

# **THE FINANCE BILL, 2026**

WWW.TAXSCAN.IN - Simplifying Tax Laws

**(AS INTRODUCED IN LOK SABHA)**



## THE FINANCE BILL, 2026

### ARRANGEMENT OF CLAUSES

#### CHAPTER I

##### PRELIMINARY

#### CLAUSES

1. Short title and commencement.

#### CHAPTER II

##### RATES OF INCOME-TAX

2. Income-tax under Act 43 of 1961.
3. Income-tax under Act 30 of 2025.

#### CHAPTER III

##### DIRECT TAXES

WWW.TAXSCAN.IN - Simplifying Tax Laws

*A.—Income-tax under the Income-tax Act, 1961*

4. Amendment of section 92CA.
5. Amendment of section 139.
6. Amendment of section 140B.
7. Amendment of section 144C.
8. Insertion of new section 147A.
9. Amendment of section 153.
10. Amendment of section 153B.
11. Amendment of section 220.
12. Insertion of new section 234-I .
13. Amendment of section 245MA.
14. Amendment of section 270A.
15. Amendment of section 270AA.
16. Amendment of section 274.
17. Amendment of section 275A.
18. Amendment of section 275B.
19. Amendment of section 276.
20. Substitution of new sections for sections 276B, 276BB, 276C, 276CC, 276CCC and 276D.

CLAUSES

21. Amendment of section 277.
22. Amendment of section 277A.
23. Amendment of section 278.
24. Amendment of section 278A.
25. Amendment of section 280.
26. Insertion of new section 292BA.

*B.—Income-tax under the Income-tax Act, 2025*

27. Amendment of section 2.
28. Amendment of section 7.
29. Amendment of section 21.
30. Amendment of section 22.
31. Amendment of section 29.
32. Amendment of section 58.
33. Amendment of section 66.
34. Amendment of section 69.
35. Amendment of section 70.
36. Amendment of section 93.
37. Amendment of section 99.
38. Amendment of section 147.
39. Amendment of section 149.
40. Substitution of new section for section 150.
41. Amendment of section 162.
42. Amendment of section 164.
43. Amendment of section 165.
44. Amendment of section 166.
45. Amendment of section 169.
46. Amendment of section 195.
47. Amendment of section 202.
48. Amendment of section 203.
49. Amendment of section 204.
50. Amendment of section 206.
51. Substitution of new sections for sections 217 and 218.
52. Amendment of section 227.
53. Amendment of section 228.
54. Amendment of section 232.
55. Amendment of section 235.
56. Amendment of section 262.
57. Amendment of section 263.
58. Amendment of section 266.
59. Amendment of section 267.

## CLAUSES

60. Amendment of section 270.
61. Amendment of section 275.
62. Amendment of section 279.
63. Amendment of section 286.
64. Amendment of section 295.
65. Amendment of section 296.
66. Amendment of section 332.
67. Amendment of section 349.
68. Amendment of section 351.
69. Amendment of section 352.
70. Insertion of new section 354A.
71. Amendment of section 379.
72. Amendment of section 393.
73. Amendment of section 394.
74. Amendment of section 395.
75. Amendment of section 397.
76. Amendment of section 399.
77. Amendment of section 400.
78. Amendment of section 402.
79. Amendment of section 411.
80. Amendment of section 423.
81. Amendment of section 424.
82. Amendment of section 425.
83. Substitution of new sections for sections 427 and 428.
84. Amendment of section 439.
85. Amendment of section 440.
86. Omission of section 443.
87. Substitution of new section for section 446.
88. Omission of section 447.
89. Substitution of new section for section 454.
90. Amendment of section 466.
91. Amendment of section 470.
92. Amendment of section 471.
93. Amendment of section 473.
94. Amendment of section 474.
95. Amendment of section 475.
96. Amendment of section 476.
97. Amendment of section 477.
98. Amendment of section 478.
99. Amendment of section 479.
100. Substitution of new sections for sections 480 and 481.
101. Amendment of section 482.

CLAUSES

102. Amendment of section 483.
103. Amendment of section 484.
104. Amendment of section 485.
105. Amendment of section 494.
106. Amendment of section 522.
107. Amendment of section 536.
108. Amendment of Schedule III.
109. Amendment of Schedule IV.
110. Amendment of Schedule VI.
111. Amendment of Schedule XI.
112. Amendment of Schedule XII.
113. Amendment of Schedule XIV.

CHAPTER IV

THE FOREIGN ASSETS OF SMALL TAXPAYERS DISCLOSURE SCHEME, 2026

114. Short title and commencement.
115. Definitions.
116. Declaration by declarant.
117. Amount payable by declarant.
118. Manner of making declaration.
119. Procedure relating to manner of payment.
120. Any income or asset declared not to be included in total income.
121. Any income or asset declared not to affect finality of completed assessments.
122. Amount paid in pursuance of declaration non-refundable.
123. Grant of immunity from penalty and prosecution.
124. Non-application of scheme.
125. Effect of declaration on pending assessment proceedings.
126. Power of Board to issue directions, etc.
127. Power to make rules.
128. Power to remove difficulties.

CHAPTER V

INDIRECT TAXES

*Customs*

129. Amendment of section 1.
130. Amendment of section 2.
131. Amendment of section 28.

CLAUSES

- 132. Amendment of section 28J.
- 133. Insertion of new section 56A.
- 134. Substitution of new section for section 67.
- 135. Amendment of section 84.

*Customs Tariff*

- 136. Amendment of First Schedule.

*Central Goods and Service Tax*

- 137. Amendment of section 15.
- 138. Amendment of section 34.
- 139. Amendment of section 54.
- 140. Amendment of section 101A.

*Integrated Goods and Service Tax*

- 141. Amendment of section 13.

CHAPTER VI  
MISCELLANEOUS

PART I

AMENDMENT TO THE FINANCE ACT, 2001

- 142. Amendment of Seventh Schedule to Act 14 of 2001.

PART II

AMENDMENTS TO THE FINANCE (NO.2) ACT, 2004

- 143. Amendment of Act 23 of 2004.

PART III

AMENDMENT TO THE BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND  
IMPOSITION OF TAX ACT, 2015

- 144. Amendment of Act 22 of 2015.

THE FIRST SCHEDULE.

THE SECOND SCHEDULE.

THE THIRD SCHEDULE.

THE FOURTH SCHEDULE.

THE FIFTH SCHEDULE.

THE SIXTH SCHEDULE.



AS INTRODUCED IN LOK SABHA  
ON 1ST FEBRUARY, 2026

BILL NO. 3 OF 2026

THE FINANCE BILL, 2026

A

BILL

*to give effect to the financial proposals of the Central Government for the financial year 2026-2027.*

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

CHAPTER I

PRELIMINARY

Short title  
and  
commence-  
ment.

1. (1) This Act may be called the Finance Act, 2026.

(2) Save as otherwise provided in this Act,—

(a) sections 2 to 113, clause (b) of section 136 and section 140 shall come into force on the 1st day of April, 2026;

(b) clauses (c) and (d) of section 136 and section 142 shall come into force on the 1st day of May, 2026;

(c) sections 137 to 139 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

CHAPTER II  
RATES OF INCOME-TAX

Income-tax  
under Act 43  
of 1961.

2. (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 2026, income-tax shall be charged under the provisions of the Income-tax Act, 1961 (herein referred to as the said Act) at the rates specified in Part I-A of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in each case in the manner provided therein.

43 of 1961.

(2) (a) Where an assessee as specified in column B of the Table below, has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to the total income, and the total income exceeds the maximum amount not chargeable to income-tax as specified in column C of the said Table, in respect of the said assessee, the net agricultural income shall be taken into account, only for the purpose of charging income-tax in respect of the total income.

TABLE

Sl. No.	Assessee	Maximum amount not chargeable to income-tax
A	B	C
1.	<p>(i) Every individual other than the individual referred to in Sl. No. 2 or 3; or</p> <p>(ii) Hindu undivided family; or</p> <p>(iii) association of persons or body of individuals, whether incorporated or not; or</p> <p>(iv) every artificial juridical person referred to in section 2(31)(vii) of the said Act,</p> <p>not being an assessee to which Paragraph B, C, D or E of Part I-A of the First Schedule applies or to whom Sl. No. 4 applies.</p>	Rs. 2,50,000.
2.	Every individual, being a resident in India, who is of the age of sixty or more but less than eighty years at any time during the previous year.	Rs. 3,00,000.
3.	Every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year.	Rs. 5,00,000.

4. Assessee whose income is chargeable to tax under Rs. 4,00,000. section 115BAC(1A) of the said Act.

(b) For the purposes of clause (a), the income-tax chargeable shall be computed as per the following formula:—

$$Z_o = X_o - Y_o$$

where,—

$Z_o$  = the income-tax chargeable for the purposes of clause (a);

$X_o$  = the amount of income-tax determined in respect of the Aggregate Income ( $AI_o$ ) at the rates specified in Paragraph A of Part I-A of the First Schedule or sub-section (1A) of section 115BAC of the said Act, as if such  $AI_o$  were the total income; and

$Y_o$  = the amount of income-tax determined in respect of the net agricultural income increased by a sum as specified in column C of the Table mentioned in clause (a) at the rates specified in the said Paragraph A or sub-section (1A) of section 115BAC of the said Act, as if the net agricultural income as so increased were the total income;

WWW.TAXSCAN.IN - Simplifying Tax Laws

Aggregate Income ( $AI_o$ ) = Total income + Net agricultural income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the said Act apply, the tax chargeable shall be determined—

(i) as provided in that Chapter or that section; and

(ii) with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

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

(a) the amount of income-tax computed in accordance with the provisions of section 111A or section 112 or section 112A of the said Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph F of Part I-A of the First Schedule, except in case of—

(i) a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the said Act;

(ii) an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the said Act whose income is chargeable to tax under sub-section (1A) of section 115BAC of the said Act; or

(iii) a co-operative society resident in India, whose income is chargeable to tax under section 115BAD or section 115BAE of the said Act;

(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
1.	115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC.	(i) Every individual; or (ii) Hindu undivided family; or (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or (iv) body of individuals, whether incorporated or not; or (v) every artificial juridical person	(i) Where the total income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of ten per cent.;  (ii) where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 2,00,00,000, at the rate of fifteen per cent.;  (iii) where the total income exceeds Rs. 2,00,00,000 but does not exceed Rs. 5,00,00,000, at the rate of twenty-five per cent.;  (iv) where the total income exceeds Rs. 5,00,00,000, at the rate of thirty-seven per cent.

referred to in section 2(31)(vii) of the said Act,

not having any income under section 115AD of the said Act and not having any income chargeable to tax under section 115BAC(1A) of the said Act.

2. 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC.
- (i) Every individual; or
- (ii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or
- (iii) body of individuals, whether incorporated or not; or
- (iv) every artificial juridical person referred to in section 2(31)(vii) of the said Act,
- having any income under section 115AD of the said Act, and not having any income chargeable to tax
- (i) Where the total income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of ten per cent.;
- (ii) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 2,00,00,000, at the rate of fifteen per cent.;
- (iii) where the total income [excluding dividend income or short-term or long-term capital gains as referred to in section 115AD(1)(b) of the said Act] exceeds Rs. 2,00,00,000 but does not exceed Rs. 5,00,00,000, at the rate of twenty-five per cent.;
- (iv) where the total income [excluding dividend income or short-term or long-term capital gains as referred to in section 115AD(1)(b) of the said Act] exceeds Rs.

under section 5,00,00,000, at the rate of  
115BAC(IA) of the thirty-seven per cent.;  
said Act.

(v) where the total income [including dividend income or short-term or long-term capital gains as referred to in section 115AD(I)(b) of the said Act] exceeds Rs. 2,00,00,000, but is not covered in clauses (iii) and (iv), at the rate of fifteen per cent.;

(vi) where the total income includes any dividend income or short-term or long-term capital gains as referred to in section 115AD(I)(b) of the said Act, the rate of surcharge on the income-tax calculated on that part of income shall not exceed fifteen per cent. and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.

3. 115A, Association of (i) Where the total income  
115AB, persons consisting exceeds Rs. 50,00,000 but  
115AC, of only companies does not exceed Rs.  
115ACA, as its members. 1,00,00,000, at the rate of  
115AD, ten per cent.;
- 115B, (ii) where the total income  
115BA, exceeds Rs. 1,00,00,000,  
115BB, at the rate of fifteen per  
115BBA, cent.  
115BBC,  
115BBF,  
115BBG,  
115BBH,  
115BBI,  
115BBJ,

- 115E, 115JB  
or 115JC.
4. 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB  
or 115JC.
- Every co-operative society except such co-operative society whose income is chargeable to tax under section 115BAD or 115BAE of the said Act.
- (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs.10,00,00,000, at the rate of seven per cent.;
- (ii) where the total income exceeds Rs. 10,00,00,000, at the rate of twelve per cent.
5. 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB  
or 115JC.
- Every firm or local authority.
- Where the total income exceeds Rs. 1,00,00,000, at the rate of twelve per cent.
6. 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA,
- Every domestic company except such domestic company whose income is chargeable to tax under section
- (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, at the rate of seven per cent.;

- |     |  |  |   |
|-----|--|--|---|
|     | 115BB,<br>115BBA,<br>115BBC,<br>115BBF,<br>115BBG,<br>115BBH,<br>115BBI,<br>115BBJ,<br>115E, 115JB<br>or 115JC.  | 115BAA<br>or<br>115BAB of the said<br>Act.   | (ii) where the total income exceeds Rs. 10,00,00,000, at the rate of twelve per cent.   |
| 7.  | 115A,<br>115AB,<br>115AC,<br>115ACA,<br>115AD,<br>115B,<br>115BA,<br>115BB,<br>115BBA,<br>115BBC,<br>115BBF,<br>115BBG,<br>115BBH,<br>115BBI,<br>115BBJ,<br>115E, 115JB<br>or 115JC. | Every company,<br>other than a<br>domestic company.  | (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, at the rate of two per cent. ;<br><br>(ii) where the total income exceeds Rs. 10,00,00,000, at the rate of five per cent.                    |
| 8.  | 115BBE<br>(1)(i).  | Any assessee.  | Twenty-five per cent.   |
| 9.  | 115BAA or<br>115BAB.   | Every domestic<br>company.   | Ten per cent.   |
| 10. | 115BAC<br>(1A).  | (i) Every<br>individual; or<br><br>(ii) Hindu<br>undivided family;<br>or<br><br>(iii) association of<br>persons, except in a<br>case of an<br>association of | (i) Where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of ten per cent. ; |

- persons consisting of only companies as its members, whether incorporated or not; or
- (iv) body of individuals, whether incorporated or not; or
- (v) every artificial juridical person referred to in section 2(31)(vii) of the said Act.
- (ii) where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 1,00,00,000 but does not exceed Rs. 2,00,00,000, at the rate of fifteen per cent.;
- (iii) where the total income (excluding dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 2,00,00,000, at the rate of twenty-five per cent.;
- (iv) where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 2,00,00,000, but is not covered in clause (iii) at the rate of fifteen per cent.;
- (v) where the total income includes any dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed fifteen per cent. and the provisions of clause (i) or (ii), as the

case may be, shall apply accordingly.

- |     |                      |  |   |
|-----|----------------------|--|---|
| 11. | 115BAC<br>(1A).      | Association of persons consisting of only companies as its members.  | (i) Where the total income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of ten per cent.; |
|     |                      |  | (ii) where the total income exceeds Rs. 1,00,00,000, at the rate of fifteen per cent.                               |
| 12. | 115BAD or<br>115BAE. | Every co-operative society resident in India.  | Ten per cent.   |
| 13. | 115AD(I)<br>(a)      | Specified fund, referred to in clause (c) of the <i>Explanation</i> to section 10(4D) of the said Act, whose income includes any income under section 115AD(I)(a) of the said Act. | No surcharge on income-tax computed on that part of income as referred to in section 115AD(I)(a) of the said Act.   |

(5) For the purposes of sub-section (4), in respect of the persons mentioned in column B of the Table below, having total income chargeable to tax under sub-section (1A) of section 115BAC or section 115JB or section 115JC of the said Act, as the case may be, and such income exceeds the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$T_o = R_o + S_o$$

where,—

$T_o$  = the total amount beyond which the total amount payable as income-tax and surcharge thereon shall not exceed;

$R_o$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table below; and

$S_o$  = the total income – amount as specified in column C of the said Table.

TABLE

Sl. No.	Person specified in Table below clause (b) of sub-section (4)	Amount	Amount
A	B	C	D
1.	Persons specified against Sl. Nos. 1 and 2 in column C.	Rs. 50,00,000. Rs. 1,00,00,000. Rs. 2,00,00,000.	Rs. 1,00,00,000. Rs. 2,00,00,000. Rs. 5,00,00,000.
2.	Person specified against Sl. No. 3 in column C.	Rs. 50,00,000. Rs. 1,00,00,000.	- Rs. 1,00,00,000.
3.	Person specified against Sl. No. 4 in column C.	Rs. 1,00,00,000. Rs. 10,00,00,000.	Rs. 10,00,00,000. -
4.	Person specified against Sl. No. 5 in column C.	Rs. 1,00,00,000.	-
5.	Persons specified against Sl. Nos. 6 and 7 in column C.	Rs. 1,00,00,000. Rs. 10,00,00,000.	Rs. 10,00,00,000. -
6.	Persons specified against Sl. Nos. 10 and 11 in column C.	Rs. 50,00,000. Rs. 1,00,00,000. Rs. 2,00,00,000.	Rs. 1,00,00,000. Rs. 2,00,00,000. -

(6) The amount of income-tax as specified in sub-sections (1) to (5) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the “Health and Education Cess on income-tax”, calculated at the rate of four per cent. of

such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(7) For the purposes of this section and Parts I-A and IV-A of the First Schedule,—

(a) “domestic company” means an Indian company or any other company which, in respect of its income liable to income-tax under the said Act for the assessment year commencing on the 1st day of April, 2026, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) “net agricultural income” in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV-A of the First Schedule;

(c) all other words and expressions used in this section and Parts I-A and IV-A of the First Schedule but not defined in this sub-section and defined in the said Act shall have the meanings, respectively, assigned to them in said Act.

Income-tax  
under Act 30  
of 2025.

**3.** (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the tax year commencing on the 1st day of April, 2026, income-tax shall be charged under the provisions of the Income-tax Act, 2025 (herein referred to as the said Act) at the rates specified in Part I-B of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in each case in the manner provided therein.

30 of 2025.

(2) (a) Where an assessee as specified in column B of the Table below, has, in the tax year, any net agricultural income exceeding ₹ 5000, in addition to the total income, and the total income exceeds the maximum amount not chargeable to income-tax as specified in column C of the said Table, in respect of the said assessee, the net agricultural income shall be taken into account only for the purpose of charging income-tax in respect of the total income.

TABLE

Sl. No.	Assessee	Maximum amount not chargeable to income-tax
A	B	C
1.	(i) Every individual other than the individual referred to in Sl. No. 2 or 3; or (ii) Hindu undivided family; or (iii) association of persons or body of individuals, whether incorporated or not; or (iv) every artificial juridical person referred to in section 2(77)(g) of the said Act, not being an assessee to which Paragraph B, C, D or E of Part I-B of the First schedule applies or to whom Sl. No. 4 applies.	₹ 250000.
2.	Every individual, being a resident in India, who is of the age of sixty or more but less than eighty years at any time during the tax year.	₹ 300000.
3.	Every individual, being a resident in India, who is of the age of eighty years or more at any time during the tax year.	₹ 500000.
4.	Assessee whose income is chargeable to tax under section 202 of the said Act.	₹ 400000.

(b) For the purposes of clause (a), the income-tax chargeable shall be computed as per the following formula:—

$$Z_n = X_n - Y_n$$

where,—

$Z_n$  = the income-tax chargeable for the purposes of clause (a);

$X_n$  = the amount of income-tax determined in respect of the Aggregate Income ( $AI_n$ ) at the rates specified in Paragraph A of Part I-B of the First Schedule or section 202 of the said Act, as if such  $AI_n$  were the total income; and

$Y_n$  = the amount of income-tax determined in respect of the net agricultural income increased by a sum as specified in column C of the Table mentioned in clause (a) at the rates specified in the said Paragraph A or

section 202 of the said Act, as if the net agricultural income as so increased were the total income;

Aggregate Income ( $AI_n$ ) = Total income + Net agricultural income.

(3) In cases to which the provisions of Part A, B, C or D of Chapter XIII or section 207 to 218, 223, 224, 307, 308, 311 or 334 of the said Act apply, the tax chargeable shall be determined—

(i) as provided in that Chapter or that section; and

(ii) with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

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

(a) the amount of income-tax computed in accordance with the provisions of section 196, 197 or 198 of the said Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph F of Part I-B of the First Schedule, except in case of—

(i) a domestic company whose income is chargeable to tax under section 200 or 201 of the said Act;

(ii) an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in section 2(77)(g) of the said Act whose income is chargeable to tax under section 202 of the said Act; or

(iii) a co-operative society resident in India, whose income is chargeable to tax under section 203 or 204 of the said Act;

(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
1.	193, 194, 199, 206, 207, 208,	(i) Every individual; or	(i) Where the total income exceeds ₹ 5000000 but does not exceed ₹

209, 210, 211, 214, 218 or 334.	(ii) Hindu undivided family; or  (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or  (iv) body of individuals, whether incorporated or not; or  (v) every artificial juridical person referred to in section 2(77)(g) of the said Act,  not having any income under section 210 of the said Act, and not having any income chargeable to tax under section 202 of the said Act.	10000000, at the rate of 10%;  (ii) where the total income exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;  (iii) where the total income exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%;  (iv) where the total income exceeds ₹ 50000000, at the rate of 37%.
--	---	---

WWW.TAXSCAN.IN - Simplifying Tax Laws

2.	193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334.	(i) Every individual; or  (ii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or	(i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;  (ii) where the total income exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;  (iii) where the total income [excluding
----	---	---	---

- (iii) body of individuals, whether incorporated or not; or
- (iv) every artificial juridical person referred to in section 2(77)(g) of the said Act,
- having any income under section 210 of the said Act, and not having any income chargeable to tax under section 202 of the said Act.
- dividend income or short-term or long-term capital gains as referred to in section 210(1) [Table: Sl. Nos. 2 to 5] of the said Act exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%;
- (iv) where the total income [excluding dividend income or short-term or long-term capital gains as referred to in section 210(1) [Table: Sl. Nos. 2 to 5] of the said Act exceeds ₹ 50000000, at the rate of 37%;
- (v) Where the total income [including dividend income or short-term or long-term capital gains as referred to in section 210(1) [Table: Sl. Nos. 2 to 5] of the said Act exceeds ₹ 20000000, but is not covered in clauses (iii) and (iv), at the rate of 15%;
- (vi) where the total income includes any dividend income or short-term or long-term capital gains as referred to in section 210(1) [Table: Sl. Nos. 2 to 5] of the said Act the rate of surcharge on the income-tax calculated on that part of income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.

3. 193, 194, Association of (i) Where the total income  
199, 206, persons consisting of exceeds ₹ 5000000 but  
207, 208, only companies as its does not exceed ₹  
209, 210, members. 10000000, at the rate of  
211, 214, 10%;  
218 or  
334. (ii) where the total income  
exceeds ₹ 10000000, at  
the rate of 15%.
4. 193, 194, Every co-operative (i) Where the total income  
199, 206, society except such exceeds ₹ 10000000 but  
207, 208, co-operative society does not exceed ₹  
209, 210, whose income is 100000000, at the rate of  
211, 214, chargeable to tax 7%;  
218 or under section 203 or  
334. 204 of the said Act. (ii) where the total income  
exceeds ₹ 100000000, at  
the rate of 12%.
5. 193, 194, Every firm or local Where the total income  
199, 206, authority. exceeds ₹ 10000000, at  
207, 208, the rate of 12%. Laws  
209, 210,  
211, 214,  
218 or  
334.
6. 193, 194, Every domestic (i) Where the total income  
199, 206, company except such exceeds ₹ 10000000 but  
207, 208, domestic company does not exceed ₹  
209, 210, whose income is 100000000, at the rate of  
211, 214, chargeable to tax 7%;  
218 or under section 200 or  
334. 201 of the said Act. (ii) where the total income  
exceeds ₹ 100000000, at  
the rate of 12%.
7. 193, 194, Every company, (i) Where the total income  
199, 206, other than a domestic exceeds ₹ 10000000 but  
207, 208, company. does not exceed ₹  
209, 210, 100000000, at the rate of  
211, 214, 2%;  
218 or  
334.

			(ii) where the total income exceeds ₹ 100000000, at the rate of 5%.
8.	195(I)(i).	Any assessee.	25%
9.	200 or 201.	Every domestic company.	10%
10.	202.	<p>(i) Every individual; or</p> <p>(ii) Hindu undivided family; or</p> <p>(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or</p> <p>(iv) body of individuals, whether incorporated or not; or</p> <p>(v) every artificial juridical person referred to in section 2(77)(g) of the said Act.</p>	<p>(i) Where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;</p> <p>(ii) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;</p> <p>(iii) where the total income (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, at the rate of 25%;</p> <p>(iv) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, but</p>

is not covered in clause (iii), at the rate of 15%;

(v) where the total income includes any dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.

- |     |                              |   |   |
|-----|------------------------------|---|---|
| 11. | 202.                         | Association of persons consisting of only companies as its members.   | (i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;                                |
|     |                              |   | (ii) where the total income exceeds ₹ 10000000, at the rate of 15%.   |
| 12. | 203<br>204.                  | or Every co-operative society resident in India.  | 10%   |
| 13. | 210(I)<br>[Table: Sl. No. 1] | Specified fund, referred to in Schedule VI [Note 1(g)] of the said Act, whose income includes any income under section 210(1) [Table: Sl. No. 1] of the said Act. | No surcharge on income-tax computed on that part of income as referred to in section 210(1) [Table: Sl. No. 1] of the said Act. |

(5) For the purposes of sub-section (4), in respect of the persons mentioned in column B of the Table below, having total income chargeable to tax under section 202, 206(1) or 206(2) of the said Act, as the case may be, and such income exceeds the amount as specified in column C of the said

Table but does not exceed the amount specified in column D thereof, the total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$T_n = R_n + S_n$$

where,—

$T_n$  = the total amount beyond which the total amount payable as income-tax and surcharge thereon shall not exceed;

$R_n$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table below; and

$S_n$  = the total income – amount as specified in column C of the said Table.

TABLE

Sl. No.	Person specified in Table below clause (b) of sub-section (4)	Amount C	Amount D
A	B	C	D
1.	Persons specified against Sl. Nos. 1 and 2 in column C.	₹ 5000000. ₹ 10000000. ₹ 20000000.	₹ 10000000. ₹ 20000000. ₹ 50000000.
2.	Person specified against Sl. No. 3 in column C.	₹ 50000000. ₹ 5000000. ₹ 10000000.	- ₹ 10000000. -
3.	Person specified against Sl. No. 4 in column C.	₹ 10000000. ₹ 100000000.	₹ 100000000. -
4.	Person specified against Sl. No. 5 in column C.	₹ 10000000.	-
5.	Persons specified against Sl. Nos. 6 and 7 in column C.	₹ 10000000. ₹ 100000000.	₹ 100000000. -

6. Persons specified against Sl. Nos. 10 and 11 in column C.	₹ 5000000. ₹ 10000000. ₹ 20000000.	₹ 10000000. ₹ 20000000. -
--	--	---------------------------------

(6) In cases in which tax has to be charged and paid under section 170(5) or section 352 of the said Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of 12% of such tax.

(7) In cases in which tax has to be deducted under the sections as specified in column B of the Table below, the deductions shall be made at the rates specified in column C of the said Table, in respect of the persons specified in column D of the said Table, and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column E of the said Table, of such tax.

TABLE

Sl. No.	Section under which tax has to be deducted	Rates on which deduction is to be made	Person in respect of which deduction has to be made	Rate of surcharge
A	B	C	D	E
1.	(i) 393(1) [Table: Sl. Nos. 1(i) and 5]; (ii) 393(2) [Table: Sl. Nos. 7, 8, 9 and 17]; and (iii) 393(3) [Table: Sl. Nos. 1, 2 and 3],	Rates specified in Part II of the First Schedule.	Person to whom the specified in column B applies.	Calculated in cases wherever prescribed, in the manner as provided in Part II of the First Schedule.
				at the rates in force.
2.	(i) 392(7); (ii) 393(1) [Table: Sl.	Rates specified in sections	(i) Every individual; or	(i) Where the income or the aggregate of such incomes paid or

Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)];	(ii) Hindu undivided family; or	likely to be paid and subject to the deduction
(iii) 393(2) [Table: Sl. Nos. 1 to 6, 10, 11 to 14, 15 and 16]; and	(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or	exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
(iv) 393(3) [Table: Sl. Nos. 4 to 7].	(ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;	
	(iv) body of individuals, whether incorporated or not; or	(iii) where the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%;
	(v) every artificial juridical person referred to in section 2(77)(g) of the said Act,	
	being a non-resident, except in case of deduction on dividend income under section 393(2)[Table: Sl. Nos.	(iv) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 50000000, at the rate of 37%.

15 and 16] of the said Act or where the income of the person is chargeable to tax under section 202 of the said Act.

3. (i) 392(7); Rates specified in sections referred to in column B. (ii) 393(1) [Table: Sl. Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)]; (iii) 393(2) [Table: Sl. Nos. 1 to 6, 10, 11 to 14, 15 and 16]; and (iv) 393(3) [Table: Sl. Nos. 4 to 7].
- (i) Every individual; or (ii) Hindu undivided family; or (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or (iv) body of individuals, whether incorporated or not; or (v) every artificial juridical person
- (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%; (ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%; (iii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹

referred to in section 2(77)(g) of the said Act, 20000000, at the rate of 25%.

being a non-resident, where the income of the person is chargeable to tax under section 202 of the said Act except in case of deduction on dividend income under section 393(2)[Table: Sl. Nos. 15 and 16] of the said Act.

4. (i) 392(7); Rates specified in sections referred to in column B.
- (ii) 393(1) [Table: Sl. Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)];
- (iii) 393(2) [Table: Sl. Nos. 1 to 6, 10, 11 to 14, 15 and 16]; and
- (i) Every individual; or
- (ii) Hindu undivided family; or
- (iii) association of persons, except in a case of an association of persons consisting of only companies as its
- (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
- (ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the

(iv) 393(3) members, deduction  
 [Table: Sl. whether exceeds ₹  
 Nos. 4 to 7]. incorporated 10000000, at the  
 or not; or rate of 15%.

(iv) body of  
 individuals,  
 whether  
 incorporated  
 or not; or

(v) every  
 artificial  
 juridical  
 person  
 referred to in  
 section  
 2(77)(g) of  
 the said Act,

being a non-  
 resident, in  
 case of  
 deduction on  
 dividend  
 income  
 under  
 section  
 393(2)[Tabl  
 e: Sl. Nos.  
 15 and 16]  
 of the said  
 Act.

5. (i) 392(7); Rates specified Association (i) Where the  
 (ii) 393(1) in of persons, income or the  
 [Table: Sl. sections being a non- aggregate of such  
 Nos. 1(ii), 2, referred to resident, and incomes paid or  
 3, 4, 6, 7, 8(i), in column consisting of likely to be paid  
 8(ii), 8(iv), B. only companies and subject to the  
 8(v) and deduction  
 8(vi)]; as its exceeds ₹  
 members. 5000000 but  
 (iii) 393(2) does not exceed ₹  
 [Table: Sl. 10000000, at the  
 rate of 10%;

- Nos. 1 to 6,  
10, 11 to 14,  
15 and 16];  
and
- (iv) 393(3)  
[Table: Sl.  
Nos. 4 to 7].
- (ii) where the  
income or the  
aggregate of such  
incomes paid or  
likely to be paid  
and subject to the  
deduction  
exceeds ₹  
10000000, at the  
rate of 15%.
6. (i) 392(7); Rates specified in sections referred to in column B.  
(ii) 393(1) [Table: Sl. Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)];  
(iii) 393(2) [Table: Sl. Nos. 1 to 6, 10, 11 to 14, 15 and 16];  
and  
(iv) 393(3) [Table: Sl. Nos. 4 to 7].
- Every co-operative society, being a non-resident.
- (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;
- (ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 100000000, at the rate of 12%.
7. (i) 392(7); Rates specified in sections referred to in column B.  
(ii) 393(1) [Table: Sl. Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)];
- Every firm, being a non-resident.
- Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000, at the rate of 12%.

(iii) 393(2)  
[Table: Sl.  
Nos. 1 to 6,  
10, 11 to 14,  
15 and 16];  
and

(iv) 393(3)  
[Table: Sl.  
Nos. 4 to 7].

8.	(i) 392(7);  (ii) 393(1) [Table: Sl. Nos. 1(ii), 2, 3, 4, 6, 7, 8(i), 8(ii), 8(iv), 8(v) and 8(vi)];  (iii) 393(2) [Table: Sl. Nos. 1 to 6, 10, 11 to 14, 15 and 16]; and  (iv) 393(3) [Table: Sl. Nos. 4 to 7].	Rates specified in sections referred to in column B.	Every company, other than a domestic company.	(i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;  (ii) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 100000000, at the rate of 5%.
----	---	--	---	--

(8) In cases in which tax has to be collected under section 393(1) [Table : Sl. No. 8(iv). Note 2, Sl. No. 8(iv). Note 6 and Sl. No. 8(vi). Note 6] and 393(3)[Table: Sl. No. 1. Note 2 and Sl. No. 2. Note 2] of the said Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for the purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(9) In cases as specified in column B of the Table below, in which tax has to be collected under section 394(1) of the said Act, the collection shall be made at the rates specified in that section and shall be increased by a

surcharge, for the purposes of the Union, calculated at the rate or rates specified in column C of the said Table, of such tax.

