



**The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)**

# **MEMORANDUM OF SUGGESTIONS**

**ON**

## **THE INCOME TAX BILL, 2025**

**[PART -1 OF SPECIFIC CLAUSE-WISE SUGGESTIONS]**



**SPECIFIC CLAUSE-WISE  
SUGGESTIONS**



## MEMORANDUM OF SUGGESTIONS ON THE INCOME TAX BILL, 2025

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PART - 1

(CHAPTERS I TO IV)



## INDEX

### PART - 1 (Chapters I to IV)

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**CHAPTER I**  
**PRELIMINARY**

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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
2(49)	2(24)	"income" includes— (i) profits and gains ; (ii) dividend ; (iii) voluntary contributions received by a trust created wholly or partly for charitable or religious purposes or by an institution established wholly or partly for such purposes or by an association or institution referred to in clause (21) or clause (23), or by a fund or trust or institution referred to in sub-clause	"income" includes— (a) profits and gains; (b) dividend; (c) voluntary contributions received by— (i) a registered non-profit organisation; or (ii) an association referred to in Schedule III (Table: Sl. No. 23); or (iii) any University or other educational institution or any hospital or other institution referred to in Schedule III (Table: Sl. No. 19); or (iv) an electoral trust; (d) the value of any perquisite or profit <i>in lieu</i> of salary taxable under sections 17	Section 2(49) may be redrafted as follows - "Income" includes - (a) income chargeable under section 15 under the head "Salaries", (b) income chargeable under sections 20 and 23 under the head "Income from house property", (c) profits and gains chargeable under section 26, 38, 58 and 61 (d) capital gains chargeable under section 67 and	In the definition of "income" under the various sub-clauses of section 2(49), some income of a particular head are specifically referred to, whereas in respect of other income under the same head, the clauses of the charging section under that head are being referred to. For example, description of certain income chargeable under the head "Income from other sources" like dividend, winnings from lotteries and crossword puzzles are included in sub-clauses (b) and (n) of section 2(49), whereas in respect of other income under that head, the sub-clauses of section 2(49) make



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		<p>(iv) or sub-clause (v) or by any university or other educational institution referred to in sub-clause (iiiad) or sub-clause (vi) or by any hospital or other institution referred to in sub-clause (iiiiae) or sub-clause (via) of clause (23C) of section 10 or by an electoral trust.</p> <p>Explanation.—For the purposes of this sub-clause, "trust" includes any other legal obligation</p> <p>(iii) the value of any perquisite or profit in lieu of salary taxable under clauses (2) and (3) of section 17 ;</p>	<p>and 18;</p> <p>(e) any special allowance or benefit, other than perquisite included under sub-clause (d), specifically granted to the assessee to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit;</p> <p>(f) any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at a place where he ordinarily resides or to compensate him for the increased cost of living;</p> <p>(g) the value of any benefit or perquisite, whether convertible into money or not, obtained from a company, either by a director or by a person who has a substantial interest in the company, or by</p>	<p>(e) income from other sources chargeable under section 92 and section 95.</p> <p>(f) voluntary contributions received by—</p> <p>(i) a registered non-profit organisation; or</p> <p>(ii) an association referred to in Schedule III (Table: Sl. No. 23); or</p> <p>(iii) any University or other educational institution or any hospital or other institution referred to in Schedule III (Table: Sl. No. 19); or</p> <p>(iv) an electoral trust;</p> <p>(g) the value of any benefit or perquisite, whether</p>	<p>reference to the specific clauses of section 92(2).</p> <p>Dividend is chargeable under clause (a) of section 92(2). It is described as "dividend" both in the definition of income in section 2(49)(b) and in section 92(2)(a). Both sub-clause (n) of section 2(49) and clause (b) of section 92(2) refer to any winnings from lotteries, cross word puzzles races including horse races, card games and other games of any sort or from gambling or betting of any form or nature.</p> <p>Also, income referred to section 92(2)(i), namely, income by way of interest received on compensation or enhanced compensation referred to in section 278(1) is not</p>



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		<p>(iiia) any special allowance or benefit, other than perquisite included under sub-clause (iii), specifically granted to the assessee to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit ;</p> <p>(iiib) any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at a place where he ordinarily resides or to compensate</p>	<p>a relative of the director or such person, and any sum paid by any such company in respect of any obligation which, but for such payment, would have been payable by the director or that person;</p> <p>(h) the value of any benefit or perquisite, whether convertible into money or not, obtained by any representative assessee mentioned in section 303(1)(c) or (d) or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being herein referred to as the beneficiary) and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary;</p> <p>(i) any sum chargeable to income-tax under—</p>	<p>convertible into money or not, obtained by any representative assessee mentioned in section 303(1)(c) or (d) or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being herein referred to as the beneficiary) and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary;</p> <p>(h) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or</p>	<p>specifically included in any sub-clause of section 2(49).</p> <p>It can be seen that in the definition of income in section 2(49), some sub-clauses directly refer to the nature/description of the specific income, like dividend, profits and gains, etc. whereas other sub-clauses refer to the specific clauses of the charging section of the respective head.</p> <p>In effect, there should be consistency in the manner of description of different types of income in the various sub-clauses of the definition of income u/s 2(49).</p> <p>Moreover, there is a residuary sub-clause (x) referring to “any other income referred to in section 2(24)</p>



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		<p>him for the increased cost of living ;</p> <p>(iv) the value of any benefit or perquisite, whether convertible into money or not, obtained from a company either by a director or by a person who has a substantial interest in the company, or by a relative of the director or such person, and any sum paid by any such company in respect of any obligation which, but for such payment, would have been payable by the director or other person aforesaid ;</p> <p>(iva) the value of any</p>	<p>(A) section 26(2)(b) or (c) or (d) or section 38 or 95;</p> <p>(B) section 26(2)(e) or (g);</p> <p>(j) the value of any benefit or perquisite taxable under section 26(2)(f);</p> <p>(k) any capital gains chargeable under section 67;</p> <p>(l) the profits and gains of any business of insurance carried on by a mutual insurance company or by a co-operative society, computed as per section 55 or any surplus taken to be such profits and gains as per Schedule XIV;</p> <p>(m) the profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members;</p> <p>(n) any winnings from lotteries, crossword puzzles, races including horse</p>	<p>reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than—</p> <p>(i) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per sections 39(1)(d) and (3); or</p> <p>(ii) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government;</p> <p>(i) interest income in</p>	<p>of the Income-tax Act, 1961”. Reading the provisions of the new law with the provisions of the erstwhile law would increase the complexity. In any case, the definition of income under section 2(49) is an inclusive definition.</p> <p>It is suggested that the income definition to refer to the charging and deeming provisions under the five heads of income and voluntary contributions in case of trusts and certain other income which is not directly falling under the charging sections of the heads of income, including subsidy, grant etc.</p>



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		benefit or perquisite, whether convertible into money or not, obtained by any representative assessee mentioned in clause (iii) or clause (iv) of sub-section (1) of section 160 or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being hereafter in this sub-clause referred to as the "beneficiary") and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the	races, card games and other games of any sort or from gambling or betting of any form or nature; (o) any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State Insurance Act, 1948, or any other fund for the welfare of such employees; (p) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy; (q) any sum referred to in section 26(2)(h); (r) the fair market value of inventory referred to in section 26(2)(j); (s) any sum referred to in section 92(2)(k) or (l);	pursuance of secondary adjustment (j) income from transfer of carbon credits	



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		beneficiary; (v) any sum chargeable to income-tax under clauses (ii) and (iii) of section 28 or section 41 or section 59 ; (va) any sum chargeable to income-tax under clause (iiia) of section 28; (vb) any sum chargeable to income-tax under clause (iiib) of section 28; (vc) any sum chargeable to income-tax under clause (iiic) of section 28; (vd) the value of any benefit or perquisite taxable under clause (iv) of section 28 ;	(t) any sum of money referred to in section 92(2)(h); (u) any sum of money or value of property referred to in section 92(2)(m); (v) any compensation or other payment referred to in section 92(2)(j); (w) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than— (i) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per sections 39(1)(d) and (3); or (ii) the subsidy or grant by the Central Government for the purpose of the corpus		



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		<p>(ve) any sum chargeable to income-tax under clause (v) of section 28;</p> <p>(vi) any capital gains chargeable under section 45 ;</p> <p>(vii) the profits and gains of any business of insurance carried on by a mutual insurance company or by a co-operative society, computed in accordance with section 44 or any surplus taken to be such profits and gains by virtue of provisions contained in the First Schedule ;</p> <p>(viii) the profits and gains of any business of banking</p>	<p>of a trust or institution established by the Central Government or a State Government;</p> <p>(x) any other income referred to in section 2(24) of the Income-tax Act, 1961,</p> <p>where,—</p> <p>(A) “card game and other game of any sort” includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game;</p> <p>(B) “Keyman insurance policy” shall have the same meaning as assigned in Schedule II.(Table: Sl. No.2);</p>		



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		<p>(including providing credit facilities) carried on by a co-operative society with its members;</p> <p>(ix) any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.</p> <p>Explanation.—For the purposes of this sub-clause,—</p> <p>(i) "lottery" includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner</p>	<p>(C) "lottery" includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner, under any scheme or arrangement, called by any name;</p>		



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		<p>whatsoever, under any scheme or arrangement by whatever name called;</p> <p>(ii) "card game and other game of any sort" includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game ;</p> <p>(x) any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State</p>			



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		<p>Insurance Act, 1948 (34 of 1948), or any other fund for the welfare of such employees;</p> <p>(xi) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy.</p> <p>Explanation.—For the purposes of this clause, the expression "Keyman insurance policy" shall have the meaning assigned to it in the <i>Explanation</i> to clause (10D) of section 10 ;</p> <p>(xii) any sum referred to in clause (va) of section 28;</p>			



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		<p>(xiii) the fair market value of inventory referred to in clause (via) of section 28;</p> <p>(xiii) any sum referred to in clause (v) of sub-section (2) of section 56;</p> <p>(xiv) any sum referred to in clause (vi) of sub-section (2) of section 56;</p> <p>(xv) any sum of money or value of property referred to in clause (vii) or clause (viii) of sub-section (2) of section 56;</p> <p>(xvi) any consideration received for issue of shares as exceeds the fair market value of the shares referred to in clause (viib)</p>			



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		of sub-section (2) of section 56; <i>(xvii)</i> any sum of money referred to in clause <i>(ix)</i> of sub-section (2) of section 56; <i>(xviii)</i> any sum of money or value of property referred to in clause <i>(x)</i> of sub-section (2) of section 56; <i>(xviiib)</i> any compensation or other payment referred to in clause <i>(xi)</i> of sub-section (2) of section 56; [( <i>xviiic</i> ) any sum referred to in clause <i>(xii)</i> of sub-section (2) of section 56; <i>(xviid)</i> any sum referred to			



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		in clause (xiii) of sub-section (2) of section 56;  (xviii) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee other than,—  (a) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of Explanation			



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		<p>10 to clause (1) of section 43; or</p> <p>(b) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government, as the case may be;</p>			
2(50)		<p>There is no definition for Income Computation disclosure standards in the Income-tax Act, 1961.</p> <p>Section 145(2) provides that the Central Government may notify in the Official Gazette from time to time income computation and</p>	<p>“Income Computation and Disclosure Standards” means such standards as notified under section 276(2);</p>	<p>In line with the ICAI’s preliminary suggestion on the Income-tax Bill, 2025 that profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies be considered for tax purposes, the definition of ICDS may be removed.</p>	<p>The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS.</p> <p>ICAI has, in its Preliminary</p>



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		disclosure standards to be followed by any class of assesseees or in respect of any class of income.			Suggestions on the Income-tax Bill, 2025, suggested that consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.
2(86)	2(36)	"profession" includes vocation ;	“profession” includes vocation;	This definition may be removed.	This definition does not give the meaning of profession. It only includes vocation which may fall under business or profession depending on the nature of activity. Artificially, it cannot be deemed to be profession.
2(108)	2(45)	"total income" means the total amount of income referred to in section 5,	“total income” means the total amount of income referred to in section 5, computed in the manner as laid down in this Act;	The definition of gross total income should be clear in the Act. It should not make	Section 5 defines the scope of income to be included in an assessee’s total income.



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		computed in the manner laid down in this Act ;		reference to total income. If the definition of gross total income is modified as above, the phrase in section 122(1) would be in order and the reference of the same can be given in this clause i.e., instead of in the manner as laid down in the Act, it can be mentioned “as laid down in section 122(1)”. <b>“total income” means the total amount of income referred to in section 5, computed in the manner as laid down in section 122(1);</b>	Section 122(1) mentions that in computing total income of an assessee, deductions specified in this chapter (Chapter VIII) shall be allowed from the gross total income as per and subject to the provisions of this Chapter. As per section 122(10), “gross total income” means the total income computed as per the provisions of this Act, before making deduction under this Chapter. Hence, the definitions are circular since reference to GTI is given while explaining the meaning of TI and <i>vice versa</i>
2(22)	2(14)	<b>2(14) "capital asset"</b> means— (a) property of any kind	<b>2(22) “capital asset”</b> means— (a) property of any kind held by an assessee, whether or not connected with	It is suggested that section 2(22)(b) of Income-tax Bill, 2025 be amended as follows:	The Finance Act, 2025 has amended section 2(14)(b) and consequential amendment has to be



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		<p>held by an assessee, whether or not connected with his business or profession;</p> <p>(b) any securities held by—</p> <p>(i) a Foreign Institutional investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992; or</p> <p>(ii) an investment fund specified in clause (a) of Explanation 1 to section 115UB which has invested such securities in accordance with the</p>	<p>his business or profession;</p> <p>(b) any securities held by a Foreign Institutional Investor or held by an investment fund specified in section 224(10)(a) which has invested in such securities as per the regulations made under the Securities and Exchange Board of India Act, 1992;</p> <p>(c) any unit linked insurance policy issued on or after 1st February, 2021 to which exemption under Schedule II (Table: Sl. No. 2) does not apply, but does not include—</p> <p>(i) any stock-in-trade, other than the securities referred to in sub-clause (b), consumable stores or raw materials held for business or profession;</p> <p>(ii) personal effects;</p> <p>(iii) agricultural land in India, not being a land situated—</p>	<p><del>(b) any securities held by a Foreign Institutional Investor or held by an investment fund specified in section 224(10)(a) which has invested in such securities as per the regulations made under the Securities and Exchange Board of India Act, 1992;</del></p> <p><b>(b) any securities held by—</b></p> <p><b>(i) a Foreign Institutional investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992; or</b></p> <p><b>(ii) an investment fund specified in sub-section (10) of section 224 which has</b></p>	<p>made in section 2(22)(b) of Income-tax Bill, 2025.</p>



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		<p>provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 or under the International Financial Services Centres Authority Act, 2019;</p> <p>(c) any unit linked insurance policy to which exemption under clause (10D) of <a href="#">section 10</a> does not apply</p> <p>but does not include—</p> <p>(i) any stock-in-trade [other than the securities referred to in sub-clause (b)], consumable stores or raw materials held for the purposes of his business or</p>	<p>(A) in any area comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or</p> <p>(B) in any area within the distance as specified in column C of the following Table, measured aerially from the local limits of any municipality or cantonment board referred to in item (A) and having population as referred to in column B of the said Table:—</p>	<p><b>invested such securities in accordance with the provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 or under the International Financial Services Centers Authority Act,</b></p>	



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		profession ; (ii) personal effects, that is to say, movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes— (a) jewellery; (b) archaeological collections; (c) drawings; (d) paintings; (e) sculptures; or (f) any work of art. Explanation.—For the purposes of this sub-	<b>Table</b>				
			<b>S. No.</b>	<b>Population of municipality or cantonment board</b>	<b>Within distance, measured aerially, from local limits of any municipality or cantonment board not being more than</b>		
			A	B	C		
			1.	More than 10,000 but less than 1,00,000	Two Kilometers		
			2.	1,00,000 and above, but less than 10,00,000	Six Kilometers		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>clause, "jewellery" includes—</p> <p>(a) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel;</p> <p>(b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;</p> <p>(iii) agricultural land in</p>	3.	10,00,000 and above	Eight Kilometers		
			<p>(iv) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 as notified by the Central Government,</p> <p>where,—</p> <p>(A) "Foreign Institutional Investor" shall have the meaning assigned to it in section 210(6)(a);</p> <p>(B) "personal effects" means any movable property including wearing apparel and furniture) held for personal use by the assessee or any dependent family member, but excludes—</p> <p>(I) jewellery, which includes—</p> <p>(a) ornaments made of gold, silver, platinum, or any other precious metal or</p>				



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>India, not being land situate—</p> <p>(a) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or</p> <p>(b) in any area within the distance, measured aerially,—</p> <p>(I) not being more than</p>	<p>any alloy of such precious metals, with or without precious or semi-precious stones, and whether or not worked or sewn into any wearing apparel;</p> <p>(b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;</p> <p>(II) archaeological collections;</p> <p>(III) drawings;</p> <p>(IV) paintings;</p> <p>(V) sculptures; and</p> <p>(VI) any work of art;</p> <p>(C) “population” shall mean the population according to the last preceding census of which the relevant figures have been published before the first day of the tax year;</p> <p>(D) “property” includes any rights in or in</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>two kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten thousand but not exceeding one lakh; or</p> <p>(II) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than one lakh but not exceeding ten lakh; or</p> <p>(III) not being more than eight kilometres, from the local limits of any</p>	<p>relation to an Indian company, including rights of management or control or any other rights; and</p> <p>(E) “securities” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>municipality or cantonment board referred to in item (a) and which has a population of more than ten lakh.</p> <p>Explanation.—For the purposes of this sub-clause, "population" means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year;</p> <p>(iv) 6½ per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, or National Defence Gold Bonds, 1980, issued by the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Central Government;</p> <p>(v) Special Bearer Bonds, 1991, issued by the Central Government ;</p> <p>(vi) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 notified by the Central Government.</p> <p>Explanation 1.—For the removal of doubts, it is hereby clarified that "property" includes and shall be deemed to have always included any rights in or in relation to an Indian company, including</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>rights of management or control or any other rights whatsoever.</p> <p>Explanation 2.—For the purposes of this clause—</p> <p>(a) the expression "Foreign Institutional Investor" shall have the meaning assigned to it in clause (a) of the <i>Explanation to section 115AD</i>;</p> <p>(b) the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
2(55)	2(26A)	<b>(26A) “infrastructure capital company”</b> means such company which makes investments by way of acquiring shares or providing long-term finance to any enterprise or undertaking wholly engaged in the business referred to in sub-section (4) of section 80-IA or sub-section (1) of section 80-IAB or an undertaking developing and building a housing project referred to in sub-section (10) of section 80-IB or a project for constructing a hotel of not less than three-star category as classified by	<b>(55) “infrastructure capital company”</b> means a company which makes investments by acquiring shares or providing long-term finance to— (a) any enterprise or undertaking wholly engaged in the business referred to in section 80-IA(4) or 80-IAB(1) of the Income-tax Act, 1961; or (b) an undertaking developing and building— (i) a housing project referred to in section 80-IB(10) of the Income-tax Act, 1961; or (ii) a project for constructing a hotel of not less than three star category as classified by the Central Government; or (iii) a project for constructing a hospital with at least one hundred beds for patients;	The definition of “Infrastructure capital company” may be redrafted by incorporating the relevant provisions of sections 80-IA(4), 80-IAB(1) and 80-IB(10) in the Income-tax Bill, 2025 itself.	The definitions of “infrastructure capital company” in section 2(55) of the Income-tax Bill, 2025 makes reference to section 80-IA(4), 80-IAB(1), section 80-IB(10) of the Income-tax Act, 1961. The definition in the Income-tax Bill, 2025 should ideally be self-contained without reference to the provisions of the Income-tax Act, 1961.



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		the Central Government or a project for constructing a hospital with at least one hundred beds for patients;			
2(101)	2(42A)	<p><b>(42A)"short-term capital asset"</b> means a capital asset held by an assessee for not more than 8[twenty-four] months immediately preceding the date of its transfer :</p> <p>Provided that in the case of a security listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or</p>	<p><b>(101) (a) "short-term capital asset"</b> means a capital asset held by an assessee for not more than twenty-four months immediately preceding the date of its transfer;</p> <p>(b) in respect of the following capital assets:—</p> <p>(i) security listed in a recognised stock exchange in India; or</p> <p>(ii) unit of the Unit Trust of India;</p> <p>(iii) units of an equity-oriented fund; or</p> <p>(iv) zero-coupon bonds,</p> <p>the provisions of sub-clause (a) shall have effect, as if for the words "twenty-four</p>	<p><b>It is suggested that proposed sequencing (sub-clause numbering) may be amended so that referencing may be made by tax payers easily.</b></p> <p><b>This will apply for all provisions where there is such kind of numbering.</b></p>	<p><b>Suggestion for Structuring Sub-Clauses in Section 2(101) – Removing Confusion in Capital Lettering (A, B, C, D) used after sub-clause 2(101)(c)(D)</b></p> <p>In proposed Section 2(101), sub-clauses are defined using capital letters (A, B, C, D).</p> <p>This creates avoidable confusion, particularly in Sub-clause (c)(D), where multiple conditions are interlinked.</p> <p>Capital letter sequencing leads to difficulties in legal interpretation and cross-referencing.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>a zero coupon bond, the provisions of this clause shall have effect as if for the words 10"[twenty-four] months", the words "twelve months" had been substituted:</p> <p>Provided further that in case of a share of a company (not being a share listed in a recognised stock exchange) or a unit of a Mutual Fund specified under clause (23D) of section 10, which is transferred during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, the provisions</p>	<p>months", the words "twelve months" had been substituted;</p> <p>(c) in determining the period for which capital asset is held by the assessee—</p> <p>(A) there shall be excluded the period subsequent to the date on which the company goes into liquidation;</p> <p>(B) there shall be included,—</p> <p>(I) the period for which the asset was held by the previous owner referred to in section 73(1) (Table: Sl. No. 1), for a capital asset which becomes the property of the assessee in the circumstances mentioned in said section;</p> <p>(II) the period for which the share or shares in the amalgamating company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of</p>		<p>Such clause numbering may be replaced with roman numerals like (i) or (ii).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of this clause shall have effect as if for the words "thirty-six months", the words "twelve months" had been substituted 11[as it stood immediately prior to the commencement of the Finance (No. 2) Act, 2024].</p> <p>Explanation 1.—(i) In determining the period for which any capital asset is held by the assessee—</p> <p>(a) in the case of a share held in a company in liquidation, there shall be excluded the period subsequent to the date on which the company goes into liquidation ;</p>	<p>the assessee in consideration of a transfer referred to in section 70(1)(f);</p> <p>(III) the period for which the share or shares held in the demerged company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger;</p> <p>(IV) the period for which the person was a member of a recognised stock exchange in India immediately before such demutualisation or corporatisation, for a capital asset, being trading or clearing rights of a recognised stock exchange in India, acquired by a person pursuant to demutualisation or corporatisation of the recognised stock exchange in India;</p> <p>(V) the period for which the person was a member of a recognised stock exchange</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) in the case of a capital asset which becomes the property of the assessee in the circumstances mentioned in sub-section (1) of section 49, there shall be included the period for which the asset was held by the previous owner referred to in the said section ;</p> <p>(ba) in the case of a capital asset referred to in clause (via) of section 28, the period shall be reckoned from the date of its conversion or treatment;</p> <p>(c) in the case of a capital asset being a share or shares in an Indian</p>	<p>in India immediately before such demutualisation or corporatisation, for a capital asset being equity share or shares in a company allotted pursuant to demutualisation or corporatisation of a recognised stock exchange in India;</p> <p>(VI) the period for which the share or shares were held by the assessee, for a capital asset being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in section 70(1)(zi);</p> <p>(VII) the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zj);</p> <p>(VIII) the period for which the preference</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>company, which becomes the property of the assessee in consideration of a transfer referred to in clause (vii) of section 47, there shall be included the period for which the share or shares in the amalgamating company were held by the assessee ;</p> <p>(d) in the case of a capital asset, being a share or any other security (hereafter in this clause referred to as the financial asset) subscribed to by the assessee on the basis of his right to subscribe to such financial asset or subscribed to by the person in whose favour</p>	<p>shares were held by the assessee, for a capital asset being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zb);</p> <p>(IX) the period for which the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zk);</p> <p>(X) the period for which the original unit or units in the main portfolio were held by the assessee, for a capital asset being a unit or units in a segregated portfolio referred to in section 73(1) (Table: Sl. No. 11);</p> <p>(XI) the period for which such gold was held by the assessee before conversion</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the assessee has renounced his right to subscribe to such financial asset, the period shall be reckoned from the date of allotment of such financial asset ;</p> <p>(e) in the case of a capital asset, being the right to subscribe to any financial asset, which is renounced in favour of any other person, the period shall be reckoned from the date of the offer of such right by the company or institution, as the case may be, making such offer ;</p> <p>(f) in the case of a capital asset, being a financial</p>	<p>into the Electronic Gold Receipt, for a capital asset being Electronic Gold Receipt issued in respect of gold deposited as referred to in section 70(1)(y);</p> <p>(XII) the period for which such Electronic Gold Receipt was held by the assessee before its conversion into gold for a capital asset being gold released in respect of an Electronic Gold Receipt as referred to in section 70(1)(y);</p> <p>(C) there shall be reckoned,—</p> <p>(I) the period from the date of its conversion or treatment, for a capital asset referred to in section 26(2)(j);</p> <p>(II) the period from the date of allotment of a share or any other security (herein referred to as the financial asset), for a capital asset being such financial asset</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>asset, allotted without any payment and on the basis of holding of any other financial asset, the period shall be reckoned from the date of the allotment of such financial asset ;</p> <p>(g) in the case of a capital asset, being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger, there shall be included the period for which the share or shares held in the demerged company were held by the assessee ;</p> <p>(h) in the case of a capital</p>	<p>subscribed to by the assessee on the basis of his right to subscribe to such financial asset or subscribed to by the person in whose favour the assessee has renounced his right to subscribe to such financial asset;</p> <p>(III) the period from the date of the offer of the right to subscribe to any financial asset which is renounced in favour of any other person by the company or institution, as the case may be, making such offer, for a capital asset, being such right;</p> <p>(IV) the period from the date of the allotment of a financial asset allotted without any payment and on the basis of holding of any other financial asset, for a capital asset being such financial asset;</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>asset, being trading or clearing rights of a recognised stock exchange in India acquired by a person pursuant to demutualisation or corporatisation of the recognised stock exchange in India as referred to in clause (xiii) of section 47, there shall be included the period for which the person was a member of the recognised stock exchange in India immediately prior to such demutualisation or corporatisation;</p> <p>(ha) in the case of a capital asset, being equity share or shares in a company</p>	<p>(V) the period from the date of allotment or transfer of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), for a capital asset being such specified security or sweat equity shares;</p> <p>(VI) the period from the date on which a request for the redemption was made, for a capital asset, being share or shares of a company, which is acquired by the non-resident assessee on redemption of Global Depository Receipts referred to in section 209(1)(Table: Sl. No. 2) held by such assessee;</p> <p>(D) for capital assets other than those mentioned in items (A) to (C), the period for which any capital asset is held by the</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>allotted pursuant to demutualisation or corporatisation of a recognised stock exchange in India as referred to in clause(xiii) of section 47, there shall be included the period for which the person was a member of the recognised stock exchange in India immediately prior to such demutualisation or corporatisation;</p> <p>(hb) in the case of a capital asset, being any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at</p>	<p>assessee shall be determined in such manner, as prescribed, where,—</p> <p>(A) “equity oriented fund” shall have the meaning assigned to it in section 198(8);</p> <p>(B) “security” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;</p> <p>(C) “specified security” means the securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 and, where employees’ stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme;</p> <p>(D) “sweat equity shares” means equity shares issued by a company to its employees or directors at a discount or for</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>concessional rate to his employees (including former employee or employees), the period shall be reckoned from the date of allotment or transfer of such specified security or sweat equity shares;</p> <p>(hc) in the case of a capital asset, being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in clause (xvii) of section 47, there shall be included the period for which the share or shares were held by the assessee;</p> <p>(hd) in the case of a</p>	<p>consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, there shall be included the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee;</p> <p>(he) in the case of a capital asset, being share or shares of a company, which is acquired by the nonresident assessee on redemption of Global Depository Receipts referred to in clause (b) of subsection (1) of section</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>115AC held by such assessee, the period shall be reckoned from the date on which a request for such redemption was made;</p> <p>(hf) in the case of a capital asset, being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in clause (xb) of section 47, there shall be included the period for which the preference shares were held by the assessee;</p> <p>(hg) in the case of a capital asset, being a unit</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xix) of section 47, there shall be included the period for which the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee;</p> <p>(hh) in the case of a capital asset, being a unit or units in a segregated portfolio referred to in subsection (2AG) of section 49, there shall be included the period for which the original unit or units in the main portfolio</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>were held by the assessee;</p> <p>13[(hi) in the case of a capital asset, being—</p> <p>(a) Electronic Gold Receipt issued in respect of gold deposited as referred to in clause (viid) of section 47, there shall be included the period for which such gold was held by the assessee prior to conversion into the Electronic Gold Receipt;</p> <p>(b) gold released in respect of an Electronic Gold Receipt as referred to in clause (viid) of section 47, there shall be included the period for which such Electronic</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Gold Receipt was held by the assessee prior to its conversion into gold;]</p> <p>(ii) In respect of capital assets other than those mentioned in clause (i), the period for which any capital asset is held by the assessee shall be determined subject to any rules which the Board may make in this behalf.</p> <p>Explanation 2.—For the purposes of this clause, the expression "security" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Explanation 3.—For the purposes of this clause, the expressions "specified security" and "sweat equity shares" shall have the meanings respectively assigned to them in the Explanation to clause (d) of subsection (1) of section 115WB.</p> <p>Explanation 4.—For the purposes of this clause, the expression "equity oriented fund" shall have the meaning assigned to it in clause (a) of the Explanation to section 112A;</p>			



**CHAPTER II**  
**BASIS OF CHARGE**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
4	4	<b>Charge of income-tax</b>	<b>Charge of income-tax</b>		
		<p>(1) Where any Central Act enacts that income-tax shall be charged for any assessment year at any rate or rates, income-tax at that rate or those rates shall be charged for that year in accordance with, and subject to the provisions (including provisions for the levy of additional income-tax) of, this Act in respect of the total income of the previous year of every person :</p>	<p>(1) Income-tax for any tax year shall be charged as per the provisions of this Act at the rate or rates which are enacted by a Central Act for such tax year.</p> <p>(2) The charge of income-tax under sub-section (1) shall be on the total income of the tax year of every person as per the provisions of this Act.</p> <p>(3) Income-tax shall also include any additional income-tax, by whatever name called, levied under this Act.</p>	<p>Sub-section (1) of section 4 may be reworded as given below -</p> <p>(1) Income-tax for any tax year shall be charged as per the provisions of this Act at the rate or rates which are enacted by a Central Act for such tax year <b>or by this Act.</b></p>	<p>The rates of income-tax are provided both in the Central Act (Annual Finance Act) and in the Income-tax Act. The Income-tax Act contains special rates of taxation in various sections. Sub-section (1) needs to be modified to provide that the income-tax shall be charged as per the provisions of this Act at the rates which are enacted by the Central Act for such tax year or by this Act.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<i>Provided</i> that where by virtue of any provision of this Act income-tax is to be charged in respect of the income of a period other than the previous year, income-tax shall be charged accordingly.	(4) If this Act provides that income-tax is to be charged in respect of income of a period other than the tax year, it shall be charged accordingly.		
		(2) In respect of income chargeable under sub-section (1), income-tax shall be deducted at the source or paid in advance, where it is so deductible or payable under any provision of this Act.	(5) For the income chargeable under sub-section (2), income-tax shall be deducted or collected at source or paid in advance as provided under this Act.		
6	6	<b>Residence in India.</b>	<b>Residence in India</b>		
		For the purposes of this Act,— (1) An individual is said to be resident in India in any previous year, if he— (a) is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more ; or	(1) For the purposes of this Act, residence of a person in India shall be determined as per this section.	Sub-section (1) may be modified as below:  For the purposes of this Act, residence <b>in India</b> of a <b>person in India</b> shall be determined as per this section.	The phrase ‘in India’ when used after “person” seems to suggest that sub-section (1) is only for determining residential status of a person in India, while the



