year ending on 31st March, 2041. Column D of the Table in amended Schedule IV against Sl. No. 13G empowers the Board to provide by rules the form and manner wherein information has to be furnished by such foreign company to claim such exemption.

Memorandum explaining modifications contained in the Bill to replace the Income-tax (Amendment) Ordinance, 2026

The Taxation and Other Laws (Amendment) Bill, 2026, which seeks to replace the Income-tax (Amendment) Ordinance, 2026 with an Act of Parliament in accordance with Article 123(2) of the Constitution of India, *inter alia*, proposes to make the following amendments to the Income-tax Act, 2025, the Finance Act, 2026 and the Payment and Settlement Systems Act, 2007, namely:—

(*a*) in clause 2 of the Bill, in the Payment and Settlement Systems Act, 2007, amendment of section 10A in order to remove the reference of provision of Income-tax Act and also to provide that no bank or system provider shall impose, whether directly or indirectly, any charge upon a person making or receiving a payment by using one or more electronic modes of payment as may be notified by the Central Government;

(*b*) in clause 3 of the Bill, in the Income-tax Act, 2025, amendment of Schedule I to rationalise the conditions for the eligible investment fund and eligible fund manager in order to promote fund management activity and provide tax certainty;

(*c*) in clause 4 of the Bill, in the Income-tax Act, 2025, in Schedule IV, in the Table—

(*i*) amendment of Sl. No. 13A to provide longer period of exemption till tax year 2040-41 to provide certainty and also to make certain consequential amendments;

(*ii*) amendment of Sl. No. 13C to remove the condition for notification of foreign company and specified data centre and also to allow the lease model of ownership of specified data centre to be operated by Indian company for the purposes of ease of doing business and also to make certain consequential amendments;

(*iii*) insertion of new serial number 13F and respective clauses to provide exemption to a foreign company, engaged in the business of diamond mining or a foreign company functioning as a sightholder, broker, aggregator or a tender and auction entity for such business, for a period of fifteen years up to tax year ending on 31st March, 2041 and also to make certain consequential amendments;

(*iv*) insertion of new serial number 13G and respective clauses to provide exemption to a foreign company which stores components in a warehouse in a custom bonded area for providing them to a contract manufacturer to be used for manufacturing of specified electronic goods, for a period of fifteen years up to tax year ending on 31st March, 2041 and also to make certain consequential amendments;

(*d*) in clause 5 of the Bill, in the Income-tax Act, 2025, in Schedule V, in serial number 5, in column D, omission of clause (*b*) to provide exemption on dividend received by a unit holder, even where special purpose vehicle of the business trust has exercised the option under section 200 to move to new tax regime;

(*e*) in clause 6 of the Bill, in the Finance Act, 2026, in section 3, amendment of sub-section (*4*)(*b*) and (*12*)(*b*) to levy an additional surcharge of fifteen percent on special purpose vehicle where it moves to new tax regime.

ANNEXURE

EXTRACT FROM THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

(51 OF 2007)

* * * * *

Bank, etc., not to impose charge for using electronic modes of payment.

10A. Notwithstanding anything contained in this Act, no bank or system provider shall impose, whether directly or indirectly, any charge upon a person making or receiving a payment by using the electronic modes of payment prescribed under section 269SU of the Income-tax Act, 1961. 43 of 1961.

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EXTRACTS FROM THE INCOME-TAX ACT, 2025

(30 OF 2005)

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SCHEDULE I

[*See* section 9(*12*)]

CONDITIONS FOR CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS CONNECTION IN INDIA.