TABLE

Sl. No.	Person, in respect of which collection has to be made	Rate of surcharge
A	B	C
1.	(i) Every individual; or (ii) Hindu undivided family; or (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or (iv) body of individuals, whether incorporated or not; or (v) every artificial juridical person referred to in section 2(77)(g) of the said Act, being a non-resident, except in case where the income of such person is chargeable to tax under section 202 of the said Act.	(i) Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%; (ii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%; (iii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection, exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%; (iv) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 50000000, at the rate of 37%.
2.	(i) Every individual; or (ii) Hindu undivided family; or	(i) Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;

(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or

(ii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;

(iv) body of individuals, whether incorporated or not; or

(iii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection, exceeds ₹ 20000000, at the rate of 25%.

(v) every artificial juridical person referred to in section 2(77)(g) of the said Act,

being a non-resident, where the income of such person is chargeable to tax under section 202 of the said Act.

WWW.TAXSCAN.IN - Simplifying Tax Laws

3. Association of persons, being a non-resident, and consisting of only companies as its members.
  - (i) Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection, exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
  - (ii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000, at the rate of 15%.
4. Every co-operative society, being a non-resident.
  - (i) Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;

- (ii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 100000000, at the rate of 12%.
5. Every firm, being a non-resident. Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000, at the rate of 12%.
6. Every company, other than a domestic company. (i) Where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;
- (ii) where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ₹ 100000000, at the rate of 5%.

(10) Subject to the provisions of sub-section (14), in cases in which,—

(i) income-tax has to be charged under section 316(5), 317(2), 318, 319 or 320(2) of the said Act;

(ii) income-tax has to be deducted from, or paid on, income chargeable under the head “Salaries” under section 392 (other than sub-section (7) of the said section) of the said Act;

(iii) income-tax has to be deducted under section 393(I)[Table: Sl. No. 8(iii)] of the said Act; or

(iv) the “advance tax” payable under Chapter XIX-C of the said Act has to be computed at the rate or rates in force,

such income-tax or, as the case may be, “advance tax” shall be charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in such cases and in such manner as provided therein.

(11) For the purposes of sub-section (10), in cases to which the provisions of Part A, B, C or D of Chapter XIII or sections 207 to 218, 223, 224, 307, 308, 311 or 334 of the said Act apply, “advance tax” shall be computed with reference to the rates imposed by this sub-section and sub-sections (10), (12) and (13) or the rates as specified in that Chapter or section, as the case may be.

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

(a) the amount of “advance tax” computed in accordance with the provisions of section 196, 197 or 198 of the said Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph F of Part III of the First Schedule, except in case of,—

(i) a domestic company whose income is chargeable to tax under section 200 or 201 of the said Act;

(ii) an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in section 2(77)(g) of the said Act whose income is chargeable to tax under section 202 of the said Act; or

(iii) a co-operative society resident in India, whose income is chargeable to tax under section 203 or 204 of the said Act;

(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
1.	193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334.	(i) Every individual; or (ii) Hindu undivided family; or (iii) association of persons,	(i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%; (ii) where the total income exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;

except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or

(iii) where the total income exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%;

(iv) where the total income exceeds ₹ 50000000, at the rate of 37%.

(iv) body of individuals, whether incorporated or not; or

(v) every artificial juridical person referred to in section 2(77)(g) of the said Act,

not having any income under section 210 of the said Act, and not having any income chargeable to tax under section 202 of the said Act.

2. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334.
- (i) Every individual; or
- (ii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether
- (i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
- (ii) where the total income exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;
- (iii) where the total income [excluding dividend income

- incorporated or not; or
- (iii) body of individuals, whether incorporated or not; or
- (iv) every artificial juridical person referred to in section 2(77)(g) of the said Act,
- having any income under section 210 of the said Act and not having any income chargeable to tax under section 202 of the said Act.
- (v) where the total income [including dividend income or short term or long-term capital gains as referred to in section 210(1)[Table: Sl. Nos. 2 to 5] of the said Act exceeds ₹ 20000000, but is not covered in clauses (iii) and (iv), at the rate of 15%;
- (vi) where the total income includes any dividend income or short term or long-term capital gains as referred to in section 210(1)[Table: Sl. Nos. 2 to 5] of the said Act, the rate of surcharge on the advance tax computed on that part of income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.
3. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334. Association of persons consisting of only companies as its members.
- (i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;

- (ii) where the total income exceeds ₹ 10000000, at the rate of 15%.
4. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334. Every co-operative society except such co-operative society whose income is chargeable to tax under section 203 or 204 of the said Act.
- (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;
- (ii) where the total income exceeds ₹ 100000000, at the rate of 12%.
5. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334. Every firm or local authority.
- Where the total income exceeds ₹ 10000000, at the rate of 12%.
6. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334. Every domestic company except such domestic company whose income is chargeable to tax under section 200 or 201 of the said Act.
- (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;
- (ii) where the total income exceeds ₹ 100000000, at the rate of 12%.
7. 193, 194, 199, 206, 207, 208, 209, 210, 211, 214, 218 or 334. Every company, other than a domestic company.
- (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;
- (ii) where the total income exceeds ₹ 100000000, at the rate of 5%.
8. 195(I)(i). Any assessee. 25%

9.	200 or 201.	Every domestic company.	10%
10.	202.	<p>(i) Every individual; or</p> <p>(ii) Hindu undivided family; or</p> <p>(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or</p> <p>(iv) body of individuals, whether incorporated or not; or</p> <p>(v) every artificial juridical person referred to in section 2(77)(g) of the said Act.</p>	<p>(i) Where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;</p> <p>(ii) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;</p> <p>(iii) where the total income (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, at the rate of 25%;</p> <p>(iv) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, but is not covered in clause (iii), at the rate of 15%;</p> <p>(v) where the total income includes any dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act, the rate of surcharge on the “advance tax” in respect of that part of</p>

		income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.
11. 202.	Association of persons consisting of only companies as its members.	(i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;  (ii) where the total income exceeds ₹ 10000000, at the rate of 15%.
12. 203 or 204.	Every co-operative society resident in India.	10%
13. 210(1)[Table: Sl. No. 1].	Specified fund, referred to in Schedule VI [Note 1(g)] of the said Act, whose income includes any income under section 210(I) [Table: Sl. No. 1] of the said Act.	No surcharge on advance tax computed on that part of income as referred to in section 210(I)[Table: Sl. No. 1] of the said Act.

(13) For the purposes of sub-section (12), in respect of the persons mentioned in column B of the Table below, having total income chargeable to tax under section 202, 206(1) or 206(2) of the said Act, as the case may be, and such income exceeds the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$T_a = R_a + S_a$$

where,—

$T_a$  = the total amount beyond which the total amount payable as “advance tax” on total income chargeable to tax under section 202, 206(1) or 206(2) of the said Act, as the case may be, and surcharge thereon shall not exceed;

$R_a$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table below; and

$S_a$  = the total income – amount as specified in column C of the said Table.

Sl. No.	Person specified in Table below clause (b) of sub-section (12)	TABLE	
		Amount	Amount
A	B	C	D
1.	Persons specified against Sl. Nos. 1 and 2 in column C.	₹ 5000000.	₹ 10000000.
		₹ 10000000.	₹ 20000000.
		₹ 20000000.	₹ 50000000.
2.	Person specified against Sl. No. 3 in column C.	₹ 50000000.	-
		₹ 50000000.	₹ 100000000.
		₹ 100000000.	-
3.	Person specified against Sl. No. 4 in column C.	₹ 100000000.	₹ 1000000000.
		₹ 1000000000.	-
4.	Person specified against Sl. No. 5 in column C.	₹ 100000000.	-
5.	Persons specified against Sl. Nos. 6 and 7 in column C.	₹ 100000000.	₹ 1000000000.
		₹ 1000000000.	-
6.	Persons specified against Sl. Nos. 10 and 11 in column C.	₹ 50000000.	₹ 100000000.
		₹ 100000000.	₹ 200000000.
		₹ 200000000.	-

(14) (a) Where an assessee, as specified in column B of the Table below, has, in the tax year, if by virtue of any provision of the said Act, income-tax

is to be charged in respect of the income of a period other than the tax year, in such other period, any net agricultural income exceeding ₹ 5000 in addition to the total income, which exceeds the maximum amount not chargeable to income-tax, as specified in column C of the said Table, in respect of the said assessee, then, in charging income-tax under section 317(2) or 318 or 319 or 320(2) of the said Act or in computing the “advance tax” payable under Chapter XIX-C of the said Act, at the rate or rates in force, the net agricultural income shall be taken into account, only for the purpose of charging or computing such income-tax or, as the case may be, “advance tax” in respect of the total income.

TABLE

Sl. No.	Assessee B	Maximum amount not chargeable to income-tax C
1.	<p>(i) Every individual other than the individual referred to in Sl. No. 2 or 3; or</p> <p>(ii) Hindu undivided family; or</p> <p>(iii) association of persons or body of individuals, whether incorporated or not; or</p> <p>(iv) every artificial juridical person referred to in section 2(77)(g) of the said Act,</p> <p>not being an assessee to which Paragraph B, C, D or E of Part I-B of the First schedule applies or to whom Sl. No. 4 applies.</p>	₹ 250000.
2.	Every individual, being a resident in India, who is of the age of sixty or more but less than eighty years at any time during the tax year.	₹ 300000.
3.	Every individual, being a resident in India, who is of the age of eighty years or more at any time during the tax year.	₹ 500000.

4. Assessee whose income is chargeable to tax under section 202 of the said Act. ₹ 400000.

(b) For the purposes of clause (a), the income-tax or, as the case may be, “advance tax” chargeable shall be computed as per the following formula:—

$$Z_a = X_a - Y_a$$

where,—

$Z_a$  = the income-tax or, as the case may be, “advance tax” chargeable for the purposes of clause (a);

$X_a$  = the amount of income-tax or “advance tax” determined in respect of the Aggregate Income ( $AI_a$ ) at the rates specified in Paragraph A of Part III of the First Schedule or section 202 of the said Act, as if such  $AI_n$  were the total income; and

$Y_a$  = the amount of income-tax or “advance tax” determined in respect of the net agricultural income increased by a sum as specified in column C of the Table in clause (a) at the rates specified in the said Paragraph A or section 202 of the said Act, as if the net agricultural income as so increased were the total income;

Aggregate Income ( $AI_a$ ) = Total income + Net agricultural income.

(c) The amount of income-tax or “advance tax” so arrived at, shall be increased by a surcharge for the purposes of the Union, calculated in each case, in the manner provided in this section or Paragraph F [(Table 1: Sl. Nos. 1 and 2) and (Table 2: Sl. Nos. 1 and 2)] of Part III of the First Schedule.

(15) The amount of income-tax as specified in sub-sections (1) to (5) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the “Health and Education Cess on income-tax”, calculated at the rate of 4% of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(16) The amount of income-tax as specified in sub-sections (6) to (14) and as increased by the applicable surcharge, for the purposes of the Union,

calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the “Health and Education Cess on income-tax”, calculated at the rate of 4% of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(17) The provisions of sub-section (16) shall not apply—

(i) to cases in which tax is to be deducted or collected under the sections of the said Act mentioned in sub-sections (7), (8) and (9), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India;

(ii) in respect of income-tax as specified in sub-sections (10) to (13), calculated on income, referred to in section 210(1) [Table: Sl. No. 1] of the said Act, of specified fund referred to in Schedule VI [Note 1(g)] of the said Act.

(18) For the purposes of this section and Parts I-B, II, III and IV-B of the First Schedule,—

(a) “domestic company” means an Indian company or any other company which, in respect of its income liable to income-tax under the said Act, for the tax year commencing on the 1st April, 2026, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) “insurance commission” means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) “net agricultural income” in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV-B of the First Schedule;

(d) all other words and expressions used in this section and Parts I-B, II, III and IV-B of the First Schedule but not defined in this sub-section and defined in the said Act shall have the meanings, respectively, assigned to them in the said Act.

## CHAPTER III

## DIRECT TAXES

*A.— Income-tax under the Income-tax Act, 1961*

Amendment  
of section  
92CA.

**4.** In section 92CA of the Income-tax Act, 1961 (hereafter in this Part referred to as the Income-tax Act), after sub-section (3A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:—

43 of 1961.

“(3AA). Notwithstanding anything contained in any judgment, order or decree of any court, for the purposes of making order under sub-section (3), the calculation of sixty days shall be made and shall always be deemed to have been made in the following manner, namely:—

(a) where the period of limitation expires on 31st of March of any year (not being a leap year), the order under sub-section (3) may be made up to the 30th of January of that year;

(b) where the period of limitation expires on 31st of March of any year (being a leap year), the order under sub-section (3) may be made up to the 31st of January of that year;

(c) where the period of limitation expires on 31st of December of any year, the order under sub-section (3) may be made up to the 1st of November of that year.”.

Amendment  
of section  
139.

**5.** In section 139 of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) in sub-section (1), for *Explanation 2*, the following *Explanation* shall be substituted and shall be deemed to have been substituted, namely:—

‘*Explanation 2.*—For the purposes of this sub-section, “due date” in respect of the persons mentioned in column B of the Table below, subject to the conditions as mentioned in column C of the said Table, shall be the due date of assessment year as mentioned in column D thereof:

TABLE

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 5A applies to such spouse).	Where the provisions of section 92E 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 for the time being in force;  (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E 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 for the time being in force;  (ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law for the time being in force or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E do not apply.	31st August.
4.	Any other assessee.		31st July.?’;

(b) for sub-section (5), the following sub-section shall be substituted and shall be deemed to have been substituted, namely:—

“(5) If any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may, subject to the provisions of section 234-I, furnish a revised return at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.”;

(c) in sub-section (8A),—

(i) in the first proviso, in item (i), after the words “return of a loss”, the words “except in a case referred to in the sixth proviso” shall be inserted;

(ii) in the third proviso, in item (b), after the words “in his case”, the words “except in a case referred to in the eighth proviso” shall be inserted;

(iii) in the sixth proviso, after the words “return of income”, the words “or such updated return has the effect of reducing the loss” shall be inserted;

(iv) after the seventh proviso, the following proviso shall be inserted, namely:—

“Provided also 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, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner.”.

Amendment  
of section  
140B.

6. In section 140B of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of March, 2026, namely:—

“(3A) Where an updated return is filed in pursuance of a notice issued under section 148 within the period specified in the said notice, the additional income-tax payable under sub-section (3) shall be increased by a further sum of ten per cent. of the aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be.”.

Amendment  
of section  
144C.

7. In section 144C of the Income-tax Act,—

(a) after sub-section (4), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

“(4A) Notwithstanding anything contained in any judgment, order or decree of any court, or section 153, for the removal of doubts, it is hereby clarified for the purposes of sub-section (4) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed and shall always be deemed to have been governed by the provisions of sub-section (4).”;

(b) after sub-section (4A) as so inserted, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2009, namely: —

“(4B) Notwithstanding anything contained in any judgment, order or decree of any court, or section 153B, for the removal of doubts, it is hereby clarified for the purposes of sub-section (4) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153B, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed and shall always be deemed to have been governed by the provisions of sub-section (4).”;

(c) after sub-section (13), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

“(13A) Notwithstanding anything contained in any judgment, order or decree of any court, or section 153, for the removal of doubts, it is hereby clarified for the purposes of sub-section (13) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153, time period available for the Assessing Officer under sub-section (13) to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed and shall always be deemed to have been governed by the provisions of sub-sections (12) and (13).”;

(d) after sub-section (13A) as so inserted, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2009, namely:—

“(13B) Notwithstanding anything contained in any judgment, order or decree of any court, or section 153B, for the removal of doubts, it is hereby clarified for the purposes of sub-section (13) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153B, time period available for the Assessing Officer under sub-section (13) to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed and shall always be deemed to have been governed by the provisions of sub-sections (12) and (13).”.

Insertion of new section 147A.

**8.** After section 147 of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2021, namely:—

Assessing Officer for purposes of sections 148 and 148A.

“147A. Notwithstanding anything contained in any judgement, order or decree of any court or in section 151A or in any scheme framed thereunder, for the removal of doubts, it is hereby clarified that the Assessing Officer for the purposes of sections 148 and 148A shall mean and shall always be deemed to have meant to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in sub-section (3) of section 144B.”.

Amendment of section 153.

**9.** In section 153 of the Income-tax Act, after sub-section (9), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

“(10) Notwithstanding anything contained in any judgment, order or decree of any court, for the removal of doubts, it is hereby clarified that in terms of provisions of sub-sections (1) to (4), the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred to in the said sub-sections.”.

Amendment of section 153B.

**10.** In section 153B of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2009, namely:—

“(1A) Notwithstanding anything contained in any judgment, order or decree of any court, for the removal of doubts, it is hereby clarified that in terms of provisions of this section, the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to

the time limit of assessment, reassessment or recomputation referred to in this section.”.

Amendment  
of section  
220.

**11.** In section 220 of the Income-tax Act, 1961, in sub-section (2), after the third proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of March, 2026, namely:—

—  
“Provided also that no interest shall be charged under this sub-section in respect of any demand raised on account of penalty levied under section 270A—

(a) up to the date of passing of the order under section 250;

(b) up to the date of passing of the order under section 254, where the assessment or reassessment has been made in pursuance to directions issued by the Dispute Resolution Panel under section 144C.”.

Insertion of  
new section  
234-I.

**12.** After section 234H of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of March, 2026, namely:—

Fee for  
furnishing  
revised  
return of  
income.

“234-I. Without prejudice to the provisions of this Act, where any person furnishes a return of income under sub-section (5) of section 139, beyond nine months but before twelve months from the end of the relevant assessment year, he shall pay by way of a fee,—

(a) a sum of one thousand rupees, if the total income of such person does not exceed five lakh rupees;

(b) a sum of five thousand rupees, in any other case.”.

Amendment  
of section  
245MA.

**13.** In section 245MA of the Income-tax Act, in sub-section (2), for the words “waive any penalty imposable”, the words “waive any penalty imposed or imposable” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Amendment  
of section  
270A.

**14.** In section 270A of the Income-tax Act, after sub-section (11), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of March, 2026, namely:—

“(11A) Where additional income-tax is paid in accordance with sub-section (3A) of section 140B, the income on which such additional income-tax is paid shall not form the basis of imposition of penalty under this section.”.

Amendment  
of section  
270AA.

**15.** In section 270AA of the Income-tax Act, for sub-sections (1) to (3), the following sub-sections shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

“(1) An assessee may make an application to the Assessing Officer to grant immunity from imposition or, as the case may be, waiver of penalty under section 270A and immunity from initiation of proceedings under section 276C or section 276CC, if he fulfils the following conditions, namely:—

(a) the tax and interest payable as per the order of assessment under sub-section (3) of section 143 or reassessment under section 147 has been paid within the period specified in the notice of demand;

(b) where penalty has been levied or, as the case may be, leviable under the circumstances referred to in sub-section (9) of section 270A, additional income-tax amounting to one hundred per cent. of the amount of tax payable on under-reported income has been paid within the period specified in the notice of demand, in lieu of such penalty; and

(c) no appeal has been filed against the order referred to in clauses (a) and (b).

(2) An application referred to in sub-section (1) shall be made within one month from the end of the month in which the order referred to in clause (a) and clause (b) of the said sub-section has been received by the assessee, in such form and verified in such manner, as may be prescribed.

(3) The Assessing Officer shall, on fulfilment of the conditions specified in sub-section (1) and after the expiry of the period of filing the appeal as specified in clause (b) of sub-section (2) of section 249, grant immunity from imposition or, as the case may be, waiver of penalty under section 270A and initiation of proceedings under section 276C or section 276CC.

(3A) No immunity or, as the case may be, waiver under sub-section (3) shall be granted where any proceedings has been initiated under Chapter XXII.”.

Amendment  
of section  
274.

**16.** In section 274 of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) in sub-section (1), after the words “a reasonable opportunity of being heard”, the words “by way of a show cause notice to that effect” shall be inserted and shall be deemed to have been inserted;

(b) after sub-section (3), the following sub-sections shall be inserted and shall be deemed to have been inserted, namely:—

“(4) Notwithstanding anything contained in any other provision of this Act, where any draft of the proposed order of assessment under section 144C or assessment under section 143 or reassessment under section 147 is made on or after 1st of April, 2027 in respect of the assessment year 2026-2027 or any earlier assessment year,—

(a) the penalty under section 270A, if any, shall constitute part of such draft assessment or shall be imposed as a part of such order of assessment or reassessment, as the case may be; and

(b) the reference to the assessment order or the penalty order under section 270A in any of the provisions of this Act shall take reference to such order of assessment or reassessment, as the case may be.

(5) Where the approval of the Joint Commissioner is taken for passing of an order of assessment or reassessment on or after the 1st April, 2027, such approval shall also be deemed to be the approval for the imposition of penalty under section 270A, if any, constituting part of such order of assessment or reassessment.”.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Amendment  
of section  
275A.

**17.** In section 275A of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) for the marginal heading, the following marginal heading shall be substituted and shall be deemed to have been substituted, namely:—

“Contravention of order made during search action.”;

(b) for the words “rigorous imprisonment which may extend to two years and shall also be liable to fine”, the words “simple imprisonment for a term up to two years and with fine” shall be substituted and shall be deemed to have been substituted.

Amendment  
of section  
275B.

**18.** In section 275B of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) for the marginal heading, the following marginal heading shall be substituted and shall be deemed to have been substituted, namely:—

“Failure to afford facility for inspection of books of account during search.”;

(b) for the words “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine”, the words “simple imprisonment for a term up to six months, or with fine, or with both” shall be substituted and shall be deemed to have been substituted.

Amendment  
of section  
276.

**19.** In section 276 of the Income-tax Act, for the words “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine”, the words “simple imprisonment for a term up to two years and with fine” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Substitution  
of new  
sections for  
sections  
276B,  
276BB,  
276C,  
276CC,  
276CCC and  
276D.

**20.** For sections 276B, 276BB, 276C, 276CC, 276CCC and 276D of the Income-tax Act, the following sections shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

Failure to pay  
tax to credit  
of Central  
Government  
under  
Chapter XII-  
D or XVII-B.

“276B. If a person fails to—

(a) pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or

(b) pay tax or ensure payment of tax to the credit of the Central Government, as required by or under—

(i) the proviso to sub-section (1) of section 194S in relation to consideration for transfer of virtual digital asset, excluding such consideration which is wholly in kind; or

(ii) sub-section (2) of section 194BA in relation to winnings, excluding such winnings which are wholly in kind,

he shall be punishable—

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

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

(iii) with fine, in any other case:

Provided that the provisions of this section shall not apply, if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement for such payment under sub-section (3) of section 200.

Failure to pay tax collected at source.

276BB. If a person fails to pay to the credit of the Central Government, the tax collected by him as required under the provisions of section 206C, he shall be punishable—

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

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

(c) with fine, in any other case:

Provided that the provisions of this section shall not apply if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under the proviso to sub-section (3) of section 206C in respect of such payment.

Wilful attempt to evade tax, etc.

276C. (1) If a person wilfully attempts in any manner to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount sought to be evaded or tax on under-reported income exceeds fifty lakh rupees; or

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

(c) with fine, in any other case.

(2) If a person wilfully attempts in any manner to evade the payment of any tax, penalty or interest under this Act, he shall, without prejudice

to any penalty that may be imposable on him under any other provision of this Act, be punishable —

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

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

(c) with fine, in any other case.

*Explanation.*—For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(a) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or

(b) makes or causes to be made any false entry or statement in such books of account or other documents; or

(c) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or

(d) causes any other circumstance to exist which shall have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Failure to  
furnish  
returns of  
income.

276CC. If a person wilfully fails to furnish in due time the return of fringe benefits, which he is required to furnish under sub-section (1) of section 115WD, or by notice given under sub-section (2) of the said section or section 115WH, or the return of income which he is required to furnish under sub-section (1) of section 139, or by notice given under clause (i) of sub-section (1) of section 142, or section 148, or section 153A, he shall be punishable —

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

(b) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(c) with fine, in any other case:

Provided that a person shall not be proceeded against under this section for failure to furnish in due time the return of fringe benefits under sub-section (1) of section 115WD or return of income under sub-section (1) of section 139—

(i) for any assessment year commencing prior to the 1st day of April, 1975; or

(ii) for any assessment year commencing on or after the 1st day of April, 1975, if—

(a) the return is furnished by him before the expiry of the assessment year or a return is furnished by him under sub-section (8A) of section 139 within the time provided in that sub-section; or

(b) the tax payable by such person, not being a company, on the total income determined on regular assessment, as reduced by the advance tax or self-assessment tax, if any, paid before the expiry of the assessment year, and any tax deducted or collected at source, does not exceed ten thousand rupees.

Failure to furnish return of income in search cases.

276CCC. If a person wilfully fails to furnish in due time the return of income, setting forth his undisclosed income for the block period, which he is required to furnish by notice given under clause (a) of sub-section (1) of section 158BC, he shall be punishable —

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

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

(c) with fine, in any other case:

Provided that no person shall be punishable for any failure under this section in respect of search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, after the 30th day of June, 1995 but before the 1st day of January, 1997.

Failure to comply with a direction of special audit or valuation.

276D. If a person wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with simple imprisonment for a term up to six months, or with fine, or with both.”.

Amendment of section 277.

**21.** In section 277 of the Income-tax Act, for clauses (i) and (ii), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

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

(b) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(c) with fine, in any other case.”.

Amendment of section 277A.

**22.** In section 277A of the Income-tax Act, for the words “rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine”, the words “simple imprisonment for a term up to two years and with fine” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Amendment of section 278.

**23.** In section 278 of the Income-tax Act, for clauses (i) and (ii), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026, namely:—

“(i) with simple imprisonment for a term up to two years, or with fine, or with both, 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; or

(ii) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(iii) with fine, in any other case.”.

Amendment  
of section  
278A.

**24.** In section 278A of the Income-tax Act, with effect from the 1st day of March, 2026,—

(a) for the word “rigorous”, the word “simple” shall be substituted and shall be deemed to have been substituted;

(b) for the word “seven”, the word “three” shall be substituted and shall be deemed to have been substituted.

Amendment  
of section  
280.

**25.** In section 280 of the Income-tax Act, in sub-section (1), for the words “imprisonment which may extend to six months, and shall also be liable to fine”, the words “simple imprisonment up to one month, or with fine, or with both” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2026.

Insertion of  
new section  
292BA.

**26.** After section 292B of the Income-tax Act, the following section shall be inserted, namely:—

Assessments  
not to be  
invalid on  
certain  
grounds.

“292BA. Notwithstanding anything contained in any judgment, order or decree of any court, for the removal of doubts, it is hereby clarified for the purposes of section 292B that no assessment under any of the provisions of this Act 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 the assessment order is referenced by such number in any manner.”.

*B.— Income-tax under the Income-tax Act, 2025*

Amendment  
of section 2.

**27.** In section 2 of the Income-tax Act, 2025 (hereafter in this Part referred to as the Income-tax Act),— 30 of 2025.

(a) for clause (32), the following clause shall be substituted, namely:—

‘(32) “co-operative society” means a co-operative society registered under the Co-operative Societies Act, 1912, or the Multi-State Co-operative Societies Act, 2002, or under any other law in force in any State or Union territory for the registration of co-operative societies;’; 2 of 1912.  
39 of 2002.

(b) in clause (40),—

(A) sub-clause (f) shall be omitted;

(B) in the first long line below sub-clause (f) as so omitted, for sub-clause (v), the following sub-clause shall be substituted, namely:—

‘(v) any advance or loan between two group entities, where,—

(A) one of the group entities is a “Finance Company” or a “Finance Unit”;

(B) the other group entity to the transaction is located in a country or territory outside India; and

(C) the parent entity or the principal entity of such group is listed on the stock exchange in a country or territory outside India,

for the purposes of items (B) and (C), the country or territory outside India shall be specified by the Central Government, by notification,’;

(b) in the second long line below sub-clause (v), in sub-clause (E), for item (II), the following items shall be substituted, namely:—

‘(II) “group entity” shall have the same meaning as assigned to the expression “group entities” in clause (m) of sub-regulation (1) of regulation 2 of the International Financial Services Authority (Payment Services) Regulations, 2024 made under the International Financial Services Centres Authority Act, 2019; 50 of 2019.

(III) “parent entity” or “principal entity” in relation to one or more other group entities, shall be an entity of which other group entities are subsidiary and such entity,—

(a) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiaries; or

(b) controls the composition of the Board of Directors;’.

Amendment  
of section 7.

**28.** In section 7 of the Income-tax Act, in sub-section (2), in clause (a), for the brackets and letter “(f)”, the brackets and letter “(e)” shall be substituted.

Amendment  
of section  
21.

**29.** In section 21 of the Income-tax Act, in sub-section (5), for the words “nil for”, the word “nil up to” shall be substituted.

Amendment  
of section  
22.

**30.** In section 22 of the Income-tax Act, in sub-section (2), for the word, brackets, figure and letter “sub-section (1)(b)”, the words, brackets, figure and letters “sub-section (1)(b) and (c)” shall be substituted.

Amendment  
of section  
29.

**31.** In section 29 of the Income-tax Act, in sub-section (1), for clause (e), the following clause shall be substituted, namely:—

“(e) the amount of contribution received from an employee to which the provisions of section 2(49)(o) apply, if it is credited by the assessee to the account of the employee in the relevant fund or funds, on or before the due date of filing of return of income under section 263(1) for the tax year.”.

Amendment  
of section  
58.

**32.** In section 58 of the Act, in sub-section (11), in clause (a), sub-clause (i) shall be omitted.

Amendment  
of section  
66.

**33.** In section 66 of the Income-tax Act, for clause (4), the following clause shall be substituted, namely:—

“(4) “commodities transactions tax” and “commodity derivative” shall have the same meanings as respectively assigned to them in Chapter VII of the Finance Act, 2013;”.

17 of 2013.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Amendment  
of section  
69.

**34.** In section 69 of the Income-tax Act, for sub-sections (2) and (3), the following sub-sections shall be substituted, namely:—

“(2) In respect of capital gains referred to in sub-section (1), where the shareholder or holder of other specified securities is a promoter, the aggregate income-tax payable on such capital gains shall be—

(a) the income-tax payable on such capital gains in accordance with the provisions of this Act; and

(b) an additional income tax in respect of capital gains specified in column B of the Table below, computed at the rate specified in column C or column D of the said Table.

TABLE

Sl. No.	Income	Rate, where the promoter is a domestic company	Rate, where the promoter is other than a domestic company
---------	--------	--	---

A	B	C	D
1.	Short-term capital gains referred to in section 196 arising from the transfer of such securities.	2%	10%
2.	Long-term capital gains referred to in section 197 or section 198 arising from the transfer of such securities.	9.5%	17.5%

(3) For the purposes of this section,—

(a) in the case of a company whose shares are listed on a recognised stock exchange in India, ‘promoter’ shall have the same meaning as assigned to it in regulation 2(k) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992; 15 of 1992.

(b) in any other case, “promoter” means,—

(i) a “promoter” as defined in section 2(69) of the Companies Act, 2013; or 18 of 2013.

WWW.TAXSCAN.IN - Simplifying Tax Laws

(ii) a person who holds, directly or indirectly, more than 10% of the shareholding in the company;

(c) “specified securities” shall have the same meaning as assigned to it in *Explanation 1* to section 68 of the Companies Act, 2013. 18 of 2013.

Amendment  
of section  
70.

**35.** In section 70 of the Income-tax Act, in sub-section (1), for clause (x), the following clause shall be substituted, namely:—

“(x) by way of redemption, of Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015 or any subsequent Sovereign Gold Bond Scheme, if held by an individual from the date of original issue till maturity;”.

Amendment  
of section  
93.

**36.** In section 93 of the Income-tax Act,—

(a) in sub-section (1), for clause (a), the following clause shall be substituted, namely:—

“(a) for interest on securities, any reasonable sum paid as commission or remuneration to a banker or any other person for the purpose of realising such interest on behalf of the assessee;”;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Irrespective of anything contained in sub-section (1), in respect of any dividend income or income from units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21) or income from units of a specified company as referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, no deduction shall be allowed.” 58 of 2002.

Amendment  
of section  
99.

**37.** In section 99 of the Income-tax Act, in sub-section (2), for the words, brackets, figures and letters “sub-section (1)(a)(i) or (b)”, the words, brackets, figures and letters “sub-section (1)(a)(ii) or (b)” shall be substituted.

Amendment  
of section  
147.

**38.** In section 147 of the Income-tax Act,—

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Irrespective of anything contained in section 80LA of the Income-tax Act, 1961, the deduction shall be allowed— 43 of 1961.

(a) for twenty consecutive tax years beginning from the relevant tax year in the case of an entity mentioned in sub-section (1)(a);

(b) for twenty consecutive tax years out of twenty-five years beginning from the relevant tax year, at the option of an assessee, in the case of an entity mentioned in sub-section (1)(b).”;

(b) for sub-section (5), the following sub-sections shall be substituted, namely:—

“(5) In respect of any Offshore Banking Unit or any other unit referred in sub-section (1), commencing operations on or after the 1st April, 2026, the deduction under sub-section (1) shall be available only if such unit is not formed by splitting up or reconstruction or reorganisation or transfer of a business already in existence in India;

(6) For the purposes of this section,—

(a) “relevant tax year” shall be,—

(i) in case of an entity referred to in sub-section (1)(a), the tax year in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board of India Act, 1992 or any other relevant law in force was obtained; or 10 of 1949.  
15 of 1992.