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) [***]</p> <p>(c) having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.</p>	<p>(2) An individual shall be resident in India in a tax year, if he—</p> <p>(a) is in India for a <b>total period</b> of one hundred and eighty-two days or more in that tax year; or</p> <p>(b) is in India <b>cumulatively</b> for sixty days or more during that year and has been in India <b>cumulatively</b> for three hundred and sixty-five days or more in the four years preceding such tax year.</p>	<p>Sub-section (2) can be modified as below:</p> <p>An individual shall be resident in India in a tax year, if he—</p> <p>(a) is in India for a <b>total period</b> of one hundred and eighty-two days or more in that tax year; or</p> <p>(b) is in India <del>cumulatively</del> for a <b>total period</b> of sixty days or more during that year and has been in India <del>cumulatively</del> for three</p>	<p>objective is to determine under the Income-tax Act, the residential status in India of every person.</p> <p>Sub-section (2) uses the phrase ‘total period’ in clause (a) for number of days of stay in the tax year. In clause (b), the word ‘cumulatively’ is used both for the number of days of stay in the tax year as well as for the number of days in the last four years. The word “total period” can be used for the number of days of stay in the tax year and “cumulatively” for the number of days</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				hundred and sixty-five days or more in the four years preceding such tax year.	of stay in the earlier years.
		Explanation 1.—In the case of an individual,— (a) being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship as defined in clause (18) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ;	(3) The provisions of sub-section (2)(b) shall not apply in the case of an individual who is a citizen of India and leaves India in any tax year— (a) as a member of the crew of an Indian ship, as defined in section 3(18) of the Merchant Shipping Act, 1958; or (b) for employment outside India.	It is suggested that “for the purpose of employment” be restored in this provision.	“For the purposes of employment outside India” is being substituted by “for employment outside India”. This may lead to further litigation, since it may be interpreted to exclude from its scope travel for self-employment, business purposes, or for seeking employment.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) being a citizen of India, or a person of Indian origin within the meaning of Explanation to clause (e) of section 115C, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted and in case of such person having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, for the words "sixty days" occurring therein, the words "one hundred and twenty days" had been substituted.</p>	<p>(4) The provisions of sub-section (2)(b) shall not apply in the case of an individual—</p> <p>(a) who is a citizen of India or a person of Indian origin; and</p> <p>(b) who being outside India, comes on a visit to India in any tax year;</p> <p>(5) Where the person referred to in sub-section (4) has a total income exceeding fifteen lakh rupees during that tax year (other than the income from foreign sources), sub-section (2)(b) shall apply as if the words "sixty days" had been substituted with "one hundred and twenty days" for that year;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(6) A person is said to be "not ordinarily resident" in India in any previous year if such person is—</p> <p>(a) an individual who has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or</p> <p>(b) a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or</p> <p>(c) a citizen of India, or a person of Indian origin, having total income, other than the</p>	<p>(13) A person is not ordinarily resident in India in any tax year, if that person is—</p> <p>(a) an individual who has been, or a Hindu undivided family, whose manager has been—</p> <p>(i) a non-resident in India in nine out of the ten tax years preceding that year; or</p> <p>(ii) has been in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or</p> <p>(b) a citizen of India or a person of Indian origin,—</p> <p>(i) whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and</p> <p>(ii) who has been in India cumulatively for one hundred and twenty days or more but</p>	<p>While in section 6(13), the word "manager" of HUF is used, but in section 262(1)(e), 265 and 488 the word used Karta. The word Karta may be used in section 6(13) to ensure consistency.</p> <p>Clause (a) of section 6(13) may be modified as follows –</p> <p>A person is not ordinarily resident in India in any tax year, if that person is—</p> <p>(a) an individual who has been, or a Hindu undivided family, whose <del>manager</del> <b>karta</b> has been—</p> <p>–</p>	<p>The word "Manager" has been used in relation to HUF at two places in the Bill, Section 6 and 252. In five places, "Karta" has been used. In order to ensure consistency, the word 'Karta' can be used at all places, instead of "Manager".</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income from foreign sources, exceeding fifteen lakh rupees during the previous year, as referred to in clause (b) of Explanation 1 to clause (1), who has been in India for a period or periods amounting in all to one hundred and twenty days or more but less than one hundred and eighty-two days; or</p> <p>(d) a citizen of India who is deemed to be resident in India under clause (1A).</p>	<p>less than one hundred and eighty-two days; or</p> <p>(c) a citizen of India who is deemed to be resident in India under sub-section (7).</p>	<p>(i) a non-resident in India in nine out of the ten tax years preceding that year; or</p> <p>(ii) has been in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or</p> <p>(b) a citizen of India or a person of Indian origin,—</p> <p>(i) whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and</p> <p>(ii) who has been in India cumulatively for a total</p>	<p>In clause (b), in sub-clause (ii), the citizen of India or person of Indian origin is required to be present for 120 days in the current tax year. This is not coming out in the sub-clause. Also, cumulatively has to be replaced with “total period” as suggested earlier.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				<p><b>period of</b> one hundred and twenty days or more but less than one hundred and eighty-two days <b>in that tax year;</b> or</p> <p>(c) a citizen of India who is deemed to be resident in India under sub-section (7).</p>	
		<p>Explanation.—For the purposes of this section, the expression "income from foreign sources" means income which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.</p>	<p>(14) In this section, "income from foreign sources" means the income, which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
7	7	<b>Income deemed to be received</b>	<b>Income deemed to be received.</b>		
		<p>The following incomes shall be deemed to be received in the previous year :—</p> <p>(i) the annual accretion in the previous year to the balance at the credit of an employee participating in a recognised provident fund, to the extent provided in rule 6 of Part A of the Fourth Schedule ;</p> <p>(ii) the transferred balance in a recognised provident fund, to the extent provided in sub-rule (4) of rule 11 of Part A of the Fourth Schedule ;</p> <p>(iii) the contribution made, by the Central Government or any other employer in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD.</p>	<p>1) The following incomes shall be deemed to be received in the tax year:—</p> <p>(a) the annual accretion in that year to the balance at the credit of an employee participating in a recognised provident fund, to the extent provident in paragraph 6 of Part A of the Schedule XI;</p> <p>(b) the transferred balance in a recognised provident fund, to the extent provided in paragraph 11(4) and (5) of Part A of the Schedule XI;</p> <p>(c) the contribution made by the Central Government or any other employer in that year to the account of an employee under a pension scheme mentioned in section 124.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
7(2)	8		<p>(2) For inclusion in the total income of an assessee, —</p> <p>(a) any dividend declared by a company or distributed or paid by it within the meaning of section 2(40)(a) or (b) or (c) or (d) or (e) or (f) shall be deemed to be the income of the tax year in which it is so declared, distributed or paid, as the case may be;</p> <p>(b) any interim dividend shall be deemed to be the income of the tax year in which the amount of such dividend is unconditionally made available by the company to the member who is entitled to it.</p>	<p>Heading of Section 7 is 'Income deemed to be received'. Sub-section (2) thereof contains the provisions relating to time of bringing to tax dividend income which is contained in section 8 of the Income-tax Act, 1961. This does not seem to appropriately fit into this section. Sub-section (2) does not sync with the section heading of 'Income deemed to be received'. This may either be brought as separate section or heading of section be modified.</p> <p>For inclusion in the total income of an assessee, —</p>	<p>Heading of section for clause 7(2) of the Bill can be "Dividend income"</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				(a) any dividend declared by a company or distributed or paid by it within the meaning of section 2(40)(a) or (b) or (c) or (d) or (e) or (f) shall be deemed to be the income of the tax year in which it is so <del>declared,</del> <b>distributed or paid</b> , as the case may be;	Dividend can be made taxable in the year in which it is distributed, in case of deemed dividend, or paid. This would align with the TDS provision in Sl. No.10 of the Table under section 393(1).
9	9	<b>Income deemed to accrue or arise in India</b>	<b>Income deemed to accrue or arise in India.</b>		
		(v) income by way of interest payable by— (a) the Government ; or (b) a person who is a resident, except where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person outside India or for	(5)(a) Income by way of interest payable by— (i) the Government; (ii) a resident, except where it is payable in respect of any debt incurred, or moneys borrowed and used, for—		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the purposes of making or earning any income from any source outside India ; or</p> <p>(c) a person who is a non-resident, where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person in India.</p> <p>Explanation.—For the purposes of this clause,—</p> <p>(a) it is hereby declared that in the case of a non-resident, being a person engaged in the business of banking, any interest payable by the permanent establishment in India of such non-resident to the head office or any permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the permanent establishment in India and the permanent establishment in India shall be deemed to be</p>	<p>(A) a business or profession carried on by that person outside India; or</p> <p>(B) making or earning any income from any source outside India; or</p> <p>(iii) a non-resident, if it is in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by that non-resident in India, shall be deemed to accrue or arise in India;</p> <p>(b) for the purposes of clause (a)(iii),—</p> <p>(i) any interest payable by the permanent establishment in India of a non-resident person engaged in the business of banking, to the head office or any other permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India;</p>	<p>The conjunction ‘and’ is required between clauses (i) and (ii) of 9(5)(b) -.</p> <p>(b) for the purposes of clause (a)(iii),—</p> <p>(i) any interest payable by the permanent establishment in India of a</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>a person separate and independent of the non-resident person of which it is a permanent establishment and the provisions of the Act relating to computation of total income, determination of tax and collection and recovery shall apply accordingly;</p> <p>(b) "permanent establishment" shall have the meaning assigned to it in clause (iiia) of section 92F;</p> <p>(vi) income by way of royalty payable by—</p> <p>(a) the Government ; or</p>	<p>(ii) shall be chargeable to tax in addition to any income attributable to the permanent establishment in India; and</p> <p>(iii) the permanent establishment in India shall—</p> <p>(A) be deemed to be a person separate from, and independent of, the non-resident person of which it is a permanent establishment; and</p> <p>(B) the provisions of this Act relating to computation of total income, determination of tax and collection and recovery shall apply, accordingly;</p> <p>(iv) "permanent establishment" shall have the meaning assigned to it in section 173(c).</p> <p>(6)(a) Income by way of royalty payable by—</p> <p>(i) the Government;</p>	<p>non-resident person engaged in the business of banking, to the head office or any other permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India; <b>and</b></p> <p>(ii) shall be chargeable to tax in addition to any income attributable to the permanent establishment in India;</p>	<p>Since the "shall be chargeable to tax" in sub-clause (ii) is in relation to any interest referred to in sub-clause (i), there should be a conjunction "and" between the two sub-clauses.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) a person who is a resident, except where the royalty is payable in respect of any right, property or information used or services utilised for the purposes of a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India ; or</p> <p>(c) a person who is a non-resident, where the royalty is payable in respect of any right, property or information used or services utilised for the purposes of a business or profession carried on by such person in India or for the purposes of making or earning any income from any source in India :</p> <p><i>Provided</i> that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any</p>	<p>(ii) a resident, except where the royalty is payable for—</p> <p>(A) a business or profession carried on by the resident outside India; or</p> <p>(B) making or earning any income from any source outside India; or</p> <p>(iii) a non-resident, if the royalty is payable in respect of any right, property or information used or services utilised for the purposes of—</p> <p>(A) a business or profession carried on by the non-resident in India; or</p> <p>(B) making or earning any income from any source outside India,</p> <p>shall be deemed to accrue or arise in India;</p> <p>(b) in this sub-section, “royalty” means consideration (including any lump-sum consideration but excluding any consideration which would be the income</p>	<p>(B) to be reworded as follows -</p> <p>(B) making or earning any income from any source <b>outside in</b> India,</p>	<p>In point (B) of sub-clause (iii), the closing portion should be ‘in India’ and not outside India, for the income to be deemed to accrue or</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process or trade mark or similar property, if such income is payable in pursuance of an agreement made before the 1st day of April, 1976, and the agreement is approved by the Central Government :</p> <p><i>Provided further</i> that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lump sum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with a computer or computer-based equipment under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India.</p>	<p>of the recipient chargeable under the head “Capital gains”) for the following—</p> <p>(i) the transfer or grant of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property;</p> <p>(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trade mark or similar property;</p> <p>(iii) the use of any patent, invention, model, design, secret formula or process or trade mark or similar property;</p> <p>(iv) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill;</p>	<p>shall be deemed to accrue or arise in India</p>	<p>arise in India in the hands of the non-resident.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Explanation 1.—For the purposes of the first proviso, an agreement made on or after the 1st day of April, 1976, shall be deemed to have been made before that date if the agreement is made in accordance with proposals approved by the Central Government before that date; so, however, that, where the recipient of the income by way of royalty is a foreign company, the agreement shall not be deemed to have been made before that date unless, before the expiry of the time allowed under sub-section (1) or sub-section (2) of Section 139 (whether fixed originally or on extension) for furnishing the return of income for the assessment year commencing on the 1st day of April, 1977, or the assessment year in respect of which such income first becomes chargeable to tax under this Act, whichever assessment year is later, the company exercises an option by furnishing a declaration in writing to the Assessing Officer (such option being final</p>	<p>(v) the use or right to use any industrial, commercial or scientific equipment except the amounts referred in section 61(2) (Table: Sl. No. 5);</p> <p>(vi) the transfer or grant of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including—</p> <p>(A) films or video tapes for use in connection with television; or</p> <p>(B) tapes for use in connection with radio broadcasting;</p> <p>(vii) the rendering of services in connection with the activities referred to in sub-clauses (i) to (vi);</p> <p>(c) for the purposes of clause (b),—</p> <p>(i) the transfer or grant of all or any rights in respect of any right, property or information includes transfer or grant of</p>	<p>Clause (c)(i) may be reworded as follows –</p> <p>(c) for the purposes of clause (b),—</p>	<p>In clause(c)(i), “grant” to be replaced with “granting” to convey the correct intent.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>for that assessment year and for every subsequent assessment year) that the agreement may be regarded as an agreement made before the 1st day of April, 1976.</p> <p>Explanation 2.—For the purposes of this clause, "royalty" means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains") for—</p> <p>(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property ;</p> <p>(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trade mark or similar property ;</p>	<p>all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which that right is transferred;</p> <p>(ii) royalty includes consideration in respect of any right, property or information, whether or not—</p> <p>(A) the possession or control of that right, property or information is with the payer;</p> <p>(B) that right, property or information is used directly by the payer;</p> <p>(C) the location of that right, property or information is in India;</p> <p>(iii) the expression “process” includes transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic</p>	<p>(i) the <b>transfer or granting</b> of all or any rights in respect of any right, property or information includes transfer or <b>granting</b> of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which that right is transferred;</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) the use of any patent, invention, model, design, secret formula or process or trade mark or similar property ;</p> <p>(iv) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill ;</p> <p>(iva) the use or right to use any industrial, commercial or scientific equipment but not including the amounts referred to in section 44BB;</p> <p>(v) the transfer of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with television or tapes for use in connection with radio broadcasting; or</p> <p>(vi) the rendering of any services in connection with the activities referred to in sub-clauses (i) to (iv), (iva) and (v).</p>	<p>fibre or by any other similar technology, whether or not that process is secret;</p> <p>(iv) the expression “computer software” means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme or any customised electronic data.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Explanation 3.—For the purposes of this clause, "computer software" means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme or any customized electronic data.</p> <p>Explanation 4.—For the removal of doubts, it is hereby clarified that the transfer of all or any rights in respect of any right, property or information includes and has always included transfer of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred.</p> <p>Explanation 5.—For the removal of doubts, it is hereby clarified that the royalty includes and has always included consideration in respect of any right, property or information, whether or not—</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) the possession or control of such right, property or information is with the payer;</p> <p>(b) such right, property or information is used directly by the payer;</p> <p>(c) the location of such right, property or information is in India.</p> <p>Explanation 6.—For the removal of doubts, it is hereby clarified that the expression "process" includes and shall be deemed to have always included transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret;</p>			
		<p>Explanation 2A.—For the removal of doubts, it is hereby declared that the significant economic presence of a non-resident in India shall constitute "business connection" in</p>	<p>(d) a non-resident shall have a significant economic presence in India, where there is—</p>	<p>It is suggested that clause (d) may be amended to ensure that the provisions related to significant</p>	<p>Since the concept of Significant Economic Presence was introduced in the Statute in line with</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>India and "significant economic presence" for this purpose, shall mean—</p> <p>(a) transaction in respect of any goods, services or property carried out by a non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed; or</p> <p>(b) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as may be prescribed:</p> <p><i>Provided</i> that the transactions or activities shall constitute significant economic presence in India, whether or not—</p> <p>(i) the agreement for such transactions or activities is entered in India; or</p>	<p>(i) transaction in respect of any goods, services or property carried out by such non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as prescribed; or</p> <p>(ii) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as prescribed, irrespective of whether the agreement for such transactions or activities is entered in India, or the non-resident has a residence or place of business in India, or the non-resident renders any services in India;</p>	<p>economic presence are limited to <b>digital transactions not regulated in India by a regulator.</b></p>	<p>BEPS Action 1 to address challenges in a digital economy, it is suggested that clause (d) may be amended to ensure that the provisions related to significant economic presence are limited to <b>digital</b> transactions and does not extend to other transactions.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) the non-resident has a residence or place of business in India; or</p> <p>(iii) the non-resident renders services in India:</p> <p>Provided further that the transactions or activities which are</p> <p>confined to the purchase of goods in India for the purpose of export shall</p> <p>not constitute significant economic presence in India</p>			
		<p>Explanation 5.—For the removal of doubts, it is hereby clarified that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India:</p>	<p>(9) In sub-section (2)(d)—</p> <p>(a) an asset or a capital asset, being any share of, or interest in, a company or entity registered or incorporated outside India shall be deemed</p> <p>to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><i>Provided</i> that nothing contained in this <i>Explanation</i> shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in a Foreign Institutional Investor as referred to in clause (a) of the Explanation to section 115AD for an assessment year commencing on or after the 1st day of April, 2012 but before the 1st day of April, 2015:</p> <p>Provided further that nothing contained in this Explanation shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 prior to their repeal, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992):</p>	<p>(whether tangible or intangible) located in India;</p> <p>(b) the share or interest, referred to in clause (a), shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the specified date, the value of such assets,—</p> <p>(i) exceeds the amount of ten crore rupees; and</p> <p>(ii) represents at least 50% of the value of all the assets owned</p> <p>by the company or entity, as the case may be;</p> <p>(c) the value of an asset shall be the fair market value on the specified date of such asset without reduction of liabilities, if any, in respect of the asset, determined in the manner, as prescribed;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided also that nothing contained in this Explanation shall apply to an asset or a capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992):</p> <p>Provided also that nothing contained in this Explanation shall apply to—</p> <p>(i) an assessment or reassessment to be made under section 143, section 144, section 147 or section 153A or section 153C; or</p> <p>(ii) an order to be passed enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154; or</p>	<p>(d) the expression “specified date” in clause (c) means—</p> <p>(i) the date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or</p> <p>(ii) the date of transfer, if the book value of the assets of the</p> <p>company or, as the case may be, the entity on the date of transfer exceeds the book value of the assets as on the date referred to in sub-clause (i), by 15%;</p> <p>(e) the expression “accounting period” in clause (d) means—</p> <p>(i) each period of twelve months ending with the 31st March;</p> <p>(ii) each period of twelve months ending with a date other than the 31st March, in a case where a company or an entity, referred to in clause (a), regularly adopts a</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) an order to be passed deeming a person to be an assessee in default under sub-section (1) of section 201,</p> <p>in respect of income accruing or arising through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012:</p> <p>Provided also that where—</p> <p>(i) an assessment or reassessment has been made under section 143, section 144, section 147 or section 153A or section 153C; or</p> <p>(ii) an order has been passed enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154; or</p>	<p>period of twelve months ending on a day other than the 31st March for—</p> <p>(A) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or</p> <p>(B) reporting to persons holding the share or interest;</p> <p>(iii) the period beginning with the date of registration or incorporation of a company or entity and ending with the 31st March or such other day referred to in sub-clause (ii), in a case where a company or entity comes into existence and the later accounting period shall be the successive periods of twelve months; or</p> <p>(iv) the period beginning with the 1st April or such other day referred to in sub-clause (ii) and ending with the date immediately preceding the date on which the company or entity ceases to exist, in a case where the</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) an order has been passed deeming a person to be an assessee in default under sub-section (1) of section 201; or</p> <p>(iv) an order has been passed imposing a penalty under Chapter XXI or under section 221,</p> <p>in respect of income accruing or arising through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012 and the person in whose case such assessment or reassessment or order has been passed or made, as the case may be, fulfils the specified conditions, then, such assessment or reassessment or order, to the extent it relates to the said income, shall be deemed never to have been passed or made, as the case may be:</p>	<p>company or the entity ceases to exist before the end of the accounting period;</p> <p>(f) in case of assets mentioned in clause (a), if—</p> <p>(i) there is a transfer outside India of any share of, or interest in, a company or an entity registered or incorporated outside India by a non-resident transferor; and</p> <p>(ii) all the assets owned by that company or entity are not located in India,</p> <p>then the income referred to in sub-section (2)(d) shall be only such part of the income attributable to assets located in India and determined in the manner, as prescribed;</p> <p>(g) the income referred to in sub-section (2)(d) shall not include income from transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India,—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided also that where any amount becomes refundable to the person referred to in fifth proviso as a consequence of him fulfilling the specified conditions, then, such amount shall be refunded to him, but no interest under section 244A shall be paid on that amount.</p> <p>Explanation.—For the purposes of fifth and sixth provisos, the specified conditions shall be as provided hereunder:—</p> <p>(i) where the said person has filed any appeal before an appellate forum or any writ petition before the High Court or the Supreme Court against any order in respect of said income, he shall either withdraw or submit an undertaking to withdraw such appeal or writ petition, in such form and manner as may be prescribed;</p> <p>(ii) where the said person has initiated any proceeding for arbitration, conciliation or mediation, or has given any notice thereof</p>	<p>(i) if such share of, or interest in, a company or an entity registered or incorporated outside India is held by a non-resident by way of investment, directly or indirectly,—</p> <p>(A) in Category I or Category II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, prior to their repeal, made under the Securities and Exchange Board of India Act, 1992;</p> <p>(B) in Category I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992;</p> <p>(ii) if such company or entity directly owns the assets situated in India and the</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under any law for the time being in force or under any agreement entered into by India with any other country or territory outside India, whether for protection of investment or otherwise, he shall either withdraw or shall submit an undertaking to withdraw the claim, if any, in such proceedings or notice, in such form and manner as may be prescribed;</p> <p>(iii) the said person shall furnish an undertaking, in such form and manner as may be prescribed, waiving his right, whether direct or indirect, to seek or pursue any remedy or any claim in relation to the said income which may otherwise be available to him under any law for the time being in force, in equity, under any statute or under any agreement entered into by India with any country or territory outside India, whether for protection of investment or otherwise; and</p>	<p>transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,—</p> <p>(A) does not hold the right of management or control in relation to such company or the entity; and</p> <p>(B) does not hold voting power or share capital or interest exceeding 5%, of the total voting power or total share capital or total interest, as the case may be, of such company or entity; or</p> <p>(iii) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,—</p> <p>(A) does not hold the right of management</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iv) such other conditions as may be prescribed.</p> <p>Explanation 6.—For the purposes of this clause, it is hereby declared that—</p> <p>(a) the share or interest, referred to in <i>Explanation 5</i>, shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if, on the specified date, the value of such assets—</p> <p>(i) exceeds the amount of ten crore rupees; and</p> <p>(ii) represents at least fifty per cent of the value of all the assets owned by the company or entity, as the case may be;</p> <p>(b) the value of an asset shall be the fair market value as on the specified date, of such asset without reduction of liabilities, if any, in respect of the asset, determined in such manner as may be prescribed;</p>	<p>or control in relation to such company or the entity;</p> <p>(B) does not hold any right in, or in relation to, such company or entity which would entitle it to the right of management or control in the company or entity which directly owns the assets situated in India; and</p> <p>(C) does not hold such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding 5% of the total voting power or total share capital or total interest, as the case may be, of the company or entity, which directly owns the assets situated in India;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) "accounting period" means each period of twelve months ending with the 31st day of March:</p> <p>Provided that where a company or an entity, referred to in Explanation 5, regularly adopts a period of twelve months ending on a day other than the 31st day of March for the purpose of—</p> <p>(i) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or</p> <p>(ii) reporting to persons holding the share or interest,</p> <p>then, the period of twelve months ending with the other day shall be the accounting period of the company or, as the case may be, the entity:</p> <p><i>Provided further</i> that the first accounting period of the company or, as the case may be, the entity shall begin from the date of its</p>	<p>(iv) in sub-clause (iii), "associated enterprises" shall have the meaning assigned to it in section 159.</p>	<p>Sub-clause (iv) may be modified as follows –</p> <p>(iv) in sub-clause (iii), "associated enterprises" shall have the meaning assigned to it in <del>section 159</del><b>section 162</b>.</p>	<p>The meaning of associated enterprises is in section 162 and not section 159. Therefore, the reference given in sub-clause (iv) is not correct and requires modification.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>registration or incorporation and end with the 31st day of March or such other day, as the case may be, following the date of such registration or incorporation, and the later accounting period shall be the successive periods of twelve months:</p> <p><i>Provided also</i> that if the company or the entity ceases to exist before the end of accounting period, as aforesaid, then, the accounting period shall end immediately before the company or, as the case may be, the entity, ceases to exist;</p> <p>(d) "specified date" means the—</p> <p>(i) date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or</p> <p>(ii) date of transfer, if the book value of the assets of the company or, as the case may be, the entity on the date of transfer exceeds the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>book value of the assets as on the date referred to in sub-clause (i), by fifteen per cent.</p> <p>Explanation 7.— For the purposes of this clause,—</p> <p>(a) no income shall be deemed to accrue or arise to a non-resident from transfer, outside India, of any share of, or interest in, a company or an entity, registered or incorporated outside India, referred to in the <i>Explanation 5</i>,—</p> <p>(i) if such company or entity directly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds voting power or share capital or interest exceeding five per cent of the total voting power or total share capital or total</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		interest, as the case may be, of such company or entity; or  (ii) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds any right in, or in relation to, such company or entity which would entitle him to the right of management or control in the company or entity that directly owns the assets situated in India, nor holds such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding five per cent of the total voting power or total share capital or total interest, as the case may			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be, of the company or entity that directly owns the assets situated in India;</p> <p>(b) in a case where all the assets owned, directly or indirectly, by a company or, as the case may be, an entity referred to in the <i>Explanation 5</i>, are not located in India, the income of the non-resident transferor, from transfer outside India of a share of, or interest in, such company or entity, deemed to accrue or arise in India under this clause, shall be only such part of the income as is reasonably attributable to assets located in India and determined in such manner as may be prescribed;</p> <p>(c) "associated enterprise" shall have the meaning assigned to it in section 92A;</p>			
		(viii) income arising outside India, being any sum of money referred to in sub-clause (xviii) of clause (24) of section 2, paid by a person resident in India — (a) on or after the	(10) Income arising outside India, in the nature of a sum referred to in section 2(49)(u), paid by a person resident in India,—	Clause (b) of sub-section (10) may be reworded as follows -	The word “accrue” has been spelt wrongly in clause (b) of sub-section



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		5th day of July, 2019 to a non-resident, not being a company, or to a foreign company; or (b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6	(a) to a non-resident, not being a company, or to a foreign company; or  (b) to a person not ordinarily resident in India under section 6(13), shall be deemed to accrue or arise in India.	(b) to a person not ordinarily resident in India under section 6(13), shall be deemed to <del>accure</del> <b>accrue</b> or arise in India.	(10), which needs to be corrected.
		Explanation to section 9  Explanation.—For the removal of doubts, it is hereby declared that for the purposes of this section, income of a non-resident shall be deemed to accrue or arise in India under clause (v) or clause (vi) or clause (vii) of subsection (1) and shall be included in the total income of the non-resident, whether or not,—  (i) the non-resident has a residence or place of business or business connection in India; or  (ii) the non-resident has rendered services in India	(11) In sub-sections (5), (6) and (7), income of a non-resident shall be deemed to accrue or arise in India and shall be included in his total income, whether or not,—  (a) the non-resident has a residence or place of business or business connection in India; or  (b) the non-resident has rendered services in India.	Sub-section (11) may be redrafted as follows -  (11) In sub-sections (5), (6) and (7), income of a non-resident shall be deemed to accrue or arise in India and shall be included in <del>his</del> <b>the</b> total income, whether or not,—	The language of sub-section (11) may be modified to make it gender neutral.  This is one of the examples. This change has to be effected in all the provisions where “his” has been used in the Income-tax Bill, 2025.



**CHAPTER III**

**INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME**

**[The suggested changes in this chapter are in the related Schedules, namely, Schedule III, V & VI]**

<b>SCHEDULE III</b>	
	<b>Income Not to be included in total income of Eligible Persons</b>
	In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D therein shall have the meanings respectively assigned to them in the Notes below the said Table.

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
10(10BC)	(10BC)- any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal	3	Any amount received or receivable from the Central Government or a State Government or a local authority by way of compensation	Any individual or his legal heir	No deduction of this amount was allowed earlier under this Act on account of any loss or damage caused by such disaster to such individual or his legal heir.	Column D against Sl. No.3 may be modified as follows -  No deduction of this amount was allowed earlier	The condition may be modified that no deduction of this amount was allowed earlier under



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	<p>heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster.</p> <p>Explanation.—For the purposes of this clause, the expression "disaster" shall have the meaning assigned to it under clause (d) of section 2 of the Disaster Management Act, 2005 (53 of 2005);</p>		<p>on account of any disaster.</p>			<p>under this Act <b>or the Income-tax Act, 1961</b> on account of any loss or damage caused by such disaster to such individual or his legal heir.</p>	<p>this Act <b>or the Income-tax Act, 1961</b> on account of any loss or damage caused by such disaster to such individual or his legal heir.</p>



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
10(5)	<p>10(5) – in the case of an individual, the value of any travel concession or assistance received by, or due to, him,—</p> <p>(a) from his employer for himself and his family, in connection with his proceeding on leave to any place in India ;</p> <p>(b) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service,</p>	8	The value of any travel concession or assistance.	An individual.	<p>(a) Such sum is received by, or due to, such individual—</p> <p>(i) from his employer for himself and his family, in connection with his proceeding on leave to any place in India;</p> <p>(ii) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service;</p> <p>(b) Such sum is subject to such conditions as prescribed (including conditions as to number of journeys and the amount which shall be exempt per head);</p>	<p>In Column D in the opening para in (a) corresponding to Sl. No.8, the words “or due to” may be removed. The opening para would then read as follows -</p> <p><b>(a) Such sum is received by, or due to, such individual—</b></p>	<p>The words “or due to” may be removed from the opening para in (a) in Column D corresponding to Sl. No.8 in line with the suggestion of taxation of salary on receipt basis given in the forthcoming chapter on Salaries.</p>



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	<p>subject to such conditions as may be prescribed (including conditions as to number of journeys and the amount which shall be exempt per head) having regard to the travel concession or assistance granted to the employees of the Central Government :</p> <p>Provided that the amount exempt under this clause shall in no case exceed the amount of expenses actually incurred for the purpose of such travel:</p> <p>Provided further that for the assessment year beginning on the 1st</p>				<p>(c) The conditions in clause (b) shall have regard to the travel concession or assistance granted to the employees of the Central Government; and</p> <p>(d) Sum not included in the total income shall in no case exceed the amount of expenses actually incurred for the purpose of such travel.</p>		



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	day of April, 2021, the value in lieu of any travel concession or assistance received by, or due to, such individual shall also be exempt under this clause subject to the fulfilment of such conditions (including the condition of incurring such amount of such expenditure within such period), as may be prescribed.						
10(10CC)	10(10CC)- in the case of an employee, being an individual deriving income in the nature of a perquisite, not provided for by way of	10	Income in the nature of a perquisite.	An employee, being an individual.	(a) Such perquisite is not provided for by way of monetary payment, within the meaning of section 17(1); (b) the tax on such income actually paid by his employer, at the option of the employer,	clause "c" in Column D of the table corresponding to Sl. No.10 may be removed.	(c) in the last column corresponding to Sl. No. 10 makes reference to section 200 of the



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	monetary payment, within the meaning of clause (2) of section 17, the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee, notwithstanding anything contained in section 200 of the Companies Act, 1956 (1 of 1956);				on behalf of such employee; and  (c) such perquisite is paid irrespective of section 200 of the Companies Act, 1956 (1 of 1956).		Companies Act, 1956, which prohibited tax-free payments to officers and employees of companies. However, there is no corresponding provision in the Companies Act, 2013.
10(32)	10(32)-  in the case of an assessee referred to in sub-section (1A) of section 64, any income includible in his total income under that sub-section, to the	17	Any income includible in the total income under section 99 (1)(d).	In case of an assessee referred to in that sub-section	Exclusion of such income from the total income is to the extent such income does not exceed ₹ 1,500 in respect of each minor child whose income is so includible	Column D corresponding to Sl. No.17 may be modified to increase the exemption limit -  Exclusion of such income from the	The limit of Rs. 1500 which was introduced more than three decades back by Finance Act, 1992 needs to be substantially



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	extent such income does not exceed one thousand five hundred rupees in respect of each minor child whose income is so includible;					total income is to the extent such income does not exceed ₹ <del>1,500</del> ₹ 1,50,000 in respect of each minor child whose income is so includible	increased considering the inflation and change in the slab rates of taxation.
10(37)	10(37)- in the case of an assessee, being an individual or a Hindu undivided family, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where— (i) such land is situate in any area referred to	18	Any income chargeable under the head "Capital gains" arising from the transfer of agricultural land.	An individual or a Hindu undivided family.	(a) Such land is situated in any area referred to in section 2(22)(iii); (b) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his; (c) such transfer is by way of compulsory acquisition under	The exemption vide this Circular may be incorporated in the Income-tax Bill, 2025.	Vide Circular No. 36/2016 dated 25.10.2016, CBDT has clarified that compensation received in respect of award or agreement which has been exempted from levy of income-



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	<p>in item (a) or item (b) of sub-clause (iii) of clause (14) of section 2;</p> <p>(ii) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his;</p> <p>(iii) such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or</p>				<p>any law, or a transfer, the consideration for which is determined or approved by the Central Government or the Reserve Bank of India; and</p> <p>(d) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st April, 2004.</p>		<p>tax vide section 96 of RFCTLARR Act shall also not be taxable under the provisions of Income-tax Act, 1961 even if there is no specific provision of exemption for such compensation in the Income-tax Act, 1961.</p>



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Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
	<p>the Reserve Bank of India;</p> <p>(iv) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April, 2004.</p> <p>Explanation.—For the purposes of this clause, the expression "compensation or consideration" includes the compensation or consideration enhanced or further enhanced by any court, Tribunal or other authority;</p>						



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<b>SCHEDULE V</b>	
<b>Provision in the Income-tax Bill, 2025</b>	
	<p><b>Income not to be included in total income of Certain Eligible persons including Investment Funds, Business Trusts and their Unit holders</b></p> <p><b>(See section 11)</b></p>
	<p>In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table shall have the meanings respectively assigned to them in 004Eotes below the said table.</p>

Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
<b>10(23FD)</b>	10(23FD)- any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in sub-clause (a) of clause	5	Any distributed income referred to in section 223	Any unit holder of a business trust	Exemption shall not be allowed on that proportion of the income which is of the same nature as— (a) interest received or receivable from a special purpose vehicle		



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Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
	(23FC) or sub-clause (b) of said clause (in a case where the special purpose vehicle has exercised the option under section 115BAA) or clause (23FCA);				<p>by the business trust; or</p> <p>(b) dividend received or receivable from a special purpose vehicle by the business trust (in a case where the special purpose vehicle has exercised the option under section 200; or (c) income of a business trust by way of renting or leasing or letting out any real estate asset owned directly by such business trust.</p> <p>“special purpose vehicle” means an Indian company in which the business trust holds controlling interest and any specific percentage of</p>	<p>The definition of “special purpose vehicle” can be modified as follows -</p> <p>“special purpose vehicle” means an</p>	<p>As per the SEBI (REIT) Regulations SPV can be an Indian company or LLP.</p>



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Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
					shareholding or interest, as may be required by the law under which such trust is granted registration.	Indian company or <b>limited liability partnership</b> in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the law under which such trust is granted registration.	



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SCHEDULE VI							
Provision in the Income-tax Bill, 2025							
Income Not to be included in total income of certain Eligible persons in International Financial Services Centre or having Income therefrom (See section 11)							
In computing the total income of a tax year of any eligible person, as mentioned in column C of the Table below, the income mentioned in column B of the said Table and the income as mentioned in savings clause shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table, shall have the meanings respectively assigned to them in the Notes below the said Table							
Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
10(4D)(c), 10(4D)(d)	10(4D)(c)- specified fund" means,—  (i) a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate,—		(g) "specified fund" means—  (i) a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate,—  (A) which has been granted a certificate of registration as a			The extension of sunset date to 31 <sup>st</sup> March, 2030 in the said definition be incorporated in (g)(ii)(A) of the Income-tax Bill, 2025.	The definition of "Specified fund" has been amended while passing the Finance Bill,



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	<p>which has been granted a certificate as a retail scheme or an Exchange Traded Fund and satisfies the conditions laid down for such schemes or funds under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019.”</p> <p>(II) which is located in any International Financial Services Centre; and</p> <p>(III) of which all the units other than unit held by a sponsor or manager are held by non-residents :</p> <p>Provided that the condition specified in this item shall not apply where any unit holder or holders, being non-resident during the previous year when such unit or units were issued, becomes resident under clause (1) or clause (1A) of section 6 in any previous year subsequent to that year, if the aggregate value and number of the</p>		<p>Category III Alternative Investment Fund and is regulated—</p> <p>(I) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992; or</p> <p>(II) regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);</p> <p>(B) which has been granted a certificate as a retail scheme or an Exchange Traded Fund, and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019), and satisfies such conditions, as prescribed;</p> <p>(C) which is located in any International Financial Services Centre; and</p>			<p>2025 in the Lok Sabha. The sunset date for an investment division of an offshore unit to commence operations has been extended to 31.3.2030.</p>
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	<p>units held by such resident unit holder or holders do not exceed five per cent of the total units issued and fulfil such other conditions as may be prescribed; or]</p> <p>(ii) investment division of an offshore banking unit, which has been—</p> <p>(I) granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and which has commenced its operations on or before the 31st day of March, [2030]; and</p> <p>(II) fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed;</p>		<p>(D) of which all the units are held by non-residents except—</p> <p>(I) the unit held by a sponsor or manager;</p> <p>(II) where any unit holder or holders, being non-resident during the tax year when such unit or units were issued, becomes resident under section 6(2) or (3) or (4) or (5) or (6) or (7) in any tax year subsequent to that year;</p> <p>(III) in case of sub-item (II), aggregate value and 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 prescribed; or</p> <p>(ii) investment division of an offshore banking unit, which has been—</p> <p>(A) granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities Exchange Board of India Act, 1992 (15 of 1992) and which</p>			
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			has commenced its operations on or before the 31st March, 2025  (B) fulfils such conditions including maintenance of separate accounts for its investment division, as prescribed;			
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## CHAPTER IV

### COMPUTATION OF TOTAL INCOME

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<b>Chapter IV-A – Heads of Income</b>		
14	14A	<b>14A. Expenditure incurred in relation to income not includible in total income.</b>	<b>14. Income not forming part of total income and expenditure in relation to such income.</b>		
		(1) Notwithstanding anything to the contrary contained in this Act, for the purposes of computing the total income under this Chapter, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Act.	(1) Irrespective of anything to the contrary contained in this Act, for the purposes of computing the total income under this Chapter, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income.  (2) Where the Assessing Officer, having regard to the accounts of the assessee, is		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The Assessing Officer shall determine the amount of expenditure incurred in relation to such income which does not form part of the total income under this Act in accordance with such method as may be prescribed, if the Assessing Officer, having regard to the accounts of the assessee, is not satisfied with the correctness of the claim of the assessee in respect of such expenditure in relation to income which does not form part of the total income under this Act.</p> <p>(3) The provisions of sub-section (2) shall also apply in relation to a case where an assessee claims that no expenditure has been incurred by him in relation to income which does not form part of the total</p>	<p>not satisfied with—</p> <p>(a) the correctness of the claim of expenditure incurred by the assessee; or</p> <p>(b) the claim made by the assessee that no expenditure has been incurred, in relation to income which does not form part of the total income under this Act, he shall determine such amount of expenditure in accordance with any method, as prescribed.</p> <p>(3) Irrespective of anything to the contrary contained in this Act, the provisions of this section shall apply in a case where any expenditure has been incurred during any tax year in relation to income which does not form part of the total income under this Act, but such income has not accrued or arisen or has not been received during that tax year.</p>	<p>Sub-section (2) may be reworded as follows –</p> <p><b>“The amount of expenditure incurred in relation to such income which does not form part of the total income under this Act to be certified by an accountant, in cases where the assessee is subject to audit under section 63 and self-certified, in other cases.”</b></p>	<p><b>Discretionary power of the Assessing Officer may be removed.</b> The expenditure can be certified by the professional involved in auditing of accounts in cases where the assessee is subject to audit under section 63 and self-certification in other cases. <b>This would reduce litigation.</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income under this Act :</p> <p>Provided that nothing contained in this section shall empower the Assessing Officer either to reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154, for any assessment year beginning on or before the 1st day of April, 2001.</p> <p>Explanation.—For the removal of doubts, it is hereby clarified that notwithstanding anything to the contrary contained in this Act, the provisions of this section shall apply and shall be deemed to have always applied in a case where the income, not forming part of the total income under this Act, has not</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such income not forming part of the total income.			
<b>Chapter IV B – Salaries</b>					
15	15	<b>15. Salaries.</b>	<b>15. Salaries</b>		
		<p>The following income shall be chargeable to income-tax under the head "Salaries"—</p> <p>(a) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not;</p> <p>(b) any salary paid or allowed to him in the previous year by or on</p>	<p>(1) The following income shall be chargeable to income-tax under the head "Salaries":—</p> <p>(a) any salary due from an employer to an assessee in the tax year, whether paid or not;</p> <p>(b) any salary paid or allowed to him in the tax year by or on behalf of an employer though not due or before it</p>	<p>Sub-section (1) may be reworded as follows -</p> <p>Any salary paid or allowed to an assessee in the tax year by or on behalf of an employer shall be chargeable to income-tax under the head "Salaries".</p>	<p>Salary to be chargeable to tax on receipt basis. In cases where salaries are not paid by defunct entities, such amount should not be chargeable to tax on accrual basis in the hands of the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>behalf of an employer or a former employer though not due or before it became due to him;</p> <p>(c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year.</p> <p>Explanation 1.—For the removal of doubts, it is hereby declared that where any salary paid in advance is included in the total income of any person for any previous year it shall not be included again in the total income of the person when the salary becomes due.</p> <p>Explanation 2.—Any salary, bonus, commission or remuneration, by whatever name called, due to, or</p>	<p>became due to him;</p> <p>(c) any arrears of salary paid or allowed to him in the tax year by or on behalf of an employer, if not charged to income-tax for any earlier tax year.</p> <p>(2) For the purposes of sub-section (1), employer includes former employer.</p> <p>(3) If any salary paid in advance is included in the total income of any person for any tax year, it shall not be included again in the total income of such person when the salary becomes due.</p> <p>(4) Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as salary for the purposes of this section.</p>	<p>Consequently, sub-section (3) can be deleted.</p>	<p>employee, as it would cause undue hardship. The taxability on receipt basis would also be in line with the provisions of section 392 which requires tax deduction on payment basis in case of salaries.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		received by, a partner of a firm from the firm shall not be regarded as "salary" for the purposes of this section.			
17	17(2)	<b>"Salary", "perquisite" and "profits in lieu of salary" defined.</b>	<b>Perquisite.</b>		
		For the purposes of sections 15 and 16 and of this section, — "perquisite" includes— (i) the value of rent-free accommodation provided to the assessee by his employer computed in such manner as may be prescribed. (ii) the value of any accommodation provided to the assessee by his employer at a concessional rate.	(1) For the purposes of this Part, "perquisite" includes— (a) the value of rent-free accommodation provided to the assessee by his employer computed in such manner, as prescribed; (b) the value of any accommodation provided to the assessee by his employer at a concessional rate which is in excess of rent recoverable from, or payable by, the assessee, computed in such manner, as prescribed; (c) the value of any benefit or amenity	(a) and (b) can be combined (a) the value of rent-free accommodation or any accommodation provided at a concessional rate to the assessee by his employer computed in such manner, as prescribed; For the purposes of (a), any accommodation is deemed to be provided at a concessional rate if its value is in excess of rent recoverable from, or payable by, the assessee.	In the existing rule 3, there is a common rule prescribed for both rent-free and concessional accommodation.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Explanation. —For the purposes of this sub-clause, it is clarified that accommodation shall be deemed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee;</p> <p>(iii) the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases—</p> <p>(a) by a company to an employee who is a director thereof;</p> <p>(b) by a company to an employee being a person who has a substantial interest in the company;</p> <p>(c) by any employer (including a company) to an employee to whom</p>	<p>granted or provided free of cost or at concessional rate in the following cases:—</p> <p>(i) by a company to an employee, who is a director thereof or who has a substantial interest in the company;</p> <p>(ii) by any employer (including a company) to an employee whose income under the head “Salaries” by way of monetary payment (from one or more employers) exceeds such amount as prescribed;</p> <p>(d) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the current employer, or former employer, free of cost or at concessional rate to the assessee;</p> <p>(e) the value of any other benefit or</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds such amount as may be prescribed:</p> <p>(vi) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.</p> <p>(viii) the value of any other fringe benefit or amenity as may be prescribed:</p> <p>(iv) any sum paid by the employer</p>	<p>amenity, as prescribed;</p> <p>(f) any sum paid by the employer in respect of any obligation which, but for such payment, would have been payable by the assessee;</p> <p>(g) any sum payable by the employer to effect an assurance on the life of the assessee or to effect a contract for an annuity, whether directly or through a fund, other than—</p> <p>(i) a recognised provident fund; or</p> <p>(ii) an approved superannuation fund; or</p> <p>(iii) a Deposit-linked Insurance Fund established under—</p> <p>(A) section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948; or</p> <p>(B) section 6C of the Employees'</p>	<p>In (g), sum payable can be replaced with sum paid.</p>	<p>This is consequent to the suggestion on salary being made chargeable to tax on receipt basis.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>in respect of any obligation which, but for such payment, would have been payable by the assessee;</p> <p>(v) any sum payable by the employer, whether directly or through a fund, other than a recognised provident fund or an approved superannuation fund or a Deposit-linked Insurance Fund established under section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) to effect an assurance on the life of the assessee or to effect a contract for an annuity;</p> <p>(vii) the amount or the aggregate of</p>	<p>Provident Funds and Miscellaneous Provisions Act, 1952;</p> <p>(h) aggregate amount of any contribution, in excess of seven lakh and fifty thousand rupees in a tax year, made to the account of the assessee by the employer—</p> <p>(i) in a recognised provident fund;</p> <p>(ii) in the scheme referred to in section 124(I); and</p> <p>(iii) in an approved superannuation fund;</p> <p>(i) the annual accretion by way of interest, dividend or any other amount of similar nature during the tax year to the balance at the credit of the fund or scheme referred to in clause (h), computed in such manner, as prescribed (to the extent it relates to the contribution referred to in the said clause</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>amounts of any contribution made to the account of the assessee by the employer—</p> <p>(a) in a recognised provident fund;</p> <p>(b) in the scheme referred to in sub-section (1) of section 80CCD; and</p> <p>(c) in an approved superannuation fund,</p> <p>to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;</p> <p>(vii) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vi) to the extent it relates to the contribution referred to in the said sub-clause</p>	<p>in any tax year).</p> <p>(2) Nothing in sub-section (1) shall apply to—</p> <p>(a) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer;</p> <p>(b) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family—</p> <p>(i) in any hospital maintained by the Government, or any local authority, or any other hospital approved by the Government for the purposes of medical treatment of its employees;</p> <p>(ii) in respect of the prescribed diseases or ailments, in any hospital approved by</p>	<p>The conditions for similar payments for medical expenditure, whether in India or abroad, should be allowed as deduction. There should be no distinction between expenditure incurred in Government hospital, Government approved hospital and private hospital. The check should be by way of prescribed limit which would apply in all cases. This will make the provisions simple to understand and ensure compliance with.</p>	<p>The changes are suggested for simplification. Ultimately, all expenditure will be subject to the same prescribed limits.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and</p> <p><i>Provided</i> that nothing in this clause shall apply to,—</p> <p>(i) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer;</p> <p>(ii) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family—</p> <p>(a) in any hospital maintained by the Government or any local authority or any other hospital</p>	<p>the Principal Chief Commissioner or Chief Commissioner having regard to such guidelines as specified;</p> <p>(c) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved, for the purposes of section 30(c), by the—</p> <p>(i) Central Government; or</p> <p>(ii) Insurance Regulatory and Development Authority established under section 3(1) of the Insurance Regulatory and Development Authority Act, 1999;</p> <p>(d) any sum paid by the employer in respect of any premium paid by the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>approved by the Government for the purposes of medical treatment of its employees;</p> <p>(b) in respect of the prescribed diseases or ailments, in any hospital approved by the Principal Chief Commissioner or Chief Commissioner having regard to the prescribed guidelines:</p> <p><i>Provided</i> that, in a case falling in sub-clause (b), the employee shall attach with his return of income a certificate from the hospital specifying the disease or ailment for which medical treatment was required and the receipt for the amount paid to the hospital;</p> <p>(c) in respect of any illness relating to COVID-19 subject to such conditions as the Central</p>	<p>scheme, approved for the purposes of section 126, by the—</p> <p>(i) Central Government; or</p> <p>(ii) Insurance Regulatory and Development Authority established under section 3(1) of the Insurance Regulatory and Development Authority Act, 1999;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Government may, by notification in the Official Gazette, specify in this behalf;</p> <p>(iii) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved by the Central Government or the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), for the purposes of clause (ib) of sub-section (1) of section 36;</p> <p>(iv) any sum paid by the employer in respect of any premium paid by</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any scheme approved by the Central Government or the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), for the purposes of section 80D;			
		Explanation below sub-clause (iii) to clause (2) of section 17  Explanation.—For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other	(e) any expenditure incurred by the employer for the use of any vehicle for journey by the assessee from his residence to his office or other place of work, or from such office or place to his residence;		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		place of work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause;			
		<p>(vi) any expenditure incurred by the employer on—</p> <p>(1) medical treatment of the employee, or any member of the family of such employee, outside India;</p> <p>(2) travel and stay abroad of the employee or any member of the family of such employee for medical treatment;</p> <p>(3) travel and stay abroad of one attendant who accompanies the patient in connection with such</p>	<p>(f) any expenditure incurred by the employer, or any sum paid by the employer in respect of any expenditure actually incurred by the employee, on—</p> <p>(i) medical treatment of the employee or any family member of such employee outside India;</p> <p>(ii) travel and stay abroad for the employee or any member of the family of such employee for medical treatment;</p> <p>(iii) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment.</p>	Travel and stay expenditure upto the prescribed limit to be permitted for treatment in a hospital in India which is not the place of residence of the employee.	There is no need for distinguishing travel within India and outside India for medical treatment. Upto prescribed limit, such expenditure can be permitted for treatment in a hospital in India or outside India.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>treatment, subject to the condition that—</p> <p>(A) the expenditure on medical treatment and stay abroad shall be excluded from perquisite only to the extent permitted by the Reserve Bank of India; and</p> <p>(B) the expenditure on travel shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed such amount as may be prescribed;</p> <p>(vii) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause (vi) subject to the conditions</p>	<p>(3) For the purposes of sub-section (2)(f),—</p> <p>(a) the expenditure on medical treatment and stay abroad shall be excluded from the perquisite only to the extent permitted by the Reserve Bank of India; and</p> <p>(b) the expenditure on travel shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed such amount as prescribed.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>specified in or under that clause :</p> <p><i>Provided further</i> that for the assessment year beginning on the 1st day of April, 2002, nothing contained in this clause shall apply to any employee whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers) exclusive of the value of all perquisites not provided for by way of monetary payment, does not exceed one lakh rupees.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
18	17(3)	<b>"Salary", "perquisite" and "profits in lieu of salary" defined.</b>	<b>Profits in lieu of salary</b>		
		<p>For the purposes of sections 15 and 16 and of this section,—</p> <p>(3) "profits in lieu of salary" includes—</p> <p>(i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto;</p> <p>(iii) any amount due to or received, whether in lump sum or otherwise, by any assessee from any person—</p> <p>(A) before his joining any employment with that person; or</p>	<p>(1) For the purposes of this Part, "profits in lieu of salary" includes,—</p> <p>(a) any amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the—</p> <p>(i) termination of his employment; or</p> <p>(ii) modification of the terms and conditions relating thereto;</p> <p>(b) any amount due to or received, whether in lump-sum or otherwise, by any assessee from any person—</p> <p>(i) before his joining any employment with that person; or</p> <p>(ii) after cessation of his employment</p>	<p>In (a), (b) and (c), the words "due to" may be removed.</p>	<p>This is consequent to the suggestion for salary being chargeable to tax on receipt basis.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(B) after cessation of his employment with that person.</p> <p>(ii) any payment (other than any payment referred to in clause (10), clause (10A), clause (10B), clause (11), clause (12), clause (13) or clause (13A) of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy.</p> <p>Explanation. — For the purposes of this sub-clause, the expression "Keyman insurance policy" shall</p>	<p>with that person;</p> <p>(c) any payment due to or received by an assessee—</p> <p>(i) from an employer or a former employer; or</p> <p>(ii) from a provident or other fund to the extent to which it does not consist of contributions by the assessee or interest on such contributions; or</p> <p>(iii) any sum received under a Keyman insurance policy as defined in Schedule II (Note 1), including the sum allocated by way of bonus on such policy.</p> <p>(2) The payment referred in sub-section (1)(c) shall not include any payment referred to in—</p> <p>(a) Schedule II (Table: Sl. No. 3);</p> <p>(b) Schedule II (Table: Sl. No. 4);</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		have the meaning assigned to it in clause (10D) of section 10;	(c) Schedule II (Table: Sl. No. 8); and (d) Schedule III (Table: Sl. No. 11).		
<b>Chapter IV-C Income from House Property</b>					
21	23	Annual value how determined.	Determination of annual value.	Suggestion	Rationale
		(1) For the purposes of section 22, the annual value of any property shall be deemed to be— (a) the sum for which the property might reasonably be expected to let from year to year; or (b) where the property or any part of the property is let and the actual rent received or receivable by the owner in respect thereof is in excess of the sum referred to in clause (a), the amount so received	(1) For the purposes of section 20, the annual value of any property shall be deemed to be the higher of the following:— (a) the sum for which it might reasonably be expected to let from year to year; or (b) the actual rent received or receivable by the owner, if the property or any part of it is let. (2) In case the property or any part of it is let in normal course and was vacant	In line with the rationale, section 21 may be redrafted as follows - (1) For the purposes of section 20, the annual value of any property shall be the actual rent received or receivable by the owner, if the property or any part of it is let. (2) In case the property or any part of it is let in normal course and was vacant for the whole or any part of the tax year, the annual value of such property shall be computed as per	Based on the principle of taxation of real income, actual rent should be the annual value. This would also be in line with the Income-tax Department's Taxpayer's Charter which underlines that the Department is committed to treat every taxpayer as