1. (*1*) The eligible investment fund referred to in section 9(*12*), means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:—

(*a*) the fund is not a person resident in India;

(*b*) the fund is—

(*i*) a resident of a country or a specified territory with which an agreement referred to in section 159(*1*) or (*2*) has been entered into; or

(*ii*) established or incorporated or registered in a country or a specified territory as notified in this behalf;

(*c*) the aggregate participation or investment in the fund, directly, by persons resident in India does not exceed 5% of the corpus of the fund as on the 1st April and the 1st October of the tax year, subject to the conditions that—

(*i*) for the purposes of calculation of such aggregate participation or investment in the fund, any contribution made by the eligible fund manager during the first three years of operation of the fund, not exceeding twenty-five crore rupees, shall not be taken into account;

(*ii*) where the aforesaid aggregate participation or investment in the fund exceeds 5% on the 1st April or the 1st October of the tax year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied within four months of the 1st April or the 1st October of such tax year;

(*d*) the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where such fund is established or incorporated or is a resident;

(*e*) the fund has a minimum of twenty-five members who are, directly or indirectly, not connected persons;

(*f*) any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding 10%;

(*g*) the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than 50%;

(*h*) the fund shall not invest more than 25% of its corpus in any entity;

(*i*) the fund shall not make any investment in its associate entity;

(*j*) the monthly average of the corpus of the fund shall not be less than one hundred crore rupees subject to the following:—

(*i*) if the fund has been established or incorporated in the tax year, then corpus of fund shall not be less than one hundred crore rupees at the end of twelve months from the last day of the month of its establishment or incorporation; and

(*ii*) this clause shall not apply to a fund which has been wound up in the tax year;

(*k*) the fund shall not carry on or control and manage, directly or indirectly, any business in India;

(*l*) the fund is neither engaged in any activity which constitutes a business connection in India nor has any person acting on its behalf whose activities constitute a business connection in India other than the activities undertaken by the eligible fund manager on its behalf;

(*m*) the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the amount calculated in such manner, as may be prescribed.

(*2*) The conditions specified in paragraph (*1*)(*e*), (*f*) and (*g*) shall not apply, in case of—

(*a*) an investment fund set up by the Government or the Central Bank of a foreign State or a sovereign fund; or

(*b*) such other fund as the Central Government may, by notification, specify in this behalf, subject to conditions, if any.

(*3*) The eligible fund manager, referred to in section 9(*12*), in respect of an eligible investment fund, means any person who is engaged in the activity of fund management and fulfils the following conditions:—

(*a*) the person is not an employee of the eligible investment fund or a connected person of the fund;

(*b*) the person is registered as a fund manager or an investment advisor in accordance with the regulations as specified;

(*c*) the person is acting in the ordinary course of his business as a fund manager;

(*d*) the person along with his connected persons shall not be entitled, directly or indirectly, to more than 20% of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through the fund manager.

(*4*) Every eligible investment fund shall, in respect of its activities in a tax year, furnish within ninety days from the end of the tax year, a statement in the prescribed form to the prescribed income-tax authority containing information relating to the fulfilment of the conditions specified in this Schedule, and also provide such other relevant information or documents, as may be prescribed.

(*5*) The provisions of this Schedule shall apply as per such guidelines and in such manner as the Board may prescribe in this behalf.

(*6*) The Central Government may, by notification, specify that any one or more of the conditions specified in sub-paragraph (*1*) or (*3*) shall not apply or shall apply with such modifications, as specified in case of an eligible investment fund and its eligible fund manager, if—

(*i*) the eligible fund manager is located in an International Financial Services Centre; and

(*ii*) has commenced its operations on or before the 31st March, 2030.

2. In this Schedule,—

(*a*) "associate" means an entity in which a director or a trustee or a partner or a member or a fund manager of the investment fund, or a director or a trustee or a partner or a member of the fund manager of such fund, holds, either individually or collectively, share or interest, being more than 15% of its share capital or interest, as the case may be;

(*b*) "connected person" shall have the meaning assigned to it in section 184(*5*);

(*c*) "corpus" means the total amount of funds raised for the purpose of investment by the eligible investment fund as on a particular date;

(*d*) "entity" means any entity in which an eligible investment fund makes an investment; and

(*e*) "specified regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 or the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, or such other regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), which may be notified in this regard.