(ii) in case of an entity referred to in sub-section (1)(b), the tax year in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board 10 of 1949.  
15 of 1992.

of India Act, 1992, or permission or registration under the International Financial Services Centres Authority Act, 2019 was obtained; 50 of 2019.

(b) “Unit” shall have the same meaning as assigned to it in section 2(zc) of the Special Economic Zones Act, 2005; 28 of 2005.

(c) “aircraft” and “ship” shall have the meanings respectively assigned to them in Schedule VI (Note 3).’.

Amendment  
of section  
149.

**39.** In section 149 of the Income-tax Act,—

(a) in sub-section (2),—

(i) in clause (b), after the word “oilseeds,” wherever it occurs, the words “cotton seed, cattle feed,” shall be inserted;

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

“(d) in respect of any income derived by the co-operative society from its investments with any other co-operative society by way of—

(i) interest; or

(ii) dividends,

the whole of such income;”;

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

‘(6) For the purposes of this section,—

(a) “consumers’ co-operative society” means a society for the benefit of the consumers;

(b) “primary agricultural credit society” has the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949; and 10 of 1949.

(c) “primary co-operative agricultural and rural development bank” means a society having an area of operation confined to a taluk, the principal object of which is to provide long-term credit for agricultural and rural development activities.’.

Substitution  
of new  
section for  
section 150.

**40.** For section 150 of the Income-tax Act, the following section shall be substituted, namely:—

Deduction in respect of income of federal co-operative.

‘150. (1) If the gross total income of an assessee being a federal co-operative, in any tax year, includes any income by way of dividends received from its investment with any company, a deduction shall be allowed from such income, to the extent of the amount which,—

(a) has arisen from such investment as recorded in its books of account on or before the 31st January, 2026; and

(b) has been distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

(2) The provisions of this section shall not apply to any tax year beginning on or after the 1st April, 2029.

(3) For the purposes of this section, “federal co-operative” means a “federal co-operative” as defined in section 3(k) of the Multi-State Co-operative Societies Act, 2002 and notified as such by the Central Government.’.

39 of 2002.

Amendment of section 162.

**41.** In section 162 of the Income-tax Act, in sub-section (2), for clause (c), the following clause shall be substituted, namely:—

“(c) other units, undertakings, enterprises or business of such assessee, or other person referred to in section 140(13) in respect of transactions referred to in Chapter VIII, to which the provisions of section 140(9) or (13) of this Act or section 80-IA(8) or (10) of the Income-tax Act, 1961 are applicable.”.

43 of 1961.

Amendment of section 164.

**42.** In section 164 of the Income-tax Act, in clause (d), the words and figures “or section 144” shall be omitted.

Amendment of section 165.

**43.** In section 165 of the Income-tax Act, 2025, in sub-section (7), the words and figures “under section 144 or” shall be omitted.

Amendment of section 166.

**44.** In section 166 of the Income-tax Act, for sub-section (7), the following sub-section shall be substituted, namely:—

“(7) Where a reference was made under sub-section (1), an order under sub-section (6) may be made at any time before one month prior to the month in which period of limitation referred to in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment, expires and accordingly, where such period expires on—

(a) the 31st March of any year, the order under sub-section (6) shall be made on or before the 31st January of that year;

(b) the 31st December of any year, the order under sub-section (6) shall be made on or before the 31st October of that year.”.

Amendment  
of section  
169.

**45.** In section 169 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Irrespective of anything to the contrary contained in section 263, 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,—

(a) furnish a return or a modified return in accordance with and limited to the agreement; and

(b) the time period for furnishing such return or modified return shall be three months from the end of the month in which the agreement was entered into,

where the tax years relevant for such return or modified return shall be the years covered by such agreement.”.

Amendment  
of section  
195.

**46.** In section 195 of the Income-tax Act, in sub-section (1), in the longline, in clause (i), for the figures and symbol “60%”, the figures and symbol “30%” shall be substituted.

Amendment  
of section  
202.

**47.** In section 202 of the Income-tax Act, in sub-section (2), in clause (a), sub-clause (iii) shall be omitted.

Amendment  
of section  
203.

**48.** In section 203 of the Income-tax Act,—

(a) in sub-section (1), in clause (a), in sub-clause (i), after the word and figures “section 146”, the word and figures “or 150” shall be inserted;

(b) after sub-section (6), the following sub-section shall be inserted, namely:—

“(7) In case of an assessee, being a co-operative society, which has exercised option under sub-section (5), the requirements contained in sub-section (1) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it

to its members at least one month before the due date for filing the return of income under section 263(1).”.

Amendment  
of section  
204.

**49.** In section 204 of the Income-tax Act,—

(a) in sub-section (3), in clause (a), in sub-clause (i), after the word and figures “section 146”, the word and figures “or 150” shall be inserted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) In case of an assessee, being a co-operative society, which has exercised option under sub-section (2), the requirements contained in sub-section (3) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).”.

Amendment  
of section  
206.

**50.** In section 206 of the Income-tax Act,—

(a) in sub-section (1),—

(i) in clause (b), in sub-clause (ii), for the figures and symbol “15%”, the figures and symbol “14%” shall be substituted;

(ii) in clause (i), for sub-clause (ii), following sub-clause shall be substituted, namely:—

“(ii) the assessee has not utilised the credit of tax paid under section 115JAA of the Income-tax Act, 1961, in any subsequent tax year ending on or before the 31st March, 2026,”; 43 of 1961.

(iii) in clause (l), in sub-clause (iii), the brackets, words, letters and figures “(Table: Sl. Nos. 1, 3, 4 and 5)” shall be omitted;

(iv) clauses (m), (n), (o) and (p) shall be omitted;

(v) in clause (q), in the opening portion, for the word “section”, the word “sub-section” shall be substituted;

(vi) clause (r) shall be omitted;

(vii) in clause (s), for the words “which this section”, the words “which this sub-section” shall be substituted;

(b) for sub-section (3), the following sub-sections shall be substituted, namely:—

“(3) (a) The provisions of this sub-section shall be applicable only to an assessee, being a domestic company, that has exercised the option under section 200(5) or section 201(2) for a tax year, beginning on or after the 1st April 2026.

(b) Where any amount of credit, in respect of tax paid, was allowed to be carried forward to the assessee under the provisions of section 115JAA of the Income-tax Act, 1961, as on 31st March, 2026,—

43 of 1961.

(i) such credit brought forward shall be allowed to be set off in any tax year to the extent of 25% of the tax payable on the total income computed as per the other provisions of this Act for that tax year;

(ii) the remaining credit shall be carried forward to the subsequent tax year; and

(iii) such carry forward or set off of tax credit shall not be allowed beyond the fifteenth tax year immediately succeeding the tax year in which the tax credit first became allowable under section 115JAA of the Income-tax Act, 1961.

43 of 1961.

(c) Where, as a result of any order passed under this Act, tax payable under this Act is decreased or increased, as the case may be, tax credit allowed to be set off under clause (b) shall also be decreased or increased, accordingly.

(d) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of clauses (a) and (b) shall not apply to the successor limited liability partnership.

6 of 2009.

(4) (a) The provisions of this sub-section shall be applicable only to an assessee, being a foreign company.

(b) Where, any amount of credit in respect of tax paid was allowed to be carried forward to the assessee under the provisions of section 115JAA of the Income-tax Act, 1961, as on 31st March, 2026,—

43 of 1961.

(i) such tax credit shall be carried forward and set off in a tax year, when tax payable on the total income computed as per the provisions of this Act exceeds the minimum alternate tax computed as per provisions of sub-section (1);

(ii) such set off in respect of brought forward tax credit shall be allowed for any tax year to the extent of the difference between the tax liability on the total income computed as per the other provisions of this Act and the minimum alternate tax for that tax year; and

(iii) such carry forward or set off of tax credit shall not be allowed beyond the fifteenth tax year immediately succeeding the tax year in which the tax credit first became allowable under section 115JAA of the Income-tax Act, 1961. 43 of 1961.

(c) Where, as a result of any order passed under this Act, tax payable under this Act is decreased or increased, as the case may be, tax credit allowed to be set off under clause (b) shall also be decreased or increased, accordingly.

(d) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of clauses (a) and (b) shall not apply to the successor limited liability partnership. 6 of 2009.

(5) Save as otherwise provided in this section, all other provisions of this Act shall apply to every assessee mentioned in this section.”.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Substitution of new sections for sections 217 and 218.

**51.** For sections 217 and 218 of the Income-tax Act, the following sections shall be substituted, namely:—

Application of benefits under sections 212 to 216.

“217. (1) Where a non-resident Indian in any tax year,—

(a) becomes assessable as a resident in India in respect of total income in a subsequent year; and

(b) furnishes a declaration in writing to the Assessing Officer along with his return of income under section 263 for the tax year for which he is so assessable, to the effect that provisions of sections 212 to 216 shall continue to apply to him in relation to the investment income derived from any foreign exchange asset referred to in section 212(e) other than shares in an Indian company, then the provisions of sections 212 to 216 shall continue to apply in relation to such income for that tax year and every subsequent tax year until the transfer or conversion (otherwise than by transfer) of such assets into money.

(2) A non-resident Indian may choose not to be governed by the provisions of sections 212 to 216 for any tax year by declaring it in his return of income under section 263 for such tax year, and if he does so,—

(a) the provisions of sections 212 to 216 shall not apply to him for that tax year; and

(b) his total income for that tax year shall be computed and charged to tax according to the other provisions of this Act.”.

Tax on  
business  
income of  
Offshore  
Banking  
Units or  
International  
Financial  
Services  
Centre unit.

218. Where the total income of an assessee includes income of the nature referred to in section 147(3), the aggregate of income-tax payable by the assessee shall be the aggregate of income-tax computed on the income specified in column B of the Table below at the rate specified in the corresponding entry in column C of the said Table:

**TABLE**

Sl.No	Income	Rate of income- tax payable
A	B	C
1.	Income referred to in section 147(3)	15%
2.	Total income as reduced by income referred to in Sl. No. (1).	Rates in force.”.

Amendment  
of section  
227.

**52.** In section 227 of the Income-tax Act, —

(a) in sub-section (4), in clause (a), for the word “certificate”, the words “valid certificate” shall be substituted;

(b) in sub-section (9), in clause (b), in sub-clause (iii), for the word “certificate”, the words “certificate of registration” shall be substituted.

Amendment  
of section  
228.

**53.** In section 228 of the Income-tax Act, in sub-section (3), in clause (b), in sub-clause (ii), in item (A), after the words “passenger ships”, the words “or inland vessels” shall be inserted.

Amendment  
of section  
232.

**54.** In section 232 of the Income-tax Act,—

(a) for sub-sections (12) and (13), the following sub-sections shall be substituted, namely:—

“(12) A tonnage tax company, after its option has been approved under section 231(4), shall comply with the minimum training requirement as per the guidelines issued by the Director-General of

Shipping or the Inland Waterways Authority of India, as the case may be, and notified by the Central Government.

(13) The tonnage tax company shall be required to furnish a copy of the certificate issued by the Director-General of Shipping, or the designated authority, as appointed by the respective State Governments under the Inland Vessels Act, 2021, as the case may be, along with the return of income under section 263 to the effect that such company has complied with the minimum training requirement as per the guidelines referred to in sub-section (12) for the tax year.”; 24 of 2021.

(b) in sub-section (17), after the words “Director-General of Shipping”, the words “or Inland Waterways Authority of India, as the case may be” shall be inserted.

Amendment  
of section  
235.

**55.** In section 235 of the Income-tax Act, after clause (f), the following clause shall be inserted, namely:—

‘(fa) “Inland Waterways Authority of India” shall have the same meaning as assigned to it in section 3 of the Inland Waterways Authority of India Act, 1985;’. 82 of 1985.

Amendment  
of section  
262.

**56.** In section 262 of the Income-tax Act, in sub-section (10), in clause (c), for the words “pertaining to business or profession”, the words “pertaining to, business or profession, or other transactions,” shall be substituted.

Amendment  
of section  
263.

**57.** In section 263 of the Income-tax Act,—

(a) in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

‘(c) for the purposes of this section, “due date” in respect of the persons mentioned in column B of the Table below, subject to conditions as mentioned in column C of the said Table, shall be the due date of the financial year succeeding the relevant tax year as mentioned in column D thereof:

TABLE

Sl. No.	Person	Conditions	Due date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such	Where the provisions of	30th November.

- |    |   |   |               |
|----|---|---|---------------|
|    | partner (if section 10 applies to such spouse).   | section 172 apply.                                |               |
| 2. | (i) Company;  | Where the provisions of section 172 do not apply. | 31st October. |
|    | (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).   |   |               |
| 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;                 | Where the provisions of section 172 do not apply. | 31st August.  |
|    | (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). |   |               |
| 4. | Any other assessee.   |   | 31st July.;   |

(b) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) If any person, having furnished a return under sub-section (1) or (4), discovers any omission or any wrong statement therein, he may, subject to the provisions of section 428(b), furnish a revised return at any time within twelve months from the end of the relevant tax year, or before the completion of the assessment, whichever is earlier.”;

(c) in sub-section (6),—

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

“(b) (i) the provisions of clause (a) shall continue to apply for a tax year if any person has sustained a loss in the said tax year and has furnished a return of loss within the due date specified under sub-section (1) and the updated return is a return of income or such updated return has the effect of reducing the loss;

(ii) the provisions of clause (a) shall also apply where an updated return is furnished by a person for the relevant tax year in pursuance of a notice issued under section 280 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner;”;

(ii) in clause (c),—

(A) in sub-clause (i), after the words “tax year”, the words, brackets, figures and letter “except in a case referred to in sub-section (6) (b) (i)” shall be inserted;

(B) in sub-clause (v), after the words “tax year” the words, brackets, figures and letter “except in a case referred to in sub-section (6) (b) (ii)” shall be inserted;

WWW.TAXSCAN.IN - Simplifying Tax Laws

(iii) in clause (e), for the figures, brackets, letters and words “206(1)(m) to (p) and 206(2)(e) to (h)”, the figures, brackets, letters and words “206(2)(e) to (h) and 206(3) and (4)” shall be substituted.

Amendment  
of section  
266.

**58.** In section 266 of the Income-tax Act,—

(a) in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

“(f) any tax credit claimed to be set off as per sections 206(2)(e) to (h) and 206(3) and (4); and”;

(b) in sub-section (4), for clause (f), the following clause shall be substituted, namely:—

“(f) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).”;

(c) in sub-section (6), for clause (e), the following clause shall be substituted, namely:—

“(e) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).”.

Amendment  
of section  
267.

**59.** In section 267 of the Income-tax Act,—

(a) in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

“(f) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).”;

(b) in sub-section (4), for clause (e), the following clause shall be substituted, namely:—

“(e) any tax credit claimed, to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4) which has not been claimed in the earlier return.”;

(c) for sub-section (5), the following sub-section shall be substituted, namely: —

“(5)(i) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to, —

(a) 25% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or

(b) 50% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twelve months but before completion of twenty-four months from the end of the financial year succeeding the relevant tax year; or

(c) 60% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twenty-four months, but before the completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or

(d) 70% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of thirty-six months, but before the completion of forty-eight

months, from the end of the financial year succeeding the relevant tax year.

(ii) 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 under sub-section (5)(i) shall be increased by a further sum of 10 % of the aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be.”;

(d) in sub-section (7), in clause (a), for sub-clause (v), the following sub-clause shall be substituted, namely:—

“(v) any tax credit claimed, to be set off as per sections 206(2)(e) to (h) and 206(3) and (4), which has not been claimed in the earlier return; and”.

Amendment  
of section  
270.

**60.** In section 270 of the Income-tax Act, in sub-section (1), in clause (a), in sub-clause (vi), the words and figures “under section 144 or” shall be omitted.

Amendment  
of section  
275.

**61.** In section 275 of the Income-tax Act,—

(a) for sub-section (4), the following sub-section shall be substituted, namely:—

“(4)(a) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one month from the end of the month in which,—

(i) the acceptance is received; or

(ii) the period of filing of objections under sub-section (2) expires.

(b) Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under the said section, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed by the provisions of this sub-section.”;

(b) for sub-section (14), the following sub-section shall be substituted, namely:—

“(14)(a) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the directions, complete, irrespective of anything to the contrary contained in section 286, the assessment without providing any further opportunity of being heard to the assessee, within one month from the end of the month in which such direction is received;

(b) Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 286, time period available for the Assessing Officer under this sub-section to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed by the provisions of sub-section (13) and this sub-section.”.

Amendment  
of section  
279.

**62.** In section 279 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely: —

‘(3) The “Assessing Officer” for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).’.

Amendment  
of section  
286.

**63.** In section 286 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2)(a) Time limit for completion of any assessment or reassessment as provided in sub-section (1) [Table: Sl No. 1 to 4], in a case where reference is made to the Transfer Pricing Officer for determining the arm’s length price under section 166(1), shall be extended by an additional period of twelve months.

(b) In terms of provisions of sub-section (1) [Table: Sl No. 1 to 4] and this sub-section, the draft of the proposed order of assessment referred to in section 275 shall be made at any time up to the time limit of assessment, reassessment or recomputation referred to in the said Table and this sub-section.”.

Amendment  
of section  
295.

**64.** In section 295 of the Income-tax Act, in sub-section (2), after clause (b), the following clauses shall be inserted, namely:—

“(c) where the undisclosed income of the other person pertains only to the period—

(i) commencing from the tax year (herein referred to as the specified year) immediately preceding the year of initiation of search or requisition; and

(ii) ending on the date of initiation of search or making of requisition,

then irrespective of the provisions of section 301(a), the block period in respect of such other person shall comprise of the specified year and the period starting from the 1st April of the tax year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or such requisition;

(d) where the undisclosed income of the other person pertains to a single tax year out of the five tax years preceding the specified year, then irrespective of the provisions of section 301(a), the block period in respect of such other person shall comprise of only that single tax year.”.

Amendment  
of section  
296.

**65.** In section 296 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Irrespective of the provisions of section 286, the order under section 294 shall be passed within eighteen months from the end of the quarter in which the search was initiated or requisition was made.”.

Amendment  
of section  
332.

**66.** In section 332 of the Income-tax Act, in sub-section (1), in clause (f), for the words, figures, brackets and letters “Schedule VII (Table: Sl. No. 10) to (Table: Sl. No. 19)”, the words, figures, brackets and letters “Schedule VII [Table: Sl. Nos. 17 to 19]” shall be substituted.

Amendment  
of section  
349.

**67.** In section 349 of the Income-tax Act, after the word, figures, brackets and letter “section 263(1)(c)”, the word, figures and brackets “or 263(4)” shall be inserted.

Amendment  
of section  
351.

**68.** In section 351 of the Income-tax Act, in sub-section (1),—

(i) in clause (b), the word and figures “or 346” shall be omitted;

(ii) in clause (c), for the word “ensure”, the word “enure” shall be substituted.

Amendment  
of section  
352.

**69.** In section 352 of the Income-tax Act, in sub-section (4), in the Table, for serial number 8 and the entries relating thereto, the following shall be substituted, namely:—

A	B	C	D
	(i)	(ii)	
“8.	The specified person has merged with any other—	The date of merger	The date of merger.”.
	(a) entity other than a registered non-profit organisation; or		
	(b) registered non-profit organisation having objects same or similar to it but the said merger does not fulfil such conditions, as may be prescribed; or		
	(c) registered non-profit organisation that does not have same or similar objects.		

Insertion of new section 354A.

**70.** After section 354 of the Income-tax Act, the following section shall be inserted, namely:—

Merger of registered non-profit organisation in certain cases.

“354A. Where any registered non-profit organisation merges with any other registered non-profit organisation, the provisions of section 352 shall not apply if, —

(a) the other registered non-profit organisation has same or similar objects; and

(b) the said merger fulfils such conditions as may be prescribed.”.

Amendment of section 379.

**71.** In section 379 of the Income-tax Act, in sub-section (2), for the words “waive any penalty imposable”, the words “waive any penalty imposed or imposable” shall be substituted.

Amendment of section 393.

**72.** In section 393 of the Income-tax Act,—

(a) in sub-section (1), in the Table, in serial number (3), in Note 3, for the words, figures and brackets “serial number 3(iii)”, the words, figures and brackets, “serial number 3(i)” shall be substituted;

(b) in sub-section (4), in the Table, against serial number 7, in column C,—

(i) in clause (a), in sub-clause (i), after the words “banking company”, the words and brackets “or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank)” shall be inserted;

(ii) in clause (b), in the long line, in sub-clause (c), for item (iv), the following item shall be substituted, namely:—

“(iv) on the compensation amount awarded by a Motor Accidents Claims Tribunal—

(A) to an individual; or

(B) to a person other than an individual, where the aggregate interest on such compensation does not exceed ₹ 50000 during the tax year;”;

(c) sub-section (6) shall be renumbered as sub-section (6) (a) thereof and after sub-section (6) (a) as so renumbered, the following clause shall be inserted with effect from the 1st April, 2027, namely:—

“(b) The declaration referred in clause (a) may also be furnished electronically to a depository, as defined in section (2)(e) of the Depositories Act, 1996, where—

22 of 1996.

(i) the income is from units, interest on securities or dividends, as the case may be, as referred to in section 393(1) [Table: 4(i), 5(i) or 7];

(ii) such units or securities are held with such depository; and

(iii) such securities are listed on a recognised stock exchange,

in accordance with such procedure and manner, as may be prescribed.”;

(d) for sub-section (7), the following sub-section shall be substituted, namely:—

“(7) The person responsible for paying any income or sum of the nature referred to in sub-section (6) shall deliver or cause to be delivered, such declaration referred therein, received from the person, as specified in column (B) of the Table in sub-section (6) or the depository, to the prescribed income-tax authority, on or before the seventh day of the month immediately following the end of each quarter in which declaration is furnished to him as per sub-section (6).”.

Amendment  
of section  
394.

**73.** In section 394 of the Income-tax Act, in sub-section (1), in the Table,—

(a) against Sl. No. 1, in column D, for the figure and symbol “1%”, the figure and symbol “2%” shall be substituted;

(b) against Sl. No. 2, in column D, for the figure and symbol “5%”, the figure and symbol “2%” shall be substituted;

(c) against Sl. No. 4, in column D, for the figure and symbol “1%”, the figure and symbol “2%” shall be substituted;

(d) against Sl. No. 5, in column D, for the figure and symbol “1%”, the figure and symbol “2%” shall be substituted;

(e) against Sl. No. 7, in column D, in clause (a), for the figure and symbol “5%”, the figure and symbol “2%” shall be substituted;

(f) against Sl. No. 8, in column D, for clauses (a) and (b), the figure and symbol “2%” shall be substituted.

Amendment  
of section  
395.

**74.** In section 395 of the Act,—

(a) in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

“(c) when a certificate is issued under clause (b) or sub-section (6), as the case may be, the person responsible for paying the income or sum shall deduct the tax at the rate specified in such certificate, or deduct no income-tax, as the case may be, till its validity.”;

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

“(6) The application referred to in sub-section (1)(a) may also be filed before the prescribed income-tax authority, subject to such

conditions as may be prescribed, and such authority on electronic verification of the contents of the application, may—

(a) either issue a certificate for deduction of income-tax at lower rate or no deduction of income-tax; or

(b) reject such application on account of non-fulfillment of the prescribed conditions or on account of the application being incomplete.”.

Amendment  
of section  
397.

**75.** In section 397 of the Income-tax Act, in sub-section (1), for clause (c), the following clause shall be substituted with effect from the 1st October, 2026, namely:—

“(c) the provisions of clause (a) shall not apply to—

(i) a person in respect of a transaction where he is required to deduct tax under section 393(1) [Table: Sl. No. 2(i), 3(i) or 6(ii)]; or

(ii) a person referred to in section 393(4) [Table: Sl. No. 12.C(a)] in respect of a transaction where he is required to deduct tax on consideration for transfer of a virtual digital asset under section 393(1) [Table: Sl.No.8(vi)]; or

(iii) a resident individual or Hindu undivided family in respect of a transaction where he is required to deduct tax on any consideration for the transfer of any immovable property under section 393(2) [Table: Sl. No. 17]; or

(iv) a person notified in this regard by the Central Government.”.

Amendment  
of section  
399.

**76.** In section 399 of the Income-tax Act, for the figures “427” at both the places where they occur, the words, figures and brackets “427(1) and (2)” shall be substituted.

Amendment  
of section  
400.

**77.** In section 400 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The Board may, with the previous approval of the Central Government, issue guidelines to remove any difficulty arising in giving effect to the provisions of this Chapter and such guidelines shall be—

(a) binding on the income-tax authorities and on the person liable to deduct or, as the case may be, collect income-tax; and

(b) laid before each House of Parliament.”.

Amendment  
of section  
402.

**78.** In section 402 of the Income-tax Act,—

(a) in clause (27), in sub-clause (c), for the words “authorised person responsible”, the words, brackets, letter and figures “authorised person, referred in clause (c) of section 2 of the Foreign Exchange Management Act, 1999, responsible” shall be substituted; 42 of 1999.

(b) in clause (47), after sub-clause (e), the following sub-clause shall be inserted, namely:—

“(f) supply of manpower to a person to work under his supervision, control or direction.”.

Amendment  
of section  
411.

**79.** In section 411 of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:—

“(3)(a) if the amount specified in any notice of demand under section 289 is not paid within the period specified under sub-section (1),—

(i) the assessee shall be liable to pay simple interest at 1% for every month or part of a month comprised in the period; and

(ii) such period shall commence from the day immediately following the end of the period mentioned in sub-section (1) and end with the day on which the amount is paid.

(b) No interest shall be charged under this sub-section in respect of any demand raised on account of penalty levied under section 439,—

(i) up to the date of passing of the order under section 359;

(ii) up to the date of passing of the order under section 363, where the assessment or reassessment has been made in pursuance to directions issued by the Dispute Resolution Panel under section 275.”.

Amendment  
of section  
423.

**80.** In section 423 of the Income-tax Act, in sub-section (4), in clause (d), for sub-clause (vii), the following sub-clause shall be substituted, namely:—

“(vii) any tax credit allowed to be set off as per sections 206(2)(e) to (h) and 206(3) and (4).”.

Amendment  
of section  
424.

**81.** In section 424 of the Income-tax Act, in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

“(f) any tax credit allowed to be set off as per sections 206(2)(e) to (h) and 206(3) and (4).”.

Amendment  
of section  
425.

**82.** In section 425 of the Income-tax Act, in sub-section (5), for clause (f), the following clause shall be substituted, namely:—

“(f) any tax credit allowed to be set off as per sections 206(2)(e) to (h) and 206(3) and (4).”.

Substitution  
of new  
sections for  
sections 427  
and 428.

**83.** For sections 427 and 428 of the Income-tax Act, the following sections shall be substituted, namely:—

Fee for  
default in  
furnishing  
statements.

“427. (1) Without prejudice to the provisions of this Act, where any person fails to deliver or cause to be delivered a statement as per section 397(3)(b) within the time prescribed therein, he shall be liable to pay by way of fee, a sum of ₹ 200 for every day for which such failure continues.

(2) The amount of fee referred to in sub-section (1) shall—

(a) not exceed the amount of tax deductible or collectible; and

(b) be paid before delivering or causing to be delivered the statement, as per sub-section (1).

(3) Without prejudice to the provisions of this Act, where any person who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement within the time prescribed under section 508(2), he shall be liable to pay by way of fee, a sum of ₹ 200 for every day for which such failure continues and such fee shall not exceed a sum of ₹ 100000.

Fee for  
default in  
furnishing  
return of  
income,  
audited  
accounts and  
reports.

428. Without prejudice to the provisions of this Act, where any person—

(a) required to furnish a return of income under section 263, fails to do so within the due date, as specified under sub-section (1) of the said section, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000; and

(ii) a sum of ₹ 5000, in any other case;

(b) furnishes a return of income under section 263(5) beyond nine months from the end of relevant tax year, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000; and

(ii) a sum of ₹ 5000, in any other case;

(c) fails to get his accounts audited for any tax year or years and furnish the report of such audit as required under section 63, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 75000 for a delay up to one month for which such failure continues; and

(ii) a sum of ₹ 150000 thereafter;

(d) fails to furnish a report from an accountant as required by section 172, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 50000 for a delay up to one month for which such failure continues; and

(ii) a sum of ₹ 100000 thereafter.”.

Amendment  
of section  
439.

**84.** In section 439 of the Income-tax Act,—

(a) in sub-section (11),—

(i) in clause (e), the word “and” occurring at the end shall be omitted;

(ii) in clause (f), for the word “apply.”, the words “apply; and” shall be substituted;

(iii) after clause (f), the following clause shall be inserted, namely:—

“(g) income referred to in section 195(1)(b).”.

(b) after sub-section (13), the following sub-section shall be inserted, namely:—

“(13A) Where additional income-tax is paid in accordance with section 267(5)(ii), the income on which such additional income-tax is paid shall not form the basis of imposition of penalty under this section.”.

Amendment  
of section  
440.

**85.** In section 440 of the Income-tax Act,—

(a) for the marginal heading, the following marginal heading shall be substituted, namely:—

“Waiver of penalty and immunity from prosecution.”;

(b) for sub-sections (1) to (4), the following sub-sections shall be substituted, namely:—

“(1) An assessee may make an application to the Assessing Officer to grant waiver of penalty levied under section 439 and immunity from initiation of proceedings under section 478 or 479 on fulfilment of the following conditions: —

(a) the tax and interest payable as per the order of assessment under section 270(10) or reassessment under section 279, has been paid within the period specified in the notice of demand;

(b) where penalty has been levied under the circumstances referred to in section 439(11)(a) to (f), additional income-tax amounting to 100% of the amount of tax payable on under-reported income has been paid within the period specified in the notice of demand, in lieu of such penalty;

(c) where penalty has been levied under the circumstances referred to in section 439(11)(g), additional income-tax amounting to 120% of the amount of tax payable on under-reported income has been paid within the period specified in the notice of demand, in lieu of such penalty; and

(d) no appeal has been filed against the order of assessment or reassessment and levy of penalty referred to in clause (a), (b) and (c).

(2) An application referred in sub-section (1) shall be made within one month from the end of the month in which the order referred to in the said sub-section is received by the assessee, in such form and verified in such manner, as may be prescribed.

(3) The Assessing Officer shall, on fulfilment of the conditions as specified in sub-section (1), and after the expiry of the period of filing appeal as specified in section 358(3)(a), grant waiver of penalty under

section 439 and immunity from initiation of proceedings under section 478 or 479.

(4) No waiver or immunity under sub-section (3) shall be granted if any proceeding has been initiated under Chapter XXII.”.

Omission of section 443.

**86.** Section 443 of the Income-tax Act shall be omitted.

Substitution of new section for section 446.

**87.** For section 446 of the Income-tax Act, the following section shall be substituted, namely:—

Penalty for failure to furnish information or for furnishing inaccurate information on transaction of crypto-asset.

“446. (1) If any person who is required to furnish a statement in respect of a transaction of a crypto-asset under section 509(1), fails to furnish such statement within the time prescribed under the said section, the prescribed income-tax authority under that section may impose on him, a penalty of ₹ 200 for every day for which such failure continues.

(2) The prescribed income-tax authority may impose a penalty of ₹ 50000 on a person referred in sub-section (1), if such person—

(a) provides inaccurate information in the statement and fails to remove such inaccuracy as per section 509(4); or

(b) fails to comply with due diligence the requirement under section 509(5).”.

Omission of section 447.

**88.** Section 447 of the Income-tax Act shall be omitted.

Substitution of new section for section 454.

**89.** For section 454 of the Income-tax Act, the following section shall be substituted, namely:—

Penalty for failure to furnish statement of financial transaction or reportable account after a notice.

“454. Where any person, who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement or reportable account within the period specified in the notice issued under section 508(7), the income-tax authority prescribed under section 508(1) may impose on him, a penalty of ₹ 1000 for every day for which such failure continues, beginning from the day immediately after the period specified in such notice for furnishing such statement or reportable account expires and such penalty shall not exceed ₹ 100000.”.

Amendment  
of section  
466.

**90.** In section 466 of the Income-tax Act, for the figures “1000”, the figures “25000” shall be substituted.

Amendment  
of section  
470.

**91.** In section 470 of the Income-tax Act, the words and figures “or 447” shall be omitted.

Amendment  
of section  
471.

**92.** In section 471 of the Income-tax Act,—

(a) in sub-section (1), after the words “reasonable opportunity of being heard”, the words “by way of a show cause notice to that effect” shall be inserted;

(b) after sub-section (3), the following sub-sections shall be inserted, namely:—

“(4) Irrespective of anything contained in any other provision of this Act, where any draft of the proposed order of assessment under section 275 or assessment under section 270 or reassessment under section 279 is made on or after the 1st April, 2027,—

(a) penalty under section 439, if any, shall constitute part of such draft assessment or shall be imposed as a part of such order of assessment or reassessment, as the case may be; and

(b) the reference to the assessment order or the penalty order under section 439 in any of the provisions of this Act shall take reference to such order of assessment or reassessment, as the case may be.

(5) Where the approval of the Joint Commissioner is taken for passing of an order of assessment or reassessment on or after the 1st April, 2027, such approval shall also be deemed to be the approval for the imposition of penalty under section 439, if any, constituting part of such order of assessment or reassessment.”.

Amendment  
of section  
473.

**93.** In section 473 of the Income-tax Act,—

(a) for the marginal heading, the following marginal heading shall be substituted, namely:—

“Contravention of order made during search action.”;

(b) for the words “rigorous imprisonment which may extend to two years and shall also be liable to fine”, the words “simple imprisonment up to two years and with fine” shall be substituted.

Amendment  
of section  
474.

**94.** In section 474 of the Income-tax Act,—

(a) for the marginal heading, the following marginal heading shall be substituted, namely:—

“Failure to afford facility for inspection of books of account during search.”;

(b) for the words “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine”, the words “simple imprisonment for a term up to six months, or with fine, or with both” shall be substituted.