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or receivable; or</p> <p>(c) where the property or any part of the property is let and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable :</p> <p>Provided that the taxes levied by any local authority in respect of the property shall be deducted (irrespective of the previous year in which the liability to pay such taxes was incurred by the owner according to the method of accounting regularly employed by him) in determining the annual value of the property of that</p>	<p>for the whole or any part of the tax year, the annual value of such property shall be computed as per sub-section (1)(b).</p> <p>(3) The annual value of the property shall be reduced by the taxes (including service taxes) levied by a local authority in respect of such property, actually paid during the tax year by the owner, irrespective of when such taxes became payable.</p> <p>(4) The rent which cannot be realised by the owner shall not be included in computing the actual rent received or receivable, subject to the rules as may be made in this behalf.</p> <p>(5) In respect of a property or its part held as stock-in-trade and not let wholly or partly at any time during the tax year, the annual value shall be <i>nil</i> for two years from the end of the financial year</p>	<p>sub-section (1).</p> <p>(3) The annual value of the property shall be reduced by the taxes (including service taxes) levied by a local authority in respect of such property, actually paid during the tax year by the owner, irrespective of when such taxes became payable.</p> <p>(4) The rent which cannot be realised by the owner shall not be included in computing the actual rent received or receivable, subject to the rules as may be made in this behalf.</p> <p>(5) The annual value of the property consisting of a house or any part thereof shall be taken as <i>nil</i>, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.</p> <p>(6) The provisions of sub-section (5)</p>	<p>honest unless there is a reason to believe otherwise. Also, this suggestion is in line with the objective of simplification of tax law.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>previous year in which such taxes are actually paid by him.</p> <p>Explanation.—For the purposes of clause (b) or clause (c) of this sub-section, the amount of actual rent received or receivable by the owner shall not include, subject to such rules as may be made in this behalf, the amount of rent which the owner cannot realise.</p> <p>(5) Where the property consisting of any building or land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period up to two years from the end of the financial year in which the</p>	<p>in which completion certificate is obtained from the competent authority.</p> <p>(6) The annual value of the property consisting of a house or any part thereof shall be taken as <i>nil</i>, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.</p> <p>(7) The provisions of sub-section (6)—</p> <p>(a) shall apply only in respect of two of such houses as specified by the assessee in this behalf;</p> <p>(b) shall not apply, if the house or any part thereof is actually let during any time of the tax year, or if the owner derives any other benefit from it.</p>	<p><del>(6)</del>— shall not apply, if the house or any part thereof is actually let during any time of the tax year, or if the owner derives any other benefit from it.</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be nil.</p> <p>(2) The annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.</p> <p>(3) The provisions of sub-section (2) shall not apply if—</p> <p>(a) the house or part of the house is actually let during the whole or any part of the previous year; or</p> <p>(b) any other benefit therefrom is derived by the owner.</p> <p>(4) Where the property referred to in sub-section (2) consists of more</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>than two houses—</p> <p>(a) the provisions of that sub-section shall apply only in respect of two of such houses, which the assessee may, at his option, specify in this behalf;</p> <p>(b) the annual value of the house or houses, other than the house or houses in respect of which the assessee has exercised an option under clause (a), shall be determined under sub-section (1) as if such house or houses had been let.</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
22	24	<b>Deductions from income from house property.</b>	<b>Deductions from income from house property.</b>		
		<p>Income chargeable under the head "Income from house property" shall be computed after making the following deductions, namely:—</p> <p>(a) a sum equal to thirty per cent of the annual value;</p> <p>(b) where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital:</p>	<p>(1) The income under the head "Income from house property" shall be computed after allowing the following deductions:—</p> <p>(a) 30% of the annual value;</p> <p>(b) where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital.</p>	<p>It is suggested that lease rent paid by the lessee to the lessor be allowed as a deduction while computing "Income from House Property" in cases where the lessee, being the deemed owner as per section 25, sub-leases the property. This may be included as (c) in sub-section (1) of section 22.</p>	<p>A lessee is deemed to be the owner of the premises leased for a term of not less than 12 years. When such a lessee sub-leases the property, the income derived from the sub-lease is taxed under the head "Income from House Property, since the lessee is the deemed owner as per section 25. However, the lease rent paid by the lessee to the lessor is not allowed as a</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that in respect of property referred to in sub-section (2) of section 23, the amount of deduction or, as the case may be, the aggregate of the amount of deduction shall not exceed thirty thousand rupees:</p> <p>Provided further that where the property referred to in the first proviso is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed within five years from the end of the financial year in which capital was borrowed, the amount of deduction or, as the case</p>	<p>(2) In case of property or properties referred to in section 21(6), the aggregate amount of deduction under sub-section (1)(b) shall not exceed—</p> <p>(a) two lakh rupees, subject to the following conditions: —</p> <p>(i) the property has been acquired or constructed with borrowed capital and such acquisition or construction is completed within five years from the end of tax year in which capital was borrowed;</p> <p>(ii) if capital is borrowed during any period prior to the tax year in which the property has been acquired or constructed, any interest payable for the</p>	<p>The opening para in sub-section (2) may be modified as follows -</p> <p>(2) In case of any property or <b>two</b> properties referred to in section 21(5), the aggregate amount of deduction under sub-section (1)(b) shall not exceed—</p>	<p>deduction while computing income from house property.</p> <p>The language of sub-section (2) is modified to restrict deduction of interest on self-occupied property to two houses here. This restriction is required in this sub-section (1), since we have suggested that the annual value of all houses which are self-occupied or not let out would be Nil.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>may be, the aggregate of the amounts of deduction under this clause shall not exceed two lakh rupees.</p> <p>Explanation.—Where the property has been acquired or constructed with borrowed capital, the interest, if any, payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed, as reduced by any part thereof allowed as deduction under any other provision of this Act, shall be deducted under this clause in equal instalments for the said previous year and for each of the four immediately succeeding previous years:</p> <p>Provided also that no deduction</p>	<p>said prior period shall be allowed as a deduction in five equal instalments for the said tax year and for each of the four immediately succeeding tax years;</p> <p>(iii) the assessee furnishes a certificate from the person to whom interest is payable on such capital; and</p> <p>(b) thirty thousand rupees in any other case.</p> <p>(3) The deduction under sub-section (2)(a)(ii) shall be computed after reducing any amount already allowed as a deduction under any other provisions of this Act.</p> <p>(4) The certificate referred to in sub-section (2) shall specify—</p> <p>(a) the amount of interest payable on capital borrowed; and</p> <p>(b) the interest payable on any new loan,</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>shall be made under the second proviso unless the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of the whole or any part of the capital borrowed which remains to be repaid as a new loan.</p> <p>Explanation.—For the purposes of this proviso, the expression "new loan" means the whole or any part of a loan taken by the assessee subsequent to the capital borrowed, for the purpose of repayment of such capital:</p> <p>Provided also that the aggregate of</p>	<p>where subsequent to the capital borrowed, the assessee has taken any such loan for repayment of whole or any part of such capital.</p> <p>(5) The aggregate of the amounts of deduction under sub-section (2) in respect of properties of the nature referred to in section 21(6) shall not exceed two lakh rupees.</p>	<p>Sub-section (5) can be redrafted as given below –</p> <p><b>(5) The aggregate of the amounts of deduction under sub-section (2) in respect of any one or two properties of the nature referred to in section 21(5) shall not exceed two lakh rupees.</b></p> <p><b>(6) In respect of other properties of the nature referred to in section 21(5), no deduction shall be allowed under sub-section (2).</b></p>	<p>In sub-section (5), reference to section 21(6) can be changed to section 21(5) in line with the changes suggested in section 21.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the amounts of deduction under the first and second provisos shall not exceed two lakh rupees.			
24	26	<b>Property owned by co-owners.</b>	<b>Property owned by co-owners.</b>	<b>House property owned by co-owners</b>	Heading can be changed to “House property owned by co-owners” in line with the heading for other sections in this Part of the chapter
		Where property consisting of buildings or buildings and lands appurtenant thereto is owned by two or more persons and their respective shares are definite and ascertainable, such persons shall not in respect of such property be assessed as an association of	(1) For property co-owned with definite and ascertainable share, the co-owners shall not be assessed as an association of persons and their income computed separately as per their respective share under this Chapter shall be included in their total income. (2) The relief available under section		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>persons, but the share of each such person in the income from the property as computed in accordance with sections 22 to 25 shall be included in his total income.</p> <p>Explanation.—For the purposes of this section, in applying the provisions of sub-section (2) of section 23 for computing the share of each such person as is referred to in this section, such share shall be computed, as if each such person is individually entitled to the relief provided in that sub-section.</p>	<p>21(6) shall be provided as if each co-owner is individually entitled to the said relief.</p>		
25	27	<p><b>"Owner of house property", "annual charge", etc., defined.</b></p>	<p><b>Interpretation</b></p>		
		<p>For the purposes of sections 22 to 26—</p> <p>(i) an individual who transfers</p>	<p>For the purposes of sections 20 to 24, the "owner" in relation to a property shall include—</p>	<p>The opening portion and section 25 may be reworded as follows -</p> <p>For the purposes of sections 20 to 24,</p>	<p>In the opening portion, "house property" may be</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>otherwise than for adequate consideration any house property to his or her spouse, not being a transfer in connection with an agreement to live apart, or to a minor child not being a married daughter, shall be deemed to be the owner of the house property so transferred;</p> <p>(ii) the holder of an impartible estate shall be deemed to be the individual owner of all the properties comprised in the estate;</p> <p>(iii) a member of a co-operative society, company or other association of persons to whom a building or part thereof is allotted or leased under a house building scheme of the society, company or association, as the case may be,</p>	<p>(a) an individual who transfers without adequate consideration, any property to the spouse (except under an agreement to live apart), or to a minor child (other than a married daughter);</p> <p>(b) the holder of an impartible estate;</p> <p>(c) a member of a co-operative society, company or other association of persons to whom a building or part thereof is allotted or leased under a house building scheme of the society, company or association;</p> <p>(d) a person who is allowed to take or retain possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882;</p> <p>(e) a person who acquires any rights (excluding any rights by way of a lease from month to month or for a period not</p>	<p>the “owner” in relation to a <b>house</b> property shall include—</p> <p>(a) an individual who transfers without adequate consideration, any property <del>to the spouse (except under an agreement to live apart), or</del> to a minor child (other than a married daughter);</p>	<p>used instead of “property” for consistency and greater clarity.</p> <p>Also, granting property ownership rights to women is a significant step toward making them self-reliant and enhancing their economic standing. Several State Governments have incentivized registration of property in the name of women, by offering reduced stamp duty rates. However, the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>shall be deemed to be the owner of that building or part thereof;</p> <p>(iiia) a person who is allowed to take or retain possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882), shall be deemed to be the owner of that building or part thereof;</p> <p>(iiib) a person who acquires any rights (excluding any rights by way of a lease from month to month or for a period not exceeding one year) in or with respect to any building or part thereof, by virtue of any such transaction as is referred to in clause (f) of section 269UA, shall be deemed to be the</p>	<p>exceeding one year) in or with respect to any building or its part—</p> <p>(i) by virtue of transfer of such property by way of sale or exchange or original or extendible lease for a term of not less than twelve years; or</p> <p>(ii) accruing or arising from any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement of whatever nature), not being a transaction by way of sale, exchange or lease which has the effect of enabling the enjoyment of such property.</p>		<p>provisions under section 25 of the Income-tax Act, 1961 and section 27 of the Income-tax Bill, 2025 act as a deterrent by deeming the transferor-spouse as the owner. The provision discourages gifts or transfers of property to a spouse.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		owner of that building or part thereof;  (vi) taxes levied by a local authority in respect of any property shall be deemed to include service taxes levied by the local authority in respect of the property.			



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
32	36(1)	<b>Other deductions.</b>	<b>Other deductions.</b>		
		<p>Explanation.—For the purposes of this clause, the expressions—</p> <p>(g) "infrastructure facility" means—</p> <p>(i) an infrastructure facility as defined in the Explanation to clause (i) of sub-section (4) of section 80-IA, or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions as may be prescribed;</p> <p>(ii) an undertaking referred to in</p>	<p>For the purposes of this clause,—</p> <p>(C) "infrastructure facility" means—</p> <p>(I) an infrastructure facility as defined in Explanation to section 80-IA(4)(i) of the Income-tax Act, 1961 or any other public facility of a similar nature as notified by the Board in this behalf and which fulfils the conditions as prescribed;</p> <p>(II) an undertaking referred to in section 80-IA(4)(ii) or (iii) or (iv) or (vi) of the Income-tax Act, 1961; and</p> <p>(III) an undertaking referred to in section 141(5);</p>	<p>In the definition of Infrastructure facility, there should be no reference to the Income-tax Act, 1961. The definition in the Income-tax Act, 1961 can be reproduced here.</p>	<p>The Income-tax Bill, 2025 should be self-contained. In this case, the reference is avoidable.</p>



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>clause (ii) or clause (iii) or clause (iv) or clause (vi) of sub-section (4) of section 80-IA; and</p> <p>(iii) an undertaking referred to in sub-section (10) of section 80-IB;</p>			
33	32	<b>Depreciation.</b>	<b>Deduction for depreciation.</b>		
		<p>(1) In respect of depreciation of—</p> <p>(i) buildings, machinery, plant or furniture, being tangible assets;</p> <p>(ii) know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998, not being goodwill of a business or</p>	<p>(1) A deduction in respect of depreciation of—</p> <p>(a) buildings, machinery, plant or furniture, being tangible assets;</p> <p>(b) know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired, not being goodwill of a</p>	<p>Depreciation rates be brought in line with the rates prescribed in the Companies Act.</p>	<p>If the rates of depreciation in the Income-tax Act are aligned with the Companies Act, it would reduce the difference between the income as per the Income-tax Act and the book profit.</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>profession, owned, wholly or partly, by the assessee and used for the purposes of the business or profession, the following deductions shall be allowed—</p> <p>(i) in the case of assets of an undertaking engaged in generation or generation and distribution of power, such percentage on the actual cost thereof to the assessee as may be prescribed;</p> <p>(ii) in the case of any block of assets, such percentage on the written down value thereof as may be prescribed:</p> <p>Provided that no deduction shall be allowed under this clause in respect</p>	<p>business or profession, owned wholly or partly by the assessee and used wholly and exclusively for the purposes of the business or profession, shall be allowed, as per the provisions of this section.</p> <p>(2) In case of assets referred to in sub-section (1) of an undertaking engaged in generation or generation and distribution of power, the depreciation shall be a percentage of its actual cost to the assessee, as prescribed.</p> <p>(3)(a) In case of any block of assets, depreciation shall be a percentage of its written down value, as prescribed;</p>		



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of—</p> <p>(a) any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975 but before the 1st day of April, 2001, unless it is used—</p> <p>(i) in a business of running it on hire for tourists ; or</p> <p>(ii) outside India in his business or profession in another country ; and</p>			
	Third proviso of section 32(1)	Provided further that where an asset referred to in clause (i) or clause (ii) or clause (iia) or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put	(4) The deduction under this section shall be restricted to 50% of the prescribed rate, if such asset, being asset referred to in sub-sections (1), (2) and (8) is—	Reference to sub-section (8) can be removed in sub-section (4) Sub-section (4) may be re-drafted as under - (4) The deduction under this	Reference to sub-section (8) can be removed in sub-section (4), since sub-section (9) contains the specific provision for restricting additional



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this sub-section in respect of such asset shall be restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (i) or clause (ii) or clause (iia), as the case may be:	(a) acquired by the assessee during the tax year; and  (b) put to use for the purposes of business or profession for less than one hundred and eighty days in that tax year.	section shall be restricted to 50% of the prescribed rate, if such asset, being asset referred to in sub-sections (1) and (2) <del>and (8)</del> is—  (a) acquired by the assessee during the tax year; and  (b) put to use for the purposes of business or profession for less than one hundred and eighty days in that tax year.	depreciation to 50%, where the asset is acquired and put to use for less than 180 days.
	Second proviso of section 32(1)	Provided also that where an asset referred to in clause (iia) or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business for a period of less than one	(9) The additional deduction referred to in sub-section (8) shall be—  (a) 20% of the actual cost of the new machinery or plant in the tax year when it is acquired and put to use; or  (b) 10% of the actual cost, if the new	Sub-section (9) can be redrafted as follows -  (9) The additional deduction referred to in sub-section (8) shall be—  (a) If the new plant and machinery	Sub-section (9) can be redrafted by bringing the condition before the rate in (a) and (b) for greater clarity.



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		hundred and eighty days in that previous year, and the deduction under this sub-section in respect of such asset is restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (ia) for that previous year, then, the deduction for the balance fifty per cent of the amount calculated at the percentage prescribed for such asset under clause (ia) shall be allowed under this sub-section in the immediately succeeding previous year in respect of such asset:	machinery or plant is acquired and put to use for less than one hundred and eighty days in the relevant tax year, and the remaining 10% shall be allowed in the immediately succeeding tax year.	is acquired and put to use for 180 days or more in the relevant tax year, 20% of the actual cost of the new machinery or plant in the tax year when it is acquired and put to use; or  (b) In other cases, 10% of the actual cost, and the remaining 10% shall be allowed in the immediately succeeding tax year.	



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
	Explanation (2) below section 32(1)(iii)	(2) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company or in a scheme of amalgamation of a banking company, as referred to in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949) with a banking institution as referred to in sub-section (15) of section 45 of the said Act, sanctioned and brought into force	(c) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company or in a scheme of amalgamation of a banking company, as referred to in section 5(c) of the Banking Regulation Act, 1949 with a banking institution as referred to in section 45(15) of the said Act, sanctioned and brought into force by the Central Government under section 45(7) of that Act, of any asset by the banking company to the banking institution;	(c) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company <b>or in a scheme of amalgamation of co-operative bank, of any asset by the amalgamating co-operative bank to the amalgamated co-operative bank</b> or in a scheme of amalgamation of a banking company, as referred to in section 5(c) of the Banking Regulation Act, 1949 with a banking institution as referred to in section	"Sale" to also exclude transfer in a scheme of amalgamation of co-operative bank, of any asset by the amalgamating co-operative bank to the amalgamated co-operative bank.



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		by the Central Government under sub-section (7) of section 45 of that Act, of any asset by the banking company to the banking institution.		45(15) of the said Act, sanctioned and brought into force by the Central Government under section 45(7) of that Act, of any asset by the banking company to the banking institution;	
34	37	<b>General.</b>	<b>General conditions for allowable deductions.</b>		
		(1) Any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in	(1) Any expenditure (not being an expenditure of the nature specified in sections 28 to 33 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable		



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>computing the income chargeable under the head "Profits and gains of business or profession".</p> <p>Explanation 1.—For the removal of doubts, it is hereby declared that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure.</p> <p>Explanation 2.—For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any</p>	<p>under the head "Profits and gains of business or profession".</p> <p>(2) For the purposes of sub-section (1), an expenditure laid out or expended wholly and exclusively for business or profession by the assessee shall not include any of the following:—</p> <p>(a) an expenditure incurred for any purpose which is an offence or is prohibited by law; or</p> <p>(b) an expenditure incurred on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013; or</p> <p>(c) an expenditure incurred on advertisement in any souvenir,</p>	<p>Clause (b) of sub-section (2) of section 34 be removed.</p> <p><del>(b) an expenditure incurred on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013; or</del></p>	<p>CSR expenses are connected to social and charitable causes. It is, therefore, rational to allow the same as deduction under section 34. There is no bar on allowability of CSR expenditure falling</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.</p> <p>Explanation 3.—For the removal of doubts, it is hereby clarified that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred</p>	<p>brochure, tract, pamphlet or the like, published by a political party.</p> <p>(3) The expenditure mentioned in sub-section (2)(a) shall include expenditure incurred for—</p> <p>(a) any purpose which is an offence under, or is prohibited by, any law in force in or outside India; or</p> <p>(b) providing a benefit or perquisite in any form to a person, who may or may not be carrying on a business or exercising a profession, when its acceptance by the person is in violation of any law or rule or regulation or guideline governing the conduct of that person; or</p>		<p>under the specific deductions allowable in this chapter. Therefore, there is a need to revisit this provision and allow deduction to companies of CSR expenditure incurred by them under section 34 also.</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		by an assessee,—  (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or  (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or	(c) compounding an offence under any law in force in or outside India; or  (d) settling proceedings initiated in relation to contravention under any law notified by the Central Government in this behalf.		



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		(iii) to compound an offence under any law for the time being in force, in India or outside India.  (2B) Notwithstanding anything contained in sub-section (1), no allowance shall be made in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party.			
35	40	<b>Amounts not deductible.</b>	<b>Amounts not deductible in certain circumstances.</b>		
		Notwithstanding anything to the contrary in sections 30 to 38, the following amounts shall not be	Irrespective of any other provision of Chapter IV-D, the following amounts shall not be allowed as deduction in		



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		deducted in computing the income chargeable under the head "Profits and gains of business or profession",—	computing the income chargeable under the head "Profits and gains of business or profession":—		
		<p>(ia) thirty per cent of any sum payable to a resident, on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 :</p> <p>Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due</p>	<p>(b)(i) 30% of any sum payable to a resident on which tax is deductible at source under Chapter XIX-B and during the tax year, such tax has not been deducted or after deduction, has not been paid up to the due date specified in section 263(1), where—</p> <p>(A) tax is deducted and paid during any subsequent tax year, deduction of such sum shall be allowed as a deduction in computing the income in any subsequent tax year, in which such</p>	<p>Section 35(b)(i)(A) can be redrafted as given below -</p> <p>(A) tax is deducted during the tax year and paid after the due date specified in section 263(1), or where tax is deducted in any subsequent tax year, such sum shall be allowed as a deduction in computing the income of the subsequent tax year in which such tax has been paid;</p>	<p>The current provisions of the Income-tax Act, 1961 are clear that deduction would not be allowed if –</p> <p>(i) Deduction is during the subsequent year</p> <p>(ii) Deduction is during the relevant previous year but deposit is after the due date.</p> <p>The Bill mentions that where tax is deducted and</p>



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>date specified in sub-section (1) of section 139, thirty per cent of such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid :</p> <p>Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (1) of section 201, then, for the purpose of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing</p>	<p>tax has been paid;</p> <p>(B) the assessee is required to and fails to deduct whole or any part of the tax under Chapter XIX-B but he is not deemed to be an assessee in default under section 398(2), then for the purposes of this sub-clause, the assessee shall be deemed to have deducted and paid the tax on such sum on the date on which the return has been filed by the payee referred to in section 398(2);</p>		<p>paid during any subsequent year, deduction will be allowed in the year when the tax is paid. The phrase in section 35(b)(i)(A) can be redrafted for clarity to cover the situation where tax is deducted during the subsequent year also.</p>



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>of return of income by the payee referred to in the said proviso.</p> <p>Explanation.—For the purposes of this sub-clause,—</p> <p>(i) "commission or brokerage" shall have the same meaning as in clause (i) of the Explanation to section 194H;</p> <p>(ii) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;</p> <p>(iii) "professional services" shall have the same meaning as in clause (a) of the Explanation to section 194J;</p>			



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(iv) "work" shall have the same meaning as in Explanation III to section 194C;  (v) "rent" shall have the same meaning as in clause (i) to the Explanation to section 194-I;  (vi) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;			
		(i) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is	(ii) any interest, royalty, fees for technical services or other sum chargeable under this Act which is payable—  (A) outside India; or		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>payable,—</p> <p>(A) outside India; or</p> <p>(B) in India to a non-resident, not being a company or to a foreign company,</p> <p>on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 :</p> <p>Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due</p>	<p>(B) in India to a non-resident (which is not a company) or to a foreign company,</p> <p>on which tax is deductible at source under Chapter XIX-B and during the tax year, such tax, has not been deducted or after deduction, has not been paid up to the due date specified in section 263(1), where—</p> <p>(I) tax is deducted and paid during any subsequent tax year, deduction of such sum shall be allowed as a deduction in computing the income in any subsequent tax year, in which such tax has been paid;</p> <p>(II) the assessee is required to and fails to deduct whole or any part of the tax</p>	<p>Section 35(b)(ii) (I) can be redrafted as given below -</p> <p>(I) tax is deducted during the tax year and paid after the due date specified in section 263(1), or where tax is deducted in any subsequent tax year, such sum shall be allowed as a deduction in computing the income of such</p>	<p>The current provisions of the Income-tax Act, 1961 are clear that deduction would not be allowed if –</p> <p>(i) Deduction is during the subsequent year</p> <p>(ii) Deduction is during the relevant previous year but</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid:</p> <p>Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (1) of section 201, then, for the purposes of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing</p>	<p>under Chapter XIX-B but he is not deemed to be an assessee in default under section 398(2), then for the purposes of this sub-clause the assessee shall be deemed to have deducted and paid the tax on such sum on the date on which the return has been filed by the payee as referred to in section 398(2);</p>	<p>subsequent tax year in which such tax has been paid;</p>	<p>deposit is after the due date. The Bill mentions that where tax is deducted and paid during any subsequent year, deduction will be allowed in the year when the tax is paid. The Phrase in section 35(b)(ii)(I) can be redrafted for clarity to cover the situation where tax is deducted during the subsequent year also.</p>



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>of return of income by the payee referred to in the said proviso.</p> <p>Explanation.—For the purposes of this sub-clause,—</p> <p>(A) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;</p> <p>(B) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;</p>			
		<p>(iv) any payment to a provident or other fund established for the benefit of employees of the assessee, unless the assessee has</p>	<p>(iii) any payment to a provident or other fund established for the benefit of employees of the assessee, unless the assessee has made effective</p>		



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		made effective arrangements to secure that tax shall be deducted at source from any payments made from the fund which are chargeable to tax under the head "Salaries";	arrangements to secure that tax shall be deducted at source under Chapter XIX-B from any payments made from the fund which are chargeable to tax under the head "Salaries";		
		(iii) any payment which is chargeable under the head "Salaries", if it is payable— (A) outside India; or (B) to a non-resident, and if the tax has not been paid thereon nor deducted therefrom under Chapter XVII-B;	(c) any payment chargeable under the head "Salaries", payable outside India or to a non-resident on which tax is deductible at source under Chapter XIX-B and such tax has not been deducted or, after deduction, has not been paid;	Section 35(c) may be omitted.	Clause (c) may be removed since it is already covered in (b)(ii) with the benefit of availability of deduction in the tax year in which the tax has been deducted, if the same is paid on or before the due date. Thereafter, the benefit would be available in the year of payment.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ib) any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under the provisions of Chapter VIII of the Finance Act, 2016, and such levy has not been deducted or after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 :</p> <p>Provided that where in respect of any such consideration, the equalisation levy has been deducted in any subsequent year or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139,</p>	<p>(d)(i) any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under Chapter VIII of the Finance Act, 2016 and such levy has not been deducted or, after deduction, has not been paid up to the due date specified in section 263(1);</p> <p>(ii) deduction of such consideration shall be allowed in any subsequent tax year, in which such levy has been paid;</p>	Section 35(d) may be omitted	This needs to be omitted consequent to the amendment made by the Finance Act, 2025 removing equalization levy on specified service.



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		such sum shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid;  (ic) any sum paid on account of fringe benefit tax under Chapter XIII;			
		(b) in the case of any firm assessable as such,—  (i) any payment of salary, bonus, commission or remuneration, by whatever name called (hereinafter referred to as "remuneration") to any partner who is not a working partner; or  (ii) any payment of remuneration to	(f) the expenditure incurred by a firm, assessable as such—  (i) in the nature of salary, bonus, commission or remuneration, by whatever name called (herein referred as remuneration) to a partner, who is not a working partner; or  (ii) on the remuneration to a working partner and interest to any partner, if it		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any partner who is a working partner, or of interest to any partner, which, in either case, is not authorised by, or is not in accordance with, the terms of the partnership deed; or</p> <p>(iii) any payment of remuneration to any partner who is a working partner, or of interest to any partner, which, in either case, is authorised by, and is in accordance with, the terms of the partnership deed, but which relates to any period (falling prior to the date of such partnership deed) for which such payment was not authorised by, or is not in accordance with, any earlier partnership deed, so, however, that</p>	<p>is—</p> <p>(A) not authorised by the partnership deed applicable for the period for which such remuneration or interest is paid; or</p> <p>(B) authorised by and is as per the terms of partnership deed but relates to the period prior to the date of such partnership deed, or which was not authorised by the earlier partnership deed; or</p> <p>(iii) on the aggregate remuneration to all working partners as authorised by the partnership deed, exceeding the amount computed as under:—</p> <p>(A) on the first six lakh rupees of the</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the period of authorisation for such payment by any earlier partnership deed does not cover any period prior to the date of such earlier partnership deed; or</p> <p>(iv) any payment of interest to any partner which is authorised by, and is in accordance with, the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as such amount exceeds the amount calculated at the rate of twelve per cent simple interest per annum; or</p> <p>(v) any payment of remuneration to any partner who is a working partner, which is authorised by, and</p>	<p>book profit or in case of a loss, three lakh rupees or 90% of the book profit, whichever is higher;</p> <p>(B) on the balance of the book profit at the rate of 60%; or</p> <p>(iv) on interest to any partner as authorised by the partnership deed, exceeding 12% simple interest per annum, <b>and where an individual is a partner in a firm, on behalf of or for the benefit of any other person, such partner and any other person shall be referred as a “representative partner” and the “person so represented”, respectively, then the provisions of sub-clause (ii) and this sub-clause—</b></p>	<p><b>Section 35(f) (iv) and (v) to read as follows -</b></p> <p>(iv) on interest to any partner as authorised by the partnership deed, exceeding 12% simple interest per annum, <del>and where an individual is a partner in a firm, on behalf of or for the benefit of any other person,</del> such partner and any other person shall be referred as a “representative partner” and the “person so represented”,</p>	<p>The portion in bold in Section 35(f)(iv) (in Column 4) can be removed and placed as (C) in section 35(f)(v) for better presentation and clarity. Since Section 35(f)(iv) relates to disallowance and Section 35(f)(v) contains clarification on meaning of certain terms. The bold portion gives a clarification</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>is in accordance with, the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as the amount of such payment to all the partners during the previous year exceeds the aggregate amount computed as hereunder :—</p> <p>(a) on the first Rs. 3,00,000 of the book-profit or in case of a loss Rs. 1,50,000 or at the rate of 90 per cent of the book-profit, whichever is more;</p> <p>(b) on the balance of the book-profit at the rate of 60 per cent :</p> <p>Provided that in relation to any payment under this clause to the</p>	<p><b>(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;</b></p> <p><b>(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;</b></p> <p><b>(C) shall not be applicable in respect of interest paid to a partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person; or</b></p> <p>(v) In this clause—</p> <p>(A) “book profit” means the net profit, as shown in the profit and loss account for the relevant tax year, computed as</p>	<p><del>respectively, then the provisions of sub-clause (ii) and this sub-clause—</del></p> <p>—</p> <p><del>(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;</del></p> <p><del>(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;</del></p> <p><del>(C) shall not be applicable in respect of interest paid to a partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person; or</del></p>	<p>and hence can be included as (C) in Section 35(f)(v).</p> <p>For the words sub-clause (ii) and this sub-clause, the words “sub-clause (ii) and (iv)” shall be substituted when placed as (C) in (f)(v).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>partner during the previous year relevant to the assessment year commencing on the 1st day of April, 1993, the terms of the partnership deed may, at any time during the said previous year, provide for such payment.</p> <p>Explanation 1.—Where an individual is a partner in a firm on behalf, or for the benefit, of any other person (such partner and the other person being hereinafter referred to as "partner in a representative capacity" and "person so represented", respectively),—</p> <p>(i) interest paid by the firm to such</p>	<p>per Chapter IV-D as increased by the aggregate amount of the remuneration to all the partners of the firm, if such amount has been deducted while computing the net profit;</p> <p>(B) "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner;</p>	<p><b>(v) In this clause—</b></p> <p>(A) "book profit" means the net profit, as shown in the profit and loss account for the relevant tax year, computed as per Chapter IV-D as increased by the aggregate amount of the remuneration to all the partners of the firm, if such amount has been deducted while computing the net profit;</p> <p>(B) "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner;</p> <p><b>(C) where an individual is a partner in a firm, on behalf of or</b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>individual otherwise than as partner in a representative capacity, shall not be taken into account for the purposes of this clause;</p> <p>(ii) interest paid by the firm to such individual as partner in a representative capacity and interest paid by the firm to the person so represented shall be taken into account for the purposes of this clause.</p> <p>Explanation 2.—Where an individual is a partner in a firm otherwise than as partner in a representative capacity, interest paid by the firm to such individual shall not be taken into account for</p>		<p>for the benefit of any other person, such partner and any other person shall be referred as a “representative partner” and the “person so represented”, respectively, then the provisions of sub-clause (ii) and (iv)—</p> <p>(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;</p> <p>(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;</p> <p>(C) shall not be applicable in respect of interest paid to a</p>	



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>the purposes of this clause, if such interest is received by him on behalf, or for the benefit, of any other person.</p> <p>Explanation 3.—For the purposes of this clause, "book-profit" means the net profit, as shown in the profit and loss account for the relevant previous year, computed in the manner laid down in Chapter IV-D as increased by the aggregate amount of the remuneration paid or payable to all the partners of the firm if such amount has been deducted while computing the net profit.</p> <p>Explanation 4.—For the purposes</p>		<p><b>partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person</b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		of this clause, "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner;			
37	43B	<b>Certain deductions to be only on actual payment.</b>	<b>Certain deductions allowed on actual payment basis only.</b>		
		Notwithstanding anything contained in any other provision of this Act, a deduction otherwise allowable under this Act in respect of—  (a) any sum payable by the assessee by way of tax, duty, cess or fee, by whatever name called, under any	(1) The following sums payable, as specified in sub-section (2), shall be allowed as deduction while computing the income chargeable under section 26 only in the tax year in which such sums are actually paid irrespective of—  (a) any provision to the contrary in this Act; or	The opening part of sub-section (1) may be reworded as given below -  (1) The following sums payable, as specified in sub-section (2), <b>which are otherwise allowable as deduction</b> , shall be allowed as deduction while computing the income chargeable under section 26 only in the tax year in which	Section 43B of the Income-tax Act, 1961 which provides for certain deductions to be allowed only on actual payment starts with "Notwithstanding anything contained in any other provision of this Act, a



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>law for the time being in force, or</p> <p>(b) any sum payable by the assessee as an employer by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees, or</p> <p>(c) any sum referred to in clause (ii) of sub-section (1) of section 36, or</p> <p>(d) any sum payable by the assessee as interest on any loan or borrowing from any public financial institution or a State financial corporation or a State industrial investment corporation, in accordance with the terms and conditions of the agreement</p>	<p>(b) method of accounting regularly followed; or</p> <p>(c) the tax year in which the liability was incurred.</p> <p>(2) The sums payable by an assessee referred to in sub-section (1), shall be—</p> <p>—</p> <p>(a) tax, duty, cess, surcharge or fee, by whatever named called, levied under any law in force;</p> <p>(b) contribution of the employer to a provident fund or superannuation fund or gratuity fund or any fund for the welfare of employees;</p> <p>(c) amount payable by employer <i>in lieu</i> of any leave at the credit of the</p>	<p>such sums are actually paid irrespective of—</p>	<p><b>deduction otherwise allowable under this Act in respect of...</b>". The portion in bold is significant since it underlines that only if a deduction is otherwise allowable under the Act, the same would be allowed on actual payment as per section 43B. The corresponding section 37 of the Income-tax Bill 2025, however, does not mention "a deduction otherwise allowable under the Act". This may imply that deductions which are not</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>governing such loan or borrowing, or</p> <p>(da) any sum payable by the assessee as interest on any loan or borrowing from such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf, in accordance with the terms and conditions of the agreement governing such loan or borrowing, or</p> <p>(e) any sum payable by the assessee as interest on any loan or advances from a scheduled bank or a co-operative bank other than a primary agricultural credit society or a</p>	<p>employee;</p> <p>(d) any sum referred to in section 32(a);</p> <p>(e) interest on loans or borrowings from specified financial entities as per the terms and conditions of the agreement governing such loans or advances;</p> <p>(f) amount payable to the Indian Railways for use of railway assets; or</p> <p>(g) amount payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006.</p> <p>(3) In case the amounts specified in</p>		<p>otherwise allowable under the Act) can also be allowed on actual payment.</p> <p>For instance, deduction for income-tax paid or interest paid for capital borrowed for acquisition of asset in relation to the period before the asset is first put to use are not allowable as deduction. However, due to the absence of the phrase “a deduction otherwise allowable under this Act” in section 37, a view may emerge that the same are allowable thereunder under the new law. <b>The removal</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>primary co-operative agricultural and rural development bank in accordance with the terms and conditions of the agreement governing such loan or advances, or</p> <p>(f) any sum payable by the assessee as an employer in lieu of any leave at the credit of his employee, or</p> <p>(g) any sum payable by the assessee to the Indian Railways for the use of railway assets, or</p> <p>(h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium</p>	<p>sub-section (2), except the sum referred to in clause (g) thereof, are paid after the end of the tax year in which the liability was incurred, but on or before the due date of filing of return of income under section 263(1) for such tax year, the deduction towards such sum shall be allowed in such tax year.</p> <p>(4) If interest on loans or advances specified in sub-section (2)(e) is converted into a loan or advance or debenture or any other instrument by which the liability to pay is deferred to a future date, then it shall not be deemed to have been actually paid.</p> <p>(5) If a deduction in respect of any</p>	<p><b>Sub-section (4A) be inserted after sub-section (4) -</b></p> <p><b>(4A) Where any payment is made towards such loan or advance or debenture or other instrument referred to in (4), the amount so</b></p>	<p><b>of this phrase “a deduction otherwise allowable under the Act” may result in extensive litigation.</b></p> <p>Sub-section (4A) may be inserted to clarify that whenever payment is made toward such loan or advance or debenture or any other instrument referred to in sub-section</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Enterprises Development Act, 2006 (27 of 2006),</p> <p>shall be allowed (irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him) only in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him :</p> <p>Provided that nothing contained in this section except the provisions of clause(h) shall apply in relation to any sum which is actually paid by the assessee on or before the due</p>	<p>sum payable under sub-section (2) has already been allowed in any tax year when such liability was incurred, it shall not be allowed again in any subsequent tax year when paid.</p> <p>(6) The provisions of this section shall not apply to a sum received by the assessee from any employee as contribution towards any of the funds referred to in section 2(49)(o).</p> <p>(7) For the purposes of this section, “specified financial entities” means a public financial institution or State Finance Corporation or State Industrial Investment Corporation or notified class of non-banking financial companies or scheduled banks or co-</p>	<p><b>paid shall be deemed to have been actually paid towards interest on loans and advances specified in sub-section (2)(e).</b></p>	<p>(4), the same would be deemed as payment towards interest and be allowed as deduction in the year of payment</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>date applicable in his case for furnishing the return of income under sub-section (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return.</p> <p>Explanation 1.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (a) or clause (b) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing</p>	<p>operative banks (other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank).</p>		



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>on the 1st day of April, 1983, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him.</p> <p>Explanation 2.—For the purposes of clause (a), as in force at all material times, "any sum payable" means a sum for which the assessee incurred liability in the previous year even though such sum might not have been payable within that</p>			



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>year under the relevant law.</p> <p>Explanation 3.—For the removal of doubts it is hereby declared that where a deduction in respect of any sum referred to in clause (c) or clause (d) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing the income of the previous year in</p>			



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>which the sum is actually paid by him.</p> <p>Explanation 3A.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (e) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1996, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>the income of the previous year in which the sum is actually paid by him.</p> <p>Explanation 3AA.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (da) is allowed in computing the income referred to in section 28, of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 2019, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>respect of such sum in computing the income of the previous year in which the sum is actually paid by him.</p> <p>Explanation 3B.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (f) of this section is allowed in computing the income, referred to in section 28, of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 2001, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him.</p> <p>Explanation 3C.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (d) of this section, shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or borrowing or debenture or any other instrument by which the liability to pay is deferred to a future date shall not be deemed to have been actually paid.</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>Explanation 3CA.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (da), shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or borrowing or debenture or any other instrument by which the liability to pay is deferred to a future date shall not be deemed to have been actually paid.</p> <p>Explanation 3D.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (e) of</p>			



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>this section, shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or advance 31[or debenture or any other instrument by which the liability to pay is deferred to a future date] shall not be deemed to have been actually paid.</p> <p>Explanation 4.—For the purposes of this section,—</p> <p>(a) "public financial institutions" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);</p> <p>(aa) "scheduled bank" shall have</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>the meaning assigned to it in the Explanation to clause (iii) of sub-section (5) of section 11;</p> <p>(b) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951 (63 of 1951);</p> <p>(c) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956 (1 of 1956), engaged in the business of providing long-term finance for industrial projects and</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>eligible for deduction under clause (viii) of sub-section (1) of section 36;</p> <p>(d) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P;</p> <p>(e) "micro enterprise" shall have the meaning assigned to it in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);</p>			



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<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>(f) "non-banking financial company" shall have the meaning assigned to it in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(g) "small enterprise" shall have the meaning assigned to it in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.</p> <p>Explanation 5.—For the removal of doubts, it is hereby clarified that the provisions of this section shall not apply and shall be deemed never to have been applied to a sum received by the assessee from any</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>							
1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		of his employees to which the provisions of sub-clause (x) of clause (24) of section 2 applies.					
41	43(6)	<b>Definitions of certain terms relevant to profits and gains of business or profession.</b>	<b>Written down value of depreciable asset.</b>				
			<b>A</b>	<b>B</b>	<b>C</b>		
		Explanation 2.—Where in any previous year, any block of assets is transferred,—  (a) by a holding company to its subsidiary company or by a subsidiary company to its holding company and the conditions of clause (iv) or, as the case may be, of clause (v) of section 47 are	4	Where any block of asset is transferred by—  (a)(i) a holding company to its subsidiary company; or  (ii) a subsidiary	Written down value in the hands of the transferee company or amalgamated company is the same as written down	The content in column C may be worded as given below -  Written down value in the hands of the transferee company or amalgamated company is the same as written down value in the hands of transferor company or amalgamating company, as the case may be, <del>at the beginning of the tax</del>	There is no “WDV at the beginning of the tax year”.  In order to ensure consistency, “at the beginning of the tax year in which such transfer took place” in column (C) may be worded as follows -



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>satisfied; or</p> <p>(b) by the amalgamating company to the amalgamated company in a scheme of amalgamation, and the amalgamated company is an Indian company,</p> <p>then, notwithstanding anything contained in clause (1), the actual cost of the block of assets in the case of the transferee-company or the amalgamated company, as the case may be, shall be the written down value of the block of assets as in the case of the transferor-company or the amalgamating company for the immediately preceding previous year as reduced by the amount of depreciation</p>	<p>company to its holding company and the conditions of section 70(1)(c) and (d) are satisfied; or</p> <p>(b) amalgamating company to the amalgamated company being an Indian company.</p>	<p>value in the hands of transferor company or amalgamating company, as the case may be, at the beginning of the tax year in which such transfer took place.</p>	<p><del>year in which such transfer took place</del> <b>in the immediately preceding tax year as reduced by the depreciation actually allowed in relation to the said preceding tax year</b></p>	<p>“in the immediately preceding tax year as reduced by the depreciation actually allowed in relation to the said preceding tax year”</p>



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1	2	3	4	5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change	
		actually allowed in relation to the said preceding previous year.				
		<p>Explanation 2A.—Where in any previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets of the demerged company for the immediately preceding previous year shall be reduced by the written down value of the assets transferred to the resulting company pursuant to the demerger.</p> <p>Explanation 2B.—Where in a</p>	5 Where any asset, forming part of a block of assets is transferred by a demerged company to a resulting company.	<p>Written down value of block of assets—</p> <p>(a) for demerged company (for the immediately preceding tax year), shall be the written down value in the</p>	<p>The bracketed portion may be removed since we are determining WDV of block of assets for the demerged company for the tax year.</p> <p>Further, for the demerged company, depreciation of the immediately preceding tax year has to be reduced from the written down value in the immediately preceding tax year in (a).</p>	<p>As per Sl No.5, in the last column, in (a), it is mentioned that the WDV of block of assets for the demerged company shall be <b>the WDV in the immediately preceding tax year as reduced by the WDV of the assets transferred to the resulting company pursuant to such demerger.</b> However, for resulting company, it shall be the written down value</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets in the case of the resulting company shall be the written down value of the transferred assets of the demerged company immediately before the demerger.	immediately preceding tax year as reduced by the written down value of the assets transferred to the resulting company pursuant to such demerger;  (b) for resulting company, shall be the		of the assets transferred from the demerged company <b>immediately before such demerger.</b> This is mentioned in (b).  Since the demerger is during the current tax year, the WDV of the immediately preceding tax year has to be reduced by the depreciation for that year. Moreover, for the resulting company WDV immediately before such demerger has to be considered, which implies that depreciation of the previous year has to be