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SCHEDULE IV

(*See* section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF ELIGIBLE NON-RESIDENTS, FOREIGN COMPANIES AND OTHER SUCH PERSONS

In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D shall have the meanings respectively assigned to them in the Notes below the said Table.

*　　*　　*　　*　　*

Table

Sl.No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
*	*	*	* *
13A.	Any income arising on account of providing capital goods, equipment or tooling to a contract manufacturer, being a company resident in India.	A foreign company, who is providing capital goods, equipment or tooling to the contract manufacturer for use in electronic manufacturing in India.	(*a*) Ownership of such capital goods, equipment or tooling remains with the foreign company; (*b*) such capital goods, equipment or tooling is under the control and direction of the contract manufacturer;

A	B	C	D
			(*c*) the contract manufacturer is located in a custom bonded area, that is, a warehouse referred to in section 65 of the Customs Act, 1962 (52 of 1962); (*d*) the contract manufacturer produces electronic goods on behalf of the foreign company for a consideration; (*e*) such exemption shall be available up to the tax year 2030-2031.
*	*	*	* *
13C.	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.	A foreign company.	(*a*) Such foreign company is notified by the Central Government in this behalf; (*b*) such foreign company does not own or operate any of the physical infrastructure or any resources of the specified data centre; (*c*) all sales by such foreign company to users located in India are made through a reseller entity being an Indian company; (*d*) such foreign company maintains and furnishes such information in such form and manner, as may be prescribed; and (*e*) such exemption shall be available up to tax year ending on the 31st March, 2047.

*   *   *   *   *

Note 3: For the purposes of Sl. No. 13C,—

*   *   *   *   *

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

(*i*) 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*) owned and operated by an Indian company.

*   *   *   *   *

SCHEDULE V

(*See* section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF CERTAIN ELIGIBLE PERSONS INCLUDING INVESTMENT FUNDS, BUSINESS TRUSTS AND THEIR UNIT HOLDERS

In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table shall have the meanings respectively assigned to them in Notes below the said table.

* * * * *

Table

Sl.No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
*	*	*	* *
5.	Any distributed income referred to in section 223.	Any unit holder of a business trust.	Exemption shall not be allowed on that proportion of the income which is of the same nature as— (*a*) interest received or receivable from a special purpose vehicle by the business trust; or (*b*) dividend received or receivable from a special purpose vehicle by the business trust (in a case where the special purpose vehicle has exercised the option under section 200); or (*c*) income of a business trust, being a real estate investment trust, by way of renting or leasing or letting out any real estate asset owned directly by such business trust.

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EXTRACT FROM THE FINANCE ACT, 2026

(4 OF 2026)

*   *   *   *   *

3. (*1*) *   *   *   *   * Income-tax under Act 30 of 2025.

(*4*) For the purposes of sub-section (*3*),—

*   *   *   *   *

(*b*) in respect of income chargeable to tax under the section as specified in column B of the Table below, in the case of a person as specified in column C of the said Table, the amount of income-tax computed shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column D of the said Table, of such income-tax.

TABLE

Sl. No.	Section	Person	Rate of surcharge
A	B	C	D
*	*	*	* *
9.	200 or 201.	Every domestic company.	10%.

*   *   *   *   *

(*12*) For the purposes of sub-sections (*10*) and (*11*),—

*   *   *   *   *

(*b*) in respect of income chargeable to tax under the section as specified in column B of the Table below, in the case of a person as specified in column C of the said Table, the amount of "advance tax" computed shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column D of the said Table, of such "advance tax".

TABLE

Sl. No.	Section	Person	Rate of surcharge
A	B	C	D
*	*	*	* *
9.	200 or 201.	Every domestic company.	10%.

*   *   *   *   *

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further to amend the Payment and Settlement Systems Act, 2007 and the Income-tax Act, 2025, and to amend the Finance Act, 2026.

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(*Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs*)