Amendment  
of section  
475.

**95.** In section 475 of the Income-tax Act, for the words “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine”, the words “simple imprisonment for a term up to two years and with fine” shall be substituted.

Amendment  
of section  
476.

**96.** In section 476 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) If a person fails to—

(a) pay the tax deducted at source by him to the credit of the Central Government, as required by or under the provisions of Chapter XIX-B; or

(b) pay tax or ensure payment of tax to the credit of the Central Government in respect of—

(A) any income by way of winnings from online games as referred in section 393(3) [Table: Sl. No. 2], excluding such winnings which are wholly in kind, as referred to in Note 2 to the said Table; or

(B) any sum by way of consideration for transfer of a virtual digital asset as referred in section 393(1) [Table: Sl. No. 8(vi)], excluding such consideration which is wholly in kind, as referred to in Note 6 to the said Table,

he shall be punishable—

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

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

(iii) with fine, in any other case.”.

Amendment  
of section  
477.

**97.** In section 477 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) If a person fails to pay the tax collected by him to the credit of the Central Government, as required under section 397(3)(a), he shall be punishable—

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

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

(c) with fine, in any other case.”.

Amendment  
of section  
478.

**98.** In section 478 of the Income-tax Act, for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

“(1) If a person wilfully attempts in any manner to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount sought to be evaded or tax on under-reported income exceeds fifty lakh rupees; or

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

(c) with fine, in any other case.

(2) If a person wilfully attempts in any manner to evade payment of any tax, penalty or interest under this Act, he shall be punishable —

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

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

(c) with fine, in any other case.”.

Amendment  
of section  
479.

**99.** In section 479 of the Income-tax Act, in sub-section (1), for clauses (a) and (b), the following clauses shall be substituted, namely:—

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

(b) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(c) with fine, in any other case.”. [WWW.TAXSCAN.IN](http://WWW.TAXSCAN.IN) Simplifying Tax Laws

Substitution  
of new  
sections for  
sections 480  
and 481.

**100.** For sections 480 and 481 of the Income-tax Act, the following sections shall be substituted, namely:—

Failure to  
furnish  
return of  
income  
setting forth  
undisclosed  
income.

“480. If a person wilfully fails to furnish in due time the return of income, setting forth his undisclosed income for the block period, which is required to be furnished by notice given under section 294(1)(a), he shall be punishable—

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

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

(c) with fine, in any other case.

Failure to comply with a direction of special audit or valuation.

481. If a person wilfully fails to comply with a direction issued to him under section 268 (5), he shall be punishable with simple imprisonment for a term up to six months, or with fine, or with both.”.

Amendment of section 482.

**101.** In section 482 of the Income-tax Act, for clauses (a) and (b), the following clauses shall be substituted, namely:—

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

(b) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(c) with fine, in any other case.”.

Amendment of section 483.

**102.** In section 483 of the Income-tax Act, in sub-section (1), for the words “rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine”, the words “simple imprisonment for a term up to two years and with fine” shall be substituted.

Amendment of section 484.

**103.** In section 484 of the Income-tax Act, for the longline, the following longline shall be substituted, namely:—

“he shall be punishable —

(i) with simple imprisonment for a term up to two years, or with fine, or with both, 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; or

(ii) with simple imprisonment for a term up to six months, or with fine, or with both, 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; or

(iii) with fine, in any other case.”.

Amendment  
of section  
485.

**104.** In section 485 of the Income-tax Act, for the words “rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine”, the words “simple imprisonment for a term which shall not be less than six months but which may extend to three years and with fine” shall be substituted.

Amendment  
of section  
494.

**105.** In section 494 of the Income-tax Act, in sub-section (1), for the words “imprisonment which may extend to six months, and shall also be liable to fine”, the words “simple imprisonment up to one month, or with fine, or with both” shall be substituted.

Amendment  
of section  
522.

**106.** Section 522 of the Income-tax Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) No assessment under any of the provisions of this Act shall be invalid on the ground of any mistake, defect or omission in respect of quoting of a computer generated Document Identification Number, if the assessment order is referenced by such number in any manner.”.

Amendment  
of section  
536.

**107.** In section 536 of the Income-tax Act, in sub-section (2),—

WWW.TAXSCAN.IN - Simplifying Tax Laws

(i) in the opening portion, for the word, brackets and figure “sub-section (3)”, the word, brackets and figure “sub-section (4)” shall be substituted;

(ii) for clause (h), the following clause shall be substituted, namely:—

“(h) where any sum has been allowed as a deduction or has not been included in the total income of any person, either on account of fulfillment of certain conditions or for any other reason, for any tax year beginning before the 1st April, 2026, and such sum was required to be included in the total income of any subsequent tax year including beginning on or after the 1st April, 2026 under the repealed Income-tax Act, if it had not been so repealed, on account of violation of such conditions or for any other reason, then such sum shall be—

(i) deemed to be the income of such subsequent tax year; and

(ii) included in the total income of the said person under the same head of income as it would have been included under the repealed Income-tax Act;”;

(iii) in clause (I), for sub-clauses (i) and (ii), the following sub-clauses shall be substituted, namely:—

“(i) shall be deemed to be the amount eligible for credit under corresponding provisions or section 206(3) or (4) of this Act, as the case may be in the case of said assessee; and

(ii) credit for the tax paid under the repealed Income-tax Act shall be allowed under this Act for the period for which it would have been allowed under the repealed Income-tax Act if the assessee otherwise continues to satisfy the conditions as specified in the corresponding provisions or section 206(3) or (4) of this Act, as the case may be in such tax years;”.

Amendment  
of Schedule  
III.

**108.** In Schedule III to the Income-tax Act, in the Table, after serial number 38 and the entries relating thereto, the following shall be inserted, namely:—

A	B	C	D
“38A.	Disability Pension received (including service element and disability element).	An individual who has been a member of the armed forces (including paramilitary forces) of the Union.	(a) The individual has been invalided out of service in the armed forces on account of bodily disability attributable to, or aggravated by such service; and  (b) the individual has not retired on superannuation or otherwise.

- |      |  |  |   |
|------|--|--|---|
| 38B. | Any interest on compensation amount awarded by Motor Accident Claims Tribunal.                         | An individual or his legal heir.           | Such interest is received under the Motor Vehicles Act, 1988 (59 of 1988).  |
| 38C. | Any income in respect of any award or agreement made on account of compulsory acquisition of any land. | An individual or a Hindu undivided family. | Such award or agreement is made under the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013), except under section 46 of the said Act.”. |

Amendment  
of Schedule  
IV.

**109.** In Schedule IV to the Income-tax Act,—

(a) in the Table, after serial number 13 and the entries relating thereto, the following shall be inserted, namely:—

A	B	C	D
“13A.	Any income arising on account of providing capital goods, equipment or tooling to a contract manufacturer, being a	A foreign company, who is providing capital goods, equipment or tooling to the contract manufacturer for use in a electronic	(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;

- |                            |                         |   |
|----------------------------|-------------------------|---|
| company resident in India. | manufacturing in India. | (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.   |
- 
- |      |  |   |   |
|------|--|---|---|
| 13B. | Any income which accrues or arises outside India, and is not deemed to accrue or arise in India. | 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 in India in connection with any scheme as may be notified by the Central Government. | (a) Such individual, during the relevant tax year renders any service in India in connection with any scheme as may be notified by the Central Government;                                  |
|      |  |   | (b) such exemption shall not be available beyond a period of five consecutive tax years commencing from the first tax year during which he visits India in connection with such scheme; and |
|      |  |   | (c) such other conditions, as may be prescribed.  |
- 
- |      |  |                    |  |
|------|--|--------------------|--|
| 13C. | Any income accruing or arising in India or deemed to accrue or arise | 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                           |

in India by way of procuring data centre services from a specified data centre.

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.”;

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

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

(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 the services provided by a data centre through the use of physical infrastructure including land, buildings, mechanical electrical power equipments, 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 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.’.

Amendment  
of Schedule  
VI.

**110.** In Schedule VI to the Income-tax Act, in the Table, in Note 1, in clause (g),—

(a) for the long line, the following item shall be substituted, namely:—

“(C) of which all the units other than the unit held by a sponsor or manager are held by non-residents except,—

(I) where such non-resident becomes resident under section 6(2) or (3) or (4) or (5) or (6) or (7) in any tax year subsequent to that tax year; and

(II) the number of units held by such resident unit holder or holders do not exceed 5% of the total units issued and shall fulfil such other conditions as may be prescribed; or”;

(b) in sub-clause (ii), in item (A), for the figures “2025”, the figures “2030” shall be substituted.

Amendment  
of Schedule  
XI.

**111.** In Schedule XI to the Income-tax Act,—

(a) in Part A,—

(i) in paragraph 4,—

(A) clause (c) shall be omitted;

(B) for clause (f), the following clause shall be substituted, namely:—

“(f) the fund shall be a fund—

(i) of an establishment to which the provisions of section 1(3) of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 apply; or

(ii) of an establishment notified by the Central Provident Fund Commissioner under section 1(4) of the said Act,

and such establishment shall obtain exemption under section 17 of the said Act from the operation of all or any of the provisions of any scheme as referred to in that section;”;

(ii) in paragraph 5, sub-paragraph (4) shall be omitted;

(iii) for paragraph 6, the following paragraph shall be substituted, namely:—

“6. Employer’s annual contributions, when deemed to be income received by employee.—The portion of the annual accretion in the tax year to the balance of an employee in a recognised provident fund consisting of interest credited on the balance to the credit of an employee in so far as it is allowed at a rate exceeding such rate as fixed by the Central Government by notification, shall be deemed to have been received by the employee and included in his total income for that tax year and shall be liable to income-tax.”;

(b) in Part C, in paragraph 1,—

(i) clause (d) shall be omitted.

(ii) for clause (e), the following clause shall be substituted, namely:—

“(e) to regulate investment or deposit of the moneys of a recognised or an approved fund;”.

Amendment  
of Schedule  
XII.

**112.** In Schedule XII to the Income-tax Act, in Part A, after serial number 27 and the entries relating thereto, the following shall be inserted, namely:—

- “28. Beryllium bearing minerals.
- 29. Glauconite.
- 30. Graphite.
- 31. Indium bearing minerals.
- 32. Lithium bearing minerals.
- 33. Niobium bearing minerals.
- 34. Potash.
- 35. Rhenium bearing minerals.
- 36. Tantalum bearing minerals.”.

Amendment  
of Schedule  
XIV.

**113.** In Schedule XIV to the Income-tax Act, in paragraph 4,—

(i) in sub-paragraph (1), in clause (a), for the words “this rule”, the words “this paragraph” shall be substituted;

(ii) after sub-paragraph (2), the following sub-paragraph shall be inserted, namely:—

“(3) The amount not deductible under sub-clause (i) or (ii) of section 35(b), which is added under sub-paragraph (1)(a), shall be

allowed subsequently as a deduction in a tax year in accordance with the provisions of the said sub-clause, as the case may be.”.

## CHAPTER IV

### THE FOREIGN ASSETS OF SMALL TAXPAYERS DISCLOSURE SCHEME, 2026

Short title and commencement.

**114.** (1) This Scheme may be called the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Definitions.

**115.** (1) In this Scheme, unless the context otherwise requires,—

(a) “assessee” means a person,—

(i) being a resident in India within the meaning of section 6 of the Income-tax Act, 1961 in the previous year; or 43 of 1961.

(ii) being a non-resident or not ordinarily resident in India within the meaning of clause (6) of section 6 of the said Act in the previous year, who was resident in India either—

(A) in the previous year to which the income referred to in section 4 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 relates; or 22 of 2015.

(B) in the previous year in which the undisclosed asset located outside India was acquired;

(b) “assessment” includes reassessment;

(c) “assessment year” shall have the same meaning as assigned to it in clause (9) of section 2 of the Income-tax Act, 1961; 43 of 1961.

(d) “Board” means the Central Board of Direct Taxes constituted under section 3 of the Central Boards of Revenue Act, 1963; 54 of 1963.

(e) “declarant” means a person who files declaration under section 116;

(f) “declaration” means the declaration filed under section 116;

(g) “last date” means such date as may be notified by the Central Government in the Official Gazette;

(h) “prescribed” means prescribed by rules made under this Act;

(i) “previous year” shall have the same meaning as assigned to it in clause (34) of section 2 of the Income-tax Act, 1961; 43 of 1961.

(j) “undisclosed asset located outside India” means an asset (including financial interest in any entity) located outside India, held by the assessee in his name or in respect of which he is a beneficial owner, and he has no explanation about the source of investment in such asset or the explanation given by him, is in the opinion of the Assessing Officer, unsatisfactory;

(k) “undisclosed foreign income” means the total amount of income of an assessee from a source located outside India which was chargeable to tax in India but has not been offered to tax under the Income-tax Act, 1961; and 43 of 1961.

(l) “value of the asset” means the fair market value of the asset determined in such manner as may be prescribed.

(2) Words and expressions used herein and not defined but defined in the Income-tax Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 or the Income-tax Act, 2025 shall have the meanings respectively assigned to them in those Acts. 43 of 1961.  
22 of 2015.  
30 of 2025.

Declaration  
by declarant.

**116.** Subject to the provisions of this Scheme, any person may make, on or after the date of commencement of this Scheme but on or before the last date, a declaration, for any previous year, in respect of any income or asset referred to in section 117, where—

(a) he has failed to furnish a return under section 139 of the Income-tax Act, 1961; or 43 of 1961.

(b) he has failed to disclose such asset or income, in a return of income furnished by him under the Income-tax Act, 1961 before the date of commencement of this Scheme; or 43 of 1961.

(c) such asset or income has escaped assessment within the meaning of section 147 of the Income-tax Act, 1961. 43 of 1961.

Amount  
payable by  
declarant.

**117.** The declaration referred to in section 116 may be filed in respect of assets or income as specified in column (2) of the Table below and in respect of such assets or income, the amount payable by the declarant under this

Scheme shall be as specified in column (3), subject to the conditions in column (4), of the said Table:

TABLE

Sl. No.	Type of assets or income	Amount payable	Conditions
(1)	(2)	(3)	(4)
1.	(a) Undisclosed asset located outside India; or (b) undisclosed foreign income.	Aggregate of,— (i) tax at the rate of thirty per cent. of the value of the undisclosed asset located outside India as on the 31st March, 2026; (ii) tax at the rate of thirty per cent. of the undisclosed foreign income; and (iii) an amount equal to one hundred per cent. of tax determined in clauses (i) and (ii).	The aggregate value of the undisclosed asset located outside India and the undisclosed foreign income does not exceed one crore rupees.
2.	(a) Asset located outside India acquired from income accruing or arising outside India, by an assessee, during the period in which such assessee was a non-resident, but such assets were not declared by him in the relevant Schedule in the return of	A fee of one lakh rupees.	The value of the asset located outside India does not exceed five crore rupees.

income on becoming a resident; or  
 (b) asset located outside India acquired from income which has been offered to tax under the Income-tax Act, 1961 (43 of 1961) by the assessee, but such assets were not declared by him in the relevant Schedule in the return of income.

Manner of making declaration.

**118.** (1) A declaration under section 116 shall be made complete in all respects to the prescribed income-tax authority, in such form and shall be verified in such manner, as may be prescribed.

(2) The verification referred to in sub-section (1) shall be made electronically, so as to verify that—

[WWW.TAXSCAN.IN - Simplifying Tax Laws](http://WWW.TAXSCAN.IN)  
 (a) the assessee making the declaration is an eligible assessee; and

(b) the declaration of income or assets is in accordance with the provisions of this Scheme.

(3) The declaration made under sub-section (1) shall be deemed to be invalid, if —

(a) any material particular furnished in the declaration is found to be false at any stage; or

(b) the declarant violates any of the conditions referred to in this Scheme.

Procedure relating to manner of payment.

**119.** (1) After electronic verification of the declaration as specified in sub-section (2) of section 118, the amount payable by the assessee shall be communicated electronically, within a period of one month from the end of the month in which the declaration is made, by way of an order in such form and manner, as may be prescribed.

(2) The assessee shall pay the amount determined under sub-section (1) within a period of two months from the end of the month in which the order

referred to in the said sub-section was received by him and the payment shall be made in such manner, as may be prescribed.

(3) Where the assessee fails to pay the amount determined under sub-section (1) or any part thereof within the period specified in sub-section (2), the assessee may pay such amount within a further period not exceeding two months, along with simple interest at the rate of one per cent. for every month or part of a month on such amount.

(4) The assessee shall, upon making the payment under sub-section (2) or sub-section (3), as the case may be, intimate the details of such payment to the prescribed income-tax authority, in such form and manner, as may be prescribed, within the extended period specified in sub-section (3).

(5) Upon receipt of the intimation referred to in sub-section (4), where the intimation is in accordance with the order under sub-section (1), an order certifying the payment of the amount as per the declaration, shall be communicated electronically to the assessee, in such form and manner, as may be prescribed, within one month from the end of the month of receipt of such intimation.

(6) Every order made under sub-section (5) shall be conclusive as to the matters stated therein.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Any income or asset declared not to be included in total income.

**120.** The income or the amount of investment in an asset, which has been declared in the manner provided in section 118 shall not be included in the total income of the declarant for any assessment year under the Income-tax Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, if the declarant makes the payment of amount referred to in section 119 within the extended period specified in sub-section (3) of the said section.

43 of 1961.  
22 of 2015.

Any income or asset declared not to affect finality of completed assessments.

**121.** In respect of income or asset declared or any amount paid thereon, the declarant shall not be entitled to claim for rectification or revision of any assessment made under the Income-tax Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 or claim any set off or relief in any appeal, reference or other proceeding in relation to any such assessment.

43 of 1961.  
22 of 2015.

Amount paid in pursuance of declaration non-refundable.

**122.** No amount paid under section 119 in pursuance of a declaration made in the manner provided in section 118 shall be refundable.

Grant of immunity

**123.** Notwithstanding anything contained in the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015,

22 of 2015.

from penalty and prosecution.	<p>a declarant who makes a valid declaration under this Scheme and pays any amount, whether as tax, fee or otherwise, as the case may be, in accordance with the provisions of this Scheme, shall be granted immunity from the levy of any further tax or penalty and also from prosecution under the said Act in respect of income or asset so declared, for the previous year ending on the 31st March, 2026 or any earlier previous year.</p>	
Non-application of Scheme.	<p><b>124.</b> The provisions of this Scheme shall not apply in respect of—</p> <p>(a) any income or asset which represents, directly or indirectly, proceeds of crime in respect of which proceedings have been initiated, or pending under the Prevention of Money-laundering Act, 2002; or</p> <p>(b) any income or asset relating to an assessment year for which assessment proceedings have been completed under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.</p>	<p>15 of 2003.</p> <p>22 of 2015.</p>
Effect of declaration on pending assessment proceedings.	<p><b>125.</b> Where a declaration of any income or asset is made under this Scheme and assessment proceedings under the Income-tax Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 are pending in respect of such income or assets, the Assessing Officer shall take such declaration into account while finalising such assessment order.</p>	<p>43 of 1961.</p> <p>22 of 2015.</p>
Power of Board to issue directions, etc.	<p><b>126.</b> (1) The Board may, from time to time, issue such directions or orders to the prescribed income-tax authorities, as it may deem fit:</p> <p>Provided that no direction or order shall be issued so as to require that a particular case be disposed of in a particular manner.</p> <p>(2) Without prejudice to the generality of the foregoing power, the Board may, if it considers necessary or expedient so to do, for the purposes of this Scheme, including collection of revenue, issue from time to time, general or special orders in respect of any class of cases, setting forth directions or instructions as to the guidelines, principles or procedures to be followed by the prescribed income-tax authorities in any work relating to this Act, including collection of revenue and issue such order, by way of relaxation of any provision of this Chapter or otherwise, if the Board is of the opinion that it is necessary in the public interest so to do.</p>	
Power to make rules.	<p><b>127.</b> (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.</p>	

(2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the form in which a declaration may be made and the manner of its verification under sub-section (1) of section 118;

(b) the form and manner in which order shall be passed under sub-section (1) of section 119;

(c) the manner of making payment under sub-section (2) of section 119;

(d) the form and manner of intimation of payment under sub-section (4) of section 119;

(e) the form and manner in which the order certifying the payment shall be communicated under sub-section (5) of section 119;

(f) the manner of calculating the value of the asset under this Scheme;

(g) the manner of calculating the amount payable under this Scheme;

(h) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules for carrying out the provisions of this Scheme.

(3) Every rule made by the Central Government under this Scheme shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power to  
remove  
difficulties.

**128.** (1) If any difficulty arises in giving effect to the provisions of this Scheme, the Central Government may, by order, not inconsistent with the provisions of this Scheme, remove the difficulty.

(2) No order under sub-section (1) shall be made after the expiry of period of two years from the date on which provisions of this Scheme come into force.

(3) Every order made under sub-section (1) shall, as soon as may be after it is made, be laid before each House of Parliament.

## CHAPTER V

### INDIRECT TAXES

#### *Customs*

Amendment of section 1. **129.** In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 1, in sub-section (2), after the words “whole of India”, the words “, fishing and fishing related activities by Indian-flagged fishing vessels beyond territorial waters of India” shall be inserted. 52 of 1962.

Amendment of section 2. **130.** In section 2 of the Customs Act, clause (28A) shall be renumbered as clause (28B) thereof and before clause (28B) as so renumbered, the following clause shall be inserted, namely:—

‘(28A) “Indian-flagged fishing vessel” means a vessel which is used or intended to be used for the purpose of fishing in the seas and entitled to fly the flag of India;’.

Amendment of section 28. **131.** In section 28 of the Customs Act, in sub-section (6), in clause (i), for the words “be deemed to be conclusive as to the matters stated therein”, the words, brackets and figure “, be deemed to be conclusive as to the matters stated therein and penalty so paid under sub-section (5), on determination under this sub-section, shall also be deemed to be a charge for non-payment of duty” shall be substituted.

Amendment of section 28J. **132.** In the Customs Act, in section 28J, in sub-section (2),—

(a) for the words “three years”, the words “five years” shall be substituted;

(b) for the proviso, the following proviso shall be substituted, namely:—

“Provided that in respect of any advance ruling in force on the date on which the Finance Bill, 2026 receives the assent of the President, the Authority shall, upon a request by the applicant, extend the validity for five years from the date of the ruling.”.

Insertion of new section 56A.

**133.** After section 56 of the Customs Act, the following section shall be inserted, namely:—

Special provision for fishing and fishing related activities.

“56A. (1) Notwithstanding anything contained in this Act or in any other law for the time being in force, fish harvested by an Indian-flagged fishing vessel beyond territorial waters of India,—

(a) may be brought into India free of duty;

(b) that has landed at foreign port may be treated as export of goods,

in such manner and subject to such conditions as may be provided by rules.

(2) The Board may make regulations providing for the form and manner of making an entry in respect of fish harvested including its declaration, custody, examination, assessment of duty, clearance, transit or transshipment.”.

Substitution of new section for section 67.

**134.** In the Customs Act, for section 67, the following section shall be substituted, namely:—

WWW.TAXSCAN.IN - Simplifying Tax Laws

Removal of goods from one warehouse to another.

“67. The owner of any warehoused goods may remove them from one warehouse to another, subject to such conditions as may be prescribed.”.

Amendment of section 84.

**135.** In section 84 of the Customs Act, in clause (b), for the words “the examination”, the words “the custody, examination” shall be substituted.

#### *Customs Tariff*

Amendment of First Schedule.

**136.** In the Customs Tariff Act, 1975, the First Schedule shall—

51 of 1975.

(a) be amended in the manner specified in the Second Schedule;

(b) with effect from the 1st day of April, 2026, be also amended in the manner specified in the Third Schedule; and

(c) with effect from the 1st day of May, 2026, be also amended in the manner specified in,—

- (i) the Fourth Schedule; and
- (ii) the Fifth Schedule.

*Central Goods and Services Tax*

Amendment  
of section  
15.

**137.** In the Central Goods and Services Tax Act, 2017, (hereinafter referred to as the Central Goods and Services Tax Act), in section 15, in sub-section (3), for clause (b), the following clause shall be substituted, namely:—

“(b) after the supply has been effected, if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34.”

Amendment  
of section  
34.

**138.** In section 34 of the Central Goods and Services Tax Act, in sub-section (1), after the words “both supplied are found to be deficient”, the words, brackets, letter and figures “or where a discount referred to in clause (b) of sub-section (3) of section 15 is given” shall be inserted.

Amendment  
of section  
54.

**139.** In section 54 of the Central Goods and Services Tax Act,—

(a) in sub-section (6), after the words “supply of goods or services or both”, the words, brackets and figures “or of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3)” shall be inserted;

(b) in sub-section (14), after the words, brackets and figures “sub-section (5) or sub-section (6)”, the words “, other than cases where refund of tax is claimed on account of goods exported out of India with payment of tax,” shall be inserted.

Amendment  
of section  
101A.

**140.** In section 101A of the Central Goods and Services Tax Act, after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) Notwithstanding anything contained in sub-section (1), till the National Appellate Authority is constituted under that sub-section, the Government, may on the recommendations of the Council, by notification, empower any existing Authority constituted under any law for the time being in force to hear appeals made under section 101B and in such case,—

- (a) the provisions of sub-sections (2) to (13) shall not apply; and

(b) any reference to the National Appellate Authority under this Chapter shall be construed as a reference to such Authority.

*Explanation.*— For the purposes of this sub-section, the expression “existing Authority” shall include a Tribunal.”.

### *Integrated Goods and Services Tax*

Amendment  
of section  
13.

**141.** In section 13 of the Integrated Goods and Services Tax Act, 2017, 13 of 2017.  
in sub-section (8), clause (b) shall be omitted.

## CHAPTER VI

### MISCELLANEOUS

#### PART I

#### AMENDMENT TO THE FINANCE ACT, 2001

Amendment  
of Seventh  
Schedule to  
Act 14 of  
2001.

**142.** In the Finance Act, 2001, the Seventh Schedule shall be amended in the manner specified in the Sixth Schedule, with effect from the 1st day of May, 2026.

## WWW.TAXSCAN.IN - Simplifying Tax Laws

#### PART II

#### AMENDMENTS TO THE FINANCE (NO.2) ACT, 2004

Amendment  
of Act 23 of  
2004.

**143.** In the Finance (No.2) Act, 2004, in section 98, in the Table, against serial number 4,—

(i) against entry (a) relating to sale of an option in securities, in column (3), for the figures and word “0.1 per cent.”, the figures and word “0.15 per cent.” shall be substituted;

(ii) against entry (b) relating to sale of an option in securities, where option is exercised, in column (3), for the figures and word “0.125 per cent.”, the figures and word “0.15 per cent.” shall be substituted;

(iii) against entry (c) relating to sale of a futures in securities, in column (3), for the figures and word “0.02 per cent.”, the figures and word “0.05 per cent.” shall be substituted.

#### PART III

#### AMENDMENTS TO THE BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) AND IMPOSITION OF TAX ACT, 2015

Amendment  
of Act 22 of  
2015.

**144.** In the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015,—

(a) in section 49, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2024, namely:—

“Provided further that this section shall not apply in respect of an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed twenty lakh rupees.”;

(b) in section 50, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2024, namely:—

“Provided that this section shall not apply in respect of an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed twenty lakh rupees.”.

---

WWW.TAXSCAN.IN - Simplifying Tax Laws

<b>Declaration under the Provisional Collection of Taxes Act, 2023</b>		
	It is hereby declared that it is expedient in the public interest that the provisions of sub-clause (a) of clause 136 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 2023.	50 of 2023.

---

## THE FIRST SCHEDULE

(See sections 2 and 3)

## PART I

## A.— INCOME-TAX UNDER THE INCOME-TAX ACT, 1961

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in section 2(31)(vii) of the Income-tax Act, 1961 (hereafter in this Part I-A referred to as the said Act), not being a case to which Paragraphs B, C, D and E of this Part applies,— 43 of 1961.

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 2,50,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000  | 5 per cent. of the amount by which the total income exceeds Rs. 2,50,000;                            |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 12,500 <i>plus</i> 20 per cent. of the amount by which the total income exceeds ₹ 5,00,000;      |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,12,500 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 3,00,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000  | 5 per cent. of the amount by which the total income exceeds Rs. 3,00,000;                            |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 10,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;    |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,10,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

*Rates of income-tax*

- |   |   |
|---|---|
| (1) where the total income does not exceed Rs. 5,00,000                           | <i>Nil;</i>   |
| (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;                    |
| (3) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,00,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 10,000                        | 10 per cent. of the total income;   |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 20,000                                | Rs. 3,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000. |

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income	30 per cent.
----------------------------------	--------------

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income	30 per cent..
----------------------------------	---------------

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the previous year 2023-24 does not exceed Rs. 400 crores; 25 per cent. of the total income;

(ii) other than that referred to in item (i) 30 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of,— 50 per cent.;

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1961 but before the 1st April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th February, 1964 but before the 1st April, 1976,

and where such agreement has, in either case, been approved by the Central Government;

(ii) on the balance, if any, of the total income 35 per cent..

*Paragraph F*

*Surcharge on income-tax*

The amount of income-tax computed in accordance with Paragraphs A to E, or the provisions of section 111A or section 112 or section 112A of the said Act, in the case of person as specified in column B in Table 1 below, shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column C of the said Table, of such income-tax.

TABLE 1

<i>Sl. No.</i>	<i>Person</i>	<i>Rate of surcharge</i>
----------------	---------------	--------------------------

<i>A</i>	<i>B</i>	<i>C</i>
<i>1.</i>	<p>(i) Every individual; or</p> <p>(ii) Hindu undivided family; or</p> <p>(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or</p> <p>(iv) body of individuals, whether incorporated or not; or</p> <p>(v) every artificial juridical person referred to in section 2(31)(vii) of the said Act.</p>	<p>(i) Where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of 10 per cent.;</p> <p>(ii) where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 1,00,00,000 but does not exceed Rs. 2,00,00,000, at the rate of 15 per cent.;</p> <p>(iii) where the total income (excluding dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 2,00,00,000 but does not exceed Rs. 5,00,00,000, at the rate of 25 per cent.;</p> <p>(iv) where the total income (excluding dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 5,00,00,000, at the rate of 37 per cent.;</p> <p>(v) where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds Rs. 2,00,00,000, but is not covered in clauses (iii) and (iv), at the rate of 15 per cent.;</p> <p>(vi) where the total income includes any dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15 per cent. and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.</p>

- |    |   |  |
|----|---|--|
| 2. | Association of persons consisting of only companies as its members. | (i) Where the total income exceeds Rs. 50,00,000 but does not exceed Rs. 1,00,00,000, at the rate of 10 per cent.<br><br>(ii) where the total income exceeds Rs. 1,00,00,000, at the rate of 15 per cent.    |
| 3. | Every co-operative society.   | (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, at the rate of 7 per cent.<br><br>(ii) where the total income exceeds Rs. 10,00,00,000, at the rate of 12 per cent. |
| 4. | Every firm or local authority.                                      | Where the total income exceeds Rs. 1,00,00,000, at the rate of 12 per cent.  |
| 5. | Every domestic company.   | (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, at the rate of 7 per cent.<br><br>(ii) where the total income exceeds Rs. 10,00,00,000, at the rate of 12 per cent. |
| 6. | Every company, other than a domestic company.                       | (i) Where the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, at the rate of 2 per cent.<br><br>(ii) where the total income exceeds Rs. 10,00,00,000, at the rate of 5 per cent.  |

WWW.TAXSCAN.IN - Simplifying Tax Laws

Further, in respect of the persons mentioned in column B of the Table 2 below, having total income exceeding the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$W_o = U_o + V_o$$

where,—

$W_o$  = the total amount beyond which the total amount payable as income-tax and surcharge thereon shall not exceed;

$U_o$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table 2 below; and

$V_o$  = the total income – amount as specified in column C of the said Table.

TABLE 2

<i>Sl. No.</i>	<i>Person</i>	<i>Amount</i>	<i>Amount</i>
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1.	Table 1: Sl. No. 1.B.	Rs. 50,00,000.	Rs. 1,00,00,000.
		Rs. 1,00,00,000.	Rs. 2,00,00,000.
		Rs. 2,00,00,000.	Rs. 5,00,00,000.
		Rs. 5,00,00,000.	-
2.	Table 1: Sl. No. 2.B.	Rs. 50,00,000.	Rs. 1,00,00,000.
		Rs. 1,00,00,000.	-
3.	Table 1: Sl. No. 3.B.	Rs. 1,00,00,000.	Rs. 10,00,00,000.
		Rs. 10,00,00,000.	-
4.	Table 1: Sl. No. 4.B.	Rs. 1,00,00,000.	-
5.	Table 1: Sl. No. 5.B and 6.B.	Rs. 1,00,00,000.	Rs. 10,00,00,000.
		Rs. 10,00,00,000.	-

## B.— INCOME-TAX UNDER THE INCOME-TAX ACT, 2025

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in section 2(77)(g) of the Income-tax Act, 2025 (hereafter in this Part I-B referred to as the said Act), not being a case to which Paragraphs B, C, D and E of this Part applies,—

30 of 2025.

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed ₹ 250000                       | <i>Nil</i> ;   |
| (2) where the total income exceeds ₹ 250000 but does not exceed ₹ 500000  | 5% of the amount by which the total income exceeds ₹ 250000;               |
| (3) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 | ₹ 12500 plus 20% of the amount by which the total income exceeds ₹ 500000; |

(4) where the total income exceeds ₹ 1000000 ₹ 112500 plus 30% of the amount by which the total income exceeds ₹ 1000000.