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
				written down value of the assets transferred from the demerged company immediately before such demerger.		reduced from such WDV.
45	35	<b>Expenditure on scientific research.</b>	<b>Expenditure on scientific research.</b>			
		(1) In respect of expenditure on scientific research, the following deductions shall be allowed—  (i) any expenditure (not being in	(1) A deduction shall be allowed for any expenditure, being in the nature of—  (a) capital expenditure, but not on			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the nature of capital expenditure) laid out or expended on scientific research related to the business.</p> <p>Explanation.—Where any such expenditure has been laid out or expended before the commencement of the business (not being expenditure laid out or expended before the 1st day of April, 1973) on payment of any salary [as defined in Explanation 2 below sub-section (5) of section 40A] to an employee engaged in such scientific research or on the purchase of materials used in such scientific research, the aggregate of the expenditure so laid out or expended within the three years</p>	<p>acquisition of land, as such or as part of any property; or</p> <p>(b) revenue expenditure; or</p> <p>(c) both,</p> <p>incurred on scientific research related to the business of the assessee subject to provisions of this section.</p> <p>(2)(a) A deduction shall be allowed under sub-section (1) in respect of the aggregate of expenditure (not being in the nature of capital expenditure), related to business, incurred on—</p> <p>(i) salary to an employee engaged in such scientific research; or</p> <p>(ii) purchase of materials used in such</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		immediately preceding the commencement of the business shall, to the extent it is certified by the prescribed authority to have been laid out or expended on such scientific research, be deemed to have been laid out or expended in the previous year in which the business is commenced ;	scientific research, where such expenditure is incurred within three years immediately preceding the commencement of business, to the extent certified by the prescribed authority as incurred on such research, expenditure shall be deemed to have been incurred in the tax year in which the business is commenced.		
		<b>(2AB)(1)</b> Where a company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing, not being an article or thing specified in the list of the Eleventh Schedule incurs any	<b>(c)(i)</b> A deduction shall be allowed under sub-section (1), in respect of any expenditure incurred (not being expenditure in the nature of cost of any land or building) by a company engaged in the business of—	<b>Sub-section (2)(c)(i) may be removed.</b>  In the alternative, it may be modified to give additional benefit, in which case “on scientific research” may be included in the	There is no requirement of two separate provisions for general businesses and companies in bio-tech as there is no specific restriction in sub-sections (1) and (2) that bio tech



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then, there shall be allowed a deduction of a sum equal to one and one-half times of the expenditure so incurred:</p> <p>Provided that where such expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility is incurred in a previous year relevant to the assessment year beginning on or after the 1st day of</p>	<p>(A) bio-technology; or</p> <p>(B) manufacture or production of any article or thing, which is not specified in Schedule XIII,</p> <p>on in-house research and development facility as approved by the prescribed authority, subject to the conditions and manner, as prescribed;</p> <p>(ii) No deduction shall be allowed under this clause to a company approved under sub-section (3)(b)(ii);</p> <p>(iii) No deduction shall be allowed in respect of the expenditure mentioned in sub-clause (i) under any other provision of this Act;</p> <p>(iv) The expenditure under sub-clause</p>	<p>opening part of (c)(i)</p> <p>A deduction shall be allowed under sub-section (1), in respect of any expenditure <b>on scientific research</b> incurred (not being expenditure in the nature of cost of any land or building) by a company engaged in the business of—</p> <p>(A) bio-technology.</p> <p>B) manufacture or production of any article or thing, which is not specified in Schedule XIII,</p> <p>....</p>	<p>companies cannot claim. Further, sub-section (2)(c)(i) for bio tech companies restricts the deduction on building as well which is allowed to assessee claiming benefit. So, sub-section (2)(c)(i) may be removed since it is already covered in sub-sections (1) and 2(a) and (b).</p> <p>If sub-section 2(c)(i) is to continue, then there may be some additional benefit to companies covered therein.</p> <p>Further, in such a case, the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>April, 2021, the deduction under this clause shall be equal to the expenditure so incurred.</p> <p>Explanation.—For the purposes of this clause, "expenditure on scientific research", in relation to drugs and pharmaceuticals, shall include expenditure incurred on clinical drug trial, obtaining approval from any regulatory authority under any Central, State or Provincial Act and filing an application for a patent under the Patents Act, 1970 (39 of 1970).</p>	<p>(i) shall be allowed subject to such conditions and on furnishing of documents in such form and manner, as prescribed;</p> <p>(d) For the purposes of clause (c), expenditure on "scientific research", in relation to drugs and pharmaceuticals, shall include expenditure incurred on clinical drug trial, obtaining approval from any regulatory authority under any Central Act or State Act or Provincial Act and filing an application for a patent under the Patents Act, 1970.</p>		<p>words 'on scientific research' needs to be included in (2)(c)(i).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>Explanation 2 below section 35(2AA)</b></p> <p>Explanation 2.—For the purposes of this section,—</p> <p>(a) "National Laboratory" means a scientific laboratory functioning at the national level under the aegis of the Indian Council of Agricultural Research, the Indian Council of Medical Research, the Council of Scientific and Industrial Research, the Defence Research and Development Organisation, the Department of Electronics, the Department of Bio-Technology or the Department of Atomic Energy and which is approved as a</p>	<p><b>(11) In this section,—</b></p> <p>(a) "National Laboratory" means a scientific laboratory functioning at the national level under the aegis of the Indian Council of Agricultural Research, the Indian Council of Medical Research, the Council of Scientific and Industrial Research, the Defence Research and Development Organisation, the Department of Electronics, the Department of Bio-Technology or the Department of Atomic Energy and which is approved as a National Laboratory by such authority and in such manner, as prescribed;</p> <p>(b) "specified person" means such</p>	<p>Clause (d) may be inserted after clause (c) –</p> <p>(c) "land" includes any interest in land and</p> <p>(d) "building" includes any interest in building.</p>	<p>Since land and building has been used in the same sense in this section, a similar definition may be given in respect of "Building".</p>



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>National Laboratory by the prescribed authority in such manner as may be prescribed ;</p> <p>(b) "University" shall have the same meaning as in Explanation to clause (ix) of section 47 ;</p> <p>(c) "Indian Institute of Technology" shall have the same meaning as that of "Institute" in clause (g) of section 3 of the Institutes of Technology Act, 1961 (59 of 1961);</p> <p>(d) "specified person" means such person as is approved by the prescribed authority.</p>	<p>person approved by the prescribed authority;</p> <p>(c) "land" includes any interest in land.</p>		



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
46	35AD	<b>Deduction in respect of expenditure on specified business.</b>	<b>Capital expenditure of specified business.</b>		
		<p>(7A) Any asset in respect of which a deduction is claimed and allowed under this section shall be used only for the specified business, for a period of eight years beginning with the previous year in which such asset is acquired or constructed.</p> <p>(7B) Where any asset, in respect of which a deduction is claimed and allowed under this section, is used for a purpose other than the specified business during the period</p>	<p>9) Any asset for which a deduction is claimed and allowed under this section—</p> <p>(a) shall be used only for the specified business for a period of eight years beginning with the tax year in which such asset is acquired or constructed;</p> <p>(b) is used for the purpose and period other than that referred to in clause (a), and is not chargeable to tax under section 26(2)(k), then the total amount of deduction so claimed and allowed in one or more tax years, as reduced by</p>	<p>Sub-section (9) may be reworded as given below -</p> <p>(9) Any asset for which a deduction is claimed and allowed under this section—</p> <p>(a) shall be used only for the specified business for a period of eight years beginning with the tax year in which such asset is acquired or constructed;</p> <p><del>(b) is used for the purpose and period other than that referred to in</del></p>	<p>Sub-section (9) suggests that if the specified asset is used for the period exceeding 8 years then there is a non compliance, which is not the intention.</p> <p>9(b) should be redrafted as under:</p> <p>“is used for a purpose other than the specified business during the period specified in clause (a)”</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		specified in sub-section (7A), otherwise than by way of a mode referred to in clause (vii) of section 28, the total amount of deduction so claimed and allowed in one or more previous years, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32, as if no deduction under this section was allowed, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the asset is so used.	the amount of depreciation allowable under section 33, as if no deduction under this section was allowed, shall be the income chargeable under the head "Profits and gains of business or profession" of the tax year in which the asset is so used.	<del>clause (a)</del> <b>is used for a purpose other than the specified business during the period specified in clause (a)</b> , and is not chargeable to tax under section 26(2)(k), then the total amount of deduction so claimed and allowed in one or more tax years, as reduced by the amount of depreciation allowable under section 33, as if no deduction under this section was allowed, shall be the income chargeable under the head "Profits and gains of business or profession" of the tax year in which the asset is so used.	



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
47	35CCC	<b>Expenditure on agricultural extension project.</b>	<b>Expenditure on agricultural extension project and skill development project.</b>		
		<p>(1) Where an assessee incurs any expenditure on agricultural extension project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure :</p> <p>Provided that for the assessment year beginning on or after the 1st day of April, 2021, the provisions of this sub-section shall have effect as</p>	<p>(1) Any expenditure (excluding cost of any land or building) incurred, on—</p> <p>(a) agricultural extension project by any assessee; or</p> <p>(b) any skill development project by a company,</p> <p>shall be allowed as a deduction, in the tax year in which such expenditure is incurred provided such project is notified as per the guidelines issued by the Board.</p> <p>(2) If a deduction under this section is</p>	<p>Sub-section (1) may be re-worded as follows -</p> <p>(1) Any expenditure (excluding cost of any land or building) incurred, on-</p> <p>(a) agricultural extension project by any assessee; or</p> <p>(b) any skill development project by a company, shall be allowed as a deduction, in the tax year in which such expenditure is incurred provided such project is notified as</p>	<p>The phrase “notified as per the guidelines issued by the Board” is prone to different interpretations. It may be replaced with “notified by the Board in this behalf in accordance with the guidelines as may be prescribed”.</p>



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>if for the words "a sum equal to one and one-half times of", the words "a sum equal to" had been substituted.</p> <p>(2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provisions of this Act for the same or any other assessment year.</p>	<p>claimed and allowed for any tax year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed for such expenditure under any other provision of this Act for the same or any other tax year.</p>	<p><del>per the guidelines issued by the Board</del> <b>by the Board in this behalf in accordance with the guidelines as may be prescribed".</b></p>	



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
48	33AB	<b>Tea development account, coffee development account and rubber development account.</b>	<b>Tea development account, coffee development account and rubber development account.</b>		
		(1) Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of six months from the end of the previous year or before the due date of furnishing the return of his income, whichever is earlier,—  (a) deposited with the National Bank any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with	(1) Where an assessee is carrying on business of growing and manufacturing tea or coffee or rubber in India, such assessee shall be allowed a deduction on the basis of deposits into the tea development account, coffee development account or rubber development account or any other designated account and computed as per the provisions of the Schedule IX.  (2) Any amount withdrawn or utilised or released at the time of closure or otherwise shall be charged to tax in the	Sub-section (2) be redrafted as under:  <b>Taxability of any amount withdrawn or utilised or released at the time of closure or</b>	Sub-section (2) is not in line with Para 3(2) of Schedule IX, which provides for taxability only in the case of closure of



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board; or</p> <p>(b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board, as the case may be (hereafter in this section referred to as the deposit scheme), with the previous</p>	<p>year in which the amount is transferred or withdrawn as per the provisions of the Schedule IX.</p> <p>(3) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-</p>	<p><b>otherwise shall be as per the provisions of the Schedule IX.</b></p> <p>Sub-section (3) may be reworded as follows -</p> <p>(3) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or</p>	<p>business and dissolution of firm and not in case of amount withdrawn in case of death of an assessee, partition of HUF and liquidation of company.</p> <p>Sub-section (3) is not in line with Para 5(2) of Schedule IX, which provides for certain exemptions from the deeming provisions. Therefore, the phrase “except in cases referred to in para 5(2) of Schedule IX” may be added at the end of this sub-section.</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of—</p> <p>(a) a sum equal to the amount or the aggregate of the amounts so deposited; or</p> <p>(b) a sum equal to forty per cent of the profits of such business (computed under the head "Profits and gains of business or profession" before making any deduction under this section),</p>	<p>tax as the income of that tax year.</p>	<p>otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year, <b>except in cases referred to in para 5(2) of Schedule IX.</b></p>	



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>whichever is less :</p> <p>Provided that where such assessee is a firm, or any association of persons or any body of individuals, the deduction under this section shall not be allowed in the computation of the income of any partner, or as the case may be, any member of such firm, association of persons or body of individuals :</p> <p>Provided further that where any deduction, in respect of any amount deposited in the special account, or in the Deposit Account, has been allowed under this sub-section in any previous year, no deduction shall be allowed in respect of such</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>amount in any other previous year.</p> <p>(5) Where any amount, standing to the credit of the assessee in the special account or in the Deposit Account, is withdrawn during any previous year by the assessee in the circumstance specified in clause (a) or clause (d) of sub-section (3), the whole of such amount shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year, as if the business had not closed or, as the case may be, the firm had not been dissolved.</p>			



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(8) Where any asset acquired in accordance with the scheme or the deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year.			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
	33AB	<b>Tea development account, coffee development account and rubber development account.</b>	<b>Deduction for Tea development account, coffee development account and rubber development account for computing Income under the head “Profits and Gains of Business or profession”</b>		
		(1) Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of six months from the end of the previous year or before the due date of furnishing the return of his income, whichever is earlier,—  (a) deposited with the National Bank any amount or amounts in an	<b>1. Quantum of deduction.—(1) An assessee shall be allowed deduction of,—</b>  (a) the amount or aggregate of the amounts deposited by the assessee in the account as specified in paragraph 2; or  (b) 40 % of the profits of such business computed under the head “Profits and gains of business or profession” before	<b>In Schedule IX para 1 sub para (3) be inserted as under:</b>  <b>“(3) any interest credited in the specified account shall be deemed to be a deposit” .</b>	There is a provision in Schedule X para 1(3) which provides that any interest credited in the specified account shall be deemed to be a deposit. A similar provision may also be incorporated in Schedule IX para 1



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board; or</p> <p>(b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board,</p>	<p>making any deduction under this paragraph, whichever is less.</p> <p>(2) The deduction shall be allowed before allowing set off of loss, if any, brought forward from earlier tax years as per section 110.</p> <p><b>2. Conditions for claiming deduction.—</b>(1) The deduction under paragraph 1 shall be allowed if the assessee—</p> <p>(a) is carrying on the business of growing and manufacturing tea or coffee or rubber in India during the tax</p>		



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**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>as the case may be (hereafter in this section referred to as the deposit scheme), with the previous approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of—</p> <p>(a) a sum equal to the amount or the aggregate of the amounts so deposited; or</p> <p>(b) a sum equal to forty per cent of the profits of such business (computed under the head "Profits</p>	<p>year; and</p> <p>(b) has deposited any amount in the specified account being,—</p> <p>(i) a special account maintained with the National Bank in accordance with, and for the purposes specified in the special scheme; or</p> <p>(ii) a deposit account in accordance with, and for the purposes specified in the deposit scheme;</p>		



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		and gains of business or profession" before making any deduction under this section),  whichever is less.			
49	33ABA	<b>Site Restoration Fund.</b>	<b>Site Restoration Fund.</b>		
		(1) Where an assessee is carrying on business consisting of the prospecting for, or extraction or production of, petroleum or natural gas or both in India and in relation to which the Central Government has entered into an agreement with such assessee for such business, has before the end of the previous year—  (a) deposited with the State Bank of	(1) An assessee carrying on a business of prospecting, extracting, or producing petroleum or natural gas, or both, in India, and who has an agreement with the Central Government for this business, shall be allowed a deduction on the basis of deposit to special account or the site restoration account, computed as per the provisions of the Schedule X.		



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>India any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Government of India in the Ministry of Petroleum and Natural Gas; or</p> <p>(b) deposited any amount in an account (hereafter in this section referred to as the Site Restoration Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Ministry referred to in clause (a) (hereafter in this</p>	<p>(2) Any amount withdrawn or transferred at the time of closure or otherwise shall be charged to tax in the year in which the amount is transferred or withdrawn as per the provisions of the Schedule X.</p> <p>(3) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits</p>	<p>Sub-section (2) may be redrafted as under:</p> <p>Taxability of any amount withdrawn or utilised or released at the time of closure or otherwise shall be as per the provisions of the Schedule X.</p> <p>Sub-section (3) may be reworded as follows -</p> <p>(3) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired,</p>	<p>This clause is not in line with Para 3(2) of Schedule X and therefore redrafting has been proposed</p> <p>Sub-section (3) is not in line with Para 5(2) of Schedule X, which provides for certain exemptions from the deeming provisions. Therefore, the phrase “except in cases referred to in para 5(2) of Schedule X” may be added at the end of</p>



**Chapter IV-D Profits and Gains of Business or Profession  
[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>section referred to as the deposit scheme), the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (i) a sum equal to the amount or the aggregate of the amounts so deposited; or (ii) a sum equal to twenty per cent of the profits of such business (computed under the head "Profits and gains of business or profession" before making any</p>	<p>and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year.</p>	<p>such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year, <b>except in cases referred to in para 5(2) of Schedule X.</b></p>	<p>this sub-clause.</p>



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>deduction under this section), whichever is less :</p> <p>Provided that where such assessee is a firm, or any association of persons or any body of individuals, the deduction under this section shall not be allowed in the computation of the income of any partner or, as the case may be, any member of such firm, association of persons or body of individuals :</p> <p>Provided further that where any deduction, in respect of any amount deposited in the special account, or in the Site Restoration Account, has been allowed under this sub-section in any previous year, no deduction shall be allowed in respect of such</p>			



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[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>amount in any other previous year :</p> <p>Provided also that any amount credited in the special account or the Site Restoration Account by way of interest shall be deemed to be a deposit.</p> <p>(5) Where any amount standing to the credit of the assessee in the special account or in the Site Restoration Account is withdrawn on closure of the account during any previous year by the assessee, the amount so withdrawn from the account, as reduced by the amount, if any, payable to the Central Government by way of profit or production share as provided in the agreement referred to in section 42, shall be deemed to be the profits</p>			



<b>Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]</b>					
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year.</p> <p>(8) Where any asset acquired in accordance with the scheme or the deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is</p>			



**Chapter IV-D Profits and Gains of Business or Profession  
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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year .			



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**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
52			<b>Amortisation of expenditure for telecommunications services, amalgamation, demerger, scheme of voluntary retirement, etc.</b>		
			<i>(1)</i> Where an expenditure of the nature specified in column B of the Table given below is incurred during the tax year, a deduction or part thereof shall be allowed in equal instalments in each of the tax years as mentioned in column D of the said Table, beginning from the initial tax year specified in column C thereof.		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
			Sr No	Nature of expenditure	Initial tax year	Number of tax years over which deduction of expenditure is allowable in equal instalments		
			A	B	C	D		
	<b>35DD</b>	<p><b>Amortisation of expenditure in case of amalgamation or demerger.</b></p> <p>(1) Where an assessee, being an Indian company, incurs any expenditure, on or after the 1st day of April, 1999, wholly and exclusively for the purposes of amalgamation or demerger of an</p>	1	Expenditure incurred by an Indian company, wholly and exclusively for the purposes of amalgamation or demerger of an	Tax year in which such amalgamation or demerger takes	Five tax years.		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.</p> <p>(2) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.</p>		undertaking.	place.		
	<b>35DDA</b>	<p><b>Amortisation of expenditure incurred under voluntary retirement scheme.</b></p> <p>(1) Where an assessee incurs any</p>	2	Amount paid to an employee in connection with his	Tax year in which such payment	Five tax years.	



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>expenditure in any previous year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, one-fifth of the amount so paid shall be deducted in computing the profits and gains of the business for that previous year, and the balance shall be deducted in equal instalments for each of the four immediately succeeding previous years.</p> <p>(2) Where the assessee, being an Indian company, is entitled to the deduction under sub-section (1) and the undertaking of such Indian</p>	voluntary retirement as per any scheme of voluntary retirement.	is made		



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1	2	3	4				5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another Indian company in a scheme of amalgamation, the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the amalgamation had not taken place.</p> <p>(3) Where the undertaking of an Indian company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another company in a</p>							



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>scheme of demerger, the provisions of this section shall, as far as may be, apply to the resulting company, as they would have applied to the demerged company, if the demerger had not taken place.</p> <p>(4) Where there has been reorganisation of business, whereby a firm is succeeded by a company fulfilling the conditions laid down in clause (xiii) of section 47 or a proprietary concern is succeeded by a company fulfilling the conditions laid down in clause (xiv) of section 47, the provisions of this section shall, as far as may be, apply to the successor</p>						



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1	2	3	4				5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>company, as they would have applied to the firm or the proprietary concern, if reorganisation of business had not taken place.</p> <p>(4A) Where there has been reorganisation of business, whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiii<b>b</b>) of section 47, the provisions of this section shall, as far as may be, apply to the successor limited liability partnership, as they would have applied to the said company, if reorganisation of business had</p>							



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		not taken place.  5) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) in the case of the amalgamating company referred to in sub-section (2), in the case of demerged company referred to in sub-section (3), in the case of a firm or proprietary concern referred to in sub-section (4) and in the case of a company referred to in sub-section (4A) of this section, for the previous year in which amalgamation, demerger or succession, as the case may be, takes place.  (6) No deduction shall be allowed						



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.					
	<b>35ABA</b>	<p><b>Expenditure for obtaining right to use spectrum for telecommunication services.</b></p> <p>(1) In respect of any expenditure, being in the nature of capital expenditure, incurred for acquiring any right to use spectrum for telecommunication services either before the commencement of the business or thereafter at any time during any previous year and for which payment has actually been made to obtain a right to use spectrum, there shall, subject to</p>	3.	Capital expenditure incurred and actually paid for acquiring any right to use spectrum for telecommunication services (spectrum fee).	Tax year in which,- (a) the business to operate telecom services is commenced; or (b)	Number of years commencing from the initial tax year and ending in the tax year up to which the spectrum for which the fee is paid remains in force.	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure.</p> <p>(2) The provisions contained in sub-sections (2) to (8) of section 35ABB, shall apply as if for the word "licence", the word "spectrum" had been substituted.</p> <p>Explanation. —For the purposes of this section,—</p> <p>(i) "relevant previous years" means,—</p> <p>(A) in a case where the spectrum</p>	<p>spectrum fee is actually paid, whichever is later.</p>		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced;</p> <p>(B) in any other case, the previous years beginning with the previous year in which the spectrum fee is actually paid,</p> <p>and the subsequent previous year or years during which the spectrum, for which the fee is paid, shall be in force;</p> <p>(ii) "appropriate fraction" means the fraction, the numerator of which is one and the denominator</p>						



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		of which is the total number of the relevant previous years;  (iii) "payment has actually been made" means the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee or payable in such manner as may be prescribed.						
	<b>35ABB</b>	<b>Expenditure for obtaining licence to operate telecommunication services.</b>  (1) In respect of any expenditure, being in the nature of capital	4	Capital expenditure incurred and actually paid for acquiring any right to	Tax year in which,— (a) the business	Number of years commencing from the initial tax year and ending in the tax year up to which the licence for which the		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>expenditure, incurred for acquiring any right to operate telecommunication services either before the commencement of the business to operate telecommunication services or thereafter at any time during any previous year and for which payment has actually been made to obtain a licence, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure.</p> <p>Explanation. —For the purposes of</p>	<p>operate telecommunication services (herein referred to as licence fee).</p> <p>to operate telecommunication services is commenced; or</p> <p>(b) licence fee is actually paid, Which-ever is later.</p> <p>fee is paid remains in force.</p>		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		this section,— (i) "relevant previous years" means,— (A) in a case where the licence fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced; (B) in any other case, the previous years beginning with the previous year in which the licence fee is actually paid, and the subsequent previous year or years during which the licence,						



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		for which the fee is paid, shall be in force;  (ii) "appropriate fraction" means the fraction the numerator of which is one and the denominator of which is the total number of the relevant previous years;  (iii) "payment has actually been made" means the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee.						
		(2) Where the licence is transferred and the proceeds of the transfer (so	(2) Where the rights referred to in sub-section (1) (Table: Sl. No. 3 or 4) are transferred and—					



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>far as they consist of capital sums) are less than the expenditure incurred remaining unallowed, a deduction equal to such expenditure remaining unallowed, as reduced by the proceeds of the transfer, shall be allowed in respect of the previous year in which the licence is transferred.</p> <p>(3) Where the whole or any part of the licence is transferred and the proceeds of the transfer (so far as they consist of capital sums) exceed the amount of the expenditure incurred remaining unallowed, so much of the excess as does not exceed the difference between the expenditure incurred</p>	<p>(a) where the proceeds of the transfer (so far as they consist of capital sums) are less than the expenditure though incurred, but remaining unallowed, a deduction equal to such expenditure remaining unallowed, as reduced by the proceeds of the transfer, shall be allowed in respect of the tax year in which the licence is transferred;</p> <p>(b) where the whole or part of the right is transferred, the proceeds of the transfer (so far as they consist of capital sums) exceed the amount of the expenditure though incurred, but remaining unallowed, so much of the excess as does not exceed the difference between the expenditure incurred to obtain the licence and the amount of such expenditure remaining unallowed, shall be chargeable to income-tax as profits and gains of the</p>	<p>Proposed addition in the end:</p> <p>And the balance excess which exceeds the expenditure incurred to obtain the license shall be taxed as capital gains in accordance with the</p>	<p>The taxability of proceeds of transfer in excess of the original expenditure has not been considered, which has been suggested here.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>to obtain the licence and the amount of such expenditure remaining unallowed shall be chargeable to income-tax as profits and gains of the business in the previous year in which the licence has been transferred.</p> <p>Explanation.—Where the licence is transferred in a previous year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year.</p> <p>(4) Where the whole or any part of the licence is transferred and the proceeds of the transfer (so far as</p>	<p>business in the tax year in which the licence has been transferred;</p> <p>(c) where the rights under clause (b) is transferred in a tax year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that tax year;</p> <p>(d) where the whole or part of the right is transferred, the proceeds of the transfer (so far as they consist of capital sums) are equal or greater than the amount of expenditure incurred remaining unallowed, no deduction for such expenditure shall be allowed under sub-section (1) in respect of the tax year in which the licence is transferred or in respect of any subsequent tax year or years;</p> <p>(e) such transfer is in a scheme of amalgamation or demerger to the amalgamated company or resulting</p>	provisions of the Act.	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>they consist of capital sums) are not less than the amount of expenditure incurred remaining unallowed, no deduction for such expenditure shall be allowed under sub-section (1) in respect of the previous year in which the licence is transferred or in respect of any subsequent previous year or years.</p> <p>(6) Where, in a scheme of amalgamation, the amalgamating company sells or otherwise transfers the licence to the amalgamated company (being an Indian company),—</p> <p>(i) the provisions of sub-sections (2), (3) and (4) shall not apply in</p>	<p>company, being an Indian company,—</p> <p>(i) the provisions of clauses (a), (b), (c) and (d) shall not apply to the amalgamating or demerged company; and</p> <p>(ii) all the provisions of this section shall continue to apply to the amalgamated or resulting company as it would have applied to the amalgamating or demerged company, as if the transfer has not taken place.</p> <p>(3) Where a part of the rights is transferred in a tax year and sub-section (2)(b) and (c) does not apply, the deduction to be allowed under sub-section (1) for the expenditure incurred remaining unallowed shall be arrived at by—</p> <p>(a) subtracting the proceeds of transfer (so far as they consist of capital sums) from the expenditure</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the case of the amalgamating company; and</p> <p>(ii) the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the latter had not transferred the licence.</p> <p>(7) Where, in a scheme of demerger, the demerged company sells or otherwise transfers the licence to the resulting company (being an Indian company),—</p> <p>(i) the provisions of sub-sections (2), (3) and (4) shall not apply in the case of the demerged company;</p>	<p>remaining unallowed; and</p> <p>(b) dividing the remainder by the number of relevant tax years which have not expired at the beginning of the tax year during which the licence is transferred.</p> <p>(4) No deduction shall be allowed—</p> <p>(a) for depreciation under section 33(1) to (10) in respect of expenditure mentioned in sub-section (1) (Table: Sl. No. 3 or 4), where deduction under this section is claimed and allowed for any tax year;</p> <p>(b) under any other provision of this Act in respect of the expenditure mentioned in sub-section (1) (Table: Sl. No. 1 or 2).</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>and</p> <p>(ii) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company if the latter had not transferred the licence.</p> <p>(5) Where a part of the licence is transferred in a previous year and sub-section (3) does not apply, the deduction to be allowed under sub-section (1) for expenditure incurred remaining unallowed shall be arrived at by—</p> <p>(a) subtracting the proceeds of transfer (so far as they consist of capital sums) from the expenditure</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>remaining unallowed; and</p> <p>(b) dividing the remainder by the number of relevant previous years which have not expired at the beginning of the previous year during which the licence is transferred.</p> <p>(8) Where a deduction for any previous year under sub-section (1) is claimed and allowed in respect of any expenditure referred to in that sub-section, no deduction shall be allowed under sub-section (1) of section 32 for the same previous year or any subsequent previous year.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
58			<p><b>Special provision for computing profits and gains of business profession on presumptive basis in case of certain residents.</b></p>		
			<p>(1) The provisions of sections 26 to 54, to the extent contrary to this section, shall not apply to the specified business or profession mentioned in column B of the Table in sub-section (2).</p> <p>(2) The profits and gains of any specified business or profession as mentioned in column B of the Table below, carried on by an assessee specified in column C of the said Table, having total turnover or gross receipts of business or profession during the tax year specified in column D and computed in the manner specified in column E thereof, shall be deemed to be the profits and gains of such business or profession chargeable to tax under the head “Profits and gains of</p>		



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1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
			business or profession”.						
			Sr No	Specified business or profession	Assessee	Total turnover or gross receipts of business or profession during tax year	Manner of computation		
			A	B	C	D	E		
44AD	Special provision for computing profits and gains of business on presumptive basis.	1	Any business other than	Eligible assessee.	(a) Does not exceed ₹2,00,00,000;	(A)(i) 6% of total turnover	In column E, (A)(i) should read as follows – (A)(i) 6% of total	Section 44AD prescribed that the rate of 6% would apply on	



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1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>(1) Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession" :</p> <p>Provided that this sub-section shall have effect as if for the words</p>	the business specified against serial number 2.	or	(b) does not exceed ₹300,00,000 where the amount or aggregate of amounts received, in cash, does not exceed 5% of the total turnover or gross	or gross receipts realised in specified banking or online mode; and (ii) 8% of total turnover or gross receipts realised in any mode other than	turnover or gross receipts realised in specified banking or online mode <b>on or before the due date u/s 263(1)</b> ; and	the turnover realized through banking channels till the due date u/s 139(1). Therefore, in column E of the table, A(i) should be 6% of total turnover or gross receipts realized in specified banking or online mode on or before the due date u/s 263(1).



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1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		"eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year.			receipts.	specified banking or online mode; or (B)profit claimed to have been actually earned, whichever is higher.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
	44AD	<p>(2) Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.</p> <p>(3) The written down value of any asset of an eligible business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.</p> <p>(4) Where an eligible assessee</p>	<p>(4) Any loss, allowance or deduction allowable under the provisions of this Act, shall not be allowed against the income computed in the manner specified in sub-section (1).</p> <p>(5) For the purposes of sub-section (2) (Table: Sl. No. 2), where the assessee is a firm, the salary and interest paid to its partners shall be deducted from the income computed under sub-section (1) subject to the conditions and limits specified in section 35(f).</p> <p>(6) The written down value of any asset used for the purposes of specified business or profession shall be computed as if the assessee mentioned in column C of the Table in sub-section (2) had claimed and was actually allowed depreciation thereon for each of the relevant tax years.</p>	<p>Sub-section (4) to be amended to restrict the non-permissibility to deduction allowable under the provisions of sections 28 to 34 and 44 to 52 (except section 50) of the Act.</p> <p><b>(4) Any deduction allowable under sections 28 to 34 and 44 to 52 (except section 50), shall not be allowed against the income computed in the manner specified in sub-section (1).</b></p>	<p>Sub-section (4) is very restrictive such that no loss or deduction can be claimed under any provision of the Act. This means that intra-head and inter-head set-off of losses, otherwise permissible, would not be permissible from presumptive income. Also, deductions under chapter VI-A will not be permitted.</p> <p>In section 44AD, the restriction was only deductions allowable</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>declares profit for any previous year in accordance with the provisions of this section and he declares profit for any of the five assessment years relevant to the previous year succeeding such previous year not in accordance with the provisions of sub-section (1), he shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of sub-section (1).</p> <p>(5) Notwithstanding anything contained in the foregoing</p>	<p><b>(7) Where an eligible assessee declares profit for any tax year as per the provisions of sub-section (2) (Table: Sl. No. 1) and he declares profit for any of the five tax years succeeding such tax year in contravention of the provisions of sub-section (1), then he shall not be eligible to claim the benefit of the provisions of this section for five tax years subsequent to the tax year in which the profit has not been declared as per the provisions of the said sub-section.</b></p> <p><b>(8) Irrespective of anything contained in foregoing provision of this section, where provisions of sub-section (7) are applicable to an eligible assessee and his total income exceeds the maximum amount which is not chargeable to income-tax, he shall be required to keep and maintain such books of account and other documents as required under section 62(2) and</b></p>		<p>under sections 30 to 38.</p>



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**[including Schedules IX and X]**

1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section no. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		provisions of this section, an eligible assessee to whom the provisions of sub-section (4) are applicable and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.  (6) The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to—	<b>get them audited and furnish a report of such audit as required under section 63.</b>  (9) For the purposes of sub-section (2) (Table: Sl. Nos. 1 and 3), the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.  (10) In this section,—  (a) “eligible assessee” means an individual, a Hindu undivided family, or a firm other than a limited liability partnership, who is resident in India, who—  (i) has not claimed any deduction under section 141; or  (ii) has not claimed any deduction under Chapter VIII-C for the relevant tax year; or		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) a person carrying on profession as referred to in sub-section (1) of section 44AA;</p> <p>(ii) a person earning income in the nature of commission or brokerage; or</p> <p>(iii) a person carrying on any agency business.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "eligible assessee" means,—</p> <p>(i) an individual, Hindu undivided family or a partnership firm, who is a resident, but not a limited liability partnership firm as defined under clause (n) of sub-section (1)</p>	<p>(iii) does not carry on specified profession as defined in section 62(1)(a), and (c); or</p> <p>(iv) does not earn any income in the nature of commission or brokerage; or</p> <p>(v) does not carry on any agency business;</p> <p>(b) "specified assessee" means an individual or a firm, other than a limited liability partnership, who is a resident in India;</p> <p>(c) "limited liability partnership" shall have the same meaning as assigned to it in section 2(n) of the Limited Liability Partnership Act, 2008;</p> <p>(d) the expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the same meaning as respectively assigned to them in section 2 of the Motor Vehicles Act, 1988;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); and</p> <p>(ii) who has not claimed deduction under any of the sections 10A, 10AA, 10B, 10BA or deduction under any provisions of Chapter VIA under the heading "C.—Deductions in respect of certain incomes" in the relevant assessment year;</p> <p>(b) "eligible business" means,—</p> <p>(i) any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE; and</p>	<p>(e) "heavy goods vehicle" means any goods carriage, the gross vehicle weight of which exceeds 12,000 kilograms; and</p> <p>(f) an assessee, who is in possession of a goods carriage, whether taken on hire purchase or on instalments and for which the whole or part of the amount payable is still due, shall be deemed to be the owner of such goods carriage.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) whose total turnover or gross receipts in the previous year does not exceed an amount of two crore rupees:</p> <p>Provided that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts of such previous year, this sub-clause shall have effect as if for the words "two crore rupees", the words "three crore rupees" had been substituted:</p> <p>Provided further that for the purposes of the first proviso, the receipt of amount or aggregate of</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.			
61			<b>Special provision for computation of income on presumptive basis in respect of certain business activities of certain non-residents.</b>		
			<p>(1) The provisions of sections 26 to 54, to the extent contrary to this section, shall not apply to the specified business mentioned in column B of the Table in sub-section (2).</p> <p>(2) The profits and gains of any specified business as mentioned in column B of the Table below, carried on by a specified assessee as mentioned in column C of the said Table during a tax year, shall be computed in the manner specified in column D</p>		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
			thereof, and charged to income-tax for the said tax year under the head “Profits and gains of business or profession”.					
			Table					
			Sr No.	Specified business	Specified assessee	Profits and gains of business or profession		
			A	B	C	D		
	44B	<b>Special provision for computing profits and gains of shipping business in the case of non-residents.</b> (1) Notwithstanding anything to	1	Business of operation of ships, other than cruise ships referred to in	Non-resident.	7.5% of (A+B), where,— A = sum on account of carriage of		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of ships, 44 other than cruise ships referred to in section 44BBC, a sum equal to seven and a half per cent of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".</p> <p>(2) The amounts referred to in sub-section (1) shall be the following, namely :—</p>	Serial number 2.	passenger, livestock, mail or goods shipped at any port in India, whether paid or payable, in or outside India, to the assessee or any other person on his behalf (including demurrage, handling or other similar charges); B = sum on account		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods shipped at any port in India; and</p> <p>(ii) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods shipped at any port outside India.</p> <p>Explanation.—For the purposes of this sub-section, the amount referred to in clause (i) or clause (ii) shall include the amount paid</p>			of carriage of passenger, livestock, mail or goods shipped at any port outside India, whether received or deemed to be received in India, by the assessee or any other person on his behalf (including demurrage, handling or other similar		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		or payable or received or deemed to be received, as the case may be, by way of demurrage charges or handling charges or any other amount of similar nature.				charges).	
	44BBC	<p><b>Special provision for computing profits and gains of business of operation of cruise ships in case of non-residents.</b></p> <p>(1) Notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of cruise ships subject to such conditions as may be prescribed, a sum equal to twenty per cent of the aggregate of the</p>	2	Business of operation of cruise ships (subject to the conditions as prescribed)	Non-resident.	<p>20% of (A+B), where,—</p> <p>A = sum on account of carriage of passenger, paid or payable to the assessee or any other person on his behalf;</p>	



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".</p> <p>(2) The amounts referred to in sub-section (1) shall be the following, namely:—</p> <p>(a) the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and</p> <p>(b) the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.</p>			<p>B = sum on account of carriage of passenger received or deemed to be received by the assessee or any other person on his behalf.</p>		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
	44BBA	<p><b>Special provision for computing profits and gains of the business of operation of aircraft in the case of non-residents.</b></p> <p>(1) Notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of aircraft, a sum equal to five per cent of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".</p>	3	Business of operation of aircraft.	Non-resident.	<p>5% of (A+B), where,—</p> <p>A = sum on account of carriage of passenger, livestock, mail or goods from any place in India, paid or payable (in or outside India) to the assessee or any other person on his behalf;</p>	



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**[including Schedules IX and X]**

1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		(2) The amounts referred to in sub-section (1) shall be the following, namely :—  (a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods from any place in India; and  (b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods from any place outside India.				B = sum on account of carriage of passenger, livestock, mail or goods from any place outside India, received or deemed to be received in India, by the assessee or any other person on his behalf.		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
	44BBB	<p><b>Special provision for computing profits and gains of foreign companies engaged in the business of civil construction, etc., in certain turnkey power projects.</b></p> <p>(1) Notwithstanding anything to the contrary contained in sections 28 to 44AA, in the case of an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf, a sum</p>	4	Business of civil construction or erection or testing or commissioning, of plant or machinery, in connection with a turnkey power project, approved by the Central	Foreign company.	10% of the amount towards such civil construction, erection, testing, or commissioning, paid or payable, to the assessee or to any other person on his behalf, whether in or outside India	



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		equal to ten per cent of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".		Government.			
	44BB	<b>Special provision for computing profits and gains in connection with the business of exploration, etc., of mineral oils.</b>  (1) Notwithstanding anything to the contrary contained in sections	5	Business of providing services or facilities (including supply of	Non-resident person.	10% of (A+B), where,— A = sum on account of business of	



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>28 to 41 and sections 43 and 43A, in the case of an assessee , being a non-resident, engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils, a sum equal to ten per cent of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession" :</p> <p>Provided that this sub-section shall not apply in a case where the</p>	plant and machinery on hire) for prospecting, extraction or production of mineral oils.	providing services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of mineral oils in India, paid or payable (in or outside India), to the assessee or any other		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>provisions of section 42 or section 44D or section 44DA or section 115A or section 293A apply for the purposes of computing profits or gains or any other income referred to in those sections.</p> <p>(2) The amounts referred to in sub-section (1) shall be the following, namely :—</p> <p>(a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or</p>			<p>person on his behalf;</p> <p>B = sum on account of business of providing services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of mineral oils</p>		



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>extraction or production of, mineral oils in India; and</p> <p>(b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils outside India.</p>				<p>outside India, received or deemed to be received in India, by the assessee or any other person on his behalf.</p>	
	44BBD	<b>Special provision for computing profits and gains of non-residents engaged in business of providing services or technology for setting up an electronics</b>	6	Business of providing services or technology in India, for the	Non-resident.	<p>25% of (A+B), where,—</p> <p>A = the amount paid or payable</p>	



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India.</b></p> <p>(1) Notwithstanding anything to the contrary contained in sections 28 to 43A, where an assessee, being a non-resident, engaged in the business of providing services or technology in India, for the purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India—</p>	<p>purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India to a resident company.</p>	<p>to the non-resident assessee or to any person on his behalf on account of providing services or technology;</p> <p>B = the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on</p>		



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1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>(a) to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and</p> <p>(b) the resident company satisfies the conditions prescribed in this behalf</p> <p>a sum equal to twenty-five per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the</p>				account of providing services or technology.		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>profits and gains of such business of the non-resident assessee chargeable to tax under the head “Profits and gains of business or profession”.</p> <p>(2) The amounts referred to in sub-section (1) shall be the following:—</p> <p>(a) the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology; and</p> <p>(b) the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of</p>						



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>providing services or technology:</p> <p>Provided that the provisions of section 44DA or section 115A shall not apply in respect of the amounts referred to in this sub-section.</p> <p>(3) Notwithstanding anything in sub-section (2) of section 32 and sub-section (1) of section 72, where a non-resident assessee declares profits and gains of business for any previous year under sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.'</p>						



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
	44BB	<p>(3) Notwithstanding anything contained in sub-section (1), an assessee may claim lower profits and gains than the profits and gains specified in that sub-section, if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB, and thereupon the Assessing Officer shall proceed to make an assessment of the total income or loss of the assessee under sub-section (3) of section 143 and determine the sum payable</p>	<p>(3) For the purposes of (Table: Sl. Nos. 1 to 5) of sub-section (2), the specified assessee may claim that the profits actually earned from the specified business are lower than the business profits computed under sub-section (2), if,—</p> <p>(a) he keeps and maintains such books of account and other documents as required under section 62; and</p> <p>(b) gets his accounts audited and furnish a report of such audit as required under section 63.</p> <p><b>(4) Any loss, allowance or deduction allowable under the provisions of this Act shall not be allowed against the income computed in the manner specified in sub-section (2).</b></p> <p>(5) The written down value of any asset used for the purposes of specified business or profession shall be</p>	<p>Sub-section (4) to be amended to restrict the non-permissibility to deduction allowable under the provisions of sections 28 to 34 and 44 to 52 (except section 50) of the Act.</p> <p>Sub-section (4) may be reworded as follows -</p> <p><b>(4) Any deduction allowable under sections 28 to 34 and sections 44 to 52 (except section 50) shall not be allowed against the income computed in the manner</b></p>	<p>Sub-section (4) is very restrictive such that no loss or deduction can be claimed under any provision of the Act. This means that intra-head and inter-head set-off of losses, otherwise permissible, would not be permissible from presumptive income. Also, deductions under chapter VI-A will not be permitted.</p> <p>In section 44AD, the only deductions allowable under</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>by, or refundable to, the assessee.</p> <p>(4) Notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "plant" includes ships, aircraft, vehicles, drilling units, scientific</p>	<p>computed, as if the assessee mentioned in column C of the Table in sub-section (2) had claimed and was actually allowed depreciation thereon for each of the relevant tax years.</p> <p>(6) For the purposes of sub-section (2) (Table: Sl. No. 5) the provisions of this section shall not apply where the provisions of section 54 or 59 or 207 or 527 apply for the purposes of computing profits and gains or any other income referred to in the said sections.</p> <p>(7) In this section, "plant" includes ships, aircrafts, vehicles, drilling units, scientific apparatuses and equipments, used for the purposes of the specified business as mentioned in sub-section (2) (Table: Sl. No. 5).</p> <p>(8) For the purposes of sub-section (2) (Table: Sl. No. 6), resident company shall satisfy the</p>	<p><b>specified in sub-section (2).</b></p> <p><b>(4A) Loss from such business referred to in Table brought forward from an earlier tax year shall not be allowed against the income from such business computed in the manner specified in sub-section (2).</b></p>	<p>sections 30 to 38 were not allowed. Similar restriction can be placed by amending sub-section (4).</p> <p>Further, in order to prevent the businesses from setting off the loss from such business by opting for presumptive provisions in the year of profit and claiming losses in the year of losses, sub-section (4A) may be inserted to prevent such set-off.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		apparatus and equipment, used for the purposes of the said business;  (ii) "mineral oil" includes petroleum and natural gas.	following:—  (a) it is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and  (b) it satisfies the conditions prescribed in this behalf.		
62	44AA	<b>Maintenance of accounts by certain persons carrying on profession or business.</b>	<b>Maintenance of books of account.</b>		
		(1) Every person carrying on legal, medical, engineering or architectural profession or the	(1) (a) Any person carrying on specified profession; or  (b) any person carrying on, business; or any		