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the tax year,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 300000 Nil;
- (2) where the total income exceeds ₹ 300000 but does not exceed ₹ 500000 5% of the amount by which the total income exceeds ₹ 300000;
- (3) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 ₹ 10000 plus 20% of the amount by which the total income exceeds ₹ 500000;
- (4) where the total income exceeds ₹ 1000000 ₹ 110000 plus 30% of the amount by which the total income exceeds ₹ 1000000.

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the tax year,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 500000 Nil;
- (2) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 20% of the amount by which the total income exceeds ₹ 500000;
- (3) where the total income exceeds ₹ 1000000 ₹ 100000 plus 30% of the amount by which the total income exceeds ₹ 1000000.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 10000 10% of the total income;
- (2) where the total income exceeds ₹ 10000 but does not exceed ₹ 20000 ₹ 1000 plus 20% of the amount by which the total income exceeds ₹ 10000;
- (3) where the total income exceeds ₹ 20000 ₹ 3000 plus 30% of the amount by which the total income exceeds ₹ 20000.

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income 30%.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30%.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the tax year 2024-25 does not exceed ₹ 400 crores; 25% of the total income;

(ii) other than that referred to in item (i) 30% of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of,— 50%;

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1961 but before the 1st April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th

February, 1964 but before the  
1st April, 1976,

and where such agreement has, in  
either case, been approved by the  
Central Government;

(ii) on the balance, if any, of 35%.  
the total income.

*Paragraph F*

*Surcharge on income-tax*

The amount of income-tax computed in accordance with Paragraphs A to E, or the provisions of section 196, 197 or 198 of the said Act, in the case of person as specified in column B in Table 1 below, shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column C of the said Table, of such income-tax.

TABLE 1

<i>Sl. No.</i>	<i>Person</i>	<i>Rate of surcharge</i>
<i>A</i>	<i>B</i>	<i>C</i>
1.	(i) Every individual; (ii) Hindu undivided family; or (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or (iv) body of individuals, whether incorporated or not; or (v) every artificial juridical person referred to in section 2(77)(g) of the said Act.	(i) Where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%; (ii) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%; (iii) where the total income (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%; (iv) where the total income (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 50000000, at the rate of 37%;

(v) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, but is not covered in (iii) and (iv) above, at the rate of 15%;

(vi) where the total income includes any dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.

2. Association of persons consisting of only companies as its members.
  - (i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
  - (ii) where the total income exceeds ₹ 10000000, at the rate of 15%.
3. Every co-operative society.
  - (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;
  - (ii) where the total income exceeds ₹ 100000000, at the rate of 12%.
4. Every firm or local authority.
 

Where the total income exceeds ₹ 10000000, at the rate of 12%.
5. Every domestic company.
  - (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;
  - (ii) where the total income exceeds ₹ 100000000, at the rate of 12%.
6. Every company, other than a domestic company.
  - (i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;
  - (ii) where the total income exceeds ₹ 100000000, at the rate of 5%.

Further, in respect of the persons mentioned in column B of the Table 2 below, having total income exceeding the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$W_n = U_n + V_n$$

where,—

$W_n$  = the total amount beyond which the total amount payable as income-tax and surcharge thereon shall not exceed;

$U_n$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table 2 below; and

$V_n$  = the total income – amount as specified in column C of the said Table.

TABLE 2

<i>Sl. No.</i>	<i>Person</i>	<i>Amount</i>	<i>Amount</i>
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1.	Table 1: Sl. No. 1.B.	₹ 50,00,000. ₹1,00,00,000. ₹ 2,00,00,000. ₹ 5,00,00,000.	₹ 1,00,00,000. ₹ 2,00,00,000. ₹ 5,00,00,000. -
2.	Table 1: Sl. No. 2.B.	₹ 50,00,000. ₹1,00,00,000.	₹ 1,00,00,000. -
3.	Table 1: Sl. No. 3.B.	₹ 1,00,00,000. ₹ 10,00,00,000.	₹ 10,00,00,000. -
4.	Table 1: Sl. No. 4.B.	₹ 1,00,00,000.	-
5.	Table 1: Sl. No. 5.B and 6.B.	₹1,00,00,000. ₹ 10,00,00,000.	₹10,00,00,000. -

PART II  
RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN  
CASES

In every case in which under the provisions of sections 393(1)[Table: Sl. Nos. 1(i) and 5], 393(2)[Table: Sl. Nos. 7, 8, 9 and 17] and 393(3)[Table: Sl. Nos. 1, 2 and 3] of the Income-tax Act, 2025 (hereafter in this Part referred to as the said Act), tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

30 of 2025.

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India,—	
(i) on income by way of interest other than “Interest on securities”	10%;
(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30%;
(iii) on income by way of winnings from horse races	30%;
(iv) on income by way of net winnings from online games	30%;
(v) on income by way of insurance commission	2%;
(vi) on income by way of interest payable on—	10%;
(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of	

1956) and the rules made thereunder;

(C) any security of the Central Government or State Government;

(vii) on any other income 10%;

(b) where the person is not resident in India,—

(i) in the case of a non-resident Indian,—

(A) on any investment income 20%;

(B) on income by way of long-term capital gains referred to in section 214 or 197(4) of the said Act 12.5%;

(C) on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 125000 12.5%;

(D) on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II[Table: Sl. Nos. 14 and 17] [to the extent it relates to section 10(36) of the Income-tax Act, 1961 (43 of 1961)] of the said Act] 12.5%;

(E) on income by way of short-term capital gains referred to in section 196 of the said Act 20%;

(F) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2)[Table: Sl. Nos. 2 to 5] of the said Act) 20%;

(G) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern 20%;

where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, or in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India

(H) on income by way of royalty 20%;  
 [not being royalty of the nature referred to in sub-item (b)(i)(G)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy

(I) on income by way of fees for 20%;  
 technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy

(J) on income by way of winnings 30%;  
 from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)

(K) on income by way of winnings 30%;  
 from horse races

(L) on income by way of net winnings from online games	30%;
(M) on income by way of dividend, referred to in section 207(1)[Table: Sl. No. 2] of the said Act	10%;
(N) on income by way of dividend other than the income referred to in sub-item (b)(i)(M)	20%;
(O) on the whole of the other income	30%;

(ii) in the case of any other person,—

(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2)[Table: Sl. Nos. 2 to 5] of the said Act)	20%;
---	------

(B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India	20%;
--	------

(C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is	20%;
--	------

approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy

(D) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy 20%;

(E) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games) 30%;

(F) on income by way of winnings from horse races 30%;

(G) on income by way of net winnings from online games 30%;

(H) on income by way of short-term capital gains referred to in section 196 of the said Act 20%;

(I) on income by way of long-term capital gains referred to in section 197(4) of the said Act 12.5%;

(J) on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 125000 12.5%;

(K) on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II] Table: Sl. Nos. 14 12.5%;

and 17 [to the extent it relates to section 10(36) of the Income-tax Act, 1961 (43 of 1961)] of the said Act

(L) on income by way of dividend, referred to in section 207(1)[Table: Sl. No. 2] of the said Act 10%;

(M) on income by way of dividend other than the income referred to in sub-item (b)(ii)(L) 20%;

(N) on the whole of the other income 30%;

2. In the case of a company,—

(a) where the company is a domestic company—

(i) on income by way of interest other than “Interest on securities” 10%;

(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games) 30%;

(iii) on income by way of winnings from horse races 30%;

(iv) on income by way of net winnings from online games 30%;

(v) on any other income 10%;

(b) where the company is not a domestic company—

(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games) 30%;

(ii) on income by way of winnings from horse races 30%;

(iii) on income by way of net winnings from online games 30%;

(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 393(2)[Table: Sl. Nos. 2 to 5] of the said Act) 20%;

(v) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book referred to in section 207(3)(a) of the said Act, to the Indian concern, or in respect of any computer software referred to in section 207(3)(b) of the said Act, to a person resident in India 20%;

(vi) on income by way of royalty [not being royalty of the nature referred to in item (b)(v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in with that policy—

(A) where the agreement is made after the 31st March, 1961 but before the 1st April, 1976 50%;

(B) where the agreement is made after the 31st March, 1976 20%;

(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is

with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy of the Government of India, the agreement is in accordance with that policy—

(A) where the agreement is made after the 29th February, 1964 but before the 1st April, 1976	50%;
(B) where the agreement is made after the 31st March, 1976	20%;
(viii) on income by way of short-term capital gains referred to in section 196 of the said Act	20%;
(ix) on income by way of long-term capital gains referred to in section 197(4) of the said Act	12.5%;
(x) on income by way of long-term capital gains referred to in section 198 of the said Act exceeding ₹ 125000	12.5%;
(xi) on other income by way of long-term capital gains [not being long-term capital gains referred to in Schedule II[Table: Sl. Nos. 14 and 17 [to the extent it relates to section 10(36) of the Income-tax Act, 1961(43 of 1961)] of the said Act	12.5%;
(xii) on income by way of dividend, referred to in section 207(1)[Table: Sl. No. 2] of the said Act	10%;
(xiii) on income by way of dividend other than the income referred to in item (b)(xii)	20%;
(xiv) on any other income	35%.

Note.—For the purposes of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings respectively assigned to them in section 212 of the said Act.

*Surcharge on income-tax*

The amount of income-tax deducted as per the provisions of this Part, in the case of a person as specified in column B of the Table below, shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column C of the said Table, of such tax.

TABLE

<i>Sl. No.</i>	<i>Person in respect of which deduction has to be made</i>	<i>Rate of surcharge</i>
<i>A</i>	<i>B</i>	<i>C</i>
1.	(i) Every individual; or  (ii) Hindu undivided family; or  (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or  (iv) body of individuals, whether incorporated or not; or  (v) every artificial juridical person referred to in section 2(77)(g) of the said Act,  being a non-resident, except in case where the income of such person, is chargeable to tax under section 202 of the said Act.	(i) Where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;  (ii) where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;  (iii) where the income or the aggregate of such incomes (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%;  (iv) where the income or the aggregate of such incomes (excluding the income by way of dividend or income under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 50000000, at the rate of 37%;

- (v) where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 20000000, but is not covered under clauses (iii) and (iv), at the rate of 15%;
- (vi) where the total income includes dividend income or capital gains under sections 196, 197 and 198 of the said Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15% and the clause (i) or (ii), as the case may be, shall apply accordingly.
2. (i) Every individual; or  
(ii) Hindu undivided family; or  
(iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or  
(iv) body of individuals, whether incorporated or not; or  
(v) every artificial juridical person referred to in section 2(77)(g) of the said Act,  
being a non-resident where the income of such person is chargeable to tax under section 202 of the said Act.
- (i) Where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;
- (ii) where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%;
- (iii) where the income or the aggregate of such incomes (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid and subject to the deduction exceeds ₹ 20000000, at the rate of 25%;
- (iv) where the income or the aggregate of such incomes (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) paid or likely to be paid

and subject to the deduction exceeds ₹ 20000000 but is not covered under clauses (iii), at the rate of 15%;

(v) where the total income includes dividend income or capital gains under sections 196, 197 and 198 of the said Act, the rate of surcharge on the amount of income-tax deducted in respect of that part of income shall not exceed 15% and the clause (i) or (ii), as the case may be, shall apply accordingly.

3. Association of persons, being a non-resident, and consisting of only companies as its members. (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;

(ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000, at the rate of 15%.

4. Every co-operative society, being a non-resident. (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;

(ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 100000000, at the rate of 12%.

5. Every firm, being a non-resident. Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000, at the rate of 12%.

6. Every company, other than a domestic company. (i) Where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;

(ii) where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ₹ 100000000, at the rate of 5%.

## PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES,  
DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER  
THE HEAD “SALARIES” AND COMPUTING “ADVANCE TAX”

In cases in which income-tax has to be charged under section 316(5) of the Income-tax Act, 2025 (30 of 2025) (hereafter in this Part referred to as the said Act) or section 317(2) or 318 or 319 or 320(2) of the said Act or deducted from, or paid on, from income chargeable under the head “Salaries” under section 392 (other than sub-section (7) of the said section) of the said Act or deducted under section 393(1)[Table: Sl. No. 8(iii)] of the said Act or in which the “advance tax” payable under Chapter XIX-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, “advance tax” [not being “advance tax” in respect of any income chargeable to tax under Part A, B, C or D of Chapter XIII or section 207 to 218, 223, 224, 307, 308, 311 or 334 of the said Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such “advance tax” in respect of any income chargeable to tax under section 193, 194, 195, 199, 200, 201, 202, 203, 204, 206, 207, 208, 209, 210, 211, 214, 218 or 334 of the said Act] shall be charged, deducted or computed at the following rate or rates:—

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in section 2(77)(g) of the said Act, not being a case to which Paragraphs B, C, D and E of this Part applies,—

*Rates of income-tax*

- |   |   |
|---|---|
| (1) where the total income does not exceed ₹ 250000                       | <i>Nil</i> ;  |
| (2) where the total income exceeds ₹ 250000 but does not exceed ₹ 500000  | 5% of the amount by which the total income exceeds ₹ 250000;                        |
| (3) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 | ₹ 12500 <i>plus</i> 20% of the amount by which the total income exceeds ₹ 500000;   |
| (4) where the total income exceeds ₹ 1000000                              | ₹ 112500 <i>plus</i> 30% of the amount by which the total income exceeds ₹ 1000000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the tax year,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 300000 *Nil*;
- (2) where the total income exceeds ₹ 300000 but does not exceed ₹ 500000 5% of the amount by which the total income exceeds ₹ 300000;
- (3) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 ₹ 10000 *plus* 20% of the amount by which the total income exceeds ₹ 500000;
- (4) where the total income exceeds ₹ 1000000 ₹ 110000 *plus* 30% of the amount by which the total income exceeds ₹ 1000000.

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the tax year,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 500000 *Nil*;
- (2) where the total income exceeds ₹ 500000 but does not exceed ₹ 1000000 20% of the amount by which the total income exceeds ₹ 500000;
- (3) where the total income exceeds ₹ 1000000 ₹ 100000 *plus* 30% of the amount by which the total income exceeds ₹ 1000000.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- (1) where the total income does not exceed ₹ 10000 10% of the total income;
- (2) where the total income exceeds ₹ 10000 but does not exceed ₹ 20000 ₹ 1000 *plus* 20% of the amount by which the total income exceeds ₹ 10000;
- (3) where the total income exceeds ₹ 20000 ₹ 3000 *plus* 30% of the amount by which the total income exceeds ₹ 20000.

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income 30%.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30%.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the tax year 2024-25 does not exceed ₹ 400 crores; 25% of the total income;

(ii) other than that referred to in item (i) 30% of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of,— 50%;

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1961 but before the 1st April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th February,

1964 but before the 1st April,  
1976,

and where such agreement has, in  
either case, been approved by the  
Central Government;

(ii) on the balance, if any, of 35%.  
the total income

*Paragraph F*

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the Paragraphs A to E, or the provisions of section 196, 197 or 198 of the said Act, in the case of person as specified in column B in Table 1 below, shall be increased by a surcharge, for the purposes of the Union, calculated at the rate or rates as specified in column C of the said Table, of such income-tax.

TABLE 1		
<i>Sl. No.</i>	<i>Person</i>	<i>Rate of surcharge</i>
<i>A</i>	<i>B</i>	<i>C</i>
<i>I.</i>	(i) Every individual; or (ii) Hindu undivided family; or (iii) association of persons, except in a case of an association of persons consisting of only companies as its members, whether incorporated or not; or (iv) body of individuals, whether incorporated or not; or (v) every artificial juridical person referred to in section 2(77)(g) of the said Act.	(i) Where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%; (ii) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 10000000 but does not exceed ₹ 20000000, at the rate of 15%; (iii) where the total income (excluding dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000 but does not exceed ₹ 50000000, at the rate of 25%; (iv) where the total income (excluding dividend income or capital gains under the provisions

		<p>of sections 196, 197 and 198 of the said Act) exceeds ₹ 50000000, at the rate of 37%;</p> <p>(v) where the total income (including dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act) exceeds ₹ 20000000, but is not covered in (iii) and (iv) above, at the rate of 15%;</p> <p>(vi) where the total income includes any dividend income or capital gains under the provisions of sections 196, 197 and 198 of the said Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15% and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.</p>
2.	Association of persons consisting of only companies as its members.	<p>(i) Where the total income exceeds ₹ 5000000 but does not exceed ₹ 10000000, at the rate of 10%;</p> <p>(ii) where the total income exceeds ₹ 10000000, at the rate of 15%.</p>
3.	Every co-operative society.	<p>(i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;</p> <p>(ii) where the total income exceeds ₹ 100000000, at the rate of 12%.</p>
4.	Every firm or local authority.	Where the total income exceeds ₹ 10000000, at the rate of 12%.
5.	Every domestic company.	<p>(i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 7%;</p> <p>(ii) where the total income exceeds ₹ 100000000, at the rate of 12%.</p>
6.	Every company, other than a domestic company.	(i) Where the total income exceeds ₹ 10000000 but does not exceed ₹ 100000000, at the rate of 2%;

		(ii) where the total income exceeds ₹ 100000000, at the rate of 5%.
--	--	---

Further, in respect of the persons mentioned in column B of the Table 2 below, having total income exceeding the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—

$$W_a = U_a + V_a$$

where,—

$W_a$  = the total amount beyond which the total amount payable as income-tax and surcharge thereon shall not exceed;

$U_a$  = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table 2 below; and

$V_a$  = the total income – amount as specified in column C of the said Table.

TABLE 2

<i>Sl. No.</i>	<i>Person</i>	<i>Amount</i>	<i>Amount</i>
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1.	Table 1: Sl. No. 1.B.	₹ 5000000. ₹10000000. ₹ 20000000. ₹ 50000000.	₹ 10000000. ₹ 20000000. ₹ 50000000. -
2.	Table 1: Sl. No. 2.B.	₹ 5000000. ₹10000000.	₹ 10000000. -
3.	Table 1: Sl. No. 3.B.	₹ 10000000. ₹ 100000000.	₹ 100000000. -
4.	Table 1: Sl. No. 4.B.	₹ 10000000.	-
5.	Table 1: Sl. No. 5.B and 6.B.	₹10000000. ₹ 100000000.	₹100000000. -

## PART IV

## RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

## A.— UNDER THE INCOME-TAX ACT, 1961

[See section 2(7)(b)]

*Rule 1.*—(1) Agricultural income of the nature referred to in section 2(1A)(a) of the Income-tax Act, 1961 (43 of 1961) (hereafter in this Part IV-A referred to as the said Act) shall be computed as if it were income chargeable to income-tax under the said Act under the head “Income from other sources” and the provisions of sections 57 to 59 of the said Act shall, so far as may be, apply accordingly.

(2) For the purposes of sub-rule (1), section 58(2) of the said Act shall apply subject to the modification that the reference to section 40A of the said Act therein shall be construed as not including a reference to sub-sections (3), (3A) and (4) of section 40A.

*Rule 2.*—Agricultural income of the nature referred to in section 2(1A)(b) or (c) of the said Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under the said Act under the head “Profits and gains of business or profession” and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3), (3A) and (4) thereof], 41, 43, 43A, 43B and 43C of the said Act shall, so far as may be, apply accordingly.

*Rule 3.*—Agricultural income of the nature referred to in section 2(1A)(c) of the said Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under the said Act under the head “Income from house property” and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

*Rule 4.*—Irrespective of anything contained in any other provisions of these rules, in a case—

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed as per rule 8 of the Income-tax Rules, 1962, and 60% of such income shall be regarded as the agricultural income of the assessee;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in

India, such income shall be computed as per rule 7A of the Income-tax Rules, 1962, and 65% of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed as per rule 7B of the Income-tax Rules, 1962, and 60% or 75%, as the case may be, of such income shall be regarded as the agricultural income of the assessee.

*Rule 5.*—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the said Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 6.*—(1) Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income.

*WWW.TAXSCAN.IN - Simplifying Tax Laws*  
(2) Irrespective of anything contained in sub-rule (1), where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

*Rule 7.*—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

*Rule 8.*—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st April, 2026, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st April, 2018 or the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025, is a loss, then, for the purposes of section 2(2) of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st

April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2023, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2024, or the 1st April, 2025;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2024, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2025;

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2025,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st April, 2026.

(2) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1).

(3) Irrespective of anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2018 (13 of 2018) or the First Schedule to the Finance (No. 2) Act, 2019 (23 of 2019) or the First Schedule to the Finance Act, 2020 (12 of 2020) or the First Schedule to the

Finance Act, 2021 (13 of 2021) or the First Schedule to the Finance Act, 2022 (6 of 2022) or the First Schedule to the Finance Act, 2023 (8 of 2023) or the First Schedule to the Finance (No. 2) Act, 2024 (15 of 2024) or the First Schedule to the Finance Act, 2025 (7 of 2025) shall be set off under sub-rule (1).

*Rule 9.*—Where the net result of the computation made as per these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

*Rule 10.*—The provisions of the said Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 11.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the said Act for the purposes of assessment of the total income.

B.— UNDER THE INCOME-TAX ACT, 2025  
[See section 3(18)(c)]

*Rule 1.*—(1) Agricultural income of the nature referred to in section 2(5)(a) of the Income-tax Act, 2025 (30 of 2025) (hereafter in this Part IV-B referred to as the said Act) shall be computed as if it were income chargeable to income-tax under the said Act under the head “Income from other sources” and the provisions of sections 93 to 95 of the said Act shall, so far as may be, apply accordingly.

(2) For the purposes of sub-rule (1), section 94(2) of the said Act shall apply subject to the modification that the reference to section 36 of the said Act therein shall be construed as not including a reference to sub-sections (4), (5), (6), (7) and (8) of section 36.

*Rule 2.*—Agricultural income of the nature referred to in section 2(5)(b) or (c) of the said Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under the said Act under the head “Profits and gains of business or profession” and the provisions of sections 28, 29, 30, 31, 32, 33, 34, 35, 36 [other than sub-sections (4), (5), (6), (7) and (8) thereof], 37, 38, 39, 40, 42 and 66 of the said Act shall, so far as may be, apply accordingly.

*Rule 3.*—Agricultural income of the nature referred to in section 2(5)(c) of the said Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under the said Act under the head “Income

from house property” and the provisions of sections 21 to 25 of the said Act shall, so far as may be, apply accordingly.

*Rule 4.*—Irrespective of anything contained in any other provisions of these rules, in a case—

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed as per rules notified for the purposes of the said Act, and 60% of such income shall be regarded as the agricultural income of the assessee;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed as per rules notified for the purposes of the said Act, and 65% of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed as per rules notified for the purposes of the said Act, and 60% or 75%, as the case may be, of such income shall be regarded as the agricultural income of the assessee.

WWW.TAXSCAN.IN - Simplifying Tax Laws

*Rule 5.*—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the tax year has either no income chargeable to tax under the said Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 6.*—(1) Where the result of the computation for the tax year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that tax year from any other source of agricultural income.

(2) Irrespective of anything contained in sub-rule (1), where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

*Rule 7.*—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

*Rule 8.—(1)* Where the assessee has, in the tax year commencing on the 1st April, 2026, or, if by virtue of any provision of the said Act, income-tax is to be charged in respect of the income of a period other than the tax year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the tax years commencing on the 1st April, 2018 or the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025, is a loss, then, for the purposes of section 2(2) or (10) of this Act,—

(i) the loss so computed for the tax year commencing on the 1st April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(ii) the loss so computed for the tax year commencing on the 1st April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(iii) the loss so computed for the tax year commencing on the 1st April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(iv) the loss so computed for the tax year commencing on the 1st April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(v) the loss so computed for the tax year commencing on the 1st April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025;

(vi) the loss so computed for the tax year commencing on the 1st April, 2023, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2024, or the 1st April, 2025;

(vii) the loss so computed for the tax year commencing on the 1st April, 2024, to the extent, if any, such loss has not been set off against the agricultural income for the tax year commencing on the 1st April, 2025;

(viii) the loss so computed for the tax year commencing on the 1st April, 2025,

shall be set off against the agricultural income of the assessee for the tax year commencing on the 1st April, 2026.

(2) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1).

(3) Irrespective of anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2018 (13 of 2018) or the First Schedule to the Finance (No. 2) Act, 2019 (23 of 2019) or the First Schedule to the Finance Act, 2020 (12 of 2020) or the First Schedule to the Finance Act, 2021 (13 of 2021) or the First Schedule to the Finance Act, 2022 (6 of 2022) or the First Schedule to the Finance Act, 2023 (8 of 2023) or the First Schedule to the Finance (No. 2) Act, 2024 (15 of 2024) or the First Schedule to the Finance Act, 2025 (7 of 2025) shall be set off under sub-rule (1).

*Rule 9.*—Where the net result of the computation made as per these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

*Rule 10.*—The provisions of the said Act relating to procedure for assessment (including the provisions of section 516 relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 11.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the said Act for the purposes of assessment of the total income.

*Rule 12.*— Where a reference is made in this Part to any tax year commencing on the 1st April 2025 or to any earlier tax year, the same shall be construed as a reference to the corresponding previous year under the Income-tax Act, 1961 (43 of 1961) as provided in section 536(3) of the said Act.

THE SECOND SCHEDULE

[See section 136(a)]

In the First Schedule to the Customs Tariff Act, in Chapter 66,—

(i) for the entry in column (4) occurring against tariff items 6601 91 00 and 6601 99 00, the entry “20% or Rs. 60 per piece, whichever is higher” shall be substituted;

(ii) for the entry in column (4) occurring against tariff items 6603 20 00, 6603 90 10 and 6603 90 90, the entry “10% or Rs. 25 per kg., whichever is higher” shall be substituted.

THE THIRD SCHEDULE

[See section 136(b)]

In the First Schedule to the Customs Tariff Act, in Chapter 98, for the entry in column (4) occurring against all the tariff items of heading 9804, the entry “10%” shall be substituted.

## THE FOURTH SCHEDULE

[See section 136(c)(i)]

In the First Schedule to the Customs Tariff Act,—

Tariff Item	Description of goods	Unit	Rate of duty	
			Standard	Preferential
(1)	(2)	(3)	(4)	(5)

- (1) in Chapter 3, in heading 0306, for tariff item 0306 19 00 and the entries relating thereto, the following shall be substituted, namely:—

“0306 19	--	<i>Other :</i>			
0306 19 10	---	Krill	kg.	15%	-
0306 19 90	---	Other	kg.	30%	-”;

- (2) in Chapter 8,—

- (i) in heading 0802, for tariff item 0802 99 00 and the entries relating thereto, the following shall be substituted, namely:—

“0802 99	--	<i>Other :</i>			
0802 99 10	---	Pecan nuts	kg.	30%	90%
0802 99 90	---	Other	kg.	100%	90%”;

- (ii) in heading 0810, for tariff item 0810 40 00 and the entries relating thereto, the following shall be substituted, namely:—

“0810 40	-	<i>Cranberries, bilberries and other fruits of the genus Vaccinium :</i>			
0810 40 10	---	Cranberries	kg.	10%	20%
0810 40 20	---	Blueberries	kg.	10%	20%
0810 40 90	---	Other	kg.	30%	20%”;

(iii) in heading 0811, for tariff items 0811 90 10 to 0811 90 90 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Containing added sugar :</i>			
0811 90 11	----	Cranberries	kg.	10%	20%
0811 90 12	----	Blueberries	kg.	10%	20%
0811 90 19	----	Other	kg.	30%	20%
	---	<i>Other :</i>			
0811 90 91	----	Cranberries	kg.	10%	20%
0811 90 92	----	Blueberries	kg.	10%	20%
0811 90 99	----	Other	kg.	30%	20%”;

(iv) in heading 0813, after tariff item 0813 40 20 and the entries relating thereto, the following shall be inserted, namely:—

“0813 40 30	---	Cranberries	kg.	10%	20%
0813 40 40	---	Blueberries	kg.	10%	20%”;

(3) in Chapter 12, in heading 1207, after tariff item 1207 99 40 and the entries relating thereto, the following shall be inserted, namely:—

“1207 99 50	---	Shea nuts	kg.	15%	20%”;
-------------	-----	-----------	-----	-----	-------

(4) in Chapter 13, in heading 1302, for tariff items 1302 19 19 to 1302 19 30 and the entries relating thereto, the following shall be substituted, namely:—

“1302 19 21	----	<i>Of Withania somnifera</i>	kg.	30%	-
1302 19 22	----	<i>Of Bacopa monnieri</i>	kg.	30%	-
1302 19 23	----	<i>Of Berberis aristata</i>	kg.	30%	-
1302 19 24	----	<i>Of Boswellia serrata</i>	kg.	30%	-
1302 19 25	----	<i>Of Emblica officinalis</i>	kg.	30%	-
1302 19 26	----	<i>Of Ocimum sanctum</i>	kg.	30%	-

1302 19 27	----	Of <i>Capsicum annuum</i>	kg.	30%	-
1302 19 28	----	Of <i>Phaseolus vulgaris</i>	kg.	30%	-
1302 19 31	----	Of <i>Piper nigrum</i>	kg.	30%	-
1302 19 32	----	Of <i>Pterocarpus marsupium</i>	kg.	30%	-
1302 19 33	----	Of <i>Punica granatum</i>	kg.	30%	-
1302 19 34	----	Of <i>Salacia reticulata</i>	kg.	30%	-
1302 19 35	----	Of <i>Tagetes erecta</i>	kg.	30%	-
1302 19 36	----	Of <i>Terminalia bellirica</i>	kg.	30%	-
1302 19 37	----	Of <i>Curcuma longa</i>	kg.	30%	-
1302 19 38	----	Of <i>Zingiber officinale</i>	kg.	30%	-
1302 19 39	----	Other	kg.	30%	-
1302 19 50	---	Cashew shell liquid (CNSL), crude	kg.	30%	-
1302 19 60	---	Purified and distilled CNSL (Cardanol)	kg.	30%	-”;

(5) in Chapter 20, in heading 2008,—

(i) for tariff item 2008 93 00 and the entries relating thereto, the following shall be substituted, namely:—

“2008 93	--	<i>Cranberries (Vaccinium macrocarpon, Vaccinium oxycoccos); lingonberries (Vaccinium vitis-idaea) :</i>			
2008 93 10	---	<i>Cranberries (Vaccinium macrocarpon, Vaccinium oxycoccos)</i>	kg.	5%	-
2008 93 90	---	Other	kg.	30%	-”;

(ii) after tariff item 2008 99 14 and the entries relating thereto, the following shall be inserted, namely:—

“2008 99 15	----	Blueberries	kg.	10%	-”;
-------------	------	-------------	-----	-----	-----

(iii) after tariff item 2008 99 94 and the entries relating thereto, the following shall be inserted, namely:—

“2008 99 95	----	Blueberries	kg.	10%	-”;
-------------	------	-------------	-----	-----	-----

- (6) in Chapter 21, in heading 2106, for tariff item 2106 90 50 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Compound preparations for making beverages :</i>			
2106 90 51	----	Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5% vol., determined at 20 °C	kg.	150%	-
2106 90 59	----	Other	kg.	50%	-”;

- (7) in Chapter 22, in heading 2202, for tariff items 2202 99 20 to 2202 99 90 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Fruit pulp or fruit juice based drinks :</i>			
2202 99 21	----	Cranberry products	1	10%	-
2202 99 29	----	Other	1	30%	-
	---	<i>Beverages containing milk :</i>			
2202 99 31	----	Cranberry products	1	10%	-
2202 99 39	----	Other	1	30%	-
	---	<i>Other :</i>			
2202 99 91	----	Cranberry products	1	10%	-
2202 99 99	----	Other	1	30%	-”;

- (8) in Chapter 25, in heading 2529, for tariff item 2529 22 00 and the entries relating thereto, the following shall be substituted, namely:—

“2529 22	--	<i>Containing by weight more than 97 % of calcium fluoride :</i>			
2529 22 10	---	Acid grade	kg.	2.5%	-
2529 22 90	---	Other	kg.	5%	-”;

- (9) in Chapter 26, in heading 2615, for tariff item 2615 10 00 and the entries relating thereto, the following shall be substituted, namely:—

“2615 10	-	<i>Zirconium ores and concentrates :</i>			
2615 10 10	---	Hafnium	kg.	Free	-
2615 10 90	---	Other	kg.	Free	-”;

(10) in Chapter 28, in heading 2841, for tariff item 2841 90 00 and the entries relating thereto, the following shall be substituted, namely:—

“2841 90	-	<i>Other :</i>			
2841 90 10	---	Ammonium metavanadate	kg.	2.5%	-
2841 90 90	---	Other	kg.	7.5%	-”;

(11) in Chapter 29,—

(i) in heading 2905, tariff item 2905 14 30 and the entries relating thereto shall be omitted;

(ii) in heading 2915,—

(a) for tariff item 2915 90 10 and the entries relating thereto, the following shall be substituted, namely:—

“---	<i>Acetyl chloride, Propionyl chloride :</i>				
2915 90 11	----	Acetyl chloride	kg.	7.5%	-
2915 90 12	----	Propionyl chloride	kg.	7.5%	-”;

(b) after tariff item 2915 90 95 and the entries relating thereto, the following shall be inserted, namely:—

“2915 90 96	----	Triethyl orthoformate	kg.	5%	-”;
-------------	------	-----------------------	-----	----	-----

(iii) in heading 2916, for tariff item 2916 34 00 and the entries relating thereto, the following shall be substituted, namely:—

“2916 34	--	<i>Phenylacetic acid and its salts :</i>			
2916 34 10	---	Phenylacetic acid	kg.	7.5%	-
2916 34 90	---	Other	kg.	7.5%	-”;

(iv) in heading 2917,—

(a) for tariff item 2917 19 20 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Malonic acid, its salts and esters :</i>			
2917 19 21	----	Malonic acid	kg.	7.5%	-
2917 19 22	----	Diethyl malonate	kg.	5%	-
2917 19 29	----	Other	kg.	7.5%	-”;

(b) for the entry in column (2) occurring against tariff item 2917 19 70, the entry “--- Ethoxy methylene malonate” shall be substituted;

(v) in heading 2918,—

(a) after tariff item 2918 30 60 and the entries relating thereto, the following shall be inserted, namely:—

“2918 30 70	---	Methyl alpha-phenylacetoacetate	kg.	7.5%	-”;
-------------	-----	---------------------------------	-----	------	-----

(b) after tariff item 2918 99 30 and the entries relating thereto, the following shall be inserted, namely:—

“2918 99 40	---	P-2-P methyl glycidic acid and its esters	kg.	7.5%	-”;
-------------	-----	---	-----	------	-----

(vi) in heading 2922,—

(a) after tariff item 2922 19 19 and the entries relating thereto, the following shall be inserted, namely:—

“2922 19 30	---	DL-2 Aminobutanol	kg.	5%	-”;
-------------	-----	-------------------	-----	----	-----

(b) for tariff item 2922 43 00 and the entries relating thereto, the following shall be substituted, namely:—

“2922 43	--	<i>Anthranilic acid and its salts :</i>			
2922 43 10	---	Anthranilic acid	kg.	7.5%	-
2922 43 90	---	Other	kg.	7.5%	-”;

(vii) in heading 2924, for tariff item 2924 29 90 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Other :</i>			
2924 29 91	----	Alpha-phenylacetoacetamide	kg.	7.5%	-
2924 29 99	----	Other	kg.	7.5%	-”;

(viii) in heading 2927, after tariff item 2927 00 10 and the entries relating thereto, the following shall be inserted, namely:—

“2927 00 20	---	Azobisisobutyronitrile (AIBN)	kg.	7.5%	-”;
-------------	-----	-------------------------------	-----	------	-----

(ix) in heading 2932,—

(a) after tariff item 2932 20 30 and the entries relating thereto, the following shall be inserted, namely:—

“2932 20 40	---	Gibberellic acid	kg.	5%	-
2932 20 50	---	Aceto butyrolactone	kg.	5%	-”;

(b) after tariff item 2932 99 20 and the entries relating thereto, the following shall be inserted, namely:—

“2932 99 30	---	Artemisinin	kg.	5%	-
2932 99 40	---	3,4-MDP-2-P methyl glycidic acid	kg.	7.5%	-
2932 99 50	---	3,4-MDP-2-P methyl glycidate	kg.	7.5%	-”;

(x) in heading 2933,—

(a) for tariff item 2933 32 10 and the entries relating thereto, the following shall be substituted, namely:—

“2933 32 20	---	Piperidine	kg.	7.5%	-
2933 32 30	---	Mepiquate chloride	kg.	7.5%	-”;

(b) for the entry in column (2) occurring against tariff item 2933 37 00, the entry “-- N-Phenethyl-4-piperidone (NPP)” shall be substituted;

(c) after tariff item 2933 39 60 and the entries relating thereto, the following shall be inserted, namely:—

“2933 39 70	---	4-Piperidone	kg.	7.5%	-
2933 39 80	---	1-Boc-4-piperidone	kg.	7.5%	-”;

(d) for tariff item 2933 39 90 and the entries relating thereto, the following shall be substituted, namely:—

WWW.TAXSCAN.IN - Simplifying Tax Laws

“--- Other :

2933 39 91	----	Norfentanyl	kg.	7.5%	-
2933 39 99	----	Other	kg.	7.5%	-”;

(xi) in heading 2934, after tariff item 2934 99 40 and the entries relating thereto, the following shall be inserted, namely:—

“2934 99 50	---	Thymidine	kg.	5%	-”;
-------------	-----	-----------	-----	----	-----

(xii) in heading 2939,—

(a) for tariff items 2939 41 00 to 2939 42 00 and the entries relating thereto, the following shall be substituted, namely:—

“2939 41	--	<i>Ephedrine and its salts :</i>			
2939 41 10	---	Ephedrine	kg.	7.5%	10%
2939 41 90	---	Other	kg.	7.5%	10%
2939 42	--	<i>Pseudoephedrine (INN) and its salts :</i>			

2939 42 10	---	Pseudoephedrine (INN)	kg.	7.5%	10%
2939 42 90	---	Other	kg.	7.5%	10%”;

(b) for tariff item 2939 44 00 and the entries relating thereto, the following shall be substituted, namely:—

“2939 44	--	<i>Norephedrine and its salts :</i>			
2939 44 10	---	Norephedrine	kg.	7.5%	-
2939 44 90	---	Other	kg.	7.5%	-”;

(c) for tariff item 2939 63 00 and the entries relating thereto, the following shall be substituted, namely:—

“2939 63	--	<i>Lysergic acid and its salts :</i>			
2939 63 10	---	Lysergic acid	kg.	7.5%	-
2939 63 90	---	Other	kg.	7.5%	-”;

(12) in Chapter 33, in heading 3302, for tariff items 3302 10 10 to 3302 10 90 and the entries relating thereto, the following shall be substituted, namely:—

	“---	<i>Synthetic flavouring essences :</i>			
3302 10 11	----	Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5 % vol., determined at 20 °C	kg.	20%	-
3302 10 19	----	Other	kg.	10%	-
	---	<i>Other :</i>			
3302 10 91	----	Compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume exceeding 0.5 % vol., determined at 20 °C	kg.	20%	-
3302 10 99	----	Other	kg.	10%	-”;

(13) in Chapter 39, in heading 3923, for tariff item 3923 29 90 and the entries relating thereto, the following shall be substituted, namely:—

	“--- Other :			
3923 29 91	---- Biodegradable	kg.	15%	-
3923 29 99	---- Other	kg.	15%	-”;

(14) in Chapter 41,—

(i) in heading 4104, for tariff items 4104 11 00 to 4104 19 00 and the entries relating thereto, the following shall be substituted, namely:—

“4104 11	-- Full grains, unsplit; grain splits :			
4104 11 10	--- Wet blues	kg.	Free	-
4104 11 90	--- Other	kg.	10%	-
4104 19	-- Other :			
4104 19 10	--- Wet blues	kg.	Free	-
4104 19 90	--- Other	kg.	10%	-”;

(ii) in heading 4105, for tariff item 4105 10 00 and the entries relating thereto, the following shall be substituted, namely:—

“4105 10	- In the wet state (including wet-blue) :			
4105 10 10	--- Wet blues	kg.	Free	-
4105 10 90	--- Other	kg.	10%	-”;

(iii) in heading 4106,—

(a) for tariff item 4106 21 00 and the entries relating thereto, the following shall be substituted, namely:—

“4106 21	-- In the wet state (including wet-blue) :			
4106 21 10	--- Wet blues	kg.	Free	-

4104 21 90 --- Other kg. 10% -”;

(b) for tariff item 4106 31 00 and the entries relating thereto, the following shall be substituted, namely:—

“4106 31 -- *In the wet state (including wet-blue) :*

4106 31 10 --- Wet blues kg. Free -  
4104 31 90 --- Other kg. 10% -”;

(c) for tariff item 4106 91 00 and the entries relating thereto, the following shall be substituted, namely:—

“4106 91 -- *In the wet state (including wet-blue) :*

4106 91 10 --- Wet blues kg. Free -  
4104 91 90 --- Other kg. 10% -”;

(15) in Chapter 47, in heading 4702, for tariff item 4702 00 00 and the entries relating thereto, the following shall be substituted, namely:—

“4702 CHEMICAL WOOD PULP, DISSOLVING GRADES

4702 00 - *Chemical wood pulp, dissolving grades :*

4702 00 10 --- Rayon grade wood pulp kg. 2.5% -  
4702 00 90 --- Other kg. 5% -”;

(16) in Chapter 48, in heading 4823, after tariff item 4823 90 30 and the entries relating thereto, the following shall be inserted, namely:—

“4823 90 40 --- Kites kg. 20% -”;

(17) in Chapter 73, —

(i) in heading 7305,—

(a) for tariff items 7305 11 19 to 7305 11 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 11 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 11 31	----	Clad, plated or coated	kg.	15%	-
7305 11 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 11 41	----	Clad, plated or coated	kg.	15%	-
7305 11 49	----	Other	kg.	15%	-”;

(b) for tariff items 7305 12 19 to 7305 12 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 12 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 12 31	----	Clad, plated or coated	kg.	15%	-
7305 12 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 12 41	----	Clad, plated or coated	kg.	15%	-
7305 12 49	----	Other	kg.	15%	-”;

(c) for tariff items 7305 19 19 to 7305 19 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 19 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 19 31	----	Clad, plated or coated	kg.	15%	-
7305 19 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 19 41	----	Clad, plated or coated	kg.	15%	-
7305 19 49	----	Other	kg.	15%	-”;

(d) for tariff items 7305 31 10 to 7305 31 90 and the entries relating thereto, the following shall be substituted, namely:—

	“--- Galvanised :			
7305 31 11	---- Of iron	kg.	15%	-
7305 31 19	---- Other	kg.	15%	-
	--- Non-galvanised, of iron :			
7305 31 21	---- Clad, plated or coated	kg.	15%	-
7305 31 29	---- Other	kg.	15%	-
	--- Non-galvanised, other :			
7305 31 31	---- Clad, plated or coated	kg.	15%	-
7305 31 39	---- Other	kg.	15%	-”;

(e) for tariff items 7305 39 10 to 7305 39 90 and the entries relating thereto, the following shall be substituted, namely:—

	“--- Galvanised :			
7305 39 11	---- Of iron	kg.	15%	-
7305 39 19	---- Other	kg.	15%	-
	--- Non-galvanised, of iron :			
7305 39 21	---- Clad, plated or coated	kg.	15%	-
7305 39 29	---- Other	kg.	15%	-
	--- Non-galvanised, other :			
7305 39 31	---- Clad, plated or coated	kg.	15%	-
7305 39 39	---- Other	kg.	15%	-”;

(ii) in heading 7306, for tariff items 7306 19 19 to 7306 19 29 and the entries relating thereto, the following shall be substituted, namely:—

“7306 19 19	---- Other	kg.	15%	-
	--- Non-galvanised pipes, of iron :			
7306 19 31	---- Clad, plated or coated	kg.	15%	-
7306 19 39	---- Other	kg.	15%	-

--- *Non-galvanised pipes, other :*

7306 19 41	----	Clad, plated or coated	kg.	15%	-
7306 19 49	----	Other	kg.	15%	-”;

(18) in Chapter 81, in heading 8101, after tariff item 8101 99 10 and the entries relating thereto, the following shall be inserted, namely:—

“8101 99 20	---	Bars and rods, other than those obtained simply by sintering, profiles, plates, sheets, strip and foil	kg.	5%	-”;
-------------	-----	--	-----	----	-----

(19) in Chapter 84,—

(i) in heading 8415, for tariff item 8415 90 00 and the entries relating thereto, the following shall be substituted, namely:—

“8415 90	-	<i>Parts :</i>			
8415 90 10	---	Separately presented indoor units or outdoor units for split-system air conditioning machines	u	20%	-
8415 90 90	---	Other	kg.	10%	-”;

(ii) in heading 8421, for tariff item 8421 99 00 and the entries relating thereto, the following shall be substituted, namely:—

“8421 99	--	<i>Other :</i>			
8421 99 10	---	Reverse Osmosis (RO) membrane element for household type filters	u	10%	-
8421 99 90	---	Other	u	7.5%	-”;

(20) in Chapter 85, —

(i) in heading 8507, for tariff item 8507 90 10 and the entries relating thereto, the following shall be substituted, namely:—

“8507 90 10	---	Accumulator cases made of hard rubber	kg.	10%	-
8507 90 20	---	Battery separators	kg.	5%	-”;

(ii) in heading 8529,—

(a) after tariff item 8529 10 92 and the entries relating thereto, the following shall be inserted, namely:—

“8529 10 93 ---- Other, for apparatus of headings 8525 to 8527 u 10% -”;

(b) after tariff item 8529 90 20 and the entries relating thereto, the following shall be inserted, namely:—

“8529 90 30 --- Other, for apparatus of headings 8525 to 8527 u 10% -”;

(21) in Chapter 86, in heading 8609, for tariff item 8609 00 00 and the entries relating thereto, the following shall be substituted, namely:—

WWW.TAXSCAN.IN - Simplifying Tax Laws

“8609 CONTAINERS (INCLUDING CONTAINERS FOR THE TRANSPORT OF FLUIDS) SPECIALLY DESIGNED AND EQUIPPED FOR CARRIAGE BY ONE OR MORE MODES OF TRANSPORT

8609 00 - *Containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport :*

8609 00 10 --- Refrigerated containers u 5% -

8609 00 90 --- Other u 10% -”.

## THE FIFTH SCHEDULE

[See section 136(c)(ii)]

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 2, for the entry in column (4) occurring against tariff items 0207 25 00 and 0207 27 00, the entry “5%” shall be substituted;

(2) in Chapter 3, for the entry in column (4) occurring against tariff item 0306 36 60, the entry “Free” shall be substituted;

(3) in Chapter 5, for the entry in column (4) occurring against tariff item 0511 91 40, the entry “Free” shall be substituted;

(4) in Chapter 8,—

(i) for the entry in column (4) occurring against tariff item 0802 11 00, the entry “Rs. 35 per kg.” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 0802 12 00, the entry “Rs. 100 per kg.” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 0802 31 00, the entry “100%” shall be substituted;

(5) in Chapter 12, for the entry in column (4) occurring against tariff items 1209 10 00, 1209 21 00, 1209 22 00, 1209 23 00, 1209 24 00, 1209 25 00, 1209 29 10, 1209 29 90 and 1209 30 00, the entry “15%” shall be substituted;

(6) in Chapter 15, for the entry in column (4) occurring against all the tariff items of heading 1505, the entry “15%” shall be substituted;

(7) in Chapter 20, for the entry in column (4) occurring against tariff items 2008 19 21, 2008 19 22, 2008 19 29, 2008 19 91 and 2008 19 92, the entry “30%” shall be substituted;

(8) in Chapter 21, for the entry in column (4) occurring against tariff items 2106 90 11, 2106 90 19, 2106 90 20, 2106 90 30, 2106 90 40, 2106 90 60, 2106 90 70, 2106 90 80, 2106 90 91, 2106 90 92 and 2106 90 99, the entry “50%” shall be substituted;

(9) in Chapter 23, for the entry in column (4) occurring against tariff item 2309 90 31, the entry “5%” shall be substituted;

(10) in Chapter 25,—

(i) for the entry in column (4) occurring against all the tariff items of heading 2504, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against all the tariff items of heading 2505, the entry “Free” shall be substituted;

(iii) for the entry in column (4) occurring against all the tariff items of heading 2506, the entry “2.5%” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2530 90 91, the entry “Free” shall be substituted;

(11) in Chapter 27,—

(i) for the entry in column (4) occurring against all the tariff items of heading 2701, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against all the tariff items of heading 2702, the entry “2.5%” shall be substituted;

(iii) for the entry in column (4) occurring against all the tariff items of heading 2703, the entry “2.5%” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2709 00 10, the entry “Re 1 per tonne” shall be substituted;

(12) in Chapter 28,—

(i) for the entry in column (4) occurring against tariff item 2804 50 20, the entry “Free” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2804 61 00, the entry “Free” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 2804 69 00, the entry “Free” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2804 90 00, the entry “Free” shall be substituted;

(v) for the entry in column (4) occurring against tariff item 2805 30 00, the entry “Free” shall be substituted;

(vi) for the entry in column (4) occurring against tariff item 2809 20 10, the entry “5%” shall be substituted;

(vii) for the entry in column (4) occurring against tariff item 2811 22 00, the entry “2.5%” shall be substituted;

(viii) for the entry in column (4) occurring against tariff item 2816 40 00, the entry “Free” shall be substituted;

(ix) for the entry in column (4) occurring against all the tariff items of heading 2822, the entry “Free” shall be substituted;

(x) for the entry in column (4) occurring against tariff item 2825 20 00, the entry “Free” shall be substituted;

(xi) for the entry in column (4) occurring against all the tariff items of sub-heading 2825 30, the entry “Free” shall be substituted;

(xii) for the entry in column (4) occurring against tariff item 2825 60 10, the entry “Free” shall be substituted;

(xiii) for the entry in column (4) occurring against all the tariff items of sub-heading 2825 70, the entry “Free” shall be substituted;

(xiv) for the entry in column (4) occurring against tariff item 2825 80 00, the entry “Free” shall be substituted;

(xv) for the entry in column (4) occurring against tariff item 2825 90 20, the entry “Free” shall be substituted;

(xvi) for the entry in column (4) occurring against tariff item 2827 35 00, the entry “Free” shall be substituted;

(xvii) for the entry in column (4) occurring against tariff item 2827 39 30, the entry “Free” shall be substituted;

(xviii) for the entry in column (4) occurring against tariff item 2833 24 00, the entry “Free” shall be substituted;

(xix) for the entry in column (4) occurring against tariff item 2834 21 00, the entry “Free” shall be substituted;

(xx) for the entry in column (4) occurring against tariff item 2836 91 00, the entry “Free” shall be substituted;

(xxi) for the entry in column (4) occurring against tariff item 2836 92 00, the entry “Free” shall be substituted;

(13) in Chapter 29,—

(i) for the entry in column (4) occurring against tariff item 2910 20 00, the entry “2.5%”, shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2918 15 30, the entry “Free” shall be substituted;

(14) in Chapter 31, for the entry in column (4) occurring against tariff item 3102 30 00, the entry “5%” shall be substituted;

(15) in Chapter 38,—

(i) for the entry in column (4) occurring against all the tariff items of heading 3801, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 3808 93 30, the entry “5%” shall be substituted;

(16) in Chapter 39, for the entry in column (4) occurring against all the tariff items of heading 3904, the entry “7.5%” shall be substituted;

(17) in Chapter 48, for the entry in column (4) occurring against tariff item 4823 90 90, the entry “10%” shall be substituted;

(18) in Chapter 49, for the entry in column (4) occurring against tariff item 4906 00 00, the entry “Free” shall be substituted;

(19) in Chapter 52, for the entry in column (4) occurring against tariff item 5201 00 25, the entry “Free” shall be substituted;

(20) in Chapter 72, for the entry in column (4) occurring against tariff item 7202 60 00, the entry “Free” shall be substituted;

(21) in Chapter 74, for the entry in column (4) occurring against tariff item 7402 00 10, the entry “Free” shall be substituted;

(22) in Chapter 78, for the entry in column (4) occurring against all the tariff items of heading 7802, the entry “Free” shall be substituted;

(23) in Chapter 79, for the entry in column (4) occurring against all the tariff items of heading 7902, the entry “Free” shall be substituted;

(24) in Chapter 81, for the entry in column (4) occurring against tariff item 8105 20 30, the entry “Free” shall be substituted;

(25) in Chapter 84, for the entry in column (4) occurring against tariff items 8419 89 12, 8419 89 13, 8419 89 14, 8419 89 15, 8419 89 16, 8419 89 17 and 8419 89 19, the entry “7.5%” shall be substituted.

THE SIXTH SCHEDULE

(See section 142)

In the Seventh Schedule to the Finance Act, 2001,—

(i) for the entry in column (4) occurring against tariff item 2403 99 10, the entry “60%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2403 99 30, the entry “60%” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 2403 99 90, the entry “60%” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2026-2027. The notes on clauses explain the various provisions contained in the Bill.

NIRMALA SITHARAMAN.

NEW DELHI;  
*The 31st January, 2026.*

---

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE  
CONSTITUTION OF INDIA

WWW.TAXSCAN.IN - Simplifying Tax Laws

[Copy of letter No. 2(13)-B(D)2026, dated the 31st January, 2026 from Smt. Nirmala Sitharaman, Minister of Finance, to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2026 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 1st February, 2026.

*Notes on Clauses*

Clause 2 read with the First Schedule to the Bill seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2026-2027 under the Income-tax Act, 1961.

*Clause 3* read with the First Schedule to the Bill seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the tax year 2026-2027 under the Income-tax Act, 2025. Further, it lays down the rates at which tax is to be deducted at source during the financial year under the Income-tax Act, 2025; and the rates at which “advance tax” is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head “Salaries” or deducted under section 393(1) [Table: Sl. No. 8(iii)] of the Income-tax Act, 2025 and tax is to be calculated and charged in special cases for the financial year 2026-2027.

*A.— Income-tax under the Income-tax Act, 1961*

Clause 4 of the Bill seeks to amend section 92CA of the Income-tax Act, 1961 relating to reference to Transfer Pricing Officer.

The said section provides that where an assessee, has entered into an international transaction or specified domestic transaction in any previous year, the Assessing Officer may refer to the Transfer Pricing Officer for the computation of the arm's length price under section 92C in relation to the said international transaction or specified domestic transaction.

Sub-section (3A) of the said Act provides that the Transfer Pricing Officer is required to pass an order before sixty days prior to the date on which period of limitation specified in 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.

In this regard, it is proposed to insert sub-section (3AA) so as to provide that for the purpose of making order under sub-section (3), the calculation of sixty days shall be made and shall be deemed to have been made in the following manner, namely:—

(a) where the period of limitation expires on 31st of March of any year (not being a leap year), the order under sub-section (3) may be made up to the 30th of January of that year;

(b) where the period of limitation expires on 31st of March of any year (being a leap year), the order under sub-section (3) may be made up to the 31st of January of that year;

(c) where the period of limitation expires on 31st of December of any year, the order under sub-section (3) may be made up to the 1st of November of that year.

This amendment will take effect retrospectively from 1st June, 2007.

*Clause 5* of the Bill seeks to amend section 139 of the Income-tax Act, 1961 relating to return of income.

*Explanation 2* to sub-section (1) of said section provides definition for “due date” to mean the last date for filing the return by different classes of assessee or person for the assessment year, with different conditions applied therein.

It is proposed to substitute the said *Explanation* so as to provide that for the purposes of this sub-section “due date” means in respect of the persons mentioned in column B of the Table below, subject to the conditions as mentioned in column C of the said Table, shall be the due date of assessment year as mentioned in column D thereof:

TABLE

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 5A applies to such spouse).	Where the provisions of section 92E 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 for the time being 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 5A applies to such spouse).	Where the provisions of section 92E 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	Where the provisions of section 92E do not apply.	31st August.

any other law for the time being 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 5A applies to such spouse).

4. Any other assessee.

31st July.

Sub-section (5) of the said section of the said Act deal with the revised return of income. It allows a person who has already furnished a return under sub-sections (1) and (4) of the said section to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return must be furnished at any time before three months prior to the end of relevant assessment year or before completion of assessment, whichever is earlier.

It is further proposed to substitute said sub-section to provide that if any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may, subject to the provisions of section 234-I, furnish a revised return at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.

Sub-section (8A) of the said section provides for updated return of Income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within forty-eight 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.

It is proposed to provide for filing updated return for reducing the loss in specified circumstances. Also, 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, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner.

These amendments will take effect retrospectively from 1st March, 2026.

Clause 6 of the Bill seeks to amend section 140B of the Income-tax Act, 1961 relating to tax on updated return.

Sub-section (3) of the said section provides that additional income-tax amounting to twenty-five per cent., fifty per cent., sixty per cent., seventy per cent. of the aggregate of tax and interest payable, shall be paid along with original tax and interest payable, for filing the

updated return in first, second, third and fourth year, respectively from the end of the relevant assessment year.

It is proposed to insert sub-section (3A) in the said section so as to provide that where an updated return is filed in pursuance of a notice issued under section 148 within the period specified in the said notice, the additional income-tax payable shall be increased by a further sum of ten per cent. of the aggregate of tax and interest payable on account of furnishing the updated return.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 7 of the Bill seeks to amend section 144C of the Income-tax Act, 1961 relating to reference to Dispute Resolution Panel.

Section 144C of the said Act, *inter alia*, provides for the procedure and scheme for making a reference to the Dispute Resolution Panel in respect of certain eligible assessee. Section 153 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

The Dispute Resolution Panel mechanism, as provided under section 144C of the said Act provides for a specific procedure as below:—

- (i) filing of objections before the Dispute Resolution Panel — within thirty days from the date of receipt of the draft assessment order;
- (ii) issuance of directions by the Dispute Resolution Panel — within nine months from the end of the month in which the draft assessment order is forwarded to the eligible assessee; and
- (iii) passing of the final assessment order — notwithstanding anything contained in sections 153 or 153B of the said Act, within one month from the end of the month in which the directions of the Dispute Resolution Panel are received, as mandated under sub-section (13).

In cases where the assessee accepts the draft assessment order and does not file objections before the Dispute Resolution Panel, the Assessing Officer is required, notwithstanding anything contained in sections 153 or 153B of the said Act, as the case may be, to pass the final assessment order within one month from the end of the month in which the period specified for filing objections expires, in terms of sub-section (4) of section 144C of the said Act.

It is proposed to amend section 144C of the said Act so as to clarify the time-limits available to the Assessing Officer to pass the final assessment order upon receipt of direction issued by Dispute Resolution Panel. Therefore it is hereby clarified for the purposes of sub-section (4) that where a draft of the proposed order of assessment under sub-section (1) is

forwarded within the time period allowed under section 153/153B, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed and shall always be deemed to have been governed by the provisions of sub-section (4).

Further, it is also clarified for the purposes of sub-section (13) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153/153B, time period available for the Assessing Officer under sub-section (13) to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed and shall always be deemed to have been governed by the provisions of sub-sections (12) and (13).

It is proposed to insert sub-section (4A), (4B), (13A) and (13B) in section 144C of the said Act so as to clarify the time period available to the Assessing Officer to complete the assessment under sub-section (3) and sub-section (13), as the case may be, of section 144C of the said Act.

These amendments will take effect retrospectively from 1st April, 2009 for sub-section (4A) and (13A) of section 144C of the said Act.

These amendments will take effect retrospectively from 1st October, 2009 for sub-section (4B) and (13B) of section 144C of the said Act.

Clause 8 of the Bill seeks to insert a new section 147A of the Income-tax Act, 1961 relating to Assessing Officer for the purposes of section 148 and 148A.

*Vide* the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, sections 144B and 151A were inserted in the said Act. Section 144B provides for statutory procedure for faceless assessments with effect from the 1st day of April, 2021.

Section 147 of the Income-tax Act, 1961 empowers the Assessing Officer to assess, reassess, or recompute income if any income chargeable to tax has escaped assessment for a particular assessment year. Section 148 of the said Act provides that the Assessing Officer is mandated to issue a notice to the assessee so as to furnish a return of income where income chargeable to tax has escaped assessment.

The Finance Act, 2021 had inserted section 148A into the said Act with effect from 1st day of April, 2021 to introduce a mandatory pre-notice inquiry process and opportunity of hearing before issuance of a notice under section 148. The said section requires the Assessing Officer to conduct an inquiry, if required, with prior approval of the specified authority, provide the assessee with a show cause notice along with information suggesting escapement of income, and grant an opportunity of being heard. After considering the assessee's reply, the Assessing Officer is required to pass a reasoned order under sub-section (3) of section 148A, as the case may be, determining whether it is a fit case for issuance of notice under section 148. The said order under sub-section (3) of section 148A is issued with the prior approval of the specified authority.

It is proposed to insert section 147A after the said section 147 of the Income-tax Act, 1961 so as to remove doubts and to clarify that the Assessing Officer for the purposes of sections 148 and 148A shall mean and shall always be deemed to have meant to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in sub-section (3) of section 144B.

This amendment will take effect retrospectively from 1st April, 2021.

Clause 9 of the Bill seeks to amend section 153 of the Income-tax Act, 1961 relating to the time limit for completion of assessment, reassessment and recomputation.

Section 153 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

It is proposed to amend section 153 of the said Act by inserting sub-section (10) so as to clarify that in terms of provisions of sub-sections (1) to (4) of the said section, the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in the said sub-sections.

This amendment will take effect retrospectively from 1st April, 2009.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Clause 10 of the Bill seeks to amend section 153B of the Income-tax Act, 1961 relating to the time limit for completion of assessment, under section 153A .

Section 153B of the said Act provides for the time limits for completion of assessment and reassessment proceedings related to search initiated under section 132 and requisition made under section 132A and sets the time limit for concluding such proceedings.

It is proposed to amend section 153B of the said Act by inserting sub-section (1A) so as to clarify that in terms of provisions of this section, the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in this section.

This amendment will take effect retrospectively from 1st October, 2009.

Clause 11 of the Bill seeks to amend section 220 of the Income-tax Act, 1961 relating to when tax payable and when assessee deemed in default.

The said section provides the payment and recovery of tax demand, stating that any amount specified in a notice of demand under section 156 must be paid within thirty 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 sub-section (2) of section 220, 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.

In section 274, it is proposed to provide that, penalty for under-reporting of income under leviable under section 270A shall be imposed in the assessment order.

It is proposed to make consequential amendment in sub-section (2) of section 220 for charging of interest under the said sub-section in respect of any demand raised on account of penalty levied under section 270A only after passing of the order by the Commissioner of Income-tax (Appeals) or the Income-tax Appellate Tribunal (for appeal against the order passed in pursuance of directions issued by the Dispute Resolution Panel order), as the case may be.

This amendment will take effect retrospectively from the 1st March, 2026.

Clause 12 of the Bill seeks to insert section 234-I after section 234H of the Income-tax Act, 1961, relating to fee for default in furnishing revised return of income.

It is proposed to levy of fee amounting to five thousand rupees for revising the return after nine months from the end of relevant previous year where the total income is more than five lakh rupees, and a fee of one thousand rupees for revising the return after nine months from the end of relevant previous year where the total income is less than five lakh rupees.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 13 of the Bill seeks to amend section 245MA of the Income-tax Act, 1961 relating to Dispute Resolution Committee.

The said section provides for the constitution of a Dispute Resolution Committee to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The said 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 Dispute Resolution Committee order, promoting voluntary compliance and speedy dispute resolution.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 270A imposed in the assessment order may be waived by the Dispute Resolution Committee.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 14 of the Bill seeks to amend section 270A of the Income-tax Act, 1961 relating to penalty for under reporting and misreporting of income.

It is proposed to insert a new sub-section (11A) in the said section so as to provide that where additional income-tax is paid in accordance with sub-section (3A) of section 140B, the income on which such additional income-tax is paid shall not form the basis of imposition of penalty.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 15 of the Bill seeks to amend section 270AA of the Income-tax Act, 1961 relating to immunity from imposition of penalty, etc.

The said section, *inter alia*, provides the procedure for granting immunity by the Assessing Officer from imposition of penalty or initiation of prosecution, if assessee fulfils certain conditions, specified therein.

Under the said section immunity is granted only in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting.

It is proposed to amend the said section so as to extend such immunity to cases where penalty is initiated for under-reporting of income in consequence of misreporting, on payment of the tax and interest payable as per the order of assessment under sub-section (3) of section 143 or reassessment under section 147, along with additional income-tax amounting to one hundred per cent. of the aggregate of such tax payable.

This amendment will take effect retrospectively from 1st day of March, 2026.

Clause 16 of the Bill seeks to amend section 274 of the Income-tax Act, 1961 relating to procedure.

The said section 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.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 270A shall be imposed in the assessment order made on or after the 1st April, 2027 for assessment year 2026-2027 or any earlier assessment year.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 17 of the Bill seeks to amend section 275A of the Income-tax Act, 1961 (hereinafter referred as the 'Act') relating to contravention of order made under sub-section (3) of section 132.

The said section provides that whoever contravenes any order referred to in the second proviso to sub-section (1) or sub-section (3) of section 132 shall be punishable with rigorous imprisonment which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the nature of punishment from “imprisonment which may extend to two years and shall also be liable to fine” to “simple imprisonment for term which may extend to two years and with fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 18 of the Bill seeks to amend section 275B of the Income-tax Act, 1961 relating to failure to comply with the provisions of clause (iib) of sub-section (1) of section 132.

The said section provides that if a person who is required to afford the authorised officer the necessary facility to inspect the books of account or other documents, as required under clause (iib) of sub-section (1) of section 132, fails to afford such facility to the authorised officer, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” to “simple imprisonment for a term which may extend to six months or with fine or with both”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 19 of the Bill seeks to amend section 276 of the Income-tax Act, 1961 relating to removal, concealment, transfer or delivery of property to thwart tax recovery.

The said section provides that whoever fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, intending thereby to prevent that property or interest therein from being taken in execution of a certificate under the provisions of the Second Schedule shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” to “simple imprisonment for a term which may extend to two years and with fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 20 of the Bill seeks to substitute sections 276B, 276BB, 276C, 276CC, 276CCC and 276D of the Income-tax Act, 1961 relating to failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B, failure to pay the tax collected at source, wilful attempt to evade tax, etc., failure to furnish returns of income, failure to furnish return of income in search cases and failure to produce accounts and documents, respectively with new sections.

The offences under section 276B are proposed to be fully decriminalized, as below:

(i) with simple imprisonment for a term which may extend to 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 which may extend to 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.

Section 276BB provides that if a person fails to pay to the credit of the Central Government, the tax collected by him as required under the provisions of section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

In this regard, it is proposed to amend section 276BB of the Act as below:

(i) with simple imprisonment for a term which may extend to 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 which may extend to 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.

Section 276C(1) provides that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under reports his income, under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,— (i) in a case where the amount sought to be evaded or tax on under-reported income exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine. Further, section 276C(2) states that if a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.

It is proposed to amend section 276C as below:

(a) with simple imprisonment for a term which may extend to 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 which may extend to 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.

Further, punishment of offences under section 276C(2) is proposed to be changed as below:

(a) with simple imprisonment for a term which may extend to 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 which may extend to 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.