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette shall keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act.</p> <p>(2) Every person carrying on business or profession [not being a profession referred to in sub-section (1)] shall,—</p> <p>(i) if his income from business or profession exceeds one lakh</p>	<p>profession [not being a profession referred to in clause (a)] and satisfying the conditions referred to in sub-section (2); or</p> <p>(c) any other person carrying on profession notified by the Board in this behalf,</p> <p>shall keep and maintain such books of account and other documents to enable the Assessing Officer to compute his total income under this Act.</p> <p>(2) The conditions in respect of persons referred to in sub-section (1)(b) shall be the following:—</p> <p>(a) where the income from business or profession exceeds one lakh and twenty thousand rupees or its total sales, turnover or gross receipts from such business or profession exceeds ten lakh rupees in any one of the three years immediately preceding the tax year; or</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>twenty thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession exceed or exceeds ten lakh rupees in any one of the three years immediately preceding the previous year; or</p> <p>(ii) where the business or profession is newly set up in any previous year, if his income from business or profession is likely to exceed one lakh twenty thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession are or is likely to exceed ten lakh rupees, during such previous year; or</p>	<p>(b) where business or profession is newly set up in the tax year, the income from business or profession is likely to exceed one lakh and twenty thousand rupees or its total sales, turnover or gross receipts from such business or profession is likely to exceed ten lakh rupees during such tax year; or</p> <p>(c) where during the tax year, the assessee, other than the assessee referred to in section 61(2) (Table: Sl. No. 6), has claimed income from business or profession to be lower than the deemed profits as referred to in section 58(2) or section 61(2); or</p> <p>(d) in case of an individual or Hindu undivided family, clauses (a) and (b) shall be modified to the extent of income from such business or profession exceeding two lakh and fifty thousand rupees and its total sales, turnover or gross receipts from such business or profession exceeding two lakh and fifty</p>	<p><b>Clause (d) may be redrafted as follows -</b></p> <p>(d) in case of an individual or Hindu undivided family, clauses (a) and (b) shall be modified to the extent of income from such</p>	<p>The limit of turnover/gross receipts in clause (d) of sub-section (2) in case of individual or HUF would be Rs.25 lakh and not Rs.2.50 lakh.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) where the profits and gains from the business are deemed to be the profits and gains of the assessee under section 44AE or section 44BB or section 44BBB, as the case may be, and the assessee has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, during such previous year; or</p> <p>(iv) where the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year, keep and maintain such books of</p>	<p>thousand rupees.</p> <p>(3) For the purposes of this section, the Board may prescribe—</p> <p>(a) the books of account and other documents (including inventories, wherever necessary) to be kept and maintained;</p> <p>(b) particulars to be contained therein;</p> <p>(c) the form, manner and place at which they shall be kept and maintained; and</p> <p>(d) the period for which such books of account and other documents are to be retained.</p> <p>(4) In this section, “specified profession” means—</p> <p>(a) legal, medical, engineering, architectural, accountancy, technical consultancy, interior decoration, information technology or company</p>	<p>business or profession exceeding two lakh and fifty thousand rupees and its total sales, turnover or gross receipts from such business or profession exceeding <del>two lakh and fifty thousand rupees</del> <b>twenty-five lakh rupees.</b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act:</p> <p>Provided that in the case of a person being an individual or a Hindu undivided family, the provisions of clause (i) and clause (ii) shall have effect, as if for the words "one lakh twenty thousand rupees", the words "two lakh fifty thousand rupees" had been substituted :</p> <p>Provided further that in the case of a person being an individual or a Hindu undivided family, the</p>	<p>secretary; or</p> <p>(b) any other profession, as notified by the Board.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>provisions of clause (i) and clause (ii) shall have effect, as if for the words "ten lakh rupees", the words "twenty-five lakh rupees" had been substituted.</p> <p>(3) The Board may, having regard to the nature of the business or profession carried on by any class of persons, prescribe, by rules, the books of account and other documents (including inventories, wherever necessary) to be kept and maintained under sub-section (1) or sub-section (2), the particulars to be contained therein and the form and the manner in which and the place at which they shall be</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		kept and maintained.  (4) Without prejudice to the provisions of sub-section (3), the Board may prescribe, by rules, the period for which the books of account and other documents to be kept and maintained under sub-section (1) or sub-section (2) shall be retained.			
63	44AB	<b>Audit of accounts of certain persons carrying on business or profession.</b>	<b>Tax audit.</b>		
		Every person,—  (a) carrying on business shall, if his total sales, turnover or gross	(1) Every person, carrying on the business or profession fulfilling the conditions specified in column B of the Table below, shall get his accounts of the tax year audited by an accountant, before the		



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1	2	3	4	5	6						
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change						
		<p>receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year:</p> <p>Provided that in the case of a person whose—</p> <p>(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and</p> <p>(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,</p>	<p>specified date.</p> <table border="1"> <thead> <tr> <th align="center">Sr No</th> <th align="center">Conditions for getting books of account audited</th> </tr> <tr> <th align="center">A</th> <th align="center">B</th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td> <p>Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—</p> <p>(a) is carrying on business and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹10,00,00,000;</p> <p>(b) is carrying on business and not covered under serial number 1, is more than ₹1,00,00,000;</p> </td> </tr> </tbody> </table>	Sr No	Conditions for getting books of account audited	A	B	1	<p>Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—</p> <p>(a) is carrying on business and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹10,00,00,000;</p> <p>(b) is carrying on business and not covered under serial number 1, is more than ₹1,00,00,000;</p>	<p>The content in Column (B) against Sl. No.1 in the table in sub-section (1) may be redrafted as given below -</p> <p>(1) Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—</p> <p>(a) is carrying on business</p>	<p>Section 44AB of the Income-tax Act, 1961 prescribes a higher limit of Rs.10 crore for tax audit in case of business assesseees, if 95% of receipts and payments are through banking modes. Similar provision may be introduced for the professionals by</p>
Sr No	Conditions for getting books of account audited										
A	B										
1	<p>Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—</p> <p>(a) is carrying on business and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹10,00,00,000;</p> <p>(b) is carrying on business and not covered under serial number 1, is more than ₹1,00,00,000;</p>										



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>this clause shall have effect as if for the words "one crore rupees", the words "ten crore rupees" had been substituted:</p> <p>Provided further that for the purposes of this clause, the payment or receipt, as the case may be, by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the payment or receipt, as the case may be, in cash; or</p> <p>(b) carrying on profession shall, if his gross receipts in profession exceed fifty lakh rupees in any previous year; or</p> <p>(c) carrying on the business shall,</p>	<p>(c) is carrying on profession, is more than ₹50,00,000.</p> <p>2 If the person is carrying on business or profession, referred to in section 58(2) or 61(2) (other than that referred to in section 61(2) [Table: Sl. No. 6]) and the profits and gains from such business or profession are claimed to be lower than the deemed profits as referred to in these sections.</p>	<p>and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹ 10,00,00,000;</p> <p>(b) is carrying on business and not covered under <del>serial number 1 (a)</del>, is more than ₹ 1,00,00,000;</p> <p><b>(c) is carrying on profession and at least 95% of aggregate of all the receipts and</b></p>	<p>enhancing the tax audit threshold if 95% receipts are through banking modes.</p>
			(2) The provisions of this section shall not apply—		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or</p> <p>(d) carrying on the profession shall, if the profits and gains from the profession are deemed to be the profits and gains of such person under section 44ADA and he has claimed such income to be lower than the profits and gains so</p>	<p>(a) where profits and gains of business or profession, declared by the assessee are as per section 58 (2);</p> <p>(b) where the person, other than that referred in section 61(2) (Table: Sl. No. 6), is deriving income of the nature referred to in section 61(2).</p> <p>(3) The assessee shall furnish by the specified date, the report of such audit in such form, duly signed and verified by the accountant and setting forth such particulars, as prescribed.</p> <p>(4) Where a person is required, by or under any other law, to get his accounts audited, then it shall be sufficient compliance of this section, if such person—</p> <p>(a) gets the accounts of such business or profession audited under such law before the specified date;</p>	<p><b>payments from the business during the tax year are through specified banking or online mode, is more than ₹ 1,00,00,000</b></p> <p>(d) is carrying on profession <b>and not covered under (c)</b>, is more than ₹ 50,00,000.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>deemed to be the profits and gains of his profession and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year; or</p> <p>(e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,</p> <p>get his accounts of such previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form</p>	<p>and</p> <p>(b) furnishes by that specified date the report of such audit along with the report of the accountant in the form as prescribed.</p> <p>(5) In this section, “specified date” in relation to the accounts of the assessee of the tax year, means the date one month prior to the due date for furnishing the return of income under section 263(1).</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>duly signed and verified by such accountant and setting forth such particulars as may be prescribed :</p> <p>Provided that this section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA:</p> <p>Provided further that this section shall not apply to the person, who derives income of the nature referred to in section 44B or section 44BBA, on and from the 1st day of April, 1985 or, as the case may be, the date on which the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>relevant section came into force, whichever is later :</p> <p>Provided also that in a case where such person is required by or under any other law to get his accounts audited, it shall be sufficient compliance with the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and furnishes by that date the report of the audit as required under such other law and a further report by an accountant in the form prescribed under this section.</p> <p>Explanation.—For the purposes of</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		this section,— (i) "accountant" shall have the same meaning as in the Explanation below sub-section (2) of section 288; (ii) "specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139.			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
64	269SU	<b>Acceptance of payment through prescribed electronic modes.</b>	<b>Facilitating payments in electronic modes.</b>		
		Every person, carrying on business, shall provide facility for accepting payment through prescribed electronic modes, in addition to the facility for other electronic modes, of payment, if any, being provided by such person, if his total sales, turnover or gross receipts, as the case may be, in business exceeds fifty crore rupees during the immediately preceding previous year.	Any person carrying on business with total sales, turnover, or gross receipts exceeding fifty crore rupees in the preceding tax year shall provide facility for accepting payments through prescribed electronic methods, in addition to any other electronic payment methods, already offered	Section 64 may be removed.	Section 187 of the Income-tax Bill, 2025 is on similar lines of section 269SU of the Income-tax Act, 1961. Since the requirement and condition of both the sections of the Income-tax Bill, 2025 i.e., sections 187 and 64 are the same, section 64 may be removed.



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section no. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
			<b>Interpretation.</b>		
66 (4)			“commodity derivative” shall have the same meaning as assigned to it in Chapter VII of the Finance Act, 2013;	The definition of “commodity derivative” in Chapter VII of the Finance Act, 2013 may be reproduced here. <b>"commodity derivative" means—</b> <b>(i) a contract for delivery of goods which is not a ready delivery contract; or</b> <b>(ii) a contract for differences which derives its value from</b>	The definition of “Commodity derivative” in Chapter VII of the Finance Act, 2013 may be reproduced here. The same should not be linked with Finance Act, 2013.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				prices or indices of prices— (A) of such underlying goods; or (B) of related services and rights, such as warehousing and freight; or (C) with reference to weather and similar events and activities, having a bearing on the commodity sector;	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
66 (15)			“National Housing Bank” means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;	The definition of “National Housing Bank” may be removed from section 66	The reference of National Housing Bank was in existing section 43D clause (b) which was omitted by the Finance (No. 2), Act, 2024. Hence, this definition can be removed from section 66.
66 (28)	Clause (v) of Explanation below section 40(a)(ia)	(v) "rent" shall have the same meaning as in clause (i) to the Explanation to section 194-I;	“rent”, for the purposes of section 35(b)(i), shall have the meaning assigned to it in section 402(29);	The definition of “rent” may be removed from section 66.	The term “rent” is not used in section 35(b)(i) of Income-tax Bill, 2025 as it is not relevant since the term “any sum payable” is used in this section. Hence, this



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					definition can be removed from section 66.
66 (35)	43(5)	<p>"speculative transaction" means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips:</p> <p><i>Provided that for the purposes of this clause—</i></p> <p>(a) a contract in respect of raw materials or merchandise entered into by a person in the course of</p>	<p>(35) "speculative transaction" means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips, other than the following transactions:—</p> <p>(a) a specified derivative transaction as defined in clause (37);</p> <p>(b) a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchandising business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of</p>	<p>These exclusions may also be incorporated in the definition of speculative transaction in section 66(35) of the Income-tax Bill, 2025.</p>	<p>43(5) of the Income-tax Act, 1961 provides that an eligible transaction in respect of trading in derivatives and commodity derivatives carried out in a recognized stock exchange are not speculative transactions, if STT and CTT have been paid.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		his manufacturing or merchanting business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him; or (b) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; or (c) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of	goods manufactured, or merchandise sold by him; (c) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; (d) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage, to guard against loss which may arise in the ordinary course of his business as such member;		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		jobbing or arbitrage to guard against loss which may arise in the ordinary course of his business as such member; or  (d) an eligible transaction in respect of trading in derivatives referred to in clause (ac) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) carried out in a recognised stock exchange; or  (e) an eligible transaction in respect of trading in commodity derivatives carried out in a recognised stock exchange, which is chargeable to commodities transaction tax under Chapter VII			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of the Finance Act, 2013 (17 of 2013), shall not be deemed to be a speculative transaction:</p> <p><i>Provided further</i> that for the purposes of clause (e) of the first proviso, in respect of trading in agricultural commodity derivatives, the requirement of chargeability of commodity transaction tax under Chapter VII of the Finance Act, 2013 (17 of 2013) shall not apply.</p> <p><i>Explanation 1.</i>—For the purposes of clause (d), the expressions—</p> <p>(i) "eligible transaction" means any</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		transaction,— (4) carried out electronically on screen-based systems through a stock broker or sub-broker or such other intermediary registered under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the Depositories Act, 1996 (22 of 1996) and the rules, regulations or bye-laws made or directions issued under those Acts or by banks or mutual funds on a recognised stock			



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>exchange; and</p> <p>(B) which is supported by a time stamped contract note issued by such stock broker or sub-broker or such other intermediary to every client indicating in the contract note the unique client identity number allotted under any Act referred to in sub-clause (A) and permanent account number allotted under this Act;</p> <p>(ii) "recognised stock exchange" means a recognised stock exchange as referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and which fulfils such</p>			



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>conditions as may be prescribed and notified by the Central Government for this purpose.</p> <p>Explanation 2.—For the purposes of clause (e), the expressions—</p> <p>(i) "commodity derivative" shall have the meaning as assigned to it in Chapter VII of the Finance Act, 2013;</p> <p>(ii) "eligible transaction" means any transaction,—</p> <p>(A) carried out electronically on screen-based systems through member or an intermediary, registered under the bye-laws, rules and regulations of the</p>			



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>recognised stock exchange for trading in commodity derivative in accordance with the provisions of the Forward Contracts (Regulation) Act, 1952 (74 of 1952) and the rules, regulations or bye-laws made or directions issued under that Act on a recognised stock exchange; and</p> <p>(B) which is supported by a time stamped contract note issued by such member or intermediary to every client indicating in the contract note, the unique client identity number allotted under the Act, rules, regulations or bye-laws referred to in sub-clause (A), unique trade number and</p>			



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		permanent account number allotted under this Act;  (iii) "recognised stock exchange" means a recognised stock exchange as referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and which fulfils such conditions as may be prescribed and notified by the Central Government for this purpose;			
66 (36)			"Specified Banking or Online Mode" shall mean transaction by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, as prescribed;	The usage and applicability of this phrase to be extended to other relevant provisions of the Bill.	The terminology "Specified Banking or Online Mode" has been referred to in 11 places in the Bill and is applicable for sections



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section no. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
					from 26 to 66 of the Income-tax Bill, 2025. Since the modes specified therein, namely, account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, as prescribed are referred to in other provisions of the Bill as well, this terminology must be used in those provisions also.



**Chapter IV-D Profits and Gains of Business or Profession**  
**[including Schedules IX and X]**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
66 (45)	Clause (iv) of Explanation below section 40(a)(ia)	"work" shall have the same meaning as in Explanation III to section 194C	"work", for the purposes of section 35(b)(i), shall have the meaning assigned to it in section 402(47).	The definition of work may be removed from section 66	The term "work" is not used in section 35(b)(i) of Income-tax Bill, 2025 as it is not relevant since the term "any sum payable" is used in the section. Hence, this definition can be removed from section 66.



<b>Chapter IV-E Capital Gains</b>					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
67	45	<p><b>Capital gains.</b></p> <p><b>45.</b> (1) Any profits or gains arising from the transfer of a capital asset effected in the previous year shall, save as otherwise provided in sections 54, 54B, 54D, 54E, 54EA, 54EB, 54F, 54G and 54H, be chargeable to income-tax under the head "Capital gains", and shall be deemed to be the income of the previous year in which the transfer took place.</p>	<p><b>Capital gains.</b></p> <p><b>67.</b> (1) Any profits or gains arising from the transfer of a capital asset effected in a tax year shall, save as otherwise provided in sections 82, 83, 84, 86, 87, 88 and 89, be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the tax year in which the transfer took place.</p>	<p>It is suggested that section 67(1) may be reworded as follows:</p> <p><b>“Capital gains.</b></p> <p><b>67.</b> (1) Any profits or gains arising from the transfer of a capital asset effected in a tax year shall, save as otherwise provided in sections 82, 83, 84, <del>85</del>, 86, 87, 88 and 89, be chargeable to income-tax under the head “Capital gains” and shall be deemed to be the income of the tax year in which the transfer took place.”</p>	<p>Section 67(1), the charging section for capital gains, excludes sections 82 to 89, except section 85.</p> <p>Section 85 also provides for exemption from capital gain.</p> <p>Therefore, it is necessary to include section 85 also in section 67(1) for exclusion.</p>



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70	47	<b>Transactions not regarded as transfer</b>	<b>Transactions not regarded as transfer</b>												
		<b>Explanation. — For the purposes of clauses (viia) and (viid),—</b>	(2) In sub-section (1), the definitions of the expressions mentioned in column C of the Table below shall apply to the corresponding clauses of the said sub-section mentioned in column B of the said Table.												
		49[(a) "original fund" means— (A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions, namely:— (i) the fund is not a person resident in India; (ii) the fund is a resident of a country or a specified territory with which an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A has been entered into; or is established or incorporated or registered in a country or a specified territory as may be notified by the Central Government in this behalf; (iii) the fund and its activities are subject to applicable investor protection regulations in the	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Clause</th> <th>Definitions</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> </tr> </thead> <tbody> <tr> <td>5.</td> <td>(t) and (u)</td> <td>(a)“original fund” means— (A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:— (i) the fund is not a person resident in India; (ii) the fund is a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or is established or incorporated or registered in a country or</td> </tr> </tbody> </table>	Sl. No.	Clause	Definitions	A	B	C	5.	(t) and (u)	(a)“original fund” means— (A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:— (i) the fund is not a person resident in India; (ii) the fund is a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or is established or incorporated or registered in a country or			
Sl. No.	Clause	Definitions													
A	B	C													
5.	(t) and (u)	(a)“original fund” means— (A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:— (i) the fund is not a person resident in India; (ii) the fund is a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or is established or incorporated or registered in a country or													



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	<p>country or specified territory where it is established or incorporated or is a resident; and</p> <p>(iv) fulfils such other conditions as may be prescribed;</p> <p>(B) an investment vehicle, in which Abu Dhabi Investment Authority is the direct or indirect sole shareholder or unit holder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, directly or indirectly, by the Abu Dhabi Investment Authority or the Government of Abu Dhabi; or</p> <p>(C) a fund notified by the Central Government in the Official Gazette in this behalf subject to such conditions as may be specified;]</p> <p>(b) "relocation" means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st day of March, 2030 where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to,—</p> <p>(i) shareholder or unit holder or interest holder of the original fund,</p>			<p>a specified territory as notified by the Central Government;</p> <p>(iii) the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident; and</p> <p>(iv) fulfils other conditions as prescribed;</p> <p>(B) an investment vehicle, in which Abu Dhabi Investment Authority is the direct or indirect sole shareholder or unit holder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, directly or indirectly, by the Abu Dhabi Investment Authority or the Government of Abu Dhabi; or</p> <p>(C) a fund notified by the Central Government subject to conditions as specified;</p> <p>(b) "relocation" means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or</p>	<p>(A) It is suggested that the language of (C)(b) be modified as follows:</p>	<p>(A) In line with current provisions in Explanation (b)</p>
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	<p>in the same proportion in which the share or unit or interest was held by such shareholder or unit holder or interest holder in such original fund, in lieu of their shares or units or interests in the original fund;</p> <p>Or</p> <p>(ii) the original fund, in the same proportion as referred to in sub-clause (i), in respect of which the share or unit or interest is not issued by resultant fund to its shareholder or unit holder or interest holder;</p> <p>(c) “resultant fund” means a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, and has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund or a certificate as a retail scheme or as an Exchange Traded Fund, and is regulated under the Securities and Exchange Board of India (Alternative</p>		<p>before the 31st March, 2025, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to—</p> <p>(i) a shareholder or unit holder or interest holder of the original fund, in the same proportion in which the share or unit or interest was held by such shareholder or unit holder or interest holder in such original fund, in lieu of their shares or units or interests in the original fund; or</p> <p>(ii) the original fund, in the same proportion as referred to in sub-clause (i), in respect of which the share or unit or interest is not issued by resultant fund to its shareholder or unit holder or interest holder;</p> <p>(c) “resultant fund” means a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in an International Financial Services Centre as referred to in section 147 and has been granted—</p> <p>(i) a certificate of registration as a Category I or Category II or Category III Alternative</p>	<p>“(b) “relocation” means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st March, <del>2025</del> <u>2030</u>, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to—”</p>	<p>to section 47 wherein amendment is made vide the Finance Act 2025 and period has been extended from 2025 to 2030, similar consequential amendment may be made in section 70(2)(5)(a)(C)(b).</p>
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		Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019;			Investment Fund, and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019); or  (ii) a certificate as a retail scheme or an Exchange Traded Fund as per Schedule VI (Note 1) and which fulfils the conditions specified in Schedule VI (Table: Sl. No. 1).		
73	49	<b>Cost with reference to certain modes of acquisition.</b>  49. (1) Where the capital asset became the property of the assessee—	<b>Cost with reference to certain modes of acquisition.</b>  73. (1) In the case of a capital asset specified in column B of the Table below, the cost of acquisition of the asset shall be deemed to be the cost as mentioned in column C of the said Table.				



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		(7) Where the capital gain arises from the transfer of a capital asset, being share in the project, in the form of land or building or both, referred to in sub-section (5A) of section 45, not being the capital asset referred to in the proviso to the said sub-section, the cost of acquisition of such asset, shall be the amount which is deemed as full value of consideration in that sub-section.	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Description of capital asset</th> <th>Cost of acquisition</th> </tr> </thead> <tbody> <tr> <td>20.</td> <td>Capital asset, being share in the project, in the form of land or building, or both, under section 67(14).</td> <td>The amount deemed as full value of consideration under section 67(14).</td> </tr> </tbody> </table>	Sl. No.	Description of capital asset	Cost of acquisition	20.	Capital asset, being share in the project, in the form of land or building, or both, under section 67(14).	The amount deemed as full value of consideration under section 67(14).	Column C of Sl. No.20 may be amended to provide that on subsequent sale of share of land or building or both, the cost of acquisition shall be deemed to be-  <b>the stamp duty value of such share of land or building or both forming part of the full value of consideration u/s 67(14).</b>	The full value of consideration under section 67(14), however, includes both the Stamp Duty Value (SDV) of the share of land or building or both as well as consideration received in cash/cheque/draft etc.
Sl. No.	Description of capital asset	Cost of acquisition									
20.	Capital asset, being share in the project, in the form of land or building, or both, under section 67(14).	The amount deemed as full value of consideration under section 67(14).									
74	50	<p><b>Special provision for computation of capital gains in case of depreciable assets. 50.</b> Notwithstanding anything contained in clause (42A) of section 2, where the capital asset is an asset forming part of a block of assets in respect of which depreciation has been allowed under this Act or under the Indian Income-tax Act, 1922 (11 of 1922), the provisions of sections 48 and 49 shall be subject to the following modifications :—</p> <p>(1) where the full value of the consideration received or accruing</p>	<p><b>Special provision for computation of capital gains in case of depreciable assets.</b></p> <p>74. (1) Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under this Act or under the Income-tax Act, 1961 or under the Indian Income-tax Act, 1922, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections (2), (3) and (4).</p> <p>(2) If, during the tax year, the full value of consideration received or accruing for the transfer of one or more assets in a block of assets exceeds the total of the following:—</p> <p>(a) expenditure incurred wholly and exclusively for such transfer;</p>	<p><b>Sub-section (1) may be redrafted as follows -</b></p> <p>74. (1) Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under this Act or under the Income-tax Act, 1961 or under the Indian Income-tax Act, 1922, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections <del>(2), (3) and (4)</del> <b>(2) and (3).</b></p>	There is no sub-section (4) in section 74. Therefore, section 74(1) can be subject to the provisions of sub-sections (2) and (3).						



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	<p>as a result of the transfer of the asset together with the full value of such consideration received or accruing as a result of the transfer of any other capital asset falling within the block of assets during the previous year, exceeds the aggregate of the following amounts, namely :—</p> <p>(i) expenditure incurred wholly and exclusively in connection with such transfer or transfers;</p> <p>(ii) the written down value of the block of assets at the beginning of the previous year; and</p> <p>(iii) the actual cost of any asset falling within the block of assets acquired during the previous year, such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets;</p> <p>(2) where any block of assets ceases to exist as such, for the reason that all the assets in that block are transferred during the previous year, the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning</p>	<p>(b) the written-down value of the block of assets at the start of the tax year; and</p> <p>(c) the actual cost of any asset falling within the block of assets acquired during the tax year,</p> <p>such excess shall be deemed to be capital gains arising from the transfer of short-term capital assets.</p> <p>(3) If any block of assets ceases to exist for the reason that all the assets in that block are transferred during the tax year, then,—</p> <p>(a) the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning of the tax year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the tax year; and</p> <p>(b) the income received or accruing as a result of such transfer or transfers shall be deemed to be short-term capital gains.</p>	<p>Section 74(3)(b) may be reworded as given below -</p> <p>(b) the income received or accruing as a result of such transfer or transfers shall be deemed to be <del>short-term</del> capital gains <b>arising from the transfer of short-term capital assets.</b></p>	<p>Since section 74(2) states that excess shall be deemed to be “capital gains arising from the transfer of short-term capital assets”, similar language may be used in section 74(3)(b).</p>
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	<p>of the previous year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the previous year and the income received or accruing as a result of such transfer or transfers shall be deemed to be the capital gains arising from the transfer of short-term capital assets:</p> <p>Provided that in a case where goodwill of a business or profession forms part of a block of asset for the assessment year beginning on the 1st day of April, 2020 and depreciation thereon has been obtained by the assessee under the Act, the written down value of that block of asset and short-term capital gain, if any, shall be determined in such manner as may be prescribed.</p> <p>[Explanation. —For the purposes of this section, reduction of the amount of goodwill of a business or profession, from the block of asset in accordance with sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43 shall be deemed to be transfer.]</p>			
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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
77	50B	<p><b>Special provision for computation of capital gains in case of slump sale.</b></p> <p><b>50B.</b> (1) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place :</p> <p>Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be</p>	<p><b>Special provision for computation of capital gains in case of slump sale.</b></p> <p><b>77.</b> (1) Any profits or gains arising from the slump sale effected in the tax year shall be chargeable to income-tax as long-term capital gains and shall be deemed to be the income of the tax year in which the transfer took place, subject to the provisions of sub-section (2).</p> <p>(2) The profits and gains arising from a slump sale involving the transfer of a capital asset, being one or more undertakings or divisions owned and held by an assessee for 36 months or less, immediately before the date of its transfer, shall be treated as short-term capital gains.</p>	<p><b>Sub-section (2) may be reworded as given below -</b></p> <p>(2) The profits and gains arising from a slump sale involving the transfer of a capital asset, being one or more undertakings or divisions owned and held by an assessee for <del>36</del> <b>24</b> months or less, immediately before the date of its transfer, shall be</p>	<p>Section 77 contains the special provisions for computation of capital gain in case of slump sale. Section 77(2) provides that transfer under a slump sale of an undertaking held for “not more than 36 months” would be deemed to be capital gains from transfer of a short-term capital asset. Since the period of holding for treating capital assets as short-term and long-term are either 24 months or 12 months depending on the asset as per section 2(101),</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		deemed to be the capital gains arising from the transfer of short-term capital assets.		treated as short-term capital gains.	therefore, the period of holding for the undertaking transferred in slump sale to be treated as short term capital asset can be “not more than 24 months” in line with the period of holding of land and building.
78	50C	<p><b>Special provision for full value of consideration in certain cases.</b></p> <p><b>50C.</b>(1) Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government (hereafter in this section referred to as the "stamp valuation authority") for the purpose of payment of stamp duty in respect of such</p>	<p><b>Special provision for full value of consideration in certain cases.</b></p> <p><b>78.</b> (1) If the consideration received or accruing from the transfer of a capital asset, being land or building or both, is less than the stamp duty value, then, for the purposes of section 72, the stamp duty value shall be deemed to be the full value of the consideration received or accruing as a result of such transfer, subject to the following:—</p>	<p>Sub-section (5) may be inserted after sub-section (4) -</p> <p>(5) Where the value adopted or assessed or assessable by the stamp valuation authority or the value determined by the Valuation Officer, as the case may be, does</p>	<p>A tolerance band of 10%, therefore, applies when the stamp duty value is determined by the Stamp Valuation Authority as per section 78(1). However, it is not clear whether the 10% tolerance band is also applicable to the value determined by the Valuation Officer, on a reference being made by the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>transfer, the value so adopted or assessed or assessable shall, for the purposes of section 48, be deemed to be the full value of the consideration received or accruing as a result of such transfer :</p> <p>Provided that where the date of the agreement fixing the amount of consideration and the date of registration for the transfer of the capital asset are not the same, the value adopted or assessed or assessable by the stamp valuation authority on the date of agreement may be taken for the purposes of computing full value of consideration for such transfer:</p> <p>Provided further that the first proviso shall apply only in a case where the amount of consideration, or a part thereof, has been received by way of an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic</p>	<p>(a) the stamp duty value on the date of agreement may be taken as the full value of consideration, if—</p> <p>(i) the date of the agreement fixing the consideration and the date of registration for the transfer of the capital asset are not the same; and</p> <p>(ii) part or full consideration is received on or before the date of the agreement by an account payee cheque or account payee bank draft or electronic clearing system through a bank account or any other electronic mode, as prescribed;</p> <p>(a) if the stamp duty value does not exceed 110% of the consideration received or accruing, such consideration shall be deemed to be the full value of the consideration for section 72.</p> <p>(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may</p>	<p>not exceed 110% of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer, shall, for the purposes of section 72, be deemed to be the full value of consideration received.</p>	<p>Assessing Officer under section 78(2).</p> <p>When the valuation is referred to the Valuation Officer and the officer determines a value lower than the stamp duty value, this lower value is taken as the full value of consideration. However, it is not clear whether the 10% tolerance band would also apply to such valuation.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>mode as may be prescribed, on or before the date of the agreement for transfer:</p> <p>Provided also that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and ten per cent of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.</p> <p>(2) Without prejudice to the provisions of sub-section (1), where—</p> <p>(a) the assessee claims before any Assessing Officer that the value adopted or assessed or assessable by the stamp valuation authority under sub-section (1) exceeds the fair market value of the property as on the date of transfer;</p>	<p>refer the valuation of the capital asset to a Valuation Officer, and the provisions of sections 269(3) to (8), shall, with necessary modifications, apply in relation to such reference, where—</p> <p>(a) the assessee claims that the stamp duty value exceeds the fair market value of the property as on the date of transfer; and</p> <p>(b) the stamp duty value has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court.</p> <p>(3) In this section, “assessable” means the value which any authority of the Government would have adopted or assessed as if it were referred to such authority for the purposes of payment of stamp duty, regardless of anything to the contrary contained in any other law in force.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(b) the value so adopted or assessed or assessable by the stamp valuation authority under sub-section (1) has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court, the Assessing Officer may refer the valuation of the capital asset to a Valuation Officer and where any such reference is made, the provisions of sub-sections (2), (3), (4), (5) and (6) of section 16A, clause (i) of sub-section (1) and sub-sections (6) and (7) of section 23A, sub-section (5) of section 24, section 34AA, section 35 and section 37 of the Wealth-tax Act, 1957 (27 of 1957), shall, with necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the Assessing Officer under sub-section (1) of section 16A of that Act.	(4) If the value determined by the Valuation Officer on a reference made under sub-section (2) exceeds the stamp duty value, such stamp duty value shall be taken as the full value of consideration.		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Explanation 1.—For the purposes of this section, "Valuation Officer" shall have the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).</p> <p>Explanation 2.—For the purposes of this section, the expression "assessable" means the price which the stamp valuation authority would have, notwithstanding anything to the contrary contained in any other law for the time being in force, adopted or assessed, if it were referred to such authority for the purposes of the payment of stamp duty.</p> <p>(3) Subject to the provisions contained in sub-section (2), where the value ascertained under sub-section (2) exceeds the value adopted or assessed or assessable by the stamp valuation authority referred to in sub-section (1), the value so adopted or assessed or assessable by such authority shall be taken</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		as the full value of the consideration received or accruing as a result of the transfer.			
82	54	<p><b>Profit on sale of property used for residence.</b></p> <p><b>54.</b> (1) Subject to the provisions of sub-section (2), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of a long-term capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has within a period of one year before or two years after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, one residential house in India, then, instead of the capital gain being</p>	<p><b>Profit on sale of property used for residence.</b></p> <p><b>82.</b> (1) Where an individual or Hindu undivided family—</p> <p>(a) has long-term capital gains arising from the transfer of a capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (original asset); and</p> <p>(b) has within one year before or two years after the date of such transfer purchased, or has within three years after that date constructed, one residential house in India (new asset), then, instead of the capital gain being charged to income-tax as income of</p>	<p>Sub-section (1) of section 82 may be redrafted as follows -</p> <p>82. (1) Where an individual or Hindu undivided family—</p> <p>(a) has long-term capital gains arising from the transfer of a capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from</p>	<p>If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(i) if the amount of the capital gain is greater than the cost of the residential house so purchased or constructed (hereafter in this section referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or</p> <p>(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under</p>	<p>the tax year in which the transfer took place, it shall be dealt with as follows:—</p> <p>(i) if the capital gains exceeds the cost of the new asset, such excess shall be charged under section 67, and for computing capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be <i>nil</i>; or</p> <p>(ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67 and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains.</p> <p>(2) If the capital gains is not used by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or</p>	<p>house property” (original asset); and</p> <p>b) has within one year before or two years after the date of such transfer purchased, or has within three years after that date constructed, one residential house in India (new asset), then, instead of the capital gain being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—</p>	<p>“more than 24 months”, the minimum period of holding of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years).</p> <p>The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101).</p> <p>In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the capital gain:</p> <p>Provided that where the amount of the capital gain does not exceed two crore rupees, the assessee may, at his option, purchase or construct two residential houses in India, and where such option has been exercised,—</p> <p>(a) the provisions of this sub-section shall have effect as if for the words "one residential house in India", the words "two residential houses in India" had been substituted;</p> <p>(b) any reference in this sub-section and sub-section (2) to "new asset" shall be construed as a reference to the two residential houses in India:</p>	<p>construction of a new asset before filing the return of income under section 263, then—</p> <p>(a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return.</p> <p>(3) For the purposes of sub-section (1), the amount, already utilised for purchasing or constructing the new asset, together with the deposited amount under sub-section (2) shall, subject to sub-section (7), be deemed to be the cost of the new asset.</p>	<p>(i) if the capital gains exceeds the cost of the new asset, such excess shall be charged under section 67, <del>and for computing capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil;</del> or</p> <p>(ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67 <del>and for</del></p>	<p>of transfer of the new asset. This should be the consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided further that where during any assessment year, the assessee has exercised the option referred to in the first proviso, he shall not be subsequently entitled to exercise the option for the same or any other assessment year:</p> <p>[Provided also that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section.]</p> <p>(2) The amount of the capital gain which is not appropriated by the assessee towards the purchase of the new asset made within one year before the date on which the transfer of the original asset took place, or which is not utilised by him for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being</p>	<p>(4) If the amount deposited under sub-section (2) is not fully utilised for purchasing or constructing the new asset within the period specified in sub-section (1), then, —</p> <p>(a) the unutilised amount shall be charged to tax under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and</p> <p>(b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.</p> <p>(5) If the capital gains under sub-section (1) does not exceed two crore rupees, the assessee may, at his option, purchase or construct two residential houses in India, and where such option has been exercised,—</p>	<p><del>computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains.</del></p> <p>Sub-section (1A) may be inserted –</p> <p><b>If the new asset is transferred within two years of its purchase or construction, the capital gains not charged under section 67 on the basis of the cost of such new asset as</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall 62-63[, subject to the third proviso to sub-section (1)] be deemed to be the cost of the new asset :</p> <p>Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the</p>	<p>(a) for the purposes of sub-section (1)(b), “one residential house in India” shall be read as “two residential houses in India”; and</p> <p>(b) for the purposes of sub-sections (1)(b) and (2), “new asset” shall mean two residential houses in India.</p> <p>(6) If during any tax year, the assessee has exercised the option mentioned in sub-section (5), he shall not be entitled to exercise such option for the same tax year or any other tax year.</p> <p>(7) If the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of sub-section (1).</p> <p>(8) If the capital gains on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not</p>	<p><b>per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>new asset within the period specified in sub-section (1), then,—</p> <p>(i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and</p> <p>(ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid:</p> <p>[Provided further that the capital gains in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.]</p>	<p>be taken into account for the purposes of sub-section (2).</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
83	54B	<p><b>Capital gain on transfer of land used for agricultural purposes not to be charged in certain cases.</b></p> <p><b>54B.</b> (1) Subject to the provisions of sub-section (2), where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee being an individual or his parent, or a Hindu undivided family for agricultural purposes (hereinafter referred to as the original asset), and the assessee has, within a period of two years after that date, purchased any other land for being used for agricultural purposes, then, instead of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance</p>	<p><b>Capital gains on transfer of land used for agricultural purposes not to be charged in certain cases.</b></p> <p><b>83.</b> (1) Where an assessee, being an individual or a Hindu undivided family,—</p> <p>(a) has capital gains arising from the transfer of a capital asset, being land, which was used by the assessee or his parent, or the Hindu undivided family for agricultural purposes (original asset), in two years immediately preceding the date of transfer; and</p> <p>(b) has, within two years after that date, purchased any other land for being used for agricultural purposes (new asset),</p> <p>then, instead of the capital gains being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—</p>	<p><b>Section 83(1) be reworded as follows</b></p> <p>-</p> <p>83. (1) Where an assessee, being an individual or a Hindu undivided family,—</p> <p>(a) has capital gains arising from the transfer of a capital asset, being land, which was used by the assessee or his parent, or the Hindu undivided family for agricultural purposes (original asset), in two years immediately</p>	<p>If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84, 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is “more than 24 months”, the minimum period of holding</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>with the following provisions of this section, that is to say,—</p> <p>(i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or</p> <p>(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of</p>	<p>(i) if the capital gains exceed the cost of the new asset, such excess shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be <i>nil</i>; or</p> <p>(ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be reduced by the amount of the capital gains.</p> <p>(2) If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then—</p> <p>(a) the unutilised amount shall be deposited in a specified bank or institution and utilised</p>	<p>preceding the date of transfer; and</p> <p>(b) has, within two years after that date, purchased any other land for being used for agricultural purposes (new asset), then, instead of the capital gains being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—</p> <p>(i) if the capital gains exceed the cost of the new asset, such excess shall be charged under</p>	<p>of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years).</p> <p>The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101).</p> <p>In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>three years of its purchase, the cost shall be reduced, by the amount of the capital gain.</p> <p>(2) The amount of the capital gain which is not utilised by the assessee for the purchase of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase of the new asset</p>	<p>as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return.</p> <p>(3) For the purposes of sub-section (1), the amount already utilised for purchasing the new asset together with the deposited amount under sub-section (2), shall be deemed to be the cost of the new asset.</p> <p>(4) If the amount deposited under sub-section (2) is not fully utilised for purchase of the new asset within the period specified in sub-section (1), then, —</p>	<p><del>section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be nil; or</del></p> <p>(ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost</p>	<p>consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>together with the amount so deposited shall be deemed to be the cost of the new asset :</p> <p>Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase of the new asset within the period specified in sub-section (1), then,—</p> <p>(i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of two years from the date of the transfer of the original asset expires; and</p> <p>(ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid.</p>	<p>(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which two years from the date of the transfer of the original asset expires; and</p> <p>(b) the assessee shall be entitled to withdraw the unused amount according to the scheme referred to in sub-section (2).</p>	<p><del>shall be reduced by the amount of the capital gains.</del></p> <p>Sub-section (1A) may be inserted –</p> <p><b>(1A) If the new asset is transferred within two years of its purchase, the capital gains not charged under section 67 on the basis of the cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
84	54D	<p><b>Capital gain on compulsory acquisition of lands and buildings not to be charged in certain cases.</b></p> <p><b>54D.</b> (1) Subject to the provisions of sub-section (2), where the capital gain arises from the transfer by way of compulsory acquisition under any law of a capital asset, being land or building or any right in land or building, forming part of an industrial undertaking belonging to the assessee which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee for the purposes of the business of the said undertaking (hereafter in this section referred to as the original asset), and the assessee has within a period of three years after that date purchased any other land or building or any right in any other land or building or constructed any other building for the purposes of shifting or re-establishing the said undertaking or</p>	<p><b>Capital gains on compulsory acquisition of lands and buildings not to be charged in certain cases.</b></p> <p><b>84.</b> (1) Where an assessee has—</p> <p>(a) capital gains arising from the transfer by way of compulsory acquisition under any law, of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him, which was being used by the assessee for the business of the said undertaking in the two years immediately preceding the date of transfer (original asset); and</p> <p>(b) within three years after that date, purchased any other land or building or any right in any other land or building or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking (new asset), then, instead of the capital gain</p>	<p>Section 84(1) be reworded as follows -</p> <p>84. (1) Where an assessee has—</p> <p>(a) capital gains arising from the transfer by way of compulsory acquisition under any law, of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him, which was being used by the assessee for the business of</p>	<p>If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is “more than 24 months”, the minimum period of holding</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>setting up another industrial undertaking, then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(i) if the amount of the capital gain is greater than the cost of the land, building or right so purchased or the building so constructed (such land, building or right being hereafter in this section referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or</p>	<p>being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—</p> <p>(i) if the capital gains exceeds the cost of new asset, such excess shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil; or</p> <p>(ii) if the capital gains is equal to or less than the cost of new asset, no capital gains shall be charged under section 67 and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains.</p> <p>(2) If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then—</p>	<p>the said undertaking in the two years immediately preceding the date of transfer (original asset); and</p> <p>(b) within three years after that date, purchased any other land or building or any right in any other land or building or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking (new asset), then, instead of the capital gain</p>	<p>of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years).</p> <p>The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101).</p> <p>In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the capital gain.</p> <p>(2) The amount of the capital gain which is not utilised by the assessee for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with,</p>	<p>(a) the unutilised amount shall be deposited not later than the due date for filing the return of income under sub-section (1) of the said section in a specified bank or institution and utilised as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under the said sub-section; and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return.</p> <p>(3) For the purposes of sub-section (1), the amount already utilised for purchasing or constructing the new asset together with the deposited amount under sub-section (2), shall be deemed to be the cost of the new asset.</p>	<p>being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—</p> <p>(i) if the capital gains exceeds the cost of new asset, such excess shall be charged under section 67, <del>and for computing any capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil;</del> or</p>	<p>consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall be deemed to be the cost of the new asset:</p> <p>Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the new asset within the period specified in sub-section (1), then,—</p> <p>(i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and</p>	<p>(4) If the amount deposited under sub-section (2) is not fully utilised for the purchase or construction of the new asset within the period specified in sub-section (1), then,—</p> <p>(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which three years from the date of the transfer of the original asset expires; and</p> <p>(b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.</p>	<p>(ii) if the capital gains is equal to or less than the cost of new asset, no capital gains shall be charged under section 67 <del>and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains.</del></p> <p><b>(1A) If the new asset is transferred within two years of its purchase or construction, the capital gains not</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid.		<b>charged under section 67 on the basis of the cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.</b>	
85	54EC	<p><b>Capital gain not to be charged on investment in certain bonds.</b></p> <p><b>54EC.</b> (1) Where the capital gain arises from the transfer of a long-term capital asset, being land or building or both, (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the</p>	<p><b>Capital gains not to be charged on investment in certain bonds.</b></p> <p><b>85.</b> (1) Where an assessee has—</p> <p>(a) long-term capital gains arising from the transfer of land or building, or both, (original asset); and</p> <p>(b) within six months after the date of such transfer, invested whole or part of the capital gains in a long-term specified asset (new asset),</p>	<p>Section 85(1) may be redrafted as follows -</p> <p>85. (1) Where an assessee has—</p> <p>(a) long-term capital gains arising from the transfer of land or building, or both, (original asset); and</p>	<p>The time limit for investment in long-term specified asset is presently 6 months from the date of transfer. This is the position under section 54EC of the Income-tax Act, 1961 also. There are certain concerns arising out of this time limit, which needs to be addressed -</p>



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		<p>capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;</p> <p>(b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45 :</p> <p>Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any</p>	<p>then, the capital gains shall be dealt with as follows:—</p> <p>(i) if the capital gains exceed the investment in the new asset, the amount of capital gains as exceeds such investment shall be charged under section 67; or</p> <p>(ii) if the capital gains is equal to or less than the investment in the new asset, the whole of such capital gains shall not be charged under section 67.</p> <p>(2) For the purposes of sub-section (1), investment made in the long-term specified asset from capital gain arising from transfer of one or more original asset shall not exceed fifty lakh rupees,—</p> <p>(a) during any tax year; or</p> <p>(b) in the year of transfer of the original asset or assets and in the subsequent tax year.</p>	<p><del>(b) within six months after the date of such transfer</del> <b>on or before the due date applicable in his case for filing return of income under section 263(1),</b> invested whole or part of the capital gains in a long-term specified asset (new asset),</p>	<p>(i) In a number of transactions, there is some difference in dates of actual handing over of possession, submission of documents for registration of transfer, actual date of registration and even a subsequent modification of registered document due to demand of additional stamp duty. All these dates, though may fall in the same year but still may differ from each other, creating an unnecessary dispute regarding actual date of transfer and thereby time limit of 6 months. If the date of investment in specified bonds is made upto the due date of filing</p>



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		<p>financial year does not exceed fifty lakh rupees :</p> <p>Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.</p> <p>(2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head</p>	<p>(3) If the new asset is transferred or converted (otherwise than by transfer) into money within five years of its acquisition, the capital gains not charged under section 67 as per sub-section (1), shall be deemed to be income chargeable as long-term capital gains in the tax year of its transfer or conversion.</p> <p>(4) Any loan or advance taken on the security of the new asset shall be regarded as transfer of the new asset on the date of such loan or advance.</p> <p>(5) Where the investment in the new asset has been taken into account for sub-section (1), no deduction under section 123 for any tax year shall be allowed for such investment.</p> <p>(6) In this section, “new asset” means any bond, redeemable after five years and as notified by the Central Government for the</p>		<p>return u/s 139(1), such disputes can be avoided.</p> <p>(ii) Bringing the time limit upto the due date of filing of ITR shall also bring parity with exemption provisions under sections 54 to 54F of the Income-tax Act, 1961 (Sections 82 to 86 of the Income-tax Bill, 2025), where assessee is permitted to deposit the money in Capital Gains Account Scheme upto the due date of filing of return. In fact, assessee would be in a better position to take a call as to which exemption option is better suited for him.</p>



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		<p>"Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money:</p> <p>Provided that in case of long-term specified asset referred to in sub-clause (ii) of clause (ba) of the Explanation occurring after sub-section (3), this sub-section shall have effect as if for the words "three years", the words "five years" had been substituted.</p> <p>Explanation.—In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have converted (otherwise than by transfer) such specified</p>	<p>purposes of this section with such conditions (including a condition for providing a limit on the amount of investment by an assessee in such bond).</p>		<p>(iii) In many cases, the assessee is not aware about exemption provision and comes to know about it only when he approaches his/her tax consultant at the time of filling of return of income. By this time, 6 months period is already over and thus, the assessee inadvertently loses the benefit of exemption.</p> <p>(iv) The time limit expires exactly at 6 months from the date of transfer. Due to this, even an otherwise aware assessee may miss it unintentionally.</p>



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		<p>asset into money on the date on which such loan or advance is taken.</p> <p>(3) Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1),—</p> <p>(b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "cost", in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;</p>			



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		<p>(b) "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before the 31st day of March, 2007,—</p> <p>(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988); or</p> <p>(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956), and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit</p>			



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		<p>on the amount of investment by an assessee in such bond) as it thinks fit:</p> <p>Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (b) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause;</p> <p>(ba) "long-term specified asset" for making any investment under this section,—</p> <p>(i) on or after the 1st day of April, 2007 but before the 1st day of April, 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1<sup>st</sup> day of April, 2018;</p>			



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		(ii) on or after the 1st day of April, 2018, means any bond, redeemable after five years and issued on or after the 1st day of April, 2018, by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) or any other bond notified in the Official Gazette by the Central Government in this behalf.			
86	54F	<p><b>Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house.</b></p> <p><b>54F.</b> (1) Subject to the provisions of sub-section (4), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of any long-term capital asset, not</p>	<p><b>Capital gains on transfer of certain capital assets not to be charged in case of investment in residential house.</b></p> <p><b>86.</b> (1) If an individual or a Hindu undivided family has—</p>	<p><b>Section 86(1) and (7) be re-worded as follows -</b></p> <p>86. (1) If an individual or a Hindu undivided family has—</p>	<p>If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced</p>



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		<p>being a residential house (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or two years after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, one residential house in India (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45 ;</p> <p>(b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears</p>	<p>(a) capital gains arising from the transfer of any long-term capital asset, not being a residential house (original asset); and</p> <p>(b) within one year before, or two years after, the date of such transfer, purchased, or has within three years after that date constructed, one residential house in India (new asset), then, the capital gains shall be dealt with as follows:—</p> <p>(i) if the net consideration is more than the cost of the new asset, so much of the capital gains as bears to the whole of the capital gains, the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 67; or</p> <p>(ii) if the net consideration is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67.</p> <p>(2) If the capital gains is not utilised by the assessee to purchase the new asset within</p>	<p>(a) capital gains arising from the transfer of any long-term capital asset, not being a residential house (original asset); and</p> <p>(b) within one year before, or two years after, the date of such transfer, purchased, or has within three years after that date constructed, one residential house in India (new asset),</p> <p>then, the capital gains shall be dealt with as follows:—</p>	<p>from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is “more than 24 months”, the minimum period of holding of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years).</p> <p>The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding</p>



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		<p>to the net consideration, shall not be charged under section 45:</p> <p>Provided that nothing contained in this sub-section shall apply where—</p> <p>(a) the assessee,—</p> <p>(i) owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or</p> <p>(ii) purchases any residential house, other than the new asset, within a period of one year after the date of transfer of the original asset; or</p> <p>(iii) constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset; and</p> <p>(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is</p>	<p>one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then,—</p> <p>(a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under sub-section (1) of the said section; and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return.</p> <p>(3) For the purposes of sub-section (1), the amount already utilised for purchasing or constructing the new asset together with the deposited amount under sub-section (2)</p>	<p>(i) if the net consideration is more than the cost of the new asset, so much of the capital gains as bears to the whole of the capital gains, the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 67; or</p> <p>(ii) if the net consideration is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67.</p>	<p>of an asset to be treated as long-term capital asset under section 2(67) read with 2(101).</p> <p>In case the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>chargeable under the head "Income from house property":</p> <p>[Provided further that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section.]</p> <p>Explanation.—For the purposes of this section,—"net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p> <p>(2) Where the assessee purchases, within the period of two years after the date of the transfer of the original asset, or constructs, within the period of three years after such date, any residential house, the income from</p>	<p>shall, subject to the sub-section (8), be deemed to be the cost of the new asset.</p> <p>(4) If the amount deposited under sub-section (2) is not wholly or partly utilised for purchasing or constructing the new asset within the period specified in sub-section (1), then,—</p> <p>(a) the amount determined as per with the following formula shall be charged under section 67 as income of the tax year in which three years from the date of the transfer of the original asset expires:—</p> <p style="text-align: center;">X - Y,</p> <p style="text-align: center;">where,—</p> <p>X = the capital gains not charged under section 67 as per sub-section (1).</p> <p>Y = the capital gains that would not have been charged under section 67, if the cost of the new asset had been taken to be the</p>	<p>(7) If the new asset is transferred within <del>two three</del> <b>two</b> years of its purchase or its construction, the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as long-term capital gains of the tax year in which such new asset is transferred.</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>which is chargeable under the head "Income from house property", other than the new asset, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a), or, as the case may be, clause (b), of sub-section (1), shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such residential house is purchased or constructed.</p> <p>(3) Where the new asset is transferred within a period of three years from the date of its purchase or, as the case may be, its construction, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be</p>	<p>amount actually utilised for purchase or construction of the new asset;</p> <p>(b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.</p> <p>(5) The provisions of sub-section (1) shall not apply, if—</p> <p>(a) the assessee—</p> <p>(i) owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or</p> <p>(ii) purchases any residential house, other than the new asset, within two years of transfer of the original asset; or</p> <p>(iii) constructs any residential house, other than the new asset, within three years of transfer of the original asset; and</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such new asset is transferred.</p> <p>(4) The amount of the net consideration which is not appropriated by the assessee towards the purchase of the new asset made within one year before the date on which the transfer of the original asset took place, or which is not utilised by him for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government</p>	<p>(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".</p> <p>(6) If the assessee purchases within two years of the transfer of the original asset, or constructs within three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset, the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1), shall be charged as long-term capital gains of the tax year in which such residential house is purchased or constructed.</p> <p>(7) If the new asset is transferred within three years of its purchase or its construction, the capital gains not charged under section 67 on the basis of cost of such</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit ; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall 70[, subject to the second proviso to sub-section (1)] be deemed to be the cost of the new asset :</p> <p>Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the new asset within the period specified in sub-section (1), then,—</p> <p>(i) the amount by which—</p> <p>(a) the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of the new asset as provided in clause (a) or, as</p>	<p>new asset as per sub-section (1) shall be charged as long-term capital gains of the tax year in which such new asset is transferred.</p> <p>(8) If the cost of the new asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for the purposes of sub-section (1).</p> <p>(9) If the net consideration on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for the purposes of sub-section (2).</p> <p>(10) In this section, “net consideration” means the full value of the consideration received or accruing as a result of the transfer of the original asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the case may be, clause (b) of sub-section (1), Exceeds</p> <p>(b) the amount that would not have been so charged had the amount actually utilised by the assessee for the purchase or construction of the new asset within the period specified in sub-section (1) been the cost of the new asset, shall be charged under section 45 as income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and</p> <p>(ii) the assessee shall be entitled to withdraw the unutilised amount in accordance with the scheme aforesaid:</p> <p>[Provided further that the net consideration in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.]</p>			



**Exemption provisions relating to Capital Gains [Sections 82 to 88 of the Income-tax Bill, 2025]**

There can be a single section (say, section 82) for Capital Gains Exemptions contained in sections 82 to 88, wherein the exemptions can be detailed in a Table with appropriate Notes. Thereafter, the conditions are specified by way of Notes and the consequences of non-compliance by way of a separate table in sub-section (2) of the said clause and references to the same can be given in separate columns of the table for ease of reference.

**Section 82**

82(1) Where an eligible assessee referred to in column B of Table 82.1 transfers the asset referred to in column C and purchases/constructs a new asset referred to in column D within the time allowed in column E, deduction of an amount specified in column F would be allowable subject to fulfillment of conditions mentioned in column G along with the relevant Note in column H.

**Table 82.1**

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/net consideration is re-invested)	Time limit for investment/purchase/construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
1	Individual or HUF	Capital Asset being buildings or lands appurtenant thereto and being a Residential house	Residential house	Purchase within 1 year before or 2 years after or/and Construction within 3 years after	(i) Capital gains or cost of new asset, whichever is lower (ii) If cost of new asset exceeds Rs.10 crore, the amount exceeding Rs.10 crore would not be taken into account. (iii) If capital gains $\leq$ Rs.2 crore, the assessee may, at his option, purchase or construct two residential houses in India	Note 1	Refer Sl.No.1 of Table 82.2



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Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/net consideration is re-invested)	Time limit for investment/purchase/construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
					(iv) Such option can be exercised only for one tax year.		
2	Individual or HUF	Land used for agricultural purposes by the Individual assessee or his parents or the HUF in the two years immediately preceding the transfer	Land for use for agricultural purposes	Purchase within 2 years	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.2 of Table 82.2
3	Any assessee	Transfer by way of Compulsory Acquisition of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him	any other land or building or any right in any other land or building purchased; or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking	Purchased within two years immediately preceding the date of transfer and within three years after that date	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.3 of Table 82.2



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Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/net consideration is re-invested)	Time limit for investment/purchase/construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
4	Any assessee	Land or building or both	Notified bonds redeemable after five years	Purchase <del>within 6 months</del> <b>on or before the due date u/s 263(1)</b>	Capital gains or cost of new asset, whichever is less	Note 3	Refer Sl.No.4 of Table 82.2
5	Individual or HUF	Long-term capital asset not being a residential house	One residential house in India	Purchase within 1 year before or 2 years after or/and Construction within 3 years after	<p>(i) Where Net consideration is more than cost of new asset =</p> $\frac{\text{Cost of new asset}}{\text{Net Consideration}} \times \text{Capital Gains}$ <p>Where Net consideration is equal to or lower than the Cost of new asset, the entire capital gains</p> <p>(ii) If cost of new asset exceeds Rs.10 crore, the amount exceeding Rs.10 crore would not be taken into account</p>	Note 4	Refer Sl.No.5 of Table 82.2



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Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/net consideration is re-invested)	Time limit for investment/purchase/construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
6	Any Assessee	capital asset, being machinery or plant or building or land or any rights in building or land used for the business of an industrial undertaking situated in an urban area shifting to any non-urban area (new area)	(a) For the Business of the industrial undertaking in new area : (i) Purchased new machinery or plant, (ii)acquired building or land or constructed building (b) shifted the original asset and transferred its establishment to such area; and (c) incurred expenses on such other purpose as specified in a scheme notified by the Central Government for this section,	within one year before or three years after the date of such transfer	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.6 of Table 82.2



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Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/net consideration is re-invested)	Time limit for investment/purchase/construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
7	Any Assessee	Capital assets being, machinery or plant or building or land or any rights in building or land used for the business of an industrial undertaking situated in an urban area shifting to any Special Economic Zone in any area	<p>(a) For the Business of the industrial undertaking in such Special Economic Zone</p> <p>(i) purchased machinery or plant,</p> <p>(ii) acquired building or land or constructed building</p> <p>(b) shifted the original asset and transferred the establishment to such Special Economic Zone</p> <p>(c) incurred expenses on such other purposes specified by a scheme notified by the Central Government in this behalf</p>	within one year before or three years after the date of such transfer	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.7 of Table 82.2



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Note	
1	<p>(i) If the capital gains is not used by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then—</p> <p>(a) the unutilised amount shall be deposited in a specified bank or institution and utilise as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return.</p>
	<p>(ii) If capital gains on transfer of original asset exceeds Rs.10 crore, the amount in excess of Rs.10 crores shall not be taken into account for the purpose of (i) (a) above.</p>
	<p>(iii) Cost of new asset = Amount utilized for purchase or construction of new asset + amount deposited as per (i) above (subject to maximum of Rs.10 crore)</p>
2	<p>(i) If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then—</p> <p>(a) the unutilized amount shall be deposited not later than the due date for filing the return of income under sub-section (1) of the said section in a specified bank or institution and utilised as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under the said sub-section; and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return.</p>
	<p>(ii) <b>Cost of new asset = Amount utilized for purchase/ Construction of new asset + amount deposited as per (i) above</b></p>
3	<p>(i) Investment made in the long-term specified asset from capital gain arising from transfer of one or more original asset shall not exceed fifty lakh rupees,—</p> <p>(a) during any tax year; or</p>



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		(b) in the year of transfer of the original asset or assets and in the subsequent tax year.
	(ii)	Where the investment in the new asset has been taken into account for sub-section (1), No deduction u/s 123 for any tax year shall be allowed for such investment
4	(i)	<p>If the capital gains is not utilised by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then,—</p> <p>(a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government;</p> <p>(b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under sub-section (1) of the said section; and</p> <p>(c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return</p> <p>If the net consideration on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for this purpose.</p>
	(ii)	<b>Cost of new asset = Amount utilized for purchase / construction of new asset + amount deposited as per (i) above</b>
	(iii)	<p>Exemption under Sl. No.5 of the Table in sub-section (1) shall not apply, if—</p> <p>(a) the assessee, other than new asset —</p> <p>(i) owns more than one residential house, on the date of transfer of the original asset; or</p> <p>(ii) purchases any residential house, within two years of transfer of the original asset; or</p> <p>(iii) constructs any residential house, within three years of transfer of the original asset; and</p> <p>(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”</p>



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(2) Where an eligible assessee who has availed any deduction under sub-section (1) fails to comply with the stipulated conditions, the consequence of such non-compliance would be as per column (C) of the table below -

**Table 82.2**

S. No.	Consequences of Non-compliance		
1.	A	B	C
		<b>Failure to comply with the stipulated conditions</b>	<b>Consequences of non-compliance</b>
	(a)	Transfer of the new asset within <del>two</del> <del>three</del> years of its purchase or construction.	<b>The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred</b>
			For computing capital gains on transfer of new asset,
	(i) —	<del>Where the capital gains on transfer of original asset exceeds the cost of the new asset</del>	<del>the cost shall be nil</del>
	(ii) —	<del>Where the cost of the new asset exceeds the capital gains on transfer of the original asset.</del>	<del>The cost shall be reduced by the amount of the capital gains.</del>
	(b)	If the amount deposited (Refer Note 1. (i)) is not fully utilised for purchasing or constructing the new asset within the period specified in SI No.1 column E of the table in sub-section (1)	(a) the unutilized amount shall be charged to tax under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
	(c)	If during any tax year, the assessee has exercised the option mentioned in (iii) of Column F in SI No.1 of the table in sub-section (1)	He shall not be entitled to exercise such option for the same tax year or any other tax year.



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2.	Particulars	Consequences of non- compliance
	(a) Transfer of the new asset within <del>two</del> <del>three</del> years of its purchase	<b>The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred</b>
		For computing capital gains on transfer of new asset,
	(i) <del>Where the capital gains on transfer of original asset exceeds the cost of the new asset</del>	The cost shall be nil
	(ii) <del>Where the cost of new asset exceeds the capital gains on transfer of the original asset</del>	The cost shall be reduced by the amount of the capital gains.
	(b) If the amount deposited (Note 2(i)) is not fully utilized for purchase of the new asset within the period specified in Sl No.2, column E of the table in sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which two years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the scheme referred to in Note 2(i).
3.	Particulars	Consequences of non-compliance
	(a) Transfer of the new asset within <del>two</del> <del>three</del> years of its purchase/ construction	<b>The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred</b>
		For computing capital gains on transfer of new asset,



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	(i)	Where the capital gains on transfer of original asset exceeds the cost of the new asset	The cost shall be nil; or
	(ii)	Where the cost of new asset exceeds the capital gains on transfer of the original asset	The cost shall be reduced by the amount of the capital gains
	(b)	If the amount deposited [Note 2] is not fully utilised for the purchase or construction of the new asset within the period specified in Sl No.3 Column E of the table in sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which three years from the date of the transfer of the original asset expires; and  (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
4.		<b>Particulars</b>	<b>Consequences of non-compliance</b>
	(a)	Transfer or conversion (otherwise than by transfer) of new asset into money within five years of its acquisition,	The capital gains not charged under section 67 as per sub-section (1), shall be deemed to be income chargeable as long-term capital gains in the tax year of its transfer or conversion.
	(b)	If any loan or advance taken on the security of the new asset	It is regarded as transfer of new asset on the date of such loan or advance
5.		<b>Particulars</b>	<b>Consequences of non-compliance</b>
	(a)	If the amount deposited [Note 4(i)] is not wholly or partly utilised for purchasing or constructing the new asset within the period specified in Column (E) of Sl. No.5 of the Table in sub-section (1)	(a) the amount determined as per with the following formula shall be charged under section 67 as income of the tax year in which three years from the date of the transfer of the original asset expires:—  X - Y,



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			<p>where,—</p> <p>X = the capital gains not charged under section 67 as per sub-section (1)</p> <p>Y = the capital gains that would not have been charged under section 67, if the cost of the new asset had been taken to be the amount actually utilised for purchase or construction of the new asset;</p> <p>(b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.</p>
	(b)	If the assessee purchases within two years of the transfer of the original asset, or constructs within three years after such date, any residential house, the income from which is chargeable under the head “Income from house property”, other than the new asset,	the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1), shall be charged as long-term capital gains of the tax year in which such residential house is purchased or constructed.
	(c)	Transfer of the new asset within <del>two</del> <b>three</b> years of its purchase / construct	The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as long-term capital gains of the tax year in which such new asset is transferred
6.		<b>Particulars</b>	<b>Consequences of non-compliance</b>
	(a)	Transfer of the new asset within <del>two</del> <b>three</b> years of its being purchased, acquired, constructed or transferred	<b>The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred</b>
			For computing capital gains on transfer of new asset,
	(i)	Where the capital gains on transfer of original asset exceeds the cost of the new asset	the cost shall be nil



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	(ii)	Where the cost of new asset exceeds the capital gains on transfer of the original asset	The cost shall be reduced by the amount of the capital gains
	(b)	If the amount deposited (See Note 2) is not wholly or partly utilized for the new asset within the period specified in Sl. No.6, in column E of sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and  (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
7.		<b>Particulars</b>	<b>Consequences of non-compliance</b>
	(a)	Transfer of the new asset within <del>two</del> <b>three</b> years of its being purchased, acquired, constructed or transferred	<b>The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred</b>
			For computing capital gains on transfer of new asset,
	(i)	<del>Where the capital gains on transfer of original asset exceeds the cost of the new asset</del>	<del>the cost shall be nil</del>
	(ii)	<del>Where the cost of new asset exceeds the capital gains on transfer of the original asset</del>	<del>The cost shall be reduced by the amount of the capital gains</del>
	(b)	If the amount deposited [Note 2] is not wholly or partly utilised for the new asset within the period specified in Sl. No.7 Column E of sub-section (1)	(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and  (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.



**The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)**

# **MEMORANDUM OF SUGGESTIONS**

**ON**

**THE INCOME TAX BILL, 2025**

**(PART - 2)**



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**SPECIFIC CLAUSE-WISE SUGGESTIONS**  
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## CHAPTER V

### INCOME OF OTHER PERSONS, INCLUDED IN TOTAL INCOME OF ASSESSEE

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
97	62	<p><b>Transfer irrevocable for a specified period.</b></p> <p>(1) The provisions of section 61 shall not apply to any income arising to any person by virtue of a transfer —</p> <p>(i) by way of trust which is not revocable during the lifetime of the beneficiary, and, in the case of any other transfer, which is not revocable during the lifetime of the transferee; or</p> <p>(ii) made before the 1st day of April, 1961, which is not revocable for a period</p>	<p><b>Chargeability of income in transfer of assets –</b></p> <p>(2) The provisions of sub-section (1) shall not apply, if such transfer—</p> <p>(a) is by way of trust which is not revocable during the lifetime of the beneficiary; or</p> <p>(b) and in case of any other transfer, is not revocable during the lifetime of the transferee, and the transferor does not derive any direct or indirect benefit from such income in cases referred to in clauses (a)</p>	<p>Sub-section (2) of section 97 may be reworded as given below -</p> <p>(2) The provisions of sub-section (1) shall not apply, if such transfer—</p> <p>(a) is by way of trust which is not revocable during the lifetime of the beneficiary; or</p> <p>(b) <del>and</del> in case of any other transfer, is not revocable during the lifetime of the transferee, and the transferor does not derive any direct or indirect benefit from such income in cases referred to in clauses (a) and (b).</p>	<p>In section 97(2)(b), the word “and” is appearing at the beginning of the sentence, which may be deleted.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>exceeding six years :</p> <p>Provided that the transferor derives no direct or indirect benefit from such income in either case.</p> <p>(2) Notwithstanding anything contained in sub-section (1), all income arising to any person by virtue of any such transfer shall be chargeable to income-tax as the income of the transferor as and when the power to revoke the transfer arises, and shall then be included in his total income.</p>	<p>and (b).</p> <p>(3) Irrespective of the provisions of sub-section (2), all income arising to any person by virtue of such transfer shall be chargeable to income-tax as income of the transferor as and when the power to revoke such transfer arises, and shall then be included in his total income.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
99	64	<b>Income of individual to include income of spouse, minor child, etc.</b>	<b>Income of individual to include income of spouse, minor child, etc.</b>		
		<p>(1) In computing the total income of any individual, there shall be included all such income as arises directly or indirectly—</p> <p>(ii) to the spouse of such individual by way of salary, commission, fees or any other form of remuneration whether in cash or in kind from a concern in which such individual has a substantial interest :</p> <p>Provided that nothing in this clause shall apply in relation to</p>	<p>(1) The total income of any individual, for a tax year, shall include the income arising directly or indirectly,—</p> <p>(a) to the spouse,—</p> <p>(i) by way of salary, commission, fees or any other form of remuneration, whether in cash or kind, from a concern in which such individual has a substantial interest but shall not exclude income solely attributable to the application of technical or professional knowledge, experience and</p>	<p>In section 99(1)(a)(i), the phrase “but shall not exclude income” should be substituted with “but shall not <b>include</b> income”</p> <p>The sub-section may be redrafted as follows -</p> <p>(1) The total income of any individual, for a tax year, shall include the income arising directly or indirectly,—</p> <p>(a) to the spouse,—</p> <p>(i) by way of salary, commission, fees or any other form of remuneration, whether in cash or</p>	<p>Section 99(1)(a)(i) uses the word “exclude” instead of “include”, which conveys the converse meaning.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any income arising to the spouse where the spouse possesses technical or professional qualifications and the income is solely attributable to the application of his or her technical or professional knowledge and experience ;</p> <p>(iv) subject to the provisions of clause (i) of section 27, to the spouse of such individual from assets transferred directly or indirectly to the spouse by such individual otherwise than for adequate consideration or in connection with an agreement to live apart;</p> <p>(vii) to any person or association of persons from assets transferred directly or</p>	<p>professional qualification of the spouse;</p> <p>(ii) from assets transferred directly or indirectly to him or her by such individual otherwise than for adequate consideration or in connection with an agreement to live apart, subject to the provisions of section 25(a);</p> <p>(iii) from assets transferred directly or indirectly to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the spouse;</p>	<p>kind, from a concern in which such individual has a substantial interest but shall not <del>exclude</del> <b>include</b> income solely attributable to the application of technical or professional knowledge, experience and professional qualification of the spouse;</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>indirectly otherwise than for adequate consideration to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his or her spouse; and</p> <p>(vi) to the son's wife, of such individual, from assets transferred directly or indirectly on or after the 1st day of June, 1973, to the son's wife by such individual otherwise than for adequate consideration;</p> <p>(viii) to any person or association of persons from assets transferred directly or indirectly on or after the 1<sup>st</sup> day of June, 1973, otherwise than</p>	<p>(b) to the son's wife,—</p> <p>(i) from assets transferred directly or indirectly on or after the 1st June, 1973, to her by such individual, otherwise than for adequate consideration; or</p> <p>(ii) from assets transferred directly or indirectly on or after the 1st June, 1973, to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the son's wife;</p>	<p>Clause (b) of section 99(1) may be deleted.</p> <p><del>(b) to the son's wife,—</del></p> <p><del>(i) from assets transferred directly or indirectly on or after the 1st June, 1973, to her by such individual, otherwise than for adequate consideration; or</del></p> <p><del>(ii) from assets transferred directly or indirectly on or after the 1st June, 1973, to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the son's wife;</del></p>	<p>The clubbing provisions not to apply in respect of assets transferred to son's wife, since this provision is very gender-specific and is inconsistent with the other measures of the Government to encourage property ownership by women.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		for adequate consideration, to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his son's wife.			
		<p><b>(1A)</b> In computing the total income of any individual, there shall be included all such income as arises or accrues to his minor child, not being a minor child suffering from any disability of the nature specified in section 80U :</p> <p>Provided that nothing contained in this sub-section shall apply in respect of such income as arises or accrues to the minor child on</p>	(c) to the minor child of the individual but shall not include in the total income of the individual where the income arising or accruing to the minor child is from manual work done by such child, or from activities where his skill, talent, specialised knowledge or experience is applied, or where such minor child is suffering from disability of the nature	Clause (c) may be re-numbered as clause (b)	Consequent to the suggestion to remove clause (b), clause (c) may be re-numbered as clause (b).



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		account of any— (a) manual work done by him; or (b) activity involving application of his skill, talent or specialised knowledge and experience.	specified in section 154.		
		<p><b>Explanation 3 to section 64(1)</b>            For the purposes of clauses (iv) and (vi), where the assets transferred directly or indirectly by an individual to his spouse or son's wife (hereafter in this Explanation referred to as "the transferee") are invested by the transferee, —</p> <p>(i) in any business, such investment being not in the</p>	<p>(2) If the asset transferred under sub-section (1)(a) or (b) is invested by the spouse or son's wife, in any business or capital contributed as a partner in a firm, or, as the case may be, for being admitted to the benefits of partnership in a firm, then, the income to be included in the hands of the individual for the tax year shall be as follows:—</p>	<p>In the opening part of sub-section (2), reference to "or (b)" and reference to "son's wife" at all places in sub-section (2) be removed.</p> <p>Sub-section (2) may be reworded as follows –</p> <p>(2) If the asset transferred under sub-section (1)(a) <del>or (b)</del> is invested by the spouse <del>or son's wife</del>, in any business or capital contributed as a partner in a firm, or, as the case may</p>	<p>The clubbing provisions not to apply in respect of assets transferred to son's wife, since this provision is very gender-specific and is inconsistent with the other measures of the Government to encourage property ownership by women.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>nature of contribution of capital as a partner in a firm or, as the case may be, for being admitted to the benefits of partnership in a firm, that part of the income arising out of the business to the transferee in any previous year, which bears the same proportion to the income of the transferee from the business as the value of the assets aforesaid as on the first day of the previous year bears to the total investment in the business by the transferee as on the said day;</p> <p>(ii) in the nature of contribution of capital as a partner in a firm, that part of the interest receivable by the transferee</p>	<p><math>A=B \times (C/D)</math></p> <p>where,—</p> <p>A = Income to be included in the hands of individual for the tax year;</p> <p>B = Income and interest or both, arising to the spouse or son's wife from the business or the firm, as applicable during the tax year;</p> <p>C = Value of such assets invested, or contributed as capital by the spouse or son's wife as on the first day of the tax year;</p> <p>D = Total investment or total capital contribution, as the case may be, by the spouse or son's wife as on the day for which A</p>	<p>be, for being admitted to the benefits of partnership in a firm, then, the income to be included in the hands of the individual for the tax year shall be as follows:—</p> <p><math>A=B \times (C/D)</math></p> <p>where,—</p> <p>A = Income to be included in the hands of individual for the tax year;</p> <p>B = Income and interest or both, arising to the spouse <del>or son's wife</del> from the business or the firm, as applicable during the tax year;</p> <p>C = Value of such assets invested, or contributed as capital by the spouse <del>or son's wife</del> as on the first day of the tax year;</p> <p>D = Total investment or total capital</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		from the firm in any previous year, which bears the same proportion to the interest receivable by the transferee from the firm as the value of investment aforesaid as on the first day of the previous year bears to the total investment by way of capital contribution as a partner in the firm as on the said day, shall be included in the total income of the individual in that previous year.	is being computed.	contribution, as the case may be, by the spouse <del>or son's wife</del> as on the day for which A is being computed.	
		<p><b>Explanation 1 to section 64(1A)</b>            Explanation. —For the purposes of this sub-section, the income of the minor child shall be included,—</p> <p>(a) where the marriage of his</p>	<p>(b) for sub-section (1)(d), income of minor child shall be included—</p> <p>(i) in the income of that parent whose total income before such inclusion is greater in case</p>	In section 99(5)(b), the reference to sub-section (1)(d) may be changed to sub-section <b>(1)(b)</b> , consequent to the changes suggested in section <b>99(1)</b> . The opening part of section 99(5)(b) be modified as follows –	Reference has wrongly been made to sub-section 1(d) instead of sub-section 1(c). Further, consequent to changes suggested in section 99(1), it will be 1(b).



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>parents subsists, in the income of that parent whose total income (excluding the income includible under this sub-section) is greater; or</p> <p>(b) where the marriage of his parents does not subsist, in the income of that parent who maintains the minor child in the previous year, and where any such income is once included in the total income of either parent, any such income arising in any succeeding year shall not be included in the total income of the other parent, unless the Assessing Officer is satisfied, after giving that parent an opportunity of being heard, that it is necessary so to do.</p>	<p>where the marriage of his parents subsists; or</p> <p>(ii) in the income of the parent who maintains such child during the tax year in case where marriage of his parents does not subsist, and such income, once included in the total income of either parent, for a tax year, shall not be included in the income of the other parent for any succeeding tax year, unless the Assessing Officer is so satisfied, after giving the other parent an opportunity of being heard;</p>	<p>(b) for sub-section <del>(1)(a)</del> (1)(b), income of minor child shall be included—</p> <p>-</p>	



## CHAPTER VI

### AGGREGATION OF INCOME

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
102	68	<b>Cash credits.</b>	<b>Unexplained credits.</b>		
		<p>Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the</p>	<p>(1) Where any sum is found credited in the books of account maintained by the assessee for any tax year, and—</p> <p>(a) the assessee offers no explanation about the nature and source of such credit; or</p> <p>(b) the explanation offered by assessee is not satisfactory in the opinion of the Assessing Officer,</p> <p>then, the sum so credited shall be charged to income-tax as income of the assessee of that tax year.</p> <p>(2) If the sum so credited consists of loan or borrowing, or any such amount, by</p>	<p>In sub-section (1), it is suggested that “shall” be replaced with “may”.</p>	<ol style="list-style-type: none"><li>1. The suggestion would restore the language as currently existing in the Income-tax Act, 1961.</li><li>2. The Income-tax Bill, 1961 contained the word “shall”. The Select Committee on the Income-tax Bill, 1961 vide its report dated 10th August 1961, recommended to amend the word “shall” to “may” in order to enable the Assessing Officer to assess any third person, in case it is found that the sum credited in the books belonged to the said third person and not the assessee.</li></ol>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income of the assessee of that previous year :</p> <p>Provided that where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, any explanation offered by such assessee shall be deemed to be not satisfactory, unless,—</p> <p>(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and</p>	<p>whatever name called, the explanation offered by such assessee shall be deemed to be not satisfactory, unless—</p> <p>(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory.</p> <p>(3) If the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium, or any such amount, by whatever name called, the explanation offered by such</p>		<p>The Committee further mentioned the fact that explanation offered by the assessee is not satisfactory should not invariably force the Assessing Officer to treat it as income of the assessee. [Also cited in Sampath Iyer's Law of Income Tax Commentary; 13th Edition, Volume 5; Page 7717]</p> <p>3. The provision of this Chapter, being subject to higher tax incidence, should apply to special cases where the assessee is unable to provide satisfactory explanation regarding the credit in the books or investments or other assets. Use of the phrase "may" would leave the discretion to the authorities to consider all the circumstances</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:</p> <p>Provided further that where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be</p>	<p>assessee company shall be deemed to be not satisfactory, unless—</p> <p>(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory.</p> <p>(4) Nothing contained in sub-section (2) or (3) shall apply if the person, in whose name the sum referred to in those sub-sections is recorded, is a venture capital fund or a venture capital company as referred to in Schedule V (Table: Sl. No. 6).</p>		<p>and decide whether to treat the credit in question as income or not.</p> <p>4. Using the term “may” in any case, will not dilute the powers of the Assessing Officer to assess the unexplained credit as income of the assessee.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>deemed to be not satisfactory, unless—</p> <p>(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:</p> <p>Provided also that nothing contained in the first proviso or second proviso shall apply if the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10.</p>			
103	69	<p><b>Unexplained investments.</b></p>	<p><b>Unexplained investment.</b></p>		
		<p>Where in the financial year immediately preceding the assessment year the assessee has made investments which are not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers</p>	<p>Where in any tax year, any investment has been made by the assessee which is not recorded in the books of account, if any, maintained by such assessee, or, the Assessing Officer finds that the amount of such investment exceeds the amount recorded in such books of account where the investment is found recorded, and the assessee—</p>	<p>It is suggested that “shall” could be replaced with “may”.</p> <p>In the opening part the phrase “where the investment is found recorded” may be deleted</p>	<p>Same rationale as provided under clause 102 above.</p> <p>Furthermore, clauses 103, 104 and 105 can be merged into a single section (shown at the end of this chapter).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		no explanation about the nature and source of the investments or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the value of the investments may be deemed to be the income of the assessee of such financial year.	(a) offers no explanation about the nature and source of such investment, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such investment, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of that tax year.		
104	69A	<b>Unexplained money, etc</b>	<b>Unexplained asset</b>		
		Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such	(1) Where in any tax year, any asset has been found to be owned by <b>or belonging to</b> the assessee which is not recorded in the books of account, if any, maintained by such assessee, or the Assessing Officer finds that the amount of such	In sub-section (1), it is suggested that “shall” could be replaced with “may”.  The phrase “where the asset is found recorded” may be deleted.	Same rationale as provided under clause 102 above.  Furthermore, clauses 103, 104 and 105 can be merged into a single



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the</p>	<p>asset exceeds the amount recorded in such books of account where the asset is found recorded, and the assessee— (a) offers no explanation about the nature and source of acquisition of such asset, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such asset, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of the tax year in which such asset has been found to be owned by, or belonging to, the assessee.</p>	<p>In sub-section (1), the phrase “or belonging to” may be deleted. Sub-section (1) may be reworded as given below - (1) Where in any tax year, any asset has been found to be owned by <del>or belonging to</del> the assessee which is not recorded in the books of account, if any, maintained by such assessee, or the Assessing Officer finds that the amount of such asset exceeds the amount recorded in such books of account <del>where the asset is found recorded</del>, and the assessee— (a) offers no explanation about the nature and source of acquisition of such asset, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the</p>	<p>section (shown at the end of this chapter). While section 69A deems unexplained money etc. of which the assessee is found to be the owner as deemed income, section 104 deems any asset found to be owned by <b>or belonging to</b> the assessee as deemed income. The words “or belonging to” has been added in this deeming provision. It is not clear how “or belonging to” differs from “owned by”. <b>To avoid litigation on this account and further exercise of discretionary power by the Assessing Officer, the words “or belonging to” may be deleted.</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		income of the assessee for such financial year.	(2) In this section, “asset” includes money, bullion, jewellery, virtual digital asset or other valuable article.	<p>Assessing Officer, then, the value of such asset, or such excess amount, as the case may be, <del>shall</del> <b>may</b> be deemed to be the income of the assessee of the tax year in which such asset has been found to be owned by, or belonging to, the assessee.</p> <p>It is suggested that definition of “asset” uses the word “means” in place of “includes”.</p> <p>(2) In this section, “asset” <del>includes</del> <b>means</b> money, bullion, jewellery, virtual digital asset or other valuable article.</p>	<ol style="list-style-type: none"><li>1. Suggested language of the definition of “asset” means money, bullion, jewellery, virtual digital asset or other valuable article.</li><li>2. The amendment is suggested considering that the term “other valuable article” already includes any other valuable asset which is either not recorded in</li></ol>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					<p>the books or are recorded at a lower value. Also, Clause 103 already covers all investments by the taxpayer.</p> <p>3. All the sin assets are already listed and a open ended scope of a punitive section levying high rate of tax is not desirable. A more clear and exhaustive definition is always preferred for such a provision.</p>
105	69C	<b>Unexplained expenditure, etc.</b>	<b>Unexplained expenditure.</b>		
		Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part	(1) Where any expenditure has been incurred by the assessee in any tax year, and— (a) the assessee offers no explanation about the source of such expenditure or part thereof; or		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year :</p> <p>Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the</p>	<p>(b) the explanation offered by the assessee is not satisfactory in the opinion of the Assessing Officer, then, the amount covered by such expenditure or part thereof, shall be deemed to be the income of the assessee for that tax year.</p> <p>(2) Irrespective of any other provision of this Act, the amount deemed as income in sub-section (1) shall not be allowed as a deduction under this Act.</p>	<p>It is suggested that the term “shall” be replaced with “may”.</p>	<p>Same rationale as provided under clause 102 above.</p> <p>Furthermore, clauses 103, 104 and 105 can be merged into a single section (shown at the end of this chapter).</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		assessee shall not be allowed as a deduction under any head of income.			
107	68 to 69D & 115BBE	<b>Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D or 115BBE.</b>	<b>107. Charge of tax.</b>		
		(1) Where the total income of an assessee,— (a) includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under	Income referred to in sections 102, 103, 104, 105 and 106 shall be charged to tax as per the provisions of section 195. <b>195. Tax on income referred to in section 102 or 103 or 104 or 105</b> (1) Where the total income of an assessee— (a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return	Section 195 to be amended to reduce the rate of tax to 30%. <b>195. Tax on income referred to in section 102 or 103 or 104 or 105</b> (1) Where the total income of an assessee— (a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return of income furnished under	Post demonetisation on 8th November, 2016, vide the Taxation Laws (Second Amendment) Act, 2016, which came into force on 15th December, 2016, section 115BBE of the Income-tax Act, 1961 was substituted w.e.f. A.Y. 2017-18, increasing the amount of tax on income referred to in section



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>section 139; or (b) determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of sixty per cent; and (ii) the amount of income-tax with which the assessee would have been chargeable had his total</p>	<p>of income furnished under section 263; or (b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of 60%; and (ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).</p>	<p>section 263; or (b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of <del>60%</del> <b>30%</b>; and (ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).</p>	<p>68/69/69A/69B/69D to 60% plus surcharge@25% on such tax and cess@4% on tax and surcharge. The effective rate of tax is 78%.</p> <p>Further, penalty@10% on such tax computed is leviable u/s 271AAC, if the income is not included by the assessee in the return. This provision which was introduced 7 years back post demonetisation, needs to be relooked, considering that section 68 to 69D can be invoked if the explanation given by the assessee is not satisfactory in the opinion of Assessing Officer.</p> <p>It is suggested that the rate of tax u/s 195 of the Income-tax Bill, 2025 be rationalized. It may be kept @ 30%. Penalty under section 443 of the Income-tax Bill@10%</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income been reduced by the amount of income referred to in clause (i).</p> <p>(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) and clause (b) of sub-section (1).</p>			<p>of tax payable under section 195(1)(i) may continue.</p>



**Consolidation of sections related to deemed income - undisclosed investment/ asset/expenditure in one clause to minimize litigation**

Sections 103, 104 and 105 containing the provisions pertaining to undisclosed investment, asset and expenditure, can be consolidated in a single section which can read as under -

- (i) Where in any tax year,
  - (a) any investment has been made by the assessee,
  - (b) any asset has been found to be owned by ~~or belonging to~~ the assessee
  - (c) any expenditure has been incurred by the assessee.

which is not recorded in the books of account, if any, maintained by such assessee, or, the Assessing Officer finds that the amount of such investment or asset, exceeds the amount recorded in such books of account where the investment, or asset is found recorded, and the assessee :

- a. offers no explanation about the nature and source of such investment, or acquisition of asset, or such excess amount, as the case may be; or
- b. offers no explanation about the nature and source of such expenditure of part thereof or
- c. the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such investment or asset, or such excess amount, or the amount covered by such expenditure or part thereof, as the case may be, ~~shall~~ **may** be deemed to be the income of the assessee for that tax year;

- (ii) Irrespective of any other provision of this Act, the amount of expenditure deemed as income in sub-section (1) shall not be allowed as a deduction under this Act.
- (iii) For the purposes of this section, “Asset” ~~includes~~ **means** money, bullion, jewellery, virtual digital asset or other valuable article.