Section 276CC provides that if a person wilfully fails to furnish in due time the return of fringe benefits which he is required to furnish under sub-section (1) of section 115WD or by notice given under sub-section (2) of the said section or section 115WH or the return of income which he is required to furnish under sub-section (1) of section 139 or by notice given under clause (i) of sub-section (1) of section 142 or section 148 or section 153A, he shall be punishable,— (i) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine

It is proposed to amend section 276CC of the Act so as to change the punishment as below:

(a) with simple imprisonment for a term which may extend to 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 which may extend to 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.

Section 276CCC provides that if a person wilfully fails to furnish in due time the return of total income which he is required to furnish by notice given under clause (a) of sub-section (1) of section 158BC, he shall be punishable with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

It is proposed to amend section 276CCC so as to change the punishment as below:

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

(b) with simple imprisonment which may extend to 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.

Section 276D provides that if a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice or wilfully fails to comply with a direction issued to him under sub-section (2A) of that section, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.

It is proposed to amend section 276D of the Act so as to change the punishment as below:

(a) in the case where a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice. This offence is proposed to be decriminalised.

(b) in the case where a person wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine. This punishment is proposed to be changed to “simple imprisonment for a term which may extend to six months or with fine”.

These amendments will take effect retrospectively from 1st March, 2026.

Clause 21 of the Bill seeks to amend section 277 of the Income-tax Act, 1961 relating to false statement in verification, etc.

The said section provides that if a person makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,— (i) in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds twenty-five hundred thousand

rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to change the as below:

(a) with simple imprisonment for a term which may extend to 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 which may extend to 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.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 22 of the Bill seeks to amend section 277A of the Income-tax Act, 1961 relating to falsification of books of account or document, etc.

The said section, *inter alia*, provides that if any person wilfully and with intent to enable any other person to evade any tax or interest or penalty chargeable and imposable under this Act, makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person or the second person, under this Act, the first person shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section of the Act so as to change the punishment from “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 which may extend to two years and shall also be liable to fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 23 of the Bill seeks to amend section 278 of the Income-tax Act, 1961 relating to abetment of false return, etc.

The said section, *inter alia*, provides that if a person abets or induces in any manner another person to make and deliver an account or a statement or declaration relating to any income or any fringe benefits chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (1) of section

276C, he shall be punishable,— (i) 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 twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to change the punishment as below:

(i) with simple imprisonment for a term which may extend to 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 which may extend to 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.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 24 of the Bill seeks to amend section 278A of the Income-tax Act, 1961 relating to punishment for second and subsequent offences.

The said section provides that if any person convicted of an offence under section 276B or section 276BB or sub-section (1) of section 276C or section 276CC or section 276DD or section 276E or section 277 or section 278 is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.

It is proposed to amend the said section so as to change the from “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”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 25 of the Bill seeks to amend section 280 of the Income-tax Act, 1961 relating to disclosure of particulars by public servants.

The said section 280(1), *inter alia*, that if a public servant furnishes any information or produces any document in contravention of the provisions of sub-section (2) of section 138, he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from “imprisonment which may extend to six months, and shall also be liable to fine” to “simple imprisonment which may extend to one month, or with fine, or with both”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 26 of the Bill seeks to insert a new section 292BA of the Income-tax Act, 1961 relating to return of income, etc., not to be invalid on certain grounds.

It is proposed to insert a new section 292BA so as to clarify that no assessment under any of the provisions of the said Act 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 the assessment order is referenced by such number in any manner.

This amendment will take effect retrospectively from 1st October, 2019.

*B.— Income-tax under the Income-tax Act, 2025*

WWW.TAXSCAN.IN - Simplifying Tax Laws

Clause 27 of the Bill seeks to amend section 2 of the Income-tax Act, 2025 relating to definitions of the expressions.

Clause (32) of the said section provides for the definition of the expression “co-operative society”.

However, co-operative societies registered under the Multi-State Cooperative Societies Act, 2002, are not explicitly recognised in the definition presently provided in the said clause.

It is proposed to amend the said clause so as to include the co-operative societies registered under the Multi-State Co-operative Societies Act, 2002, within the scope of the definition of the expression “co-operative society”.

Clause (40) of the said section, *inter alia*, provides the definition of the expression “dividend”.

It is further proposed to omit sub-clause (f) of the said section so as to exclude consideration received on buyback of shares from the scope of dividend.

Sub-clause (v) to the first long line of the said clause provides that dividend does not include any advance or loan between two group entities, where,—

(A) one of the group entities is a “Finance company” or a “Finance unit”; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf.

It is also proposed to substitute the said sub-clause, *inter alia*, so as to provide that the other group entity to the transaction is located in a country or territory outside India, the parent entity or the principal entity of such group is listed on stock exchange in a country or territory outside India, and for such purposes the country or territory outside India shall be specified by the Central Government, by notification in the Official Gazette.

It is also proposed to provide definition of the expressions “group entity”, “parent entity” and “principal entity”.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 28 seeks to amend section 7 of the Income-tax Act, 2025 relating to income deemed to be received and dividend deemed to be income in a tax year.

Clause (a) of sub-section (2) of the said section provides for the year of taxability of dividend income by reference to the definition of dividend under section 2(40)(a) to (f). It is proposed to amend clause (a) of the said sub-section so as to omit the reference of clause (f) of section 2(40).

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 29 of the Bill seeks to amend section 21 of the Income-tax Act, 2025 relating to determination of annual value.

Sub-section (5) of the said provides that where a property is held as stock-in-trade and is not let wholly or partly at any time during the tax year, the annual value of such property or part thereof shall be nil for two years from the end of the financial year in which the certificate for completion of construction is obtained from the competent authority.

It is proposed to amend the said sub-section so as to change the annual value of property or part thereof to be treated as nil “for two years” instead of “up to two years”.

This amendment will take effect from 1st April, 2026.

Clause 30 of the Bill seeks to amend section 22 of the Income-tax Act, 2025 relating to deductions from income from house property.

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

It is proposed to amend the said sub-section so as to provide that aggregate amount of deduction for interest on borrowed capital shall be inclusive of prior-period interest payable.

This amendment will take effect from 1st April, 2026.

Clause 31 of the Bill seeks to amend section 29 of the Income-tax Act, 2025 relating to deductions related to employee welfare.

Sub-clause (i) of clause (e) 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.

Sub-clause (ii) of clause (e) of sub-section (1) of the said section provides that “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.

It is proposed to substitute the said clause so as to provide that due date for the purposes of the said section shall be on or before the due date of filing of return of income under section 263(1) for the assessee.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 32 seeks to amend section 58 of the Income-tax Act, 2025 relating to special provision for computing profits and gains of business or profession on presumptive basis in case of certain residents.

It is proposed to amend this section omit the reference of section 144 and consequentially to omit sub-clause (i) of clause (a) of sub-section (11) of the said section.

This amendment will take effect from 1st April, 2026.

Clause 33 of the Bill seeks to amend section 66 of the Income-tax Act, 2025 relating to interpretation of certain expression in Part D of Chapter IV.

It is proposed to provide the definition of commodity derivative therein.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 34 seeks to amend section 69 of the Income-tax Act, 2025 relating to capital gains on purchase by company of its own shares or other specified securities.

It is proposed to substitute sub-section (2) so as to provide that in respect of capital gains referred to in sub-section (1), where the shareholder or holder of other specified securities is a promoter, the aggregate income-tax payable on such capital gains shall be,—

(a) the income-tax payable on such capital gains in accordance with the provisions of the Act; and

(b) an additional income tax in respect of capital gains specified in column B of the Table below, computed at the rate specified in column C or column D of the said Table;

TABLE

Sl. No	Income	Rate, where the promoter is a domestic company	Rate, where the promoter is other than a domestic company
A	B	C	D
1.	Short-term capital gains referred to in section 196 arising from the transfer of such securities.	2%	10%
2.	Long-term capital gains referred to in section 197 or section 198 arising from the transfer of such securities.	9.5%	17.5%

It is further proposed to substitute sub-section (3) so as to provide definitions to certain expressions.

These amendments will take effect from the 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 35 of the Bill seeks to amend section 70 of the Income-tax Act, 2025 relating to transactions not regarded as transfer.

It is proposed to substitute clause (x) of sub-section (1) of the said section so as to provide that the exemption will be applicable only to those Sovereign Gold Bonds issued by the

Reserve Bank of India that are subscribed to by an individual at the time of original issue and are held continuously by such individual until redemption upon maturity, and to provide that this exemption shall apply uniformly to all Sovereign Gold Bonds issued by the Reserve Bank of India.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 36 seeks to amend section 93 of the Income-tax Act, 2025 relating to deductions.

The said section provides for deduction of interest expenditure, subject to a specified limit, while computing dividend income and income from units of mutual funds.

It is proposed to amend sub-section (1) and substitute sub-section (2) of the said section so as to provide that no deduction shall be allowed in respect of any expenditure against dividend income and income from units of mutual funds.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026–2027 and subsequent years.

Clause 37 of the Bill seeks to amend section 99 of the Income-tax Act, 2025 relating to income of individual to include income of spouse, minor, child, etc.

It is proposed to make consequential amendment in the said section regarding cross reference.

This amendment will take effect from 1st April, 2026.

Clause 38 of the Bill seeks to amend section 147 of the Income-tax Act 2025 relating to deductions for income of Offshore Banking Units and Units of International Financial Services Centre.

Sub-section (1) of the said section allows deduction to certain entities specified therein. Sub-section (2) of the said section provides the time period for such deduction.

It is proposed to amend sub-section (2) of the said section so as to extend the tax holiday for twenty consecutive years from ten years and twenty consecutive years out of twenty-five years respectively to entities under clauses (a) and (b) of sub-section (1) of the said section.

It is further proposed to substitute sub-sections (5) so as to provide that the units referred to in sub-section (1) shall be entitled to benefit if such unit is not formed by splitting up, reconstruction, reorganisation or transfer a business.

It is also proposed to insert sub-section (6) to the said section so as to explain the expression “relevant tax year”, and to define the expressions “Unit” and “aircraft and ship”.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 39 of the Bill seeks to amend section 149 of the Income-tax Act, 2025 relating to deduction in respect of income of co-operative societies.

Clause (b) of sub-section (2) of the said section, *inter alia*, provides for deduction of whole of the amount of profits and gains of business in the case of a co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits, or vegetables raised or grown by its members to certain entities.

It is proposed to include cotton seeds and cattle feed also within the ambit of the said clause.

Clause (d) of sub-section (2) of the said section allows for deduction of income by way of dividends received by the co-operative society from any other co-operative society in the old tax regime.

It is further proposed to amend said clause so as to provide that the inter-cooperative societies dividend shall also be allowed as a deduction under the new tax regime under sections 203 and 204 of the Act, for the co-operative societies, to the extent such dividend is distributed by the co-operative society to its members.

It is also proposed to insert a new sub-section (6) to define to certain expressions.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 40 of the Bill seeks to substitute section 150 of the Income-tax Act, 2025 relating to interpretation for purposes of section 149.

The proposed section provides for deduction in respect of federal co-operative.

Sub-section (1) of the proposed section provides that the income by way of dividend by federal co-operative from any company in respect of investments made on or before the 31st January, 2026 is to be allowed as deduction in both the new and the old tax regime.

Sub-section (2) thereof provides that such deduction shall not apply to any tax year beginning on or after the 1st April, 2029.

Sub-section (3) thereof provides for the definition of the expression “federal co-operative”.

This amendment will take effect from 1<sup>st</sup> April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 41 seeks to amend section 162 of the Income-tax Act, 2025 relating to meaning of associate of enterprise.

It is proposed to amend the said section to substitute clause (c) of sub-section (1) to remove the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 42 seeks to amend section 164 of the Income-tax Act, 2025 relating to meaning of specified domestic transaction.

It is proposed to substitute clause (d) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 43 seeks to amend section 165 of the Income-tax Act, 2025 relating to determination of arm's length price.

It is proposed to amend sub-section (7) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 44 of the Bill seeks to amend section 166 of the Income-tax Act, 2025 relating to reference to Transfer Pricing Officer.

The said section provides that where an assessee, has entered into an international transaction or specified domestic transaction in any previous year, and the Assessing Officer has made a reference for computation of the arm's length price in relation to the said international transaction or specified domestic transaction to the Transfer Pricing Officer.

Sub-section (7) of the said section 166 provides that where a reference to Transfer pricing Officer was made under sub-section (1), an order under sub-section (6) has to be made at any time sixty days before the expiry of the period specified in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment.

It is proposed to amend the said sub-section to clarify that where a reference has been made under sub-section (1), an order under sub-section (6) has to be made at any time before one month prior to the month in which the period of limitation referred to in section 286 or 296, for making the order of assessment or reassessment or recomputation or fresh assessment, expires and accordingly, where such period—

- (a) expires on the 31st March of any year, the order under sub-section (6) has to be made on or before the 31st January of that year;

(b) expires on the 31st December of any year, the order under sub-section (6) has to be made on or before the 31st October of that year.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 45 of the Bill seeks to amend section 169 of the Income-tax Act, 2025 relating to effect to advance pricing agreement.

Sub-section (1) of the said section provides that if return for any tax year covered by an advance pricing agreement has been furnished by any person, before the date of entering into the said agreement, he shall, irrespective of anything to the contrary contained in section 263, furnish a modified return, in accordance with and limited to the agreement, in respect of such tax years, within three months from the end of the month in which the agreement was entered into.

It is proposed to substitute the said sub-section so as 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.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 46 of the Bill seeks to amend section 195 of the Income-tax Act, 2025 relating to tax on income referred to in sections 102 to 106.

It is proposed to amend the said section so as to reduce the rate of income-tax calculated on income referred to in sections 102 to 106 from 60% to 30%.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 47 seeks to amend section 202 of the Income-tax Act, 2025 relating to new tax regime for individual Hindu undivided family and others.

It is proposed to omit sub-clause (iii) of clause (a) of sub-section (2) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 48 of the Bill seeks to amend section 203 of the Income-tax Act, 2025 relating to tax on income of certain resident co-operative societies.

The said section provides for the deduction not to be allowed on dividends received by co-operatives.

It is proposed to amend sub-clause (i) of clause (a) of sub-section (1) of the said section so as to provide that the inter-co-operative societies dividend be allowed as a deduction under the new tax regime provided under the said section for co-operative societies, to the extent such dividend is distributed by the cooperative society to its members.

It is further proposed that the income by way of dividend received by federal co-operative referred to in section 150 from any company in respect of investments made before the 31st January, 2026 be allowed as deduction in the new tax regime. This deduction is proposed to be limited to the amount of dividend distributed by the federal cooperative to its members and which is received on or before 31st March, 2029.

It is also proposed to insert a new sub-section (7) so as to provide that in case of an assessee, being a co-operative societies, which has exercised option under sub-section (5) the requirements contained in sub-section (1) shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

WWW.TAXSCAN.IN - Simplifying Tax Laws

Clause 49 of the Bill seeks to amend section 204 of the Income-tax Act, 2025 relating to tax on income of certain new manufacturing co-operative societies.

The said section provides for the deduction not to be allowed on dividends received by co-operatives.

It is proposed to amend sub-section (i) of clause (a) of sub-section (1) of the said section to provide that the inter-co-operative societies dividend be allowed as a deduction under the new tax regime provided under section 204 for the cooperative societies, to the extent such dividend is distributed by the cooperative society to its members.

It is further proposed that the income by way of dividend received by federal cooperatives from any company in respect of investments made before 31st January, 2026 be allowed as deduction in the new tax regime. This deduction is proposed to be limited to the amount of dividend distributed by the federal cooperative to its members and which is received on or before 31st March, 2029.

It is also proposed to insert a new sub-section (5) so as to provide that in case of an assessee, being a co-operative societies, which has exercised option under sub-section (2), the requirements contained in sub-section (3), shall be modified to the extent that the deduction under section 149(2)(d)(ii) shall be available to such assessee as does not exceed

the amount of dividend distributed by it to its members at least one month before the due date for filing the return of income under section 263(1).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 50 of the Bill seeks to amend section 206 of the Income-tax Act relating to special provision for minimum alternate tax and alternate minimum tax.

The said section, *inter alia*, provides for minimum alternate tax applicable only for companies. This tax is charged on the book profit of the assessee and not the taxable income computed under the provisions of the Act. The rate of minimum alternate tax is 15% for corporates other than units located in an International Financial Services Centre. In case the minimum alternate tax is higher than the income-tax payable on the company's total income computed under normal tax provisions, the assessee pays minimum alternate tax and is allowed credit on the difference.

If a company pays minimum alternate tax when it is higher than regular tax, the excess amount paid is allowed as a tax credit which can be carried forward up to fifteen years and can be set off in future years where the company's regular tax liability exceeds the minimum alternate tax liability.

It is proposed that minimum alternate tax is to be made a final tax in the old regime and shall be liable to a tax rate of 14% instead of the existing 15%. Further, set-off of minimum alternate tax credit is to be allowed only in the new tax regime for domestic companies. However, the amount of set off shall be restricted to 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 normal tax is more than minimum alternate tax.

Clause (1) of sub-section (1) of the said section provides for the provisions pertaining to minimum alternate tax shall not apply to any assessee, being a foreign company, where the total income of the assessee comprises solely of profits and gains from business referred to in section 61(2) (Table: Sl. Nos. 1, 3, 4 and 5), and such income has been offered to tax at the rates specified in the respective sections. However, certain other specified businesses of non-residents who have also opted for presumptive taxation under section 61 have not been so excluded.

It is further proposed to amend the said clause to substitute sub-clause (iii) so as to provide that the specified businesses shall also be excluded from the applicability of minimum alternate tax.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 51 of the Bill seeks to substitute sections 217 and 218 of the Income-tax Act, 2025 relating to benefit under Chapter to be available in certain cases even after assessee becomes resident and Chapter not to apply if the assessee so chooses, respectively, with new sections.

The proposed section 217 provides for application of benefits under sections 212 to 216.

It is proposed to substitute the said sections so as to give effect to the proposal related to taxation of income of Offshore Banking Units and Units of International Financial Services Centre in non-holiday period.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 52 seeks to amend section 227 of the Income-tax Act, 2025 relating to computation of tonnage income.

Sub-section (4) of the said section provides that the tonnage shall mean the tonnage of a ship or inland vessel, as the case may be, indicated in the certificate referred to in sub-section (9) of the said section.

It is proposed to amend clause (a) of sub-section (4) of the said section so as to substitute the word “certificate” with the words “valid certificate”.

Sub-clause (iii) of clause (b) of sub-section (9) of the said section provides that in case of inland vessel registered in India, a valid certificate shall mean a certificate issued under the Inland Vessels Act, 2021.

It is proposed to amend the said sub-clause so as to substitute the word “certificate” with the words “certificate of registration”.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation the tax year 2026-2027 and subsequent years.

Clause 53 seeks to amend section 228 of the Income-tax Act, 2025 relating to relevant shipping income and exclusion from book profit.

Item (A) of sub-clause (ii) of clause (b) of sub-section (3) of the said section provides that on-board or on-shore activities of passenger ships would be included in the core activities of a tonnage company.

It is proposed to amend the said item so as to bring inland vessels also under its ambit.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 54 seeks to amend section 232 of the Income-tax Act, 2025 relating to certain conditions for applicability of tonnage tax scheme.

Sub-section (12) of the said section provides that a tonnage tax company shall comply with the minimum training requirement in respect of trainee officers as per the guidelines issued by the Director-General of Shipping and notified by the Central Government.

It is proposed to amend the said sub-section so as to insert reference to Inland Waterways Authority of India, in case of inland vessels.

Sub-section (13) of the said section provides that a tonnage tax company is required to furnish a copy of the certificate issued by the Director-General of Shipping to the effect that such company has complied with the minimum training requirement as per the relevant guidelines along with the return of income under section 263.

It is further proposed to amend the said sub-section so as to insert reference to designated authority as appointed by the respective State Governments under the Inland Vessels Act, 2021.

Sub-section (17) of the said section provides that the average of net tonnage shall be computed in the manner prescribed, in consultation with the Director-General of Shipping.

It is also proposed to amend the said sub-section so as to insert reference to the Inland Waterways Authority of India.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 55 seeks to amend section 235 of the Income-tax Act, 2025 relating to interpretation for certain expressions in Part G of Chapter XIII.

It is proposed to amend the said section to insert new sub-clause (fa) so as to provide that “Inland Waterways Authority of India” shall have the same meaning as assigned to it in section 3 of the Inland Waterways Authority of India Act, 1985.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 56 of the Bill seeks to amend section 262 of the Income-tax Act, 2025 relating to Permanent Account Number.

The said section provides that the Board may make rules to provide for categories of documents pertaining to business or profession in which Permanent Account Number shall be quoted by every person;

It is proposed to amend clause (c) of sub-section (10) of the said section so as to enable the Central Board of Direct Taxes to make rules for quoting of Permanent Account Number in documents in such transactions which do not relate to business or profession.

This amendment will take effect from 1st April, 2026.

Clause 57 of the Bill seeks to amend section 263 of the Income-tax Act, 2025 relating to return of income.

Clause (c) of sub-section (1) of said section defines the expression “due date” as the date of the financial year succeeding the relevant tax year for filing the return of income by different classes of assessee or person with different conditions applied therein.

It is proposed to substitute said clause (c) for the purposes of this section “due date” in respect of the persons mentioned column B of the Table below, subject to the conditions mentioned in column C of the said Table, shall be the due date of the financial year succeeding the relevant tax year as mentioned in column D thereof:

TABLE

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 of 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 of 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; Where the provisions of section 172 do not apply. 31st August.
- (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).
4. Any other assessee. 31st July.

Sub-section (5) of the said section deals with 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.

WWW.TAXSCAN.IN - Simplifying Tax Laws

It is further proposed to amend the said section 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.

The said section provides for comprehensive framework that lays down the 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.

Sub-section (6) of the said section provides for the updated return of income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within forty-eight months from the end of the financial year succeeding the relevant tax year. This provision promotes voluntary compliance on the part of taxpayer to offer the income for taxation.

Sub-clause (v) of clause (c) of the said sub-section prohibits 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.

It is proposed to amend the said sub-section so that an updated return may be furnished by a person for the relevant tax year in pursuance of a notice issued under section

280 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing of return in pursuance of the said notice in any other manner.

It is also proposed to provide the filing of updated return for reducing the loss in specified circumstances.

It is also proposed to amend clause (e) of sub-section (6) of the said section so as to give the reference of “206(3) and (4)” instead of “206(1)(m) to (p)”.

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

Clause 58 of the Bill seeks to amend section 266 of the Income-tax Act, 2025 relating to self-assessment.

It is proposed to make consequential amendments in order to bring the changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of 206(1) (m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 59 of the Bill seeks to amend section 267 of the Income-tax Act, 2025 relating to tax on updated return.

WWW.TAXSCAN.IN - Simplifying Tax Laws

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

Sub-section (5) of the said section provides that additional income-tax amounting to 25%, 50%, 60% and 70% of the aggregate of tax and interest payable, shall be paid along with 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.

It is proposed to amend the said sub-section 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.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 60 seeks to amend section 270 of the Income-tax Act, 2025 relating to assessment.

It is proposed to amend sub-clause (vi) of clause (a) of sub-section (1) of the said section to omit the reference of section 144.

This amendment will take effect from 1st April, 2026.

Clause 61 of the Bill seeks to amend section 275 of the Income-tax Act, 2025 relating to reference to Dispute Resolution Panel.

The said section, *inter alia*, provides for the procedure and scheme for making a reference to the Dispute Resolution Panel in respect of certain eligible assessee. Further, section 286 of the said Act provides for the time limits for completion of assessment, reassessment and recomputation proceedings and sets the time limit for concluding such proceedings.

The Dispute Resolution Panel mechanism, as provided under section 275 of the said Act provides for a specific procedure as below:—

(i) filing of objections before the Dispute Resolution Panel — within thirty days from the date of receipt of the draft assessment order;

(ii) issuance of directions by the Dispute Resolution Panel — within nine months from the end of the month in which the draft assessment order is forwarded to the eligible assessee; and

(iii) passing of the final assessment order — irrespective of anything contained in section 286 of the said Act, within one month from the end of the month in which the directions of the Dispute Resolution Panel are received, as mandated under section 275(14) of the said Act.

In cases where the assessee accepts the draft assessment order and does not file objections before the Dispute Resolution Panel, the Assessing Officer is required, notwithstanding anything contained in sections 286 of the said Act, as the case may be, to pass the final assessment order within one month from the end of the month in which the period specified for filing objections expires, in terms of section 275(4) of the said Act.

It is proposed to amend sub-sections (4) and (14) of section 275 of the said Act so as to clarify that the period available to the Assessing Officer under the section shall be in addition to the period available to him under section 286 of the said Act.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 62 of the Bill seeks to amend section 279 of the Income-tax Act, 2025 relating to income escaping assessment.

*Vide* the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, section 144B and 151A have been inserted in the Income-tax Act, 1961. Further, section 144B of the Act prescribes a statutory procedure for faceless assessments with effect from 1st April, 2021.

Section 147 of the Income-tax Act, 1961 empowers the Assessing Officer to assess, reassess, or recompute income if any income chargeable to tax has escaped assessment for a particular assessment year. Further, section 148 of the Act, Assessing Officer is mandated to issue a notice to the assessee so as to furnish a return of income where income chargeable to tax has escaped assessment.

The Finance Act, 2021 had inserted section 148A in the Income-tax Act, 1961 with effect from 1st April 2021 to introduce a mandatory pre-notice inquiry process and opportunity of hearing before issuance of a notice under section 148. The provision requires the Assessing Officer to conduct an inquiry, if required, with prior approval of the specified authority, provide the assessee with a show cause notice along with information suggesting escapement of income, and grant an opportunity of being heard. After considering the assessee's reply, the Assessing Officer is required to pass a reasoned order under sub-section (3) of section 148A, as the case maybe, determining whether it is a fit case for issuance of notice under section 148. The said order under sub-section (3) of section 148A is issued with the prior approval of the specified authority.

It is proposed to amend section 279 of the Income-tax Act, 2025 so as to align it with proposed insertion of section 147A of the Income-tax Act, 1961 to provide that the "Assessing Officer" for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).

WWW.TAXSCAN.IN - Simplifying Tax Laws

This amendment will take effect from 1st April, 2026.

Clause 63 of the Bill seeks to amend section 286 of the Income-tax Act, 2025 relating to the time limit for completion of assessment, reassessment and recomputation.

Section 286 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the outer time limit for concluding such proceedings.

It is proposed to amend sub-section (2) of the said section so as to clarify that in terms of provisions of section 286(1) [Table: Sl No. 1 to 4] and sub-section (2), the draft of the proposed order of assessment referred to in section 275 shall be made at any time up to the time limit of assessment, reassessment or recomputation referred in the said table and the said sub-section.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 64 of the Bill seeks to amend section 295 of the Income-tax Act, 2025 relating to undisclosed income of any other person.

The said section provides for taxing undisclosed income where the Assessing officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person in whose case search is not initiated or requisition is not made.

It is proposed to amend sub-section (2) of the said section so as to limit the period of block assessment in case of third party where incriminating material has bearing on the undisclosed income of only a single tax year immediately preceding the tax year in which search is initiated or requisition is made.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 65 of the Bill seeks to amend section 296 of the Income-tax Act, 2025 relating to time-limit for completion of block assessment.

Section 296 of the Act, 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 twelve months from the end of the quarter in which the last search authorization was executed or requisition was made. While, the time-limit for completion of block assessment of any other person shall be twelve months from the end of the quarter in which the notice under section 294 in pursuance of section 295, was issued to such other person.

It is proposed to amend the said section so as to take the date of initiation of search as the reference point to decide the date of limitation for block assessment and consequently, the period of twelve months is proposed to be to eighteen months from the end of the quarter in which search was initiated or requisition was made.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 66 of the Bill seeks to amend section 332 of the Income-tax Act, 2025 relating to application for registration.

It is proposed to amend clause (f) of sub-section (1) of the said section to give reference of “Schedule VII [Table : S. Nos. 17 to 19]”.

This amendment will take effect from 1st April, 2026.

Clause 67 of the Bill seeks to amend section 349 of the Income-tax Act, 2025 relating to return of income under Chapter XVII.

It is proposed to amend the said section so as to provide the reference of section 263(4) therein.

This amendment will take effect from 1st April, 2026.

Clause 68 of the Bill seeks to amend section 351 of the Income-tax Act, 2025 relating to specified violation.

It is proposed to amend clause (b) of sub-section (1) of the said section so as to omit the reference of section 346 and further to make consequential amendment thereto.

This amendment will take effect from 1st April, 2026.

Clause 69 of the Bill seeks to amend section 352 of the Income-tax Act relating to tax on accreted income.

It is proposed to substitute serial number 8 and entries relating thereto of the Table in sub-section (4) of the said section so as to provide that the specified person shall be liable to pay tax on accreted income, where it has merged with, any other \_\_

- (a) entity other than a registered non-profit organisation; or
- (b) registered non-profit organisation having objects same or similar to it but the said merger does not fulfil such conditions, as may be prescribed; or
- (c) registered non-profit organisation that does not have same or similar objects.

This amendment will take effect from 1st April, 2026.

Clause 70 of the Bill seeks to insert a new section 354A in the Income-tax Act, 2025 relating to merger of registered non-profit organisations in certain cases.

It is proposed to insert a new section 354A so as to provide that where any registered non-profit organisation has merged with any other registered non-profit organisation, the provisions of section 352 shall not apply if, —

- (a) the other registered nonprofit organisation has same or similar objects; and
- (b) the said merger fulfils such conditions as may be provided by rules.

This amendment will take effect from 1st April, 2026.

Clause 71 of the Bill seeks to amend section 379 of the Income-tax Act, 2025 relating to Dispute Resolution Committee.

The said section provides for the constitution of Dispute Resolution Committee to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The said Committee is empowered to reduce or waive penalties and grant immunity from prosecution, subject to certain conditions, with the objective of reducing litigation. The

section lays down eligibility, procedure, and binding nature of the Dispute Resolution Committee order, promoting voluntary compliance and speedy dispute resolution.

It is proposed to consequentially amend sub-section (2) of section 379 to give reference of the amendment proposed in section 471 to provide that penalty for under-reporting of income leviable under section 439 imposed in the assessment order may be waived by the Dispute Resolution Committee.

This amendment will take effect from 1st April, 2026.

Clause 72 seeks to amend section 393 of the Income-tax Act, 2025 relating to tax to be deducted at source.

It is proposed to make consequential amendment in sub-section (1) of the said section regarding cross reference.

Sub-section (4) [Table: Sl. No. 7] of the said section provides for condition where tax is not required to be deducted at source in respect of interest on income other than interest on securities referred to in sub-section (1) [Table Sl. No. 5(ii) and 5(iii)] of the said section.

It is further proposed to amend clause (a)(i) of sub-section (4) [Table: Sl. No. 7. C] so as to provide that interest income paid or credited to any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank) shall be exempt from applicability of deduction of tax at source.

It is also proposed to amend clause (b)(c)(iv) thereof so as to provide for non-applicability of tax to be deducted at source on the payment or credit of interest on the compensation amount awarded by a Motor Accidents Claims Tribunal, in case of deductee being an individual. For persons other than individuals, the earlier threshold of ₹50000 in the said clause shall continue.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

It is also proposed to insert a new sub-section (6A) in the said section so as to allow depository to accept declaration from the assessee as per the provisions of section 393(6) of the said Act and provide it to the person responsible for paying income of the nature referred to in 393(1) [Table: Sl. Nos. 4(i), 5(i) and 7] within a fixed timeline. However, this additional option shall be available only to those investors who have held the securities in the depository as defined in section 2(e) of the Depositories Act, 1996 and where the securities are listed in a registered stock exchange in India.

It is also proposed to make consequential amendments in sub-section (7) of the said section.

These amendments will take effect from 1st April, 2027 and will, accordingly, apply in relation to the tax year 2027-2028 and subsequent years.

Clause 73 of the Bill seeks to amend section 394 of the Income-tax Act, 2025 relating to collection of tax at source.

Sub-section (1) of the said section, *inter alia*, provides that every person shall collect tax at source at the time of debiting of the amount payable or at the time of receipt of such amount from the buyer or licensee or lessee, as the case may be, whichever is earlier, on the receipts specified in that said sub-section.

It is proposed to amend the said sub-section so as to rationalise the rates of tax collected at source for the purpose of sale of—

- (i) alcoholic liquor for human consumption;
- (ii) tendu leaves;
- (iii) scrap; and
- (iv) minerals being coal or lignite or iron ore,

tax will be required to be collected at source at the rate of 2%.

It is further proposed to amend the said sub-section so as to require that for remittances made under the Reserve Bank of India's Liberalised Remittance Scheme for the purposes of education or medical treatment, tax will be collected at source at the rate of 2% instead of the existing rate of 5%.

It is also proposed to amend the said sub-section so as to remove the threshold of 10 lakhs on sale of overseas tour program package for applicability of tax collected at source at higher rate of 20% and to require that on sale of overseas tour program package, tax be collected at source at the rate of 2% irrespective of the amount.

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

Clause 74 seeks to amend section 395 of the Income-tax Act, 2025 relating to certificates.

Sub-section (1) of the said section provides for issuance of certificate for tax deduction at source at Nil or lower rates.

It is proposed to insert a new sub-section (6) in the said section so as to provide that the application referred to in sub-section (1) of the said section may also be filed before the prescribed income-tax authority, subject to such conditions as may be provided by rules, and such authority on electronic verification of the contents of the application, may either issue a certificate for lower or no deduction or, as the case may be, reject such application for non-fulfillment of the prescribed conditions or on account of the application being incomplete.

This amendment will take effect from 1st April, 2026.