Such consolidation in a single section will help avoid unnecessary litigation as to which category the amount not recorded in the books of account falls. Cash credits recorded in books of account and amount borrowed or repaid on Hundi can continue to be retained as a separate sections.



## CHAPTER VII

### SET OFF, OR CARRY FORWARD AND SET OFF OF LOSSES

The provisions of the Income-tax Act, 1961 and the corresponding sections of the Income-tax Bill, 2025 contain several restrictions for set-off, like business loss is not permitted to be set-off against salary income, capital losses are not permitted to be set off against income under any other head, loss from house property can be set-off against income under any other head only to the extent of Rs.2 lakh and so on. In effect, due to such restrictions, the taxpayer is put to hardship since he has to pay the taxes even though he has incurred losses.

In order to address this concern, it is suggested that inter-head set-off of losses be permitted without restriction, with the exception in cases of certain losses, like losses from speculation business or losses from the activity of owning and maintaining race horses or online gaming, which may be spelt out as exceptions. This would be in line with the principle of taxation of real income after set-off of losses and would relieve the burden of the taxpayers. This would also simplify the complex set-off provisions spread across many clauses of the Bill.

In case of capital losses, however, long-term capital loss would have to be first set-off against long-term capital gains, then, against short-term capital gains and the balance against other income; short-term capital loss would have to be first set-off against short-term capital gains, then, against long-term capital gains and the balance against other income.

Accordingly, the new section combining the provisions of sections 108 to 112 of the Income-tax Bill, 2025 may be as given below -

#### **108. Set-off and carry forward of losses**

- (1) Unless provided otherwise in this Act, for any tax year, if net result of computation from any source under any head of income is a loss, then, assessee shall be entitled to set off such loss against his income from any other source under the same head for that tax year.
- (2) Subject to the provisions of this Chapter, for any tax year, if income computed under any head of income is a loss, such loss may be set off against income of the assessee under any other head, subject to the following conditions:—
  - (i) Loss under the head “capital gains” arising from transfer of a long-term capital asset shall be first set-off against capital gains, if any, from transfer of any other long-term capital asset during the tax year;
  - (ii) Loss under the head “capital gains” arising from transfer of a short-term capital asset shall be first set-off against capital gains, if any, from transfer of any other short-term capital asset during the tax year;
  - (iii) Loss, if any, under the head “capital gains” after set-off as per (i) and (ii) above shall be set-off against capital gains from transfer of any capital asset; and



(iv) Loss, if any, under the head “capital gains” after set-off as per (i), (ii) and (iii) above may be set-off against income under any other head.

(3) The unabsorbed loss under any head for any tax year shall be carried forward to the subsequent tax year, and shall be set-off against income under the same head, if any, computed for such subsequent tax year, and so on.

(4) The unabsorbed loss referred to in (3) above shall be carried forward to the following tax year, not being more than eight tax years immediately succeeding the tax year in which such loss was first computed.

(5) Notwithstanding anything contained in preceding sub-sections –

- (a) Any loss computed from a speculation business referred to in section 113 carried on by the assessee, during any tax year, shall be set off only against profits and gains, if any, of another speculation business for the said tax year.
- (b) Any loss computed from a specified business referred to in section 114 carried on by the assessee, during any tax year, shall be set off only against profits and gains, if any, of any other specified business for the said tax year.
- (c) Any loss incurred by the assessee in the specified activity referred to in section 115 during any tax year, shall not be set off against the income, if any, from any source other than specified activity for the said tax year.
- (d) The carry forward of unabsorbed losses of speculation business, specified business and specified activity shall be governed by the provisions of sections 113, 114 and 115, respectively.
- (e) No loss can be set off against income chargeable under section **194 [Sr. No. 1, Sr. No. 4 and Sr. No. 5 of the Table thereunder]**.
- (f) Only the loss which has been determined in pursuance of return filed in accordance with the provisions of Section 263 shall be carried forward to subsequent years subject to fulfilment of conditions laid down in this section and the provisions of this Chapter.



## CHAPTER VIII

### DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>A.—General</b>					
122	80A	<p><b>Deductions to be made in computing total income.</b></p> <p><b>80A.</b> (1) In computing the total income of an assessee, there shall be allowed from his gross total income, in accordance with and subject to the provisions of this Chapter, the deductions specified in sections 80C to 80U.</p> <p>(2) The aggregate amount of the deductions under this Chapter shall not, in any case, exceed the gross total income of the assessee.</p>	<p><b>Deductions to be made in computing total income</b></p> <p>121 (1) In computing the total income of an assessee, the deductions specified in this Chapter shall be allowed from his gross total income, as per and subject to the provisions of this Chapter.</p>	<p>Section No. “121” be substituted by “122”</p> <p><del>121</del> <b>122</b> (1) In computing the total income of an assessee, the deductions specified in this Chapter shall be allowed from his gross total income, as per and subject to the provisions of this Chapter.</p>	<p>There is an inadvertent typographical error here that may be rectified from 121 to 122 in the Income-tax Bill, 2025.</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
<b>B.—Deductions in respect of certain payments</b>					
124	80CCD	<p><b>Deduction in respect of contribution to pension scheme of Central Government.</b></p> <p><b>80CCD.</b> (1) Where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer, or any other assessee, being an individual has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited as does not exceed,—</p>	<p><b>Deduction in respect of Employer contribution to pension scheme of Central Government.</b></p> <p><b>124.</b> (1) Where in the case of an assessee, being an individual employed by any employer, if an employer makes any contribution in his account under a pension scheme notified by the Central Government, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by such employer as does not exceed—</p> <p>(a) 14%, where such contribution is made by the employer being the Central Government or the State Government; and</p> <p>(b) 10%, where such contribution is made by an employer other than an employer</p>		



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		<p>(a) in the case of an employee, ten per cent of his salary in the previous year; and</p> <p>(b) in any other case, twenty per cent of his gross total income in the previous year.</p> <p>(1A) [***]</p> <p>(1B) An assessee referred to in sub-section (1), shall be allowed a deduction in computation of his total income, whether or not any deductions is allowed under sub-section (1), of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees:</p> <p>Provided that no deduction under this sub-section shall be allowed in respect of the amount on which a deduction has been claimed and allowed under sub-section (1).</p>	<p>referred to in clause (a), of his salary in the tax year.</p> <p>(2) Where the total income of the assessee is chargeable to tax under section 202(1), the provisions of sub-section (1) shall have effect as if for “10%” referred to in clause (b) of that sub-section, “14%” had been substituted.</p> <p>(3) An assessee referred to in sub-section (1), or any other assessee, being an individual, shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited in the tax year in his account under a pension scheme notified or as notified by the Central Government, which shall not exceed fifty thousand rupees.</p> <p>(4) The deduction under sub-section (3) shall also be allowed where any payment or deposit is made to the account of a minor under the said pension scheme, by the</p>	<p><b>Deduction in respect of Employer contribution to pension scheme of Central Government.</b></p> <p><b>Sub-section (3) may be reworded as below to reflect the correct intent -</b></p> <p>(3) An assessee referred to in sub-section (1), or any other assessee, being an individual, shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited <b>by such individual</b> in the tax year in his account under a pension scheme notified or as notified by the Central Government, which shall not exceed fifty thousand rupees.</p>	<p>The heading of this section is “Deduction in respect of Employer’s contribution to pension scheme of Central Government”.</p> <p>Sub-section (1) of section 124 provides deduction in respect of employer contribution to pension scheme of Central Government.</p> <p>Sub-section (3) and (4) provide deduction for assessee’s contribution to pension scheme of Central Government in his account and minor’s account,</p>



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		<p>Provided further that the deduction under this subsection shall also be allowed, where any payment or deposit is made to the account of a minor under the pension scheme referred to in the said sub-section, by the assessee, being the parent or guardian of such minor, subject to the condition that the aggregate amount of deduction under this sub-section shall not exceed fifty thousand rupees.</p> <p>(2) Where, in the case of an assessee referred to in sub-section (1), the Central Government 96[or the State Government]or any other employer makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government [or the State Government]or any other employer as does not exceed —</p>	<p>assessee, being the guardian of such minor, subject to the condition that the aggregate amount of deduction under sub-section (3) and this sub-section shall not exceed fifty thousand rupees.</p> <p>(5) No deduction under sub-section (3) shall be allowed in respect of the amount on which a deduction has been claimed and allowed under section 123.</p> <p>(6) Any amount standing to the credit of the assessee or a minor, in his account or the account of a minor, as the case may be, referred to in sub-sections (1), (3) and (4), in respect of which a deduction has been allowed together with the amount accrued thereon, received by the assessee or his nominee, in whole or in part, in any tax year,—</p> <p>(a) on account of closure or his opting out of the pension scheme referred to in sub-sections (1) and (3); or</p>	<p><b>The addition of the words “by such individual” in sub-section (3) would clarify that the limit of Rs.50,000 is only in respect of own contribution to pension fund.</b></p>	<p>respectively.</p> <p>Therefore, the heading of this section should be suitably modified.</p> <p>Also, sub-section (3) intends to restrict assessee’s contribution to Rs.50,000. However, the language is not clear and may be interpreted to mean both assessee’s and employer’s contribution.</p>



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		<p>(a) fourteen per cent, where such contribution is made by the Central Government [or the State Government];</p> <p>(b) ten per cent, where such contribution is made by any other employer, of his salary in the previous year.</p> <p>Provided that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, the provisions of sub-section (2) shall have effect as if for the words "ten per cent" referred to in clause (b), the words "fourteen per cent" had been substituted.</p> <p>(3) Where any amount standing to the credit of the assessee or a minor, in his account or the account of a minor, as the case may be referred to in sub-section (1) or sub-section (1B), in respect of which a deduction has been allowed under those sub-sections or sub-section (2), together with the amount accrued thereon, if any, is</p>	<p>(b) as pension received from the annuity plan purchased or taken on such closure or opting out, the whole of the amount referred to in clause (a) or (b) shall be deemed to be the income of the individual or his nominee, in the tax year in which such amount is received, and shall accordingly be charged to tax as income of that tax year.</p> <p>(7) The amount received by the nominee, on the death of the assessee, under the circumstances referred to in sub-section (6)(a), shall not be deemed to be the income of the nominee.</p> <p>(8) The amount received by a person, being the guardian or nominee of a minor on account of closure of the pension scheme due to the death of the minor referred to in sub-section (4), shall not be deemed to be the income of such person.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>received by the assessee or his nominee, in whole or in part, in any previous year,—</p> <p>(a) on account of closure or his opting out of the pension scheme referred to in sub-section (1) or subsection (1B); or</p> <p>(b) as pension received from the annuity plan purchased or taken on such closure or opting out, the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee or his nominee, as the case may be, in the previous year in which such amount is received, and shall accordingly be charged to tax as income of that previous year:</p> <p>Provided that the amount received by the nominee, on the death of the assessee, under the circumstances referred to in clause (a), shall not be deemed to be the income of the nominee. Provided further that the amount received by a person,</p>	<p>(9) For the purposes of this section, the assessee shall not be deemed to have received any amount in the tax year, if such amount is used for purchasing an annuity plan in the same tax year.</p> <p>(10) Where any amount paid or deposited by the assessee has been allowed as a deduction under sub-section (3), no deduction with reference to such amount shall be allowed as deduction under section 123 for that tax year.</p> <p>(11) For the purposes of this section, “salary” includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>being the parent or guardian or nominee of a minor, on account of closure of the pension scheme referred to in sub-section (1B) due to the death of the minor, shall not be deemed to be the income of such person.</p> <p>(4) Where any amount paid or deposited by the assessee in his account or the account of a Minor has been allowed as a deduction under sub-section (1) or sub-section (1B),—</p> <p>(b) no deduction with reference to such amount shall be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.</p> <p>(5) For the purposes of this section, the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.</p>			



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		Explanation.—For the purposes of this section, "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.			
127	80DD	<p><b>Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability-</b></p> <p><b>80DD.</b> (1) Where an assessee, being an individual or a Hindu undivided family, who is a resident in India, has, during the previous year,—</p> <p>(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or</p> <p>(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer</p>	<p><b>Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability-</b></p> <p><b>127.</b> (1) An assessee being an individual or a Hindu undivided family, who is a resident in India, shall be allowed a deduction up to seventy-five thousand rupees from his gross total income of a tax year, subject to the provisions of this section, if during that year he has—</p> <p>(a) incurred expenditure for the medical treatment (including nursing), training, or rehabilitation of a dependant, being a person with disability; or</p>	<p>Flat deduction of Rs.75,000 under section 127 be allowed by removing the word “upto” in section 127.</p> <p>Alternatively, sub-section (1) be reworded as follows and sub-section (1A) be inserted -</p> <p><b>127.</b> (1) An assessee being an individual or a Hindu undivided family, who is a resident in India, shall be allowed a deduction of <del>upto</del> <del>seventy five thousand</del> from his gross total income of a tax year, subject to the provisions</p>	<p>Section 80DD provided for a flat deduction of Rs.75,000 where an assessee, being an individual or a HUF, who is a resident in India, has, during the previous year incurred expenditure for medical treatment etc. specified in (a) or paid or deposited any amount under a scheme framed by LIC etc. in (b). Section 127 of the Bill however allows a</p>



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		<p>or the Administrator or the specified company subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability,</p> <p>the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of seventy-five thousand rupees from his gross total income in respect of the previous year:</p> <p><i>Provided</i> that where such dependant is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted.</p> <p>(2) The deduction under clause (b) of sub-section (1) shall be allowed only if the</p>	<p>(b) paid or deposited any amount, under a scheme framed by the Life Insurance Corporation or any other insurer or the Administrator, or the specified company, for the maintenance of a dependant, being a person with disability, subject to the conditions specified in sub-section (2) and approved by the Board in this behalf.</p> <p>(2) The deduction under sub-section (1)(b) shall be allowed only if the following conditions are fulfilled:—</p> <p>(a) the scheme referred to in sub-section (1)(b) provides for payment of an annuity or lump sum amount for the benefit of a dependant, being a person with disability—</p> <p>(i) on the death of the individual or the member of the Hindu undivided family, in whose name the scheme was subscribed; or</p> <p>(ii) on attaining the age of sixty years or more by such individual or the member of the Hindu undivided family, and the</p>	<p>of this section, if during that year he has —</p> <p>(a) incurred expenditure for the medical treatment (including nursing), training, or rehabilitation of a dependent, being a person with disability; or</p> <p>(b) paid or deposited any amount, under a scheme framed by the Life Insurance Corporation or any other insurer or the Administrator, or the specified company, for the maintenance of a dependant, being a person with disability, subject to the conditions specified in sub-section (2) and approved by the Board in this behalf.</p>	<p>deduction of upto Rs.75,000. If the intent is to restrict the deduction to the expenditure incurred in (a) or amount deposited in (b) or both, then, the language should indicate lower of Rs.75,000 and the expenditure incurred in (a) and the amount deposited in (b).</p>



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		<p>following conditions are fulfilled, namely:—</p> <p>[(a) the scheme referred to in clause (b) of sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability,—</p> <p>(i) in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made; or</p> <p>(ii) on attaining the age of sixty years or more by such individual or the member of the Hindu undivided family, and the payment or deposit to such scheme has been discontinued;]</p> <p>(b) the assessee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of</p>	<p>payment or deposit to such scheme has been discontinued;</p> <p>(b) the assessee nominates the dependant, being a person with disability or another person or a trust to receive the payments on behalf and for the benefit of such dependant.</p> <p>(3) If the dependant as referred to in sub-section (1) is a person with severe disability, the amount of deduction as referred to in sub-section (1) shall be substituted with one lakh and twenty-five thousand rupees for seventy-five thousand rupees.</p> <p>(4) In the event of death of the dependant, being a person with disability before the individual or member of the Hindu undivided family mentioned in sub-section (2), the amount paid or deposited under sub-section (1)(b) shall be deemed to be the income of the assessee of the tax year in</p>	<p><b>(1A) The deduction under sub-section (1) would be the aggregate of the amount of expenditure incurred in (a) and the amount paid or deposited in (b), subject to a maximum of Rs.75,000.</b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the dependant, being a person with disability.</p> <p>(3) If the dependant, being a person with disability, predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2), an amount equal to the amount paid or deposited under clause (b) of sub-section (1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.</p> <p>[(3A) The provisions of sub-section (3) shall not apply to the amount received by the dependant, being a person with disability, before his death, by way of annuity or lump sum by application of the condition referred to in sub-clause (ii) of clause (a) of sub-section (2).]</p>	<p>which it is received and shall accordingly be chargeable to tax.</p> <p>(5) The provisions of sub-section (4) shall not apply to the amount received by the dependant, being a person with disability, before his death, as an annuity or lump sum, by application of the condition referred to in sub-section (2)(a)(ii).</p> <p>(6) The assessee claiming deduction under this section, shall furnish a copy of the medical certificate issued by the medical authority in such form and manner as prescribed, along with the return of income under section 263 for the tax year in which the deduction is claimed.</p> <p>(7) If the certificate referred to in sub-section (6), specifies that the condition of disability requires reassessment of its extent after a period stipulated in it, the deduction under this section shall not be allowed for any tax year succeeding the tax</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(4) The assessee, claiming a deduction under this section, shall furnish a copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income under section 139, in respect of the assessment year for which the deduction is claimed:</p> <p><i>Provided</i> that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof</p>	<p>year in which the said certificate expires, unless a new certificate is obtained from the medical authority in such form and manner, as prescribed, and a copy thereof is submitted along with the return of income under section 263.</p> <p>(8) The dependant mentioned in this section shall not include a person who has claimed deduction under section 154 in computing his total income for the tax year.</p> <p>(9) In this sections,—</p> <p>(a) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;</p> <p>(b) “dependant” means—</p> <p>(i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>is furnished along with the return of income.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);</p> <p>(b) "dependant" means—</p> <p>(i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;</p> <p>(ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under section 80U in computing his total income</p>	<p>(ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance;</p> <p>(c) "disability" shall have the same meaning as assigned to it in section 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 and includes "autism", "cerebral palsy" and "multiple disability" respectively referred to in section 2(a), (c) and (h) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(d) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956;</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>for the assessment year relating to the previous year;</p> <p>(c) "disability" shall have the meaning assigned to it in clause (i) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) and includes "autism", "cerebral palsy" and "multiple disability" referred to in clauses (a), (c) and (h) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(d) "Life Insurance Corporation" shall have the same meaning as in clause (iii) of sub-section (8) of section 88;</p> <p>(e) "medical authority" means the medical authority as referred to in clause (p) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights</p>	<p>(e) "medical authority" means the medical authority as referred to in section 2(p) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" respectively referred to in section 2(a), (c), (h), (j) and (o) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(f) "person with disability" means a person as referred to in section 2(t) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 or section 2(j) of the National Trust for Welfare of Persons with Autism,</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>and Full Participation) Act, 1995 (1 of 1996) or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (a), (c), (h), (j) and (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(f) "person with disability" means a person as referred to in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) or clause (j) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999</p>	<p>Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(g) "person with severe disability" means—</p> <p>(i) a person with 80% or more of one or more disabilities, as referred to in section 56(4) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995; or</p> <p>(ii) a person with severe disability referred to in section 2(o) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(h) "specified company" shall have the same meaning as assigned to it in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(g) "person with severe disability" means—</p> <p>(i) a person with eighty per cent or more of one or more disabilities, as referred to in sub-section (4) of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or</p> <p>(ii) a person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(h) "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
129	80E	<p><b>Deduction in respect of interest on loan taken for higher education.</b></p> <p><b>80E.</b> (1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of his relative.</p> <p>(2) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest</p>	<p><b>Deduction in respect of interest on loan taken for higher education.</b></p> <p>129. (1) An assessee, being an individual, shall be allowed a deduction of amount paid as interest during a tax year, subject to the provisions of this section, on a loan taken by him from any financial institution or any approved charitable institution, if the—</p> <p>(a) loan taken is for the purpose of pursuing higher education of himself or his relative; and</p> <p>(b) payment is made out of his income chargeable to tax.</p> <p>(2) The deduction referred to in sub-section (1) shall be allowed in computing the total income in respect of the initial tax year and seven tax years immediately succeeding the initial tax year, or until the interest on</p>	<p>Sub-section (2A) may be inserted after sub-section (2) of section 129</p> <p><b>(2A) If the assessee has claimed deduction under section 80E of the Income-</b></p>	<p>If an assessee has already taken a loan in P.Y. 2025-26 or any earlier previous year and has started claiming deduction</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>referred to in sub-section (1) is paid by the assessee in full, whichever is earlier.</p> <p>(3) For the purposes of this section,—</p> <p>(a) "approved charitable institution" means an institution specified in, or, as the case may be, an institution established for charitable purposes and approved by the prescribed authority under clause (23C) of section 10 or an institution referred to in clause (a) of sub-section (2) of section 80G;</p> <p>(b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;</p>	<p>the loan is fully paid by the assessee, whichever is earlier.</p> <p>(3) In this section,—</p> <p>(a) "approved charitable institution" means a registered non-profit organisation where it was approved earlier under the provisions of section 10(23C) of the Income-tax Act, 1961, or an institution referred to in section 80G(2)(a) of the said Act;</p> <p>(b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act) or any other financial institution which the Central Government may, by notification, specify;</p> <p>(c) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from a school, board, or University</p>	<p><b>tax Act, 1961 for any assessment year or years, he would be eligible to claim deduction under section 129 of the Income-tax Bill, 2025 for the balance tax years remaining out of the seven years.</b></p>	<p>under section 80E of the Income-tax Act, 1961, he would be eligible for deduction u/s 129 of the Income-tax Bill, 2025 only for the balance tax years out of the seven assessment/tax years.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorised by the Central Government or State Government or local authority to do so;</p> <p>(d) "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan;</p> <p>(e) "relative", in relation to an individual, means the spouse and children of that individual or the student for whom the individual is the legal guardian.</p>	<p>recognised by the Central Government or State Government, local authority, or by any authority authorised by the Central Government or State Government or local authority to do so;</p> <p>(d) "initial tax year" means the tax year in which the assessee starts paying the interest on the loan; and</p> <p>(e) "relative", in relation to an individual, means the spouse and children of that individual, or the student for whom the individual is the legal guardian.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
<b>C.— Deductions in respect of certain incomes</b>					
138	80-IA	<p><b>Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.</b></p> <p><b>80-IA.</b> (1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (4) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business for ten consecutive assessment years.</p> <p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or</p>	<p><b>Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.</b></p> <p><b>138.</b> In respect of any tax year beginning on or after the 1st April, 2026,</p> <p>where—</p> <p>(a) the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in section 80-IA of the Income-tax Act, 1961; and</p>	<p>Section 138 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the profits and gains derived from an undertaking shall not be</p>	<p>Section 138 of the Income-tax Bill, 2025, which corresponds to section 80-IA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IA the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These sections require</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>starts providing telecommunication service or develops an industrial park or develops a special economic zone referred to in clause (iii) of subsection (4) or generates power or commences transmission or distribution of power or undertakes substantial renovation and modernisation of the existing transmission or distribution lines :</p> <p>Provided that where the assessee develops or operates and maintains or develops, operates and maintains any infrastructure facility referred to in clause (a) or clause (b) or clause (c) of the Explanation to clause (i) of sub-section (4), the provisions of this sub-section shall have effect as if for the words "fifteen years", the words "twenty years" had been substituted.</p> <p>(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), the deduction in computing the total income of an undertaking providing telecommunication services, specified in clause (ii) of subsection (4), shall be hundred per cent of the profits and gains of the eligible business for the first five assessment years commencing at any time during the periods as specified in sub-section (2)</p>	<p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IA of the Income-tax Act,1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IA of</p>	<p>admissible unless the accounts of the undertaking for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>Consequentially, the word “and” may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>that the amount of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>and thereafter, thirty per cent of such profits and gains for further five assessment years.</p> <p>(3) This section applies to an undertaking referred to in clause (ii) or clause (iv) of sub-section (4) which fulfils all the following conditions, namely :—</p> <p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence :</p> <p>Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose:</p> <p>Provided that nothing contained in this sub-section shall apply in the case of transfer, either in whole or in part, of machinery or plant previously used by a State Electricity Board referred to in clause (7) of section 2 of the Electricity Act, 2003 (36 of 2003), whether or not such transfer is in</p>	<p>the Income-tax Act, 1961, as if the said Act had not been repealed.</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>pursuance of the splitting up or reconstruction or reorganisation of the Board under Part XIII of that Act.</p> <p>Explanation 1. —For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely :—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India from any country outside India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the assessee.</p> <p>Explanation 2. —Where in the case of an undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does</p>			



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		<p>not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.</p> <p>4) This section applies to—</p> <p>(i) any enterprise carrying on the business of (i) developing or</p> <p>(ii) operating and maintaining or</p> <p>(iii) developing, operating and maintaining any infrastructure facility which fulfils all the following conditions, namely:—</p> <p>(a) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act;</p> <p>(b) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining a new infrastructure facility; (c) it has started or starts operating and maintaining the infrastructure facility on or after the 1st day of April, 1995: Provided that where an infrastructure facility is transferred on or after the 1st day of April, 1999 by an enterprise which developed such infrastructure facility (hereafter referred to in this section as the transferor enterprise) to another enterprise (hereafter in this section referred to as the transferee enterprise) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central Government, State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if it were the enterprise to which this clause applies and the deduction from profits and gains would be available to such transferee enterprise for the unexpired period during which the transferor enterprise</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>would have been entitled to the deduction, if the transfer had not taken place:</p> <p>Provided further that nothing contained in this section shall apply to any enterprise which starts the development or operation and maintenance of the infrastructure facility on or after the 1st day of April, 2017.</p> <p>Explanation. —For the purposes of this clause, "infrastructure facility" means—</p> <p>(a) a road including toll road, a bridge or a rail system;</p> <p>(b) a highway project including housing or other activities being an integral part of the highway project;</p> <p>(c) a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;</p> <p>(d) a port, airport, inland waterway, inland port or navigational channel in the sea;</p> <p>(ii) any undertaking which has started or starts providing telecommunication services, whether basic or cellular, including radio paging, domestic satellite service, network of trunking, broadband network and internet services on or</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>after the 1st day of April, 1995, but on or before the 31st day of March, 2005.</p> <p>Explanation.—For the purposes of this clause, "domestic satellite" means a satellite owned and operated by an Indian company for providing telecommunication service;</p> <p>(iii) any undertaking which develops, develops and operates or maintains and operates an industrial park or special economic zone notified by the Central Government in accordance with the scheme framed and notified by that Government for the period beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2006:</p> <p>Provided that in a case where an undertaking develops an industrial park on or after the 1st day of April, 1999 or a special economic zone on or after the 1st day of April, 2001 and transfers the operation and maintenance of such industrial park or such special economic zone, as the case may be, to another undertaking (hereafter in this section referred to as the transferee undertaking), the deduction under sub-section (1) shall be allowed to such transferee undertaking for the remaining period in the ten consecutive</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>assessment years as if the operation and maintenance were not so transferred to the transferee undertaking :</p> <p>Provided further that in the case of any undertaking which develops, develops and operates or maintains and operates an industrial park, the provisions of this clause shall have effect as if for the figures, letters and words "31st day of March, 2006", the figures, letters and words "31st day of March, 2011" had been substituted;</p> <p>(iv) an undertaking which,—</p> <p>(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2017;</p> <p>(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2017:</p> <p>Provided that the deduction under this section to an undertaking under sub-clause (b) shall be allowed only in</p>			



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		<p>relation to the profits derived from laying of such network of new lines for transmission or distribution;</p> <p>(c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on the 1st day of April, 2004 and ending on the 31st day of March, 2017.</p> <p>Explanation. —For the purposes of this sub-clause, "substantial renovation and modernisation" means an increase in the plant and machinery in the network of transmission or distribution lines by at least fifty per cent of the book value of such plant and machinery as on the 1st day of April, 2004;</p> <p>(v) an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant, if—</p> <p>(a) such Indian company is formed before the 30th day of November, 2005 with majority equity participation by public sector companies for the purposes of enforcing the security interest of the lenders to the company owning the power generating plant and such Indian company is notified</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>before the 31st day of December, 2005 by the Central Government for the purposes of this clause;</p> <p>(b) such undertaking begins to generate or transmit or distribute power before the 31st day of March, 2011;</p> <p>(vi) [***]</p> <p>(5) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.</p> <p>(6) Notwithstanding anything contained in sub-section (4), where housing or other activities are an integral part of the highway project and the profits of which are computed on such basis and manner as may be prescribed, such profit</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>shall not be liable to tax where the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.</p> <p>(7) The deduction under sub-section (1) from profits and gains derived from an undertaking shall not be admissible unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the <i>Explanation</i> below subsection (2) of section 288, before the specified date referred to in section 44AB and the assessee furnishes by that date the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>(8) Where any goods or services held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods or services held for the purposes of any other business carried on by the assessee</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date:</p> <p>Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.</p> <p>Explanation. —For the purposes of this sub-section, "market value", in relation to any goods or services, means—</p> <p>(i) the price that such goods or services would ordinarily fetch in the open market; or</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) the arm's length price as defined in clause (ii) of section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA.</p> <p>(9) Where any amount of profits and gains of an undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading "C.—Deductions in respect of certain incomes", and shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.</p> <p>(10) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>of profits as may be reasonably deemed to have been derived therefrom:</p> <p>Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F.</p> <p>(11) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.</p> <p>(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.</p> <p>(12A) Nothing contained in sub-section (12) shall apply to any enterprise or undertaking which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.</p> <p>(13) Nothing contained in this section shall apply to any Special Economic Zones notified on or after the 1<sup>st</sup> day of April, 2005 in accordance with the scheme referred to in sub-clause (iii) of clause (c) of sub-section (4).</p> <p>Explanation. —For the removal of doubts, it is hereby declared that nothing contained in this section shall apply in relation to a business referred to in sub-section (4) which is in the nature of a works contract awarded by any person (including the Central or State Government) and executed</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		by the undertaking or enterprise referred to in sub-section (1).			
139	80-IAB	<p><b>Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.</b></p> <p><b>80-IAB.</b> (1) Where the gross total income of an assessee, being a Developer, includes any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zone, notified on or after the 1st day of April, 2005 under the Special Economic Zones Act, 2005, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for ten consecutive assessment years:</p> <p>Provided that the provisions of this section shall not apply to an assessee, being a developer, where the development of Special Economic Zone begins on or after the 1st day of April, 2017.</p>	<p><b>Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.</b></p> <p><b>139.</b> In respect of any tax year, where—</p> <p>(a) the gross total income of an assessee, being a Developer, includes any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zone, notified on or after the 1st April, 2005 under the Special Economic Zones Act, 2005 referred to in section 80-IAB of the Income-tax Act, 1961; and</p>	<p>Section 139 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill, 2025 is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows –</p> <p>“The deduction under this section from the profits and gains derived from an undertaking or an enterprise shall not be admissible unless the</p>	<p>Section 139 of the Income-tax Bill, 2025, which corresponds to section 80-IAB of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IAB the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These four sections require that the amount</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which a Special Economic Zone has been notified by the Central Government :</p> <p>Provided that where in computing the total income of any undertaking, being a Developer for any assessment year, its profits and gains had not been included by application of the provisions of sub-section (13) of section 80-IA, the undertaking being the Developer shall be entitled to deduction referred to in this section only for the unexpired period of ten consecutive assessment years and thereafter it shall be eligible for deduction from income as provided in sub-section (1) or sub-section (2), as the case may be :</p> <p>Provided further that in a case where an undertaking, being a Developer who develops a Special Economic Zone on or after the 1st day of April, 2005 and transfers the operation and maintenance of such Special Economic Zone to another Developer (hereafter in this section referred to as the transferee Developer), the deduction under sub-section (1) shall be allowed to such transferee Developer for the remaining period in the ten consecutive assessment years as</p>	<p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IAB of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IAB of</p>	<p>accounts of the undertaking or the enterprise for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.”</p> <p>Consequently, the word “and” may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>if the operation and maintenance were not so transferred to the transferee Developer.</p> <p>(3) The provisions of sub-section (5) and sub-sections (7) to (12) of section 80-IA shall apply to the Special Economic Zones for the purpose of allowing deductions under sub-section (1).</p> <p>Explanation.—For the purposes of this section, "Developer" and "Special Economic Zone" shall have the same meanings respectively as assigned to them in clauses (g) and (za) of section 2 of the Special Economic Zones Act, 2005.</p>	<p>the Income-tax Act, 1961, if the said Act had not been repealed.</p>		
140	80-IAC	<p><b>Special provision in respect of specified business.</b></p> <p>80-IAC. (1) Where the gross total income of an assessee, being an eligible start up, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for three consecutive assessment years.</p>	<p><b>Special provision in respect of specified business.</b></p> <p>(1) Where the gross total income of an assessee, being an eligible start-up, includes any profits and gains derived from eligible business, there shall, as per and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a</p>	<p>Sub-section (2A) may be inserted –</p> <p><b>(2A) Where the assessee has claimed deduction under section 80-IAC of the Income-tax Act, 1961 for any assessment year or years, deduction under sub-</b></p>	<p>Deduction under section 80-IAC of the Income-tax Act, 1961 is allowable in respect of 3 consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any three consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated.</p> <p>(3) This section applies to a start-up which fulfils the following conditions, namely: —</p> <p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:</p> <p>Provided that this condition shall not apply in respect of a start-up which is formed as a result of the reestablishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.</p> <p>Explanation 1.—For the purposes of this clause, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as</p>	<p>deduction of an amount equal to 100% of the profits and gains derived from such business for three consecutive tax years.</p> <p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any three consecutive tax years out of ten years beginning from the year in which the eligible start-up is incorporated.</p> <p>(3) This section applies to a start-up which fulfils the following conditions:—</p> <p>(a) it is not formed by splitting up, or the reconstruction, of a business already in existence;</p> <p>(b) it is not formed by the transfer to a new business of machinery or</p>	<p><b>section (1) of this section would be allowable for the remaining tax year or years under this Act.</b></p>	<p>In case the assessee, being an eligible start up has already started claiming deduction under section 80-IAC for one or two assessment years, deduction under section 140 of the Income-tax Bill would be available only for the remaining years out of the three years.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>machinery or plant previously used for any purpose, if all the following conditions are fulfilled, namely:—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India;</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.</p> <p>Explanation 2.—Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.</p>	<p>plant previously used for any purpose.</p> <p>(4) Where the business of any undertaking carried on in India is discontinued in any tax year by reason of extensive damage to, or destruction of, any building, machinery, plant or furniture owned by the assessee and used for the purposes of such business as a direct result of—</p> <p>(a) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; or</p> <p>(b) riot or civil disturbance; or</p> <p>(c) accidental fire or explosion; or</p> <p>(d) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war), and</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(4) The provisions of sub-section (5) and sub-sections (7) to (11) of section 80-IA shall apply to the start-ups for the purpose of allowing deductions under sub-section (1). Explanation. —For the purposes of this section,—</p> <p>(i) "eligible business" means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation;</p> <p>(ii) "eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:—</p> <p>(a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2030;</p> <p>(b) the total turnover of its business does not exceed one hundred crore rupees in the previous year relevant to the assessment year for which deduction under sub-section (1) is claimed; and</p>	<p>thereafter, at any time before the expiry of three years from the end of such tax year, the business of such undertaking is re-established, re-constructed or revived by the assessee, the condition referred to in sub-section (3)(a) shall not apply to such undertaking which is so re-established, reconstructed or revived.</p> <p>(5) For the purposes of sub-section (3)(b), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if all the following conditions are fulfilled:—</p> <p>(a) such machinery or plant was not, at any time previous to the</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;</p> <p>(iii) "limited liability partnership" means a partnership referred to in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009).</p>	<p>date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period before to the date of the installation of the machinery or plant by the assessee.</p> <p>(6) Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed 20%</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>of the total value of the machinery or plant used in the business, then, for the purposes of sub-section (3)(b), the condition specified therein shall be considered to have been complied with.</p> <p>(7) Irrespective of anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the tax year immediately succeeding the initial tax year or any subsequent tax year, be computed as if such eligible business were the only source of income of the assessee during the initial tax year and to every subsequent tax year up to and</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>including the tax year for which the determination is to be made.</p> <p>(8) The deduction under sub - section (1) from profits and gains derived from an eligible business shall not be admissible unless the accounts of the eligible business for the tax year for which the deduction is claimed have been audited by an accountant, before the specified date referred to in section 63 and the assessee furnishes by that date the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>(9) In a case where,—</p> <p>(i) any goods or services held for the purposes of the eligible business are transferred to any</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>other business carried on by the assessee; or</p> <p>(ii) where any goods or services held for the purposes of any other business carried on by the assessee are transferred to the eligible business, and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date.</p> <p>(10) For the purposes of sub-section (9), where, in the opinion</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.</p> <p>(11) For the purposes of sub-section (9), “market value”, in relation to any goods or services, means—</p> <p>(i) the price that such goods or services would ordinarily fetch in the open market; or</p> <p>(ii) the arm's length price as defined in section 173(a), where the transfer of such goods or services is a specified domestic</p>		



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			<p>transaction referred to in section 164.</p> <p>(12) Where any amount of profits and gains of an undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any tax year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of Part C of this Chapter and shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.</p> <p>(13) Where it appears to the Assessing Officer that,—</p> <p>(i) owing to the close connection between the assessee carrying on the eligible business to which this</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>section applies and any other person; or</p> <p>(ii) for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably considered to have been derived therefrom.</p> <p>(14) Where the arrangement as mentioned in sub-section (13) involves a specified domestic transaction referred to in section 164, the amount of profits from</p>		



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			<p>such transaction shall be determined having regard to arm's length price as defined in section 173(a).</p> <p>(15) The Central Government may, after making such inquiry as it may think fit, direct, by notification, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.</p> <p>(16) In this section,—</p> <p>(a) “eligible business” means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>a high potential of employment generation or wealth creation;</p> <p>(b) “eligible start-up” means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions:—</p> <p>(i) it is incorporated on or after the 1st April, 2016 but before the 1st April, 2030;</p> <p>(ii) the total turnover of its business does not exceed one hundred crore rupees in the tax year relevant to the tax year for which deduction under sub-section (1) is claimed; and</p> <p>(iii) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>as notified by the Central Government; and</p> <p>(c) “limited liability partnership” means a partnership referred to in section 2(1)(n) of the Limited Liability Partnership Act, 2008.</p>		
141	80-IB	<p><b>Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.</b></p> <p><b>80-IB.</b> (1) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (3) to (11), (11A) and (11B) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section.</p> <p>(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely :—</p>	<p><b>Deduction in respect of profits and gains from certain industrial undertakings</b></p> <p><b>141.</b> In respect of any tax year, where—</p> <p>(a) the gross total income of an assessee, includes any profits and gains derived from any business referred to in section 80-IB of the Income-tax Act, 1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under</p>	<p>Section 141 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill, 2025 is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the</p>	<p>Section 141 of the Income-tax Bill, 2025, which corresponds to section 80-IB of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IB the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 correspond to section 80-IA, 80-IAB, 80-IB and 10AA. These four sections</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence :</p> <p>Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;</p> <p>(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India :</p> <p>Provided that the condition in this clause shall, in relation to a small scale industrial undertaking or an industrial undertaking referred to in sub-section (4) shall apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted.</p>	<p>the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IB of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IB of the Income-tax Act, 1961, if the said Act had not been repealed.</p>	<p>profits and gains derived from a business shall not be admissible unless the accounts of the business for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.”</p> <p>Consequently, the word “and” may be</p>	<p>require that the amount of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Explanation 1.—For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely :—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India from any country outside India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.</p> <p>Explanation 2.—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the</p>		removed after (b)(i) and inserted after (b)(ii).	