Clause 75 of the Bill seeks to amend section 397 of the Income-tax Act, 2025 relating to compliance and reporting.

Clause (a) of sub-section (1) of the said section requires that every person, deducting or collecting tax shall apply to the Assessing Officer for the allotment of a “tax deduction and collection account number”.

Clause (c) of sub-section (1) of the said section provides that the provisions of clause (c) shall not apply in certain cases specified therein.

It is proposed to substitute clause (c) of the said sub-section so as to provide that the provisions of clause (a) shall not apply to—

(i) a person in respect of transaction where he is required to deduct tax under section 393(1) [Table: Sl. Nos. 2(i), 3(i) or 6(ii)]; or

(ii) a person referred to in section 393(4) [Table : Sl. No. 12.C(a)] in respect of transaction where he is required to deduct tax on consideration for transfer of a virtual digital asset under section 393(1) [Table : Sl. No. 8(vi)]; or

(iii) a resident individual or Hindu undivided family in respect of transaction where he is required to deduct tax on any consideration for the transfer of any immovable property under the provisions of section 393(2) [Table : Sl. No. 11]; or

(iv) a person notified in this regard by the Central Government.

This amendment will take effect from 1st October, 2026.

Clause 76 of the Bill seeks to amend section 399 of the Income-tax Act, 2025 relating to processing.

It is proposed to amend the said section so as to provide the reference of section 427 (1) and (2).

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 77 of the Bill seeks to amend section 400 of the Income-tax Act 2025 relating to power of Central Government to relax provisions of Chapter XIX.

Sub-section (2) of the said section provides that the Board may, with the previous approval of the Central Government, issue guidelines to remove any difficulty arising in giving effect to the provisions of the said Chapter and such guidelines shall be laid before each House of Parliament.

It is proposed to amend the said sub-section so as to provide that the guidelines issued shall be binding on the income-tax authorities and on the person liable to deduct or collect income-tax.

This amendment will take effect from 1st April, 2026.

Clause 78 of the Bill seeks to amend section 402 of the Income-tax Act, 2025 relating to interpretation for the purposes of Chapter XIX-B.

Clause (27) of the said section provides for the definition of the expression “person responsible for paying”.

Sub-clause (c) of the said clause provides that in case of payment of any sum to a non-resident where such sum represents consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, the authorised person responsible for remitting such sum to the non-resident Indian or for crediting such sum to his Non-resident (External) Account.

It is proposed to amend the said sub-clause to clarify that the term “authorised person” referred to therein shall have the same meaning as assigned to it in clause (c) of section 2 of the Foreign Exchange Management Act, 1999.

Clause (47) of the said section defines the expression “work”.

It is further proposed to amend the said clause so as to include supply of manpower under the ambit of “work” for the applicability of tax deducted at source as per of section 393(1) [Table: Sl. Nos. 6(i) or 6(ii)].

This amendment will take effect from 1st April, 2026.

Clause 79 of the Bill seeks to amend section 411 of the Income-tax Act, 2025 relating to when tax payable and when assessee deemed in default.

The said section provides that the payment and recovery of tax demand, stating that any amount specified in a notice of demand under section 289 must be paid within thirty 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 sub-section (3) of section 289, 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.

It is proposed to consequentially amend the sub-section (3) of the said section so as to provide for charging of interest under the said sub-section in respect of any demand raised on account of penalty levied under section 439 only after passing of the order by the Commissioner of Income tax Appellate Tribunal (for appeal against order passed in pursuance of directions issued by the Dispute Resolution Panel), as the case may be.

This amendment will take effect from 1st April, 2026.

Clause 80 of the Bill seeks to amend section 423 of the Income-tax Act 2025 relating to interest for defaults in furnishing return of income.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 81 of the Bill seeks to amend section 424 of the Income-tax Act 2025 relating to interest for defaults in payment of advance tax.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 82 of the Bill seeks to amend section 425 of the Income-tax Act 2025 relating to interest for deferment of advance tax.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 83 of the Bill seeks to substitute sections 427 and 428 of the Income-tax Act relating to fee for default in furnishing statements and fee for default in furnishing return of income.

The proposed section 427 provides for fee for default in furnishing statements.

Sub-section (1) of the proposed section 427 provides that without prejudice to the provisions of this Act, where any person fails to deliver or cause to be delivered a statement as per section 397(3)(b) within the time as may be provided by rules therein, he shall be liable to pay by way of fee, a sum of ₹200 for every day for which such failure continues.

Sub-section (2) of the proposed section 427 provides that the amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible and be paid before delivering or causing to be delivered the statement, as per sub-section (1).

Sub-section (3) of the proposed section 427 provides that without prejudice to the provisions of this Act, if any person who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement within the time as may be provided by rules under section 508(2), he shall be liable to pay by way of fee, a sum of ₹ 200 for every day for which such failure continues and such fee shall not exceed a sum of ₹ 100000.

The proposed section 428 provides for fee for default in furnishing return of income, audited accounts and reports.

Clause (a) of the proposed section 428 provides that where any person required to furnish a return of income under section 263, fails to do so within the due date as specified in sub-section (1) of said section, he shall be liable to pay by way of fee, a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000 and a sum of ₹ 5000, in any other case.

Clause (b) of the proposed section 428 provides that where any person furnishes a return of income under section 263(5) beyond nine months from the end of relevant tax year, he shall be liable to pay by way of fee, a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000 and a sum of ₹ 5000, in any other case.

Clause (c) of the proposed section 428 provides that where any person fails to get his accounts audited for any tax year or years and furnish the report of such audit as required under section 63, he shall be liable to pay by way of fee, a sum of ₹ 75000 for a delay up to one month for which such failure continues and a sum of ₹ 150000 thereafter.

Clause (d) of the proposed section 428 provides that where any person fails to furnish a report from an accountant as required by section 172, he shall be liable to pay by way of fee, a sum of ₹ 50000 for a delay up to one month for which such failure continues and a sum of ₹ 100000 thereafter.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 84 of the Bill seeks to amend section 439 of the Income-tax Act, 2025 relating to penalty for under-reporting and misreporting of income.

Sub-section (11) of the said section provides the categories of cases of misreporting of income referred to in sub-section (10).

It is proposed to amend the said sub-section (11) so as to include the income referred to in section 195(1)(b) within the ambit of income referred to in sub-section (10).

It is further proposed to insert a new sub-section (13A) so as to provide that where additional income-tax is paid in accordance with section 267(5)(ii), the income on which such additional income-tax is paid shall not form the basis of imposition of penalty.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 85 of the Bill seeks to amend section 440 of the Income-tax Act, 2025 relating to immunity from imposition of penalty, etc.

The said section, *inter alia*, provides the procedure for granting immunity by the Assessing Officer from imposition of penalty or initiation of prosecution, if assessee fulfils certain conditions specified therein.

Under the said section immunity is granted only in the cases of under-reporting of income and not in the case of misreporting of income.

It is proposed to amend the said section by substituting sub-sections (1) to (4) thereof so as to extend such immunity—

(i) for misreporting of income [under section 439 (11) (a) to (f)], on payment of the tax and interest payable as per the order of assessment or reassessment under section 270(10) or section 279, along with additional income-tax amounting to 100% of the amount of tax payable on under-reported income, in lieu of penalty and no appeal has been filed;

(ii) for income referred to in sections 102 to 106 [under section 439 (11) (g)], on payment of the tax and interest payable as per the order of assessment or reassessment under section 270(10) or section 279, along with additional income-tax amounting to 120% of the amount of tax payable on under-reported income, in lieu of penalty and no appeal has been filed.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 86 of the Bill seeks to omit section 443 of the Income-tax Act, 2025 relating to penalty in respect of certain income.

It is proposed to omit the said as a consequential amendment made in section 439 of the said Act.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 87 of the Bill seeks to substitute section 446 of the Income-tax Act, 2025 relating to failure to get accounts audited.

The proposed new section provides for penalty for failure to furnish information or for furnishing inaccurate information on transaction of crypto-asset.

Sub-section (1) of the proposed section seeks to provide that if any person who is required to furnish a statement in respect of transaction of crypto-asset under section 509(1), fails to furnish such statement within the time as provided by rules under the said section, the income-tax authority as may be provided by rules under that section may impose on him, a penalty of ₹ 200 for every day during which such failure continues.

Sub-section (2) of the proposed new section seeks to provide that the said income-tax authority may impose a penalty of ₹ 50000 on a person required to furnish a statement under sub-section (1) of the section 509, if such person provides inaccurate information in the statement and fails to remove such inaccuracy as per section 509(4) or fails to comply with due diligence the requirement under section 509(5).

This amendment will take effect from 1st April, 2026.

Clause 88 of the Bill seeks to omit section 447 of the Income-tax Act relating to penalty for failure to furnish report under section 172.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 89 of the Bill seeks to substitute section for 454 of the Income-tax Act, 2025 relating to penalty for failure to furnish statement or reportable account.

The proposed section provides Penalty for failure to furnish statement of financial transaction or reportable account after notice.

The said section provides that where any person, who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement or reportable account within the period specified in the notice issued under section 508(7), the income-tax authority prescribed under section 508(1) may impose on him, a penalty of ₹ 1000 for every day for which such failure continues, beginning from the day immediately after the time specified in such notice for furnishing such statement or reportable account expires and such penalty shall not exceed ₹ 100000.

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 90 of the Bill seeks to amend section 466 of the Income-tax Act, 2025 relating to penalty for failure to comply with the provisions of section 254.

Section 254 of the said Act 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 authorised.

Further, the provisions of section 466 of the said Act provide for penalty on such persons who fail to comply with the provisions of section 254, that is power to collect information, and does not furnish the requisite information to the authorised income-tax authorities. The said section further empowers to the Joint Commissioner, Deputy Director or Assistant Director or the Assessing officer to impose maximum penalty amounting to ₹1000.

It is proposed to amend the said section so as to enhance the maximum amount of penalty from existing ₹ 1000 to ₹ 25000.

This amendment will take effect from 1st April, 2026.

Clause 91 of the Bill seeks to amend section 470 of the Income-tax Act, 2025 relating to penalty not to be imposed in certain cases.

It is proposed to omit the reference of section 447.

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 92 of the Bill seeks to amend section 471 of the Income-tax Act, 2025 relating to procedure for imposition of penalty.

The said section provides 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.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 439 shall be imposed in the assessment order made on or after 1st April, 2027.

This amendment will take effect from 1st April, 2026.

Clause 93 of the Bill seeks to amend section 473 of the Income-tax Act, 2025 relating to contravention of order made under section 247.

The said section, *inter alia*, provides that whoever contravenes any order referred to in section 247(4) shall be punishable with rigorous imprisonment which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” with “simple imprisonment up to two years and fine”.

This amendment will take effect from 1st April, 2026.

Clause 94 of the Bill seeks to amend section 474 of the Income-tax Act, 2025 relating to failure to pay tax collected at source.

The said section, *inter alia*, provides that if a person, who is required to afford the authorised officer with the necessary facility to inspect the books of account or other documents, under section 247(1)(ii), fails to do so, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute the “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” with “simple imprisonment up to six months or with fine or with both”.

This amendment will take effect from 1st April, 2026.

Clause 95 of the Bill seeks to amend section 475 of the Income-tax Act, 2025 relating to removal, concealment, transfer or delivery of property to prevent tax recovery.

The said section, *inter alia*, provides that whoever, fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, with the intent to prevent such property or interest therein from being taken in execution of a certificate drawn under section 413, shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” with “simple imprisonment up to two years and fine”.

This amendment will take effect from 1st April, 2026.

Clause 96 of the Bill seeks to amend section 476 of the Income-tax Act, 2025 relating to failure to pay tax to credit of Central Government under Chapter XIX-B.

The said section, *inter alia*, provides that if a person fails to pay the tax deducted at source into the account of Central Government or fails to pay tax or ensure payment of tax to the credit of Central Government in certain cases under the provision of section 393 of the Act.

It is proposed to amend sub-section (1) of said section so as to provide that 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) excluding such winnings and such consideration which are wholly in kind and shall be punishable —

(i) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 97 of the Bill seeks to amend section 477 of the Income-tax Act, 2025 relating to failure to pay tax collected at source.

The said section, *inter alia*, that if a person fails to pay the tax collected by him to the credit of the Central Government, as required under section 397(3)(a), he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and with fine.

It is proposed to amend sub-section (1) of the said section so as to provide that if a person fails to pay the tax collected by him to the credit of the central government as required under section 397(3)(a), he shall be punishable—

(a) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 98 of the Bill seeks to substitute section 478 of the Income-tax Act, 2025 relating to wilful attempt to evade tax, etc.

Sub-section (1) of the said section, *inter alia*, provides that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act in a case, where the amount sought to be evaded or tax on under-reported income exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and

with fine and in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

Sub-section (2) of the said section, *inter alia*, provides that if a person wilfully attempts in any manner to evade the payment of any tax, penalty or interest under this Act, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.

It is proposed to amend the said sub-section (1) of the said section so as to provide that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable—

(a) with simple imprisonment for a term up to 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 up to 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.

It is proposed to substitute sub-section (2) of the said section so as to provide that if a person wilfully attempts in any manner to evade payment of tax of penalty under this Act shall be punishable—

(a) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 99 of the Bill seeks to amend section 479 of the Income-tax Act, 2025 relating to failure to furnish returns of income.

The said section, *inter alia*, provides that if a person wilfully fails to furnish in due time the return of income, which is required to be furnished under section 263(1), or by notice given under sections 268(1) or 280, he shall be punishable,— (a) in a case, where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six

months but which may extend to seven years, and with fine; (b) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to provide that—

(a) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 100 of the Bill seeks to substitute sections 480 and 481 of the Income-tax Act, 2025 relating to failure to furnish return of income in search cases and failure to produce accounts and documents, respectively, with new sections.

It is proposed to substitute the said section 480 so as to decriminalize the offenses thereunder to provide that if a person wilfully fails to furnish in due time the return of income, setting forth his undisclosed income for the block period, which is required to be furnished by notice given under section 294(1) (a), he shall be punishable—

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

(b) with simple imprisonment up to 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.

It is proposed to substitute the section 481 of the said so as to provide that –

(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 up to six months, or with fine, or with both.

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

Clause 101 of the Bill seeks to amend section 482 of the Income-tax Act, 2025 relating to false statement in verification, etc.

The said section, *inter alia*, provides that if a person makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,— (a) in a case, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine; (b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

It is proposed to amend said section so as to change the punishment thereunder as below:

(a) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 102 of the Bill seeks to amend section 483 of the Income-tax Act, 2025 relating to falsification of books of account or document, etc.

Sub-section (1) of the said section, *inter alia*, provides that if any person (herein referred to as the first person) wilfully and with intent to enable any other person (herein referred to as the second person) to evade any tax or interest or penalty chargeable and imposable under this Act, makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person or the second person, under this Act, the first person shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said sub-section to substitute “rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine” with “simple imprisonment for a term up to two years and shall also be liable to fine”.

This amendment will take effect from 1st April, 2026.

Clause 103 of the Bill seeks to amend section 484 of the Income-tax Act, 2025 relating to abetment of false return, etc.

The said section, *inter alia*, provides that if a person abets or induces in any manner another person— (a) to make and deliver an account or a statement or declaration relating to any income chargeable to tax which is false and which he either knows to be false or does not believe to be true; or (b) to commit an offence under section 478(1), he shall be punishable,— (i) 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 twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

It is proposed to amend the said section to change the punishment thereunder in the manner given below:

(i) with simple imprisonment for a term up to 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 up to 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.

This amendment will take effect from 1st April, 2026.

Clause 104 of the Bill seeks to amend section 485 of the Income-tax Act, 2025 relating to punishment for second and subsequent offences.

The said section, *inter alia*, provides that if any person convicted of an offence under sections 476, 477, 478(1), 479, 480, 482 or 484 is again convicted of an offence under any of the said sections, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine.

It is proposed to amend said section to substitute “rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine” with “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”.

This amendment will take effect from 1st April, 2026.

Clause 105 of the Bill seeks to amend section 494 of the Income-tax Act, 2025 relating to disclosure of particulars by public servants.

Sub-section (1) of the said section provides that a public servant, who furnishes any information or produces any document in contravention of the provisions of section 258(3), shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine.

It is proposed to amend the said section to substitute “imprisonment which may extend to six months, and shall also be liable to fine” with “simple imprisonment up to one month, or with fine, or with both”.

This amendment will take effect from 1st April, 2026.

Clause 106 of the Bill seeks to amend section 522 of the Income-tax Act, 2025 relating to return of income, etc., not to be invalid on certain grounds.

The said section, *inter alia*, provides that no return of income, assessment, notice, summons or other proceeding in pursuance of any of the provisions of the said 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 the said Act.

It is proposed to insert sub-section (2) in the said section so as to provide that no assessment in pursuance of any of the provisions of the Income-tax Act, 2025 shall be invalid on the ground of any mistake, defect or omission in respect of quoting of a computer-generated Document Identification Number, if the assessment order is referenced by such number in any manner.

This amendment will take effect with effect from 1st April, 2026.

Clause 107 of the Bill seeks to amend section 536 of the Income-tax Act, 2025 relating to repeal and savings.

The said section provides for the circumstances where deduction has been allowed under the repealed Income-tax Act, 1961, but on violation of the conditions mentioned in the respective sections of the said Act, it will become income after the enactment of the Income-tax Act, 2025.

It is proposed to substitute clause (h) of sub-section (2) of the said section so as to provide that where any sum has been allowed as a deduction or has not been included in the total income of any person, either on account of fulfillment of certain conditions or for any other reason, for any tax year beginning before the 1st April, 2026, and such sum was required to be included in the total income of any subsequent tax year including beginning on or after the 1st April, 2026 under the repealed Income-tax Act, if it had not been so repealed, on account of violation of such conditions or for any other reason, then such sum shall be—

(i) deemed to be the income of such subsequent tax year; and

(ii) included in the total income of the said person under the same head of income as it would have been included under the repealed Income-tax Act.

It is further proposed to substitute sub-clauses (i) and (ii) of clause (l) of sub-section (2) of the said section so as to include reference of section 206(3) or (4).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 108 of the Bill seeks to amend Schedule III to the Income-tax Act, 2025 relating to income not to be included in total income of eligible persons.

It is proposed to amend the Table in the said Schedule so as to provide an express statutory exemption in respect of disability pension, including both the service element and the disability element, in cases where an individual has been invalidated out of service on account of such disability attributable to, or aggravated by, such service. However, the said exemption shall not be available where the individual has retired from service on superannuation or otherwise.

It is further proposed to amend the Table in the said Schedule so as to provide exemption to an individual or his legal heir, on any interest awarded on compensation under the Motor Vehicles Act, 1988.

It is proposed to amend the said Schedule so as 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 Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (other than the award or agreement made under section 46 of said Act).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 109 of the Bill seeks to amend Schedule IV of the Income-tax Act, 2025 relating to income not to be included in total income of eligible non-residents, foreign companies and other such persons.

Schedule IV to the said Act specifies the eligible income, which shall not be included in the total income of the eligible non-residents, foreign companies and other such persons.

It is proposed to amend the said Schedule to provide exemption to a foreign company on 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, that is, a warehouse referred to in section 65 of the Customs Act, 1962 and produces electronic goods on behalf of the foreign company for a consideration. The said exemption shall be provided up to the tax year 2030-2031.

It is further proposed to amend the said Schedule so as 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 in India in connection with any scheme as may be notified by the Central Government, 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 provided by rules.

It is also proposed to amend the said Schedule so as 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 up to tax year ending on 31st March, 2047, subject to the conditions specified therein.

It is also proposed to insert Note 3 so as to define the expressions “data centre”, “data centre services” and “specified data centre” for the purposes of the said provision in serial number 13C.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 110 of the Bill seeks to amend Schedule VI of the Income-tax Act, 2025 relating to income not to be included in the total income of certain eligible persons in International Financial Services Centre or having income therefrom.

Serial Numbers 1 to 4 of the Table in the said Schedule applies to any specified fund and the expression “specified fund” has been defined in clause (g) of Note 1 of the said Schedule.

It is proposed to amend the said clause so as to align the definition of the expression “specified fund” with the definition provided under clause (4D) of section 10 of the Income-tax Act, 1961 and make a consequential amendment thereto.

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

Clause 111 of the Bill seeks to amend Schedule XI to the Income-tax Act, 2025 relating to recognised provident funds.

It is proposed to amend the provisions of the said Schedule to align with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Fund Scheme, as follows: —

(i) to align the treatment of employer contributions with the aggregate monetary cap prescribed under section 17(1)(h) of the Income-tax Act, 2025, and the Employees' Provident Fund framework;

(ii) to reflect that exemption from schemes under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is governed by that Act;

(iii) to omit the discretionary relaxation of contribution parity based on salary thresholds that are no longer relevant, in order to align the provision with the monetary limit prescribed under section 17(1)(h) of the Income-tax Act, 2025;

(iv) to align the limits on employer contributions with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the absolute monetary ceiling provided under section 17(1)(h) of the Income-tax Act, 2025;

(v) to remove the applicable limits for employee-shareholders as no such limit exists in the Employees' Provident Fund framework and to align it with the uniform cap prescribed under section 17(1)(h) of the Income-tax Act, 2025; and

(vi) to amend the provisions which restrict investment in Government securities, to align the Schedule with prevailing Employees' Provident Fund investment norms.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 112 of the Bill seeks to amend Schedule XII to the Income-tax Act, 2025.

Part A of the said Schedule provides for the list of minerals or group of minerals eligible for deduction on deferred basis for prospecting, or extraction or production or development of a mine or other natural deposit of the specified minerals.

It is proposed to amend the said Part so as to incentivise the prospecting and exploration of the critical minerals by expanding the list of minerals to make the expenditure on such prospecting and exploring of critical minerals also eligible for deduction as per the provisions of section 51 of the said Act.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 113 of the Bill seeks to amend Schedule XIV to the Income-tax Act, 2025 relating to insurance business.

It is proposed to consequentially amend clause (a) of sub-paragraph (1) of the said Schedule so as to substitute the words “this rule” with the words “this paragraph”.

It is further proposed to amend the said Schedule so as to insert sub-paragraph (3) in paragraph 4 to provide that the amount not deductible under sub-clause (i) or (ii) of section 35(b), which is added under sub-paragraph (1)(a), shall be allowed subsequently as a deduction in a tax year as per the provisions of the said sub-clause, as the case may be.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clauses 114 to 128 of the Bill seeks to insert a new Chapter relating to the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026.

The Chapter, *inter alia*, provides—

(a) the short title and commencement of the Scheme and the date from which it shall come into force;

(b) the definitions of certain expressions relating to “assessee”, “assessment”, “assessment year”, “Board”, “declarant”, “declaration”, “last date”, “previous year” “prescribed” “undisclosed asset located outside India”, “undisclosed foreign income” and “value of the asset”;

(c) the provisions relating to eligibility and filing of declaration by an assessee in respect of undisclosed foreign income or undisclosed assets located outside India;

(d) the provisions relating to the amount payable by the declarant, including the rate of tax, penalty or fee payable, subject to specified monetary thresholds and conditions;

(e) the provisions relating to the manner, form and verification of the declaration and the circumstances in which such declaration shall be deemed invalid;

(f) the provisions relating to electronic verification of declarations, determination of the amount payable, time limits for payment, levy of interest for delayed payment and issuance of certificate evidencing payment;

(g) the provisions relating to non-inclusion of income or assets declared under the Scheme in the total income of the declarant and the effect of such declaration on pending assessment proceedings;

(h) the provisions relating to non-refund of any amount paid under the Scheme and the bar on claiming rectification, revision, set-off or relief in respect of completed assessments;

(i) the provisions relating to grant of immunity from levy of tax, penalty and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, subject to fulfilment of the conditions of the Scheme;

(j) the provisions relating to cases to which the Scheme shall not apply, including cases involving proceeds of crime or completed assessments under the Prevention of Money-laundering Act, 2002 and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;

(k) the provisions relating to the power of the Central Board of Direct Taxes to issue directions and grant relaxation in public interest, the power of the Central Government to remove difficulties and the power to make rules for carrying out the provisions of the Scheme.

This Chapter will take effect from such date as the Central Government may notify in the Official Gazette.

#### *Indirect taxes*

*Clause 129* of the Bill seeks to amend sub-section (2) of section 1 of the Customs Act, so as to extend the jurisdiction of the said Act beyond the territorial waters of India for the purpose of fishing and fishing related activities.

*Clause 130* of the Bill seeks to insert a new clause in section 2 of the Customs Act, so as to define the expression “*Indian-flagged fishing vessel*”.

*Clause 131* of the Bill seeks to amend sub-section (6) of section 28 of the Customs Act to provide that the penalty paid under sub-section (5) of section 28, on determination under the said sub-section, shall be deemed to be a charge for non-payment of duty under clause (i) thereof.

*Clause 132* seeks to amend sub-section (2) of section 28J of the Customs Act so as to provide that advance ruling under sub-section (1) of that section shall remain valid for a period of five years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

It further seeks to substitute the proviso to the said sub-section so as to provide that in respect of any advance ruling in force on the date on which the Finance Bill, 2026 receives the assent of the President, the Authority shall upon a request by the applicant, extend the validity for five years from the date of the ruling.

*Clause 133* of the Bill seeks to insert a new section 56A in the Customs Act so as to make special provisions for fishing and fishing related activities by an Indian-flagged fishing vessel beyond territorial waters of India. It seeks to provide that fish harvested beyond the territorial waters of India may be brought into India free of duty and to treat fish that has landed at foreign port as export of goods in such manner as may be provided by rules. It

further seeks to make regulations to provide for the form and manner of making an entry in respect of fish harvested by an Indian-flagged fishing vessel including its declaration, custody, examination, assessment of duty, clearance, transit or transshipment.

*Clause 134* of the Bill seeks to substitute section 67 of the Customs Act, relating to removal of goods from one warehouse to another.

The proposed section seeks to do away with the requirement of prior permission of the proper officer under the said section for removal of warehoused goods from one warehouse to another.

*Clause 135* of the Bill seeks to amend clause (b) of section 84 of the Customs Act, so as to empower the Board to make regulations for the custody of goods imported or to be exported by post or courier.

#### *Customs tariff*

*Clause 136* of the Bill seeks to amend the First Schedule to the Customs Tariff Act in the manner specified in,—

(a) the Second Schedule with a view to impose a composite duty on certain goods;

(b) the Third Schedule so as to revise the rates in respect of certain tariff items with effect from the 1st April, 2026;

(c) the Fourth Schedule, so as to create new tariff entries and the Fifth Schedule, so as to revise the rates in respect of certain tariff items, with effect from the 1st of May, 2026.

#### *Central Goods and Services Tax*

*Clause 137* of the Bill seeks to amend sub-section (3) of section 15 of the Central Goods and Services Tax Act to do away with requirement of linking the post-sale discount with an agreement specifically linked to relevant invoices and to refer to issuance of credit note under section 34 where the input tax credit is reversed by the recipient.

*Clause 138* of the Bill seeks to amend section 34 of the Central Goods and Services Tax Act so as to include the reference of discount referred under clause (b) of sub-section (3) of section 15 in the said section for issuing credit notes for post-supply discounts.

*Clause 139* of the Bill seeks to amend sub-section (6) of section 54 of the Central Goods and Services Tax Act to extend the provisions of provisional refund to refunds arising out of inverted duty structure.

The clause further seeks to amend sub-section (14) of section 54 of the Central Goods and Services Tax Act to provide for removing the threshold limit for refund claim in case of goods exported out of India with payment of tax.

*Clause 140* of the Bill seeks to insert a new sub-section (*1A*) in section 101A of the Central Goods and Services Tax Act so as to provide that till the National Appellate Authority is constituted under sub-section (*1*), the Government may on the recommendation of the Council, by notification, empower any existing Authority to hear appeals made under section 101B.

It further seeks to provide that in such case, the provisions of sub-sections (*2*) to (*13*) shall not apply.

It also seeks to insert an *Explanation* in the said sub-section so as to provide that the expression “*existing Authority*” shall include a Tribunal.

#### *Integrated Goods and Services Tax*

*Clause 141* of the Bill seeks to omit clause (*b*) of sub-section (*8*) of section 13 of the Integrated Goods and Services Tax Act, 2017 so as to provide that the place of supply for “intermediary services” shall be determined as per the provisions of sub-section (*2*) of section 13 of the said Act, which is the location of the recipient of such services.

#### *MISCELLANEOUS*

*Clause 142* seeks to amend the Seventh Schedule to the Finance Act, 2001 in the manner specified in the Sixth Schedule with effect from 1<sup>st</sup> May, 2026 so as to revise the National Calamity Contingent Duty rate on chewing tobacco, jarda scented tobacco and other (including gutkha).

*Clause 143* of the Bill seeks to amend section 98 of the Finance (No.2) Act, 2004 relating to charge of securities transaction tax.

The said section, *inter alia*, provides that the securities transaction tax on sale of—

- (i) an option in securities is 0.1 per cent. of the option premium;
- (ii) an option in securities when such option is exercised is 0.125 per cent. of the intrinsic price; and
- (iii) a futures in securities is 0.02 per cent. of the price at which “futures” are traded.

It is proposed to amend the said section so as to increase the said rates from the existing rate of securities transaction tax on sale of—

- (i) an option in securities to 0.15 per cent. of the option premium;
- (ii) an option in securities, where option is exercised to 0.15 per cent. of the intrinsic price; and

(iii) futures in securities to 0.05 per cent. of the price at which such “futures” are traded.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 144 of the Bill seeks to amend sections 49 and 50 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 relating to the punishment for failure to furnish return in relation to foreign income and asset and punishment for failure to furnish in return of income, any information about an asset (including financial interest in any entity) located outside India, respectively.

The said section provides for prosecution where a resident, other than not ordinarily resident in India, holding foreign assets or income wilfully fails to furnish the return of income or fails to disclose such information in their return of income.

It is proposed to amend the said sections to insert proviso in both the sections so as to provide that the provisions of the said sections shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees, to make it harmonious with the threshold specified in sections 42 and 43 of the said Act.

These amendments will take effect retrospectively from 1st October, 2024.

	MEMORANDUM REGARDING DELEGATED LEGISLATION	
	The provisions of the Bill, <i>inter alia</i> , empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.	
	Clause 15 of the Bill seeks to amend section 270AA of the Income-tax Act, 1961 relating to immunity from imposition of penalty, etc. Sub-section (2) of the said section empowers the Board to provide by rules the form for application to grant immunity and the manner of verification of such application.	
	Clause 69 of the Bill seeks to amend section 352 of the Income-tax Act, 2025 relating to tax on accreted income. It is proposed to substitute serial number 8 and the entries relating thereto of the Table in sub-section (4) of the said section so as to empower the Board to provide by rules for the conditions for merger for the purposes of the said section.	
	Clause 70 of the Bill seeks to insert a new section 354A in the Income-tax Act, 2025 relating to merger of registered non-profit organisations in certain cases. The said section empowers the Board to provide by rules for the conditions of merger for the purposes of said the section.	
	Clause 74 of the Bill seeks to amend section 395 of the Income-tax Act, 2025 relating to certificates. Sub-section (6) of the said section empowers the Board to provide by rules for the conditions for filing application to the prescribed income-tax authority.	
	Clause 85 of the Bill seeks to amend section 440 of the Income-tax Act, 2025 relating to immunity from imposition of penalty, etc. Sub-section (2) of the said section empowers the Board to provide by rules the form and the manner of verification of application for grant of waiver of penalty and immunity from initiation of proceeding for prosecution.	
	Clause 109 of the Bill seeks to amend Schedule IV of the Income-tax Act, 2025 relating to income not to be included in total income of eligible non-residents, foreign companies and other such persons. It is proposed to amend the said Schedule so as to empower the Board to provide by rules for the conditions to be fulfilled by person rendering any service in India in connection with any scheme.	
	Clause 110 of the Bill seeks to amend Schedule VI of the Income-tax Act, 2025 relating to income not to be included in the total income of certain eligible persons in International Financial Services Centre or having income therefrom. Sub-item (II) of item C of the said Schedule empowers the Board to provide by rules for the conditions for holding of number of units.	

	<p>Clauses 114 to 128 of the Bill seeks to insert a new Chapter relating to the Foreign Assets of Small Taxpayers Disclosure Scheme, 2026. Clause 128 empowers the Board to make rules for carrying out the provisions of the said Scheme.</p>	
	<p>Indirect taxes</p>	
	<p>Clause 133 of the Bill seeks to insert a new section 56A in the Customs Act. Sub-section (1) of the said section 56A empowers the Central Government to make rules to provide for the manner and the conditions subject to which the fish harvested by an Indian-flagged fishing vessel beyond territorial waters of India may be brought into India free of duty and the fish that has landed at a foreign port may be treated as export of goods. Sub-section (2) of the said section empowers the Central Board of Indirect Taxes and Customs to make regulations to provide for the form and manner of making an entry in respect of fish harvested including its declaration, custody, examination, assessment of duty, clearance, transit or transshipment.</p>	
	<p>Clause 135 of the Bill seeks to amend clause (b) of section 84 of the Customs Act, so as to empower the Board to make regulations for the custody of goods imported or to be exported by post or courier.</p>	
	<p>2. The matters in respect of which rules or regulations may be made are matters of procedure and details and it is not practicable to provide for them in the Bill itself.</p> <p>3. The delegation of legislative powers is, therefore, of a normal character.</p>	



LOK SABHA

---

WWW.TAXSCAN.IN<sup>A</sup> - Simplifying Tax Laws

BILL

to give effect to the financial proposals of the Central Government  
for the financial year 2026-2027.

---

*(Smt. Nirmala Sitharaman,  
Minister of Finance.)*