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>condition specified therein shall be deemed to have been complied with;</p> <p>(iv) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power or employs twenty or more workers in a manufacturing process carried on without the aid of power.</p> <p>(3) The amount of deduction in the case of an industrial undertaking shall be twenty-five per cent (or thirty per cent where the assessee is a company), of the profits and gains derived from such industrial undertaking for a period of ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) beginning with the initial assessment year subject to the fulfilment of the following conditions, namely:—</p> <p>(i) it begins to manufacture or produce, articles or things or to operate such plant or plants at any time during the period beginning from the 1st day of April, 1991 and ending on the 31st day of March, 1995 or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular undertaking;</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) where it is an industrial undertaking being a small scale industrial undertaking, it begins to manufacture or produce articles or things or to operate its cold storage plant [not specified in sub-section (4) or subsection (5)] at any time during the period beginning on the 1st day of April, 1995 and ending on the 31st day of March, 2002.</p> <p>(4) The amount of deduction in the case of an industrial undertaking in an industrially backward State specified in the Eighth Schedule shall be hundred per cent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from such industrial undertaking :</p> <p>Provided that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) subject to fulfilment of the condition that it begins to manufacture or produce articles or things or to operate its cold storage plant or plants during the period beginning on</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the 1st day of April, 1993 and ending on the 31st day of March, 2004 :</p> <p>Provided further that in the case of such industries in the North-Eastern Region, as may be notified by the Central Government, the amount of deduction shall be hundred per cent of profits and gains for a period of ten assessment years, and the total period of deduction shall in such a case not exceed ten assessment years :</p> <p>Provided also that no deduction under this sub-section shall be allowed for the assessment year beginning on the 1st day of April, 2004 or any subsequent year to any undertaking or enterprise referred to in sub-section (2) of section 80-IC:</p> <p>Provided also that in the case of an industrial undertaking in the State of Jammu and Kashmir, the provisions of the first proviso shall have effect as if for the figures, letters and words "31st day of March, 2004", the figures, letters and words "31st day of March, 2012" had been substituted:</p> <p>Provided also that no deduction under this sub-section shall be allowed to an industrial undertaking in the State of Jammu and Kashmir which is engaged in the manufacture or</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>production of any article or thing specified in Part C of the Thirteenth Schedule.</p> <p>(5) The amount of deduction in the case of an industrial undertaking located in such industrially backward districts as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf as industrially backward district of category 'A' or an industrially backward district of category 'B' shall be,—</p> <p>(i) hundred per cent of the profits and gains derived from an industrial undertaking located in a backward district of category 'A' for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains of an industrial undertaking:</p> <p>Provided that the total period of deduction shall not exceed ten consecutive assessment years or where the assessee is a co-operative society, twelve consecutive assessment years :</p> <p>Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>beginning on the 1st day of October 1994 and ending on the 31st day of March, 2004;</p> <p>(ii) hundred per cent of the profits and gains derived from an industrial undertaking located in a backward district of category 'B' for three assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains of an industrial undertaking:</p> <p>Provided that the total period of deduction does not exceed eight consecutive assessment years (or where the assessee is a co-operative society, twelve consecutive assessment years):</p> <p>Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2004.</p> <p>(6) The amount of deduction in the case of the business of a ship shall be thirty per cent of the profits and gains derived from such ship for a period of ten consecutive assessment</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>years including the initial assessment year provided that the ship—</p> <p>(i) is owned by an Indian company and is wholly used for the purposes of the business carried on by it;</p> <p>(ii) was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and</p> <p>(iii) is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.</p> <p>(7) The amount of deduction in the case of any hotel shall be—</p> <p>(a) fifty per cent of the profits and gains derived from the business of such hotel for a period of ten consecutive years beginning from the initial assessment year as is located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may, having regard to the need for development of infrastructure for tourism in any place and other relevant considerations, specify by notification in the Official Gazette and such hotel starts</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:</p> <p>Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001:</p> <p>Provided further that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act and where the said hotel is approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purpose of this section in relation to the assessment year commencing on the 1st day of April, 1991;</p> <p>(b) thirty per cent of the profits and gains derived from the business of such hotel as is located in any place other than</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>those mentioned in sub-clause (a) for a period of ten consecutive years beginning from the initial assessment year if such hotel has started or starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:</p> <p>Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee, town area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001;</p> <p>(c) the deduction under clause (a) or clause (b) shall be available only if—</p> <p>(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>used as a hotel or of any machinery or plant previously used for any purpose;</p> <p>(ii) the business of the hotel is owned and carried on by a company registered in India with a paidup capital of not less than five hundred thousand rupees;</p> <p>(iii) the hotel is for the time being approved by the prescribed authority:</p> <p>Provided that any hotel approved by the prescribed authority before the 1st day of April, 1999 shall be deemed to have been approved under this sub-section.</p> <p>(7A) The amount of deduction in the case of any multiplex theatre shall be—</p> <p>(a) fifty per cent of the profits and gains derived, from the business of building, owning and operating a multiplex theatre, for a period of five consecutive years beginning from the initial assessment year in any place :</p> <p>Provided that nothing contained in this clause shall apply to a multiplex theatre located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>or by any other name) of Chennai, Delhi, Mumbai or Kolkata;</p> <p>(b) the deduction under clause (a) shall be allowable only if—</p> <p>(i) such multiplex theatre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;</p> <p>(ii) the business of the multiplex theatre is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of any building or of any machinery or of plant previously used for any purpose;</p> <p>(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p>(7B) The amount of deduction in the case of any convention centre shall be—</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(a) fifty per cent of the profits and gains derived, by the assessee from the business of building, owning and operating a convention centre, for a period of five consecutive years beginning from the initial assessment year;</p> <p>(b) the deduction under clause (a) shall be allowable only if—</p> <p>(i) such convention centre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;</p> <p>(ii) the business of the convention centre is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of any building or of any machinery or plant previously used for any purpose;</p> <p>(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, before the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p>(8) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of five assessment years beginning from the initial assessment year if such company—</p> <p>(a) is registered in India;</p> <p>(b) has the main object of scientific and industrial research and development;</p> <p>(c) is for the time being approved by the prescribed authority at any time before the 1st day of April, 1999.</p> <p>(8A) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of ten consecutive assessment years, beginning from the initial assessment year, if such company—</p> <p>(i) is registered in India;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) has its main object the scientific and industrial research and development;</p> <p>(iii) is for the time being approved by the prescribed authority at any time after the 31st day of March, 2000 but before the 1st day of April, 2007;</p> <p>(iv) fulfils such other conditions as may be prescribed.</p> <p>(9) The amount of deduction to an undertaking shall be hundred per cent of the profits for a period of seven consecutive assessment years, including the initial assessment year, if such undertaking fulfils any of the following, namely:—</p> <p>(i) is located in North-Eastern Region and has begun or begins commercial production of mineral oil before the 1st day of April, 1997;</p> <p>(ii) is located in any part of India and has begun or begins commercial production of mineral oil on or after the 1st day of April, 1997 but not later than the 31st day of March, 2017:</p> <p>Provided that the provisions of this clause shall not apply to blocks licensed under a contract awarded after the 31st day of March, 2011 under the New Exploration Licencing Policy</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95-ONG.DO.VL, dated the 10th February, 1999 or in pursuance of any law for the time being in force or by the Central or a State Government in any other manner;</p> <p>(iii) is engaged in refining of mineral oil and begins such refining on or after the 1st day of October, 1998 but not later than the 31st day of March, 2012;</p> <p>(iv) is engaged in commercial production of natural gas in blocks licensed under the VIII Round of bidding for award of exploration contracts (hereafter referred to as "NELP-VIII") under the New Exploration Licencing Policy announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95- ONG.DO.VL, dated 10th February, 1999 and begins commercial production of natural gas on or after the 1st day of April, 2009 but not later than the 31st day of March, 2017;</p> <p>(v) is engaged in commercial production of natural gas in blocks licensed under the IV Round of bidding for award of exploration contracts for Coal Bed Methane blocks and begins commercial production of natural gas on or after the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>1st day of April, 2009 but not later than the 31st day of March, 2017.</p> <p>Explanation. —For the purposes of claiming deduction under this sub-section, all blocks licensed under a single contract, which has been awarded under the New Exploration Licencing Policy announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95-ONG.DO.VL, dated 10th February 1999 or has been awarded in pursuance of any law for the time being in force or has been awarded by the Central or a State Government in any other manner, shall be treated as a single "undertaking".</p> <p>(10) The amount of deduction in the case of an undertaking developing and building housing projects approved before the 31st day of March, 2008 by a local authority shall be hundred per cent of the profits derived in the previous year relevant to any assessment year from such housing project if, —</p> <p>(a) such undertaking has commenced or commences development and construction of the housing project on or</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>after the 1st day of October, 1998 and completes such construction, —</p> <p>(i) in a case where a housing project has been approved by the local authority before the 1st day of April, 2004, on or before the 31st day of March, 2008;</p> <p>(ii) in a case where a housing project has been, or, is approved by the local authority on or after the 1st day of April, 2004 but not later than the 31st day of March, 2005, within four years from the end of the financial year in which the housing project is approved by the local authority;</p> <p>(iii) in a case where a housing project has been approved by the local authority on or after the 1<sup>st</sup> day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.</p> <p>Explanation. —For the purposes of this clause, —</p> <p>(i) in a case where the approval in respect of the housing project is obtained more than once, such housing project shall be deemed to have been approved on the date on which the building plan of such housing project is first approved by the local authority.</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) the date of completion of construction of the housing project shall be taken to be the date on which the completion certificate in respect of such housing project is issued by the local authority.</p> <p>(b) the project is on the size of a plot of land which has a minimum area of one acre:</p> <p>Provided that nothing contained in clause (a) or clause (b) shall apply to a housing project carried out in accordance with a scheme framed by the Central Government or a State Government for reconstruction or redevelopment of existing buildings in areas declared to be slum areas under any law for the time being in force and such scheme is notified by the Board in this behalf;</p> <p>(c) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the city of Delhi or Mumbai or within twenty-five kilometres from the municipal limits of these cities and one thousand and five hundred square feet at any other place;</p> <p>(d) the built-up area of the shops and other commercial establishments included in the housing project does</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>not exceed three per cent of the aggregate built-up area of the housing project or five thousand square feet, whichever is higher;</p> <p>(e) not more than one residential unit in the housing project is allotted to any person not being an individual; and</p> <p>(f) in a case where a residential unit in the housing project is allotted to a person being an individual, no other residential unit in such housing project is allotted to any of the following persons, namely:—</p> <p>(i) the individual or the spouse or the minor children of such individual,</p> <p>(ii) the Hindu undivided family in which such individual is the karta,</p> <p>(iii) any person representing such individual, the spouse or the minor children of such individual or the Hindu undivided family in which such individual is the karta.</p> <p>Explanation. —For the removal of doubts, it is hereby declared that nothing contained in this sub-section shall apply to any undertaking which executes the housing project</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>as a works contract awarded by any person (including the Central or State Government).</p> <p>(11) Notwithstanding anything contained in clause (iii) of sub-section (2) and sub-sections (3), (4) and (5), the amount of deduction in a case of industrial undertaking deriving profit from the business of setting up and operating a cold chain facility for agricultural produce, shall be hundred per cent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such facility in a manner that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a cooperative society) and subject to fulfilment of the condition that it begins to operate such facility on or after the 1st day of April, 1999 but before the 1st day of April, 2004.</p> <p>(11A) The amount of deduction in a case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or meat and meat</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>products or poultry or marine or dairy products or from the integrated business of handling, storage and transportation of foodgrains, shall be hundred per cent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such business in a manner that the total period of deduction does not exceed ten consecutive assessment years and subject to fulfilment of the condition that it begins to operate such business on or after the 1st day of April, 2001:</p> <p>Provided that the provisions of this section shall not apply to an undertaking engaged in the business of processing, preservation and packaging of meat or meat products or poultry or marine or dairy products if it begins to operate such business before the 1st day of April, 2009.</p> <p>(11B) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital in a rural area shall be hundred per cent of the profits and gains of such business for a period of</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>five consecutive assessment years, beginning with the initial assessment year, if—</p> <p>(i) such hospital is constructed at any time during the period beginning on the 1st day of October, 2004 and ending on the 31st day of March, 2008;</p> <p>(ii) the hospital has at least one hundred beds for patients;</p> <p>(iii) the construction of the hospital is in accordance with the regulations, for the time being in force, of the local authority; and</p> <p>(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the <i>Explanation</i> below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p><i>Explanation.</i> —For the purposes of this sub-section, a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the concerned local authority.</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(11C) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area, shall be hundred per cent of the profits and gains derived from such business for a period of five consecutive assessment years, beginning with the initial assessment year, if—</p> <p>(i) the hospital is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013;</p> <p>(ii) the hospital has at least one hundred beds for patients;</p> <p>(iii) the construction of the hospital is in accordance with the regulations or bye-laws of the local authority; and</p> <p>(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the <i>Explanation</i> below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Explanation. —For the purposes of this sub-section—</p> <p>(a) a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the local authority concerned;</p> <p>(b) "initial assessment year" means the assessment year relevant to the previous year in which the business of the hospital starts functioning;</p> <p>(c) "excluded area" shall mean an area comprising—</p> <p>(i) Greater Mumbai urban agglomeration.</p> <p>(ii) Delhi urban agglomeration;</p> <p>(iii) Kolkata urban agglomeration;</p> <p>(iv) Chennai urban agglomeration;</p> <p>(v) Hyderabad urban agglomeration;</p> <p>(vi) Bangalore urban agglomeration;</p> <p>(vii) Ahmedabad urban agglomeration;</p> <p>(viii) District of Faridabad;</p> <p>(ix) District of Gurgaon;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(x) District of Gautam Budh Nagar;</p> <p>(xi) District of Ghaziabad;</p> <p>(xii) District of Gandhinagar; and</p> <p>(xiii) City of Secunderabad;</p> <p>(d) the area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the 2001 census.</p> <p>(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>company if the amalgamation or demerger had not taken place.</p> <p>(13) The provisions contained in sub-section (5) and sub-sections (7) to (12) of section 80-IA shall, so far as may be, apply to the eligible business under this section.</p> <p>(14) For the purposes of this section,—</p> <p>(a) "built-up area" means the inner measurements of the residential unit at the floor level, including the projections and balconies, as increased by the thickness of the walls but does not include the common areas shared with other residential units;</p> <p>(aa) "cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;</p> <p>(ab) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>size and number and having such other facilities and amenities, as may be prescribed;</p> <p>(b) "hilly area" means any area located at a height of one thousand metres or more above the sea level;</p> <p>(c) "initial assessment year"—</p> <p>(i) in the case of an industrial undertaking or cold storage plant or ship or hotel, means the Assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the cold chain facility or the ship is first brought into use or the business of the hotel starts functioning;</p> <p>(ii) in the case of a company carrying on scientific and industrial research and development, means the assessment year relevant to the previous year in which the company is approved by the prescribed authority for the purposes of sub-section (8);</p> <p>(iii) in the case of an undertaking engaged in the business of commercial production or refining of mineral oil referred to in sub-section (9), means the assessment year relevant to the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>previous year in which the undertaking commences the commercial production or refining of mineral oil;</p> <p>(iv) in the case of an undertaking engaged in the business of processing, reservation and packaging of fruits or vegetables or in the integrated business of handling, storage and transportation of foodgrains, means the assessment year relevant to the previous year in which the undertaking begins such business;</p> <p>(v) in the case of a multiplex theatre, means the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts operating on a commercial basis;</p> <p>(vi) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;</p> <p>(vii) in the case of an undertaking engaged in operating and maintaining a hospital in a rural area, means the assessment year relevant to the previous year in which the undertaking begins to provide medical services;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(d) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;</p> <p>(da) "multiplex theatre" means a building of a prescribed area, comprising of two or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed;</p> <p>(e) "place of pilgrimage" means a place where any temple, mosque, gurdwara, church or other place of public worship of renown throughout any State or States is situated;</p> <p>(f) "rural area" means any area other than—</p> <p>(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or</p> <p>(ii) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>cantonment board referred to in sub-clause (i), as the Central Government may, having regard to the stage of development of such area including the extent of, and scope for, urbanisation of such area and other relevant considerations specify in this behalf by notification in the Official Gazette;</p> <p>(g) "small-scale industrial undertaking" means an industrial undertaking which is, as on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951).</p>			
142	80-IBA	<p><b>Deductions in respect of profits and gains from housing projects.</b></p> <p><b>80-IBA.</b> (1) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.</p> <p>(1A) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building rental housing project, there shall</p>	<p><b>Deductions in respect of profits and gains from housing projects-</b></p> <p><b>142.</b> In respect of any tax year, where—</p> <p>(a) the gross total income of an assessee, includes any profits and gains derived from the business of developing and building housing projects or rental housing projects</p>	<p>Section 142 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.</p>	<p>Section 142 of the Income-tax Bill, 2025, which corresponds to section 80-IBA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IBA the Income-tax Act, 1961.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>be allowed a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.</p> <p>(2) For the purposes of sub-section (1), a housing project shall be a project which fulfils the following conditions, namely:—</p> <p>(a) the project is approved by the competent authority after the 1st day of June, 2016, but on or before the 31st day of March, 2022;</p> <p>(b) the project is completed within a period of five years from the date of approval by the competent authority:</p> <p>Provided that,—</p> <p>(i) where the approval in respect of a housing project is obtained more than once, the project shall be deemed to have been approved on the date on which the building plan of such housing project was first approved by the competent authority; and</p> <p>(ii) the project shall be deemed to have been completed when a certificate of completion of project as a whole is obtained in writing from the competent authority;</p>	<p>referred to in section 80-IBA of the Income-tax Act,1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IBA of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(c) the carpet area of the shops and other commercial establishments included in the housing project does not exceed three per cent of the aggregate carpet area;</p> <p>(d) the project is on a plot of land measuring not less than—</p> <p>(i) one thousand square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai; or</p> <p>(ii) two thousand square metres, where the project is located in any other place;</p> <p>(e) the project is the only housing project on the plot of land as specified in clause (d);</p> <p>(f) the carpet area of the residential unit comprised in the housing project does not exceed—</p> <p>(i) thirty square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai ; or</p> <p>(ii) sixty square metres, where the project is located in any other place;</p> <p>(g) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual;</p>	<p>allowed under section 80-IBA of the Income-tax Act, 1961, if the said Act had not been repealed.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(h) the project utilises—</p> <p>(i) not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai, or</p> <p>(ii) not less than eighty per cent of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (i); and</p> <p>(i) the assessee maintains separate books of account in respect of the housing project:</p> <p><i>Provided</i> that for the projects approved on or after the 1st day of September 2019, the provisions of this subsection shall have effect as if for clauses (d) to (i), the following clauses had been substituted, namely: —</p> <p>"(d) the project is on a plot of land measuring not less than—</p> <p>(i) one thousand square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad,</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(ii) two thousand square metres, where such project is located in any other place;</p> <p>(e) the project is the only housing project on the plot of land as specified in clause (d);</p> <p>(f) the carpet area of the residential unit comprised in the housing project does not exceed—</p> <p>(i) sixty square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(ii) ninety square metres, where such project is located in any other place;</p> <p>(g) the stamp duty value of a residential unit in the housing project does not exceed forty-five lakh rupees;</p> <p>(h) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>project shall be allotted to the individual or the spouse or the minor children of such individual;</p> <p>(i) the project utilises—</p> <p>(I) not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(II) not less than eighty per cent of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (I); and</p> <p>(j) the assessee maintains separate books of account in respect of the housing project."</p> <p>(3) Nothing contained in this section shall apply to any assessee who executes the housing project as a works contract awarded by any person (including the Central Government or the State Government).</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(4) Where the housing project is not completed within the period specified under clause (b) of sub-section (2) and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the period for completion so expires.</p> <p>(5) Where any amount of profits and gains derived from the business of developing and building housing projects is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.</p> <p>(6) For the purposes of this section,—</p> <p>(a) "carpet area" shall have the same meaning as assigned to it in clause (k) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(b) "competent authority" means the authority empowered to approve the building plan by or under any law for the time being in force;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(c) "floor area ratio" means the quotient obtained by dividing the total covered area of plinth area on all the floors by the area of the plot of land;</p> <p>(d) "housing project" means a project consisting predominantly of residential units with such other facilities and amenities as the competent authority may approve subject to the provisions of this section;</p> <p>(da) "rental housing project" means a project which is notified by the Central Government in the Official Gazette under this clause on or before the 31st day of March, 2022 and fulfils such conditions as may be specified in the said notification;</p> <p>(e) "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirements, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household;</p> <p>(f) "stamp duty value" means the value adopted or assessed or assessable by any authority of the Central Government or</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		a State Government for the purpose of payment of stamp duty in respect of an immovable property.			
144	10AA	<p><b>Special provisions in respect of newly established Units in Special Economic Zones.</b></p> <p><b>10AA.</b> (1) Subject to the provisions of this section, in computing the total income of an assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005), from his Unit, who begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April, 2006, but before the first day of April, 2021, the following deduction shall be allowed—</p> <p>(i) hundred per cent of profits and gains derived from the export, of such articles or things or from services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and fifty per cent of such profits and gains for further five assessment years and thereafter;</p>	<p><b>Special provisions in respect of newly established Units in Special Economic Zones.</b></p> <p><b>144.</b> In respect of any tax year , where—</p> <p>(a) in computing the total income of an assessee, being an entrepreneur as referred to in section 2(j) of the Special Economic Zones Act, 2005, who begins to manufacture or produce articles or things or provide any services referred to in section 10AA of the Income-tax Act, 1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from the export, of such articles or things or from</p>	<p>Section 144 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the profits and gains derived by an assessee, being an entrepreneur, from export shall not be admissible unless the</p>	<p>Section 144 of the Income-tax Bill, 2025, which corresponds to section 10AA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 10AA of the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These four sections require that the amount</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) for the next five consecutive assessment years, so much of the amount not exceeding fifty per cent of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account (to be called the "Special Economic Zone Re-investment Reserve Account") to be created and utilized for the purposes of the business of the assessee in the manner laid down in sub-section (2):</p> <p>[Provided that no such deduction shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under sub-section (1) of section 139.]</p> <p>Explanation. —For the removal of doubts, it is hereby declared that the amount of deduction under this section shall be allowed from the total income of the assessee computed in accordance with the provisions of this Act, before giving effect to the provisions of this section and the deduction under this section shall not exceed such total income of the assessee.</p>	<p>services for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 10AA of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 10AA of the Income-tax Act, 1961, if the said Act had not been repealed.</p>	<p>accounts of the undertaking for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>Consequently, the word “and” may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The deduction under clause (ii) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely :—</p> <p>(a) the amount credited to the Special Economic Zone Re-investment Reserve Account is to be utilised—</p> <p>(i) for the purposes of acquiring machinery or plant which is first put to use before the expiry of a period of three years following the previous year in which the reserve was created; and</p> <p>(ii) until the acquisition of the machinery or plant as aforesaid, for the purposes of the business of the undertaking other than for distribution by way of dividends or profits or for remittance outside India as profits or for the creation of any asset outside India;</p> <p>(b) the particulars, as may be specified by the Central Board of Direct Taxes in this behalf, under clause (b) of sub-section (1B) of section 10A have been furnished by the assessee in respect of machinery or plant along with the return of income for the assessment year relevant to the previous year in which such plant or machinery was first put to use.</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(3) Where any amount credited to the Special Economic Zone Re-investment Reserve Account under clause (ii) of sub-section (1),—</p> <p>(a) has been utilised for any purpose other than those referred to in sub-section (2), the amount so utilised; or</p> <p>(b) has not been utilised before the expiry of the period specified in sub-clause (i) of clause (a) of subsection (2), the amount not so utilised, shall be deemed to be the profits, —</p> <p>(i) in a case referred to in clause (a), in the year in which the amount was so utilised; or</p> <p>(ii) in a case referred to in clause (b), in the year immediately following the period of three years specified in sub-clause (i) of clause (a) of sub-section (2), and shall be charged to tax accordingly:</p> <p>Provided that where in computing the total income of the Unit for any assessment year, its profits and gains had not been included by application of the provisions of sub-section (7B) of section 10A, the undertaking, being the Unit shall be entitled to deduction referred to in this sub-section only for the unexpired period of ten consecutive assessment years</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>and thereafter it shall be eligible for deduction from income as provided in clause (ii) of sub-section (1).</p> <p>Explanation. —For the removal of doubts, it is hereby declared that an undertaking, being the Unit, which had already availed, before the commencement of the Special Economic Zones Act, 2005 (28 of 2005), the deductions referred to in section 10A for ten consecutive assessment years, such Unit shall not be eligible for deduction from income under this section :</p> <p>Provided further that where a Unit initially located in any free trade zone or export processing zone is subsequently located in a Special Economic Zone by reason of conversion of such free trade zone or export processing zone into a Special Economic Zone, the period of ten consecutive assessment years referred to above shall be reckoned from the assessment year relevant to the previous year in which the Unit began to manufacture, or produce or process such articles or things or services in such free trade zone or export processing zone :</p> <p>Provided also that where a Unit initially located in any free trade zone or export processing zone is subsequently located</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>in a Special Economic Zone by reason of conversion of such free trade zone or export processing zone into a Special Economic Zone and has completed the period of ten consecutive assessment years referred to above, it shall not be eligible for deduction from income as provided in clause (ii) of subsection (1) with effect from the 1st day of April, 2006.</p> <p>(4) This section applies to any undertaking, being the Unit, which fulfils all the following conditions, namely: —</p> <p>(i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April 2006 in any Special Economic Zone;</p> <p>(ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:</p> <p>Provided that this condition shall not apply in respect of any undertaking, being the Unit, which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(iii) it is not formed by the transfer to a new business, of machinery or plant previously used for any purpose.</p> <p>Explanation. —The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.</p> <p>[(4A) This section applies to a Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.</p> <p>Explanation 1.—For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or the authority authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Explanation 2.—The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.]</p> <p>(5) Where any undertaking being the Unit which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another undertaking, being the Unit in a scheme of amalgamation or demerger,—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged Unit, being the company for the previous year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as they would have applied to the amalgamating or the demerged Unit being the company as if the amalgamation or demerger had not taken place.</p> <p>(6) Loss referred to in sub-section (1) of section 72 or sub-section (1) or sub-section (3) of section 74, in so far as such</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>loss relates to the business of the undertaking, being the Unit shall be allowed to be carried forward or set off.</p> <p>(7) For the purposes of sub-section (1), the profits derived from the export of articles or things or services (including computer software) shall be the amount which bears to the profits of the business of the undertaking, being the Unit, the same proportion as the export turnover in respect of such articles or things or services bears to the total turnover of the business carried on by the undertaking:</p> <p>Provided that the provisions of this sub-section [as amended by section 6 of the Finance (No. 2) Act, 2009 (33 of 2009)] shall have effect for the assessment year beginning on the 1st day of April, 2006 and subsequent assessment years.</p> <p>(8) The provisions of sub-sections (5) and (6) of section 10A shall apply to the articles or things or services referred to in sub-section (1) as if—</p> <p>(a) for the figures, letters and word "1st April, 2001", the figures, letters and word "1st April, 2006" had been substituted;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(b) for the word "undertaking", the words "undertaking, being the Unit" had been substituted.</p> <p>(9) The provisions of sub-section (8) and sub-section (10) of section 80-IA shall, so far as may be, apply in relation to the undertaking referred to in this section as they apply for the purposes of the undertaking referred to in section 80-IA.</p> <p>(10) Where a deduction under this section is claimed and allowed in respect of profits of any of the specified business, referred to in clause (c) of sub-section (8) of section 35AD, for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.</p> <p>Explanation 1. —For the purposes of this section,—</p> <p>(i) "convertible foreign exchange" shall have the meaning assigned to it in clause (ii) of the Explanation 2 to section 10A;</p> <p>(ia) "export turnover" means the consideration in respect of export by the undertaking, being the Unit of articles or things or services received in, or brought into, India by the assessee in convertible foreign exchange in accordance with the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>provisions of sub-section (4A), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things outside India or expenses, if any, incurred in foreign exchange in rendering of services (including computer software) outside India;</p> <p>(ii) "export in relation to the Special Economic Zones" means taking goods or providing services out of India from a Special Economic Zone by land, sea, air, or by any other mode, whether physical or otherwise;</p> <p>(iii) "manufacture" shall have the same meaning as assigned to it in clause (r) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(iv) "relevant assessment year" means any assessment year falling within a period of fifteen consecutive assessment years referred to in this section;</p> <p>(v) "Special Economic Zone" and "Unit" shall have the same meanings as assigned to them under clauses</p> <p>(za) and (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Explanation 2.—For the removal of doubts, it is hereby declared that the profits and gains derived from on site development of computer software (including services for development of software) outside India shall be deemed to be the profits and gains derived from the export of computer software outside India.			
147	80LA	<p><b>Deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre -</b></p> <p>80LA. (1) Where the gross total income of an assessee, being a scheduled bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone, includes any income referred to in sub-section (2), there shall be allowed, in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to—</p> <p>(a) one hundred per cent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission, under clause (a) of sub-section (1) of section 23 of the Banking</p>	<p><b>Deductions for income of Offshore Banking Units and Units of International Financial Services Centre -</b></p> <p><b>147.</b> (1) Where the following assessee has any income of the nature referred to in sub-section (3), there shall be allowed a deduction equal to 100% of such income:—</p> <p>(a) a scheduled bank, or a bank incorporated under the laws of a country outside India, having an Offshore Banking Unit in a Special Economic Zone;</p>	<p>Sub-section (2A) may be inserted –</p> <p><b>(2A) Where the assessee has claimed deduction under section 80-LA of the Income-tax Act, 1961 for any assessment year or years, deduction under clause (b) of sub-section (1) of this section would be allowable for the</b></p>	<p>Deduction of 100% of income is allowable under section 80LA of the Income-tax Act, 1961 in respect of any ten consecutive assessment years, at the option of the assessee, being a unit of IFSC, out of fifteen years.</p> <p>Where an assessee, being a unit of IFSC, has started claiming deduction under section 80LA of the Income-tax</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law was obtained, and thereafter;</p> <p>(b) fifty per cent of such income for five consecutive assessment years:</p> <p>[Provided that for the assessment year commencing on or after the 1st day of April, 2023, the deduction under this clause shall be one hundred per cent of such income.]</p> <p>(1A) Where the gross total income of an assessee, being a Unit of an International Financial Services Centre, includes any income referred to in sub-section (2), there shall be allowed, in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to one hundred per cent of such income for any ten consecutive assessment years, at the option of the assessee, out of fifteen years, beginning with the assessment year relevant to the previous year in which the permission, under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of</p>	<p>or</p> <p>(b) a unit of an International Financial Services Centre.</p> <p>(2) The deduction shall be allowed—</p> <p>(a) for ten consecutive tax years beginning from the relevant tax year in the case of an entity mentioned in sub-section (1)(a);</p> <p>(b) for ten consecutive tax years within fifteen 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).</p> <p>(3) The income referred to in sub-section (3) shall be the income from—</p>	<p><b>remaining tax year or years under this Act.</b></p>	<p>Act, 1961 for any assessment year or years, he should be eligible for deduction under section 147 of the Income-tax Bill, 2025 only for the remaining tax years out of 10 years. This provision needs to be incorporated.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>India Act, 1992 (15 of 1992) or permission or registration under the International Financial Services Centres Authority Act, 2019 (50 of 2019) was obtained.</p> <p>(2) The income referred to in sub-section (1) and sub-section (1A) shall be the income—</p> <p>(a) from an Offshore Banking Unit in a Special Economic Zone; or</p> <p>(b) from the business referred to in sub-section (1) of section 6 of the Banking Regulation Act, 1949 (10 of 1949) with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone; or</p> <p>(c) from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone;</p> <p>(d) arising from the transfer of an asset, being an aircraft 17[or a ship], which was leased by a unit referred to in clause (c) to a person, subject to the condition that the unit has</p>	<p>(a) an Offshore Banking Unit located in a Special Economic Zone; or</p> <p>(b) the business activities referred to in section 6(1) of the Banking Regulation Act, 1949, with undertakings in a Special Economic Zone or entities that develop, develop and operate, or develop, operate and maintain Special Economic Zone; or</p> <p>(c) the approved business activities of any Unit of an International Financial Services Centre set up in a Special Economic Zone; or</p> <p>(d) transfer of an asset being, an aircraft or a ship, leased by a unit referred to in clause (c) if such unit commenced its business operations by 31st March, 2030.</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>commenced operation on or before the 31st day of March, 2030.</p> <p>Explanation.—For the purposes of this clause, "aircraft" 17[and "ship"] shall have the meaning assigned to it in the Explanation to clause (4F) of section 10.</p> <p>(3) No deduction under this section shall be allowed unless the assessee furnishes along with the return of income, —</p> <p>(i) the report, in the form specified by the Central Board of Direct Taxes under clause (i) of sub-section (2) of section 80LA, as it stood immediately before its substitution by this section, of an accountant as defined in the Explanation below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section; and</p> <p>(ii) a copy of the permission obtained under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or copy of permission or registration obtained under the International Financial Services Centres Authority Act, 2019 (50 of 2019).</p> <p>Explanation. —For the purposes of this section,—</p>	<p>(4) The deduction under this section shall be allowed only if the assessee submits along with the return of income—</p> <p>(a) a report in the form as prescribed, from an accountant certifying the correctness of claim of deduction; and</p> <p>(b) a copy of the—</p> <p>(i) permission obtained under section 23(1)(a) of the Banking Regulation Act, 1949; or</p> <p>(ii) permission or registration obtained under the International Financial Services Centres Authority Act, 2019.</p> <p>(5) In this section,—</p> <p>(a) “relevant tax year” shall be,—</p> <p>(i) in case of an entity mentioned in sub-section (1)(a), the tax year</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(a) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(b) "scheduled bank" shall have the same meaning as assigned to it in clause (e) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(c) "Special Economic Zone" shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(d) "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).</p>	<p>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 was obtained; or</p> <p>(ii) in case of an entity mentioned 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 of India Act, 1992, or permission or registration under the International Financial Services Centre Authority Act, 2019 was obtained;</p> <p>(b) "Unit" shall have the same meaning as assigned to it in</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			section 2(zc) of the Special Economic Zones Act, 2005;  (c) “aircraft” and “ship” shall have the meanings respectively assigned to them in Schedule VI Note 3.		



**CHAPTER IX**  
**REBATES AND RELIEFS**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
156	87A	<b>Rebate of income-tax in case of certain individuals.</b>	<b>Rebate of income-tax in case of certain individuals.</b>		
		<p>An assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of twelve thousand and five hundred rupees, whichever is less:</p> <p>[Provided that where the total income of the assessee is chargeable to tax under</p>	<p>(1) A resident individual assessee shall be entitled to a deduction of 100% of income-tax payable or twelve thousand five hundred rupees, whichever is less, from the income-tax (computed before allowing the deduction under this section) chargeable on the total income for any tax year if the total income does not exceed five lakh rupees.</p> <p>(2) Where the total income of a resident individual assessee for any tax year is chargeable to tax under section 202(1), then from income-tax (computed before allowing the</p>	<p>The provisions for rebate may be presented in a <b>tabular format</b>, as done in other sections (like tax rates or surcharge slabs) for ease of comprehension.</p>	<p>A tabular format makes it easier for taxpayers, tax professionals, and software systems to interpret eligibility and compute rebate. It also aligns with presentation used in other sections of the Bill, thereby improving <b>uniformity, clarity, and ease of compliance.</b></p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change												
		<p>sub-section (1A) of section 115BAC, and the total income—</p> <p>(a) does not exceed twelve hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent of such income-tax or an amount of sixty thousand rupees, whichever is less;</p> <p>(b) exceeds twelve hundred thousand rupees and the income-tax payable on such total income exceeds the amount by which the total income is in excess of twelve hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the</p>	<p>deduction under this section) following deductions shall be allowed, if—</p> <p>(a) the income does not exceed twelve lakh rupees, 100% of the income-tax payable or sixty thousand rupees, whichever is less;</p> <p>(b) the income exceeds twelve lakh rupees, the income-tax payable on the total income, reduced by total income which is in excess of twelve lakh rupees.</p> <p>(3) The deduction under sub-section (2), shall not exceed income-tax payable as per the rates provided in section 202(1).</p>	<p><b>I Where an individual exercises the option under section 202(4)</b></p> <table border="1" data-bbox="1294 715 2065 1002"> <thead> <tr> <th data-bbox="1294 715 1503 823">Total Income (₹)</th> <th data-bbox="1503 715 2065 823">Quantum of Rebate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1294 823 1503 932">≤ 5,00,000</td> <td data-bbox="1503 823 2065 932">100% of income-tax payable or ₹ 12,500, whichever is less</td> </tr> <tr> <td data-bbox="1294 932 1503 1002">&gt; 5,00,000</td> <td data-bbox="1503 932 2065 1002">Nil</td> </tr> </tbody> </table> <p><b>II Where an individual pays tax under section 202</b></p> <table border="1" data-bbox="1294 1070 2065 1471"> <thead> <tr> <th data-bbox="1294 1070 1503 1179">Total income (₹)</th> <th data-bbox="1503 1070 2065 1179">Quantum of rebate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1294 1179 1503 1287">≤ 12,00,000</td> <td data-bbox="1503 1179 2065 1287">100% of income-tax payable or ₹ 60,000, whichever is less</td> </tr> <tr> <td data-bbox="1294 1287 1503 1471">&gt; 12,00,000</td> <td data-bbox="1503 1287 2065 1471">Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.</td> </tr> </tbody> </table>	Total Income (₹)	Quantum of Rebate	≤ 5,00,000	100% of income-tax payable or ₹ 12,500, whichever is less	> 5,00,000	Nil	Total income (₹)	Quantum of rebate	≤ 12,00,000	100% of income-tax payable or ₹ 60,000, whichever is less	> 12,00,000	Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.	
Total Income (₹)	Quantum of Rebate																
≤ 5,00,000	100% of income-tax payable or ₹ 12,500, whichever is less																
> 5,00,000	Nil																
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> 12,00,000	Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.																



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds twelve hundred thousand rupees.]</p> <p>Provided further that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.</p>		<p>Note – The deduction under (II) shall not exceed income-tax payable as per the rates provided in section 202(1).</p>	
157	89	<b>Relief when salary, etc., is paid in arrears or in advance -</b>	<b>Relief when salary, etc., is paid in arrears or in advance -</b>		
		<p>Where an assessee is in receipt of a sum in the nature of salary, being paid in arrears or in advance or is in receipt, in any one financial year, of salary for more than twelve months or a payment which under the provisions of clause (3) of section 17 is a profit in lieu of salary, or is in receipt of a sum in the nature of family pension as defined in the</p>	<p>(1) Where the total income of an assessee is assessed at a rate higher than the rate at which it would otherwise have been assessed, due to the following receipts,—</p> <p>(a) a sum in the nature of arrear or advance salary; or</p>	<p>Enabling <b>auto-trigger of Form 10E</b> in ITR utility or portal when any eligible arrears/ advance salary/ family pension is reported. System should prompt user to fill year-wise breakup or import it from employer-</p>	<p>Many taxpayers inadvertently fail to file Form 10E separately. <b>This results in unwarranted litigation</b>, Auto-trigger of Form 10E will –</p> <p>A. Help prevent disallowance of genuine relief.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Explanation to clause (iia) of section 57, being paid in arrears, due to which his total income is assessed at a rate higher than that at which it would otherwise have been assessed, the Assessing Officer shall, on an application made to him in this behalf, grant such relief as may be prescribed:</p> <p>Provided that no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub-clause (i) of clause (10C) of section 10, a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been</p>	<p>(b) salary for more than twelve months in any one tax year; or</p> <p>(c) a payment in the nature of “profits in lieu of salary” under section 18(1); or</p> <p>(d) arrears of “family pension” as defined in section 93(1)(d),</p> <p>the Assessing Officer shall on an application made to him by the assessee in this behalf, grant such relief, as prescribed.</p> <p>(2) No relief shall be granted on any income on which deduction has been claimed by the assessee in section 19(1)(Table: Sl. No. 12) for any amount mentioned therein, for such, or any other, tax year.</p>	<p>supplied data (via Form 16/Salary schedule).</p>	<p>B. Ensure user-friendly experience for taxpayers, especially salaried individuals and pensioners.</p> <p>C. Align with government's digital-first, pre-filled return initiative.</p> <p>It will also reduce volume of grievances, rectifications, and litigation at CPC.</p>



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		claimed by the assessee under clause (10C) of section 10 in respect of such, or any other, assessment year.			
158	89A	<b>Relief from taxation in income from retirement benefit account maintained in a notified country.</b>	<b>Relief from taxation in income from retirement benefit account maintained in a notified country.</b>		
		Where a specified person has income accrued in a specified account, such income shall be taxed in such manner and in such year as may be prescribed.	(1) The income accrued in a specified account, maintained in a notified country by a specified person, shall be taxed in a tax year, as prescribed.	The words “as prescribed” in sub-section (1) may be removed and the provisions of Rule 21AAA relating to taxation of income from retirement benefit account maintained in a notified country can be incorporated in section 158.	It is suggested that the provisions of Rule 21AAA which provides the manner of taxation of income from retirement benefit account maintained in a notified country can be incorporated in section 158 for completeness and clarity.
		Explanation.—For the purposes of this section,—  (a) "notified country" means a country as may be notified by the Central	(2) In this section,—  (a) “notified country” means a country as notified by the Central Government;		



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		Government in the Official Gazette for the purposes of this section;			
		(b) "specified account" means an account maintained in a notified country by the specified person in respect of his retirement benefits and the income from such account is not taxable on accrual basis but is taxed by such country at the time of withdrawal or redemption;	(b) "specified account" means an account maintained in a notified country by the specified person for his retirement benefits, which is taxed by that notified country at the time of withdrawal or redemption and, not on accrual basis;		
		(c) "specified person" means a person resident in India who opened a specified account in a notified country while being non-resident in India and resident in that country.	(c) "specified person" means a person resident in India having opened a specified account in a notified country while being non-resident in India and resident in that country.		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>B.—Double Taxation Relief</b>					
159	90	Agreement with foreign countries or specified territories.	Agreement with foreign countries or specified territories and adoption by Central Government of agreement between specified associations for double taxation relief.		
			(1) The Central Government may enter into an agreement with the Government of—  (a) any other country; or  (b) any specified territory,  for the purposes mentioned in sub-section (3), and may, by notification, make such provisions as necessary for implementing the agreement.		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(2) Any specified association in India may enter into an agreement with any specified association in the specified territory for the purposes mentioned in sub-section (3) and the Central Government may, by notification, make such provisions as may be necessary for adopting and implementing such agreement.		
		(1) The Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India,— (a) for the granting of relief in respect of— (i) income on which have been paid both income-tax under this Act and income-tax in that country or specified territory, as the case may be, or	(3) The agreement mentioned in sub-section (1) or (2) may be entered for— (a) the granting of relief in respect of— (i) income on which income-tax has been paid both under this Act and income-tax in that country or specified territory, as the case may be; or		



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		<p>(ii) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, as the case may be, to promote mutual economic relations, trade and investment, or</p> <p>(b) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory), or</p> <p>(c) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in</p>	<p>(ii) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, as the case may be, to promote mutual economic relations, trade and investment; or</p> <p>(b) the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory);</p>		



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		<p>that country or specified territory, as the case may be, or investigation of cases of such evasion or avoidance, or</p> <p>(d) for recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory, as the case may be, and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement.</p>	<p>(c) exchange of information for—</p> <p>(i) the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country or specified territory, as the case may be; or</p> <p>(ii) investigation of cases of such evasion or avoidance; or</p> <p>(d) recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory, as the case may be.</p>		
		<p>(2) Where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-section (1) for granting relief of tax, or as the case may be, avoidance of double taxation,</p>	<p>(4) Where,—</p> <p>(a) the Central Government has entered into an agreement with the Government of any country or specified territory, as the case may be, under sub-section (1); or</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.	(b) a specified association in India has entered into an agreement with a specified association of any specified territory under subsection (2) and such agreement has been notified under that subsection, for granting relief of tax, or avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.		
		Explanation 1.—For the removal of doubts, it is hereby declared that the charge of tax in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company.	(5) The charge of tax,— (a) in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable; or (b) in respect of a company incorporated in the specified territory at a rate higher than the		



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			rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company or such company incorporated in the specified territory, as the case may be.		
		(2A) Notwithstanding anything contained in sub-section (2), the provisions of Chapter X-A of the Act shall apply to the assessee even if such provisions are not beneficial to him.	(6) Irrespective of anything contained in sub-section (4), the provisions of Chapter XI shall apply to the assessee, even if such provisions are not beneficial to him.		
		Explanation 4.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (1) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said	(7) Where, any—  (a) term used in an agreement entered into under sub-section (1) or (2), is defined under the said agreement, the said term shall have the same meaning as assigned to it in that agreement and where the term is not defined in that	Sub clause (d) may be inserted to clarify that:  “(d) Where none of the above definitions apply, the term shall be interpreted in accordance with its ordinary meaning,	The deeming effect from the date the treaty came into force may raise issues if a notification or law comes much later. Thus, this new sub-clause will avoid retrospective disputes arising from late notifications assigning new definitions.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation, if any, given to it by the Central Government.</p> <p>(3) Any term used but not defined in this Act or in the agreement referred to in sub-section (1) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.</p> <p>Explanation 3.—For the removal of doubts, it is hereby declared that where any term is used in any agreement entered into under sub-section (1) and not defined under the said agreement or the Act, but is assigned a meaning to it in the notification issued under sub-section (3) and the notification issued</p>	<p>agreement, but defined in this Act, it shall have the same meaning as assigned to it in this Act and the explanation, if any, given to it by the Central Government, and shall be deemed to have effect from the date on which that agreement came into force; or</p> <p>(b) term is used but not defined in this Act or in the agreement referred to in sub-section (1) or (2), it shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the said agreement, have the same meaning as assigned to it in the notification issued by the Central Government in this behalf, and the meaning assigned to such term shall be deemed to have effect from the date on which that agreement came into force; or</p>	<p>having regard to the object and purpose of the agreement.”</p> <p>Sub clause (e) may be inserted to provide that –</p> <p>(e) Irrespective of anything contained in sub-section (7), no notification issued under sub-section (7) shall be construed to apply retrospectively so as to—</p> <p>(i) increase the total income or tax liability of the assessee;</p> <p>(ii) deny or withdraw any deduction, exemption, rebate, or relief otherwise available under this Act or the agreement;</p> <p>(iii) alters the tax treatment of income, expenses or transactions resulting in an</p>	<p>The proposed sub-clause (e) ensures that retrospective application of notifications defining treaty terms does not lead to unintended tax consequences such as increased liability, denial of benefits, or reopening of concluded assessments. It introduces clear, objective triggers to define when retrospective application is impermissible, thereby enhancing legal certainty and reducing the scope for arbitrary or revenue-biased interpretations.</p> <p>At the same time, it preserves the government's authority to issue</p>



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		<p>thereunder being in force, then, the meaning assigned to such term shall be deemed to have effect from the date on which the said agreement came into force.</p>	<p>(c) term is used in any agreement entered into under sub-section (1) or (2), and not defined under the said agreement or this Act, or in any notification issued under clause (b), then, unless the context otherwise requires, it shall have the same meaning as assigned to it—</p> <p>(i) in any Act of the Central Government related to taxes; and</p> <p>(ii) in any other case, in any other law of the Central Government,</p> <p>and shall be deemed to have effect from the date on which the said agreement came into force.</p>	<p>additional tax liability of the assessee;</p> <p>(iv) reopen, reassess, or revise any completed assessment solely by virtue of such notification;</p> <p>(v) result in any other consequence of a substantially similar nature;</p> <p>unless such retrospective application is expressly provided in the notification and is consistent with the object and purpose of the said agreement.</p>	<p>retrospective notifications where expressly intended and consistent with the treaty's object and purpose. This strikes a balanced approach—empowering the administration to clarify, while safeguarding taxpayer rights and aligning with both judicial precedent and international treaty practices.</p>
		<p>(4) An assessee, not being a resident, to whom an agreement referred to in sub-section (1) applies, shall not be entitled to claim any relief under such agreement unless a certificate of his being a resident in any country outside India or specified</p>	<p>(8) An assessee, not being a resident, shall be entitled to claim any relief under an agreement mentioned in sub-section (1) or (2), only when—</p>		



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		<p>territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory.</p> <p>(5) The assessee referred to in sub-section (4) shall also provide such other documents and information, as may be prescribed.</p>	<p>(a) a certificate of his being a resident in any country or specified territory, is obtained by him from the Government of that country or Government of that specified territory, as the case may be, and</p> <p>(b) he provides such other documents and information, as prescribed.</p>		
		<p>Explanation 2.—For the purposes of this section, "specified territory" means any area outside India which may be notified as such by the Central Government.</p>	<p>(9) In this section,—</p> <p>(a) “specified associations” means any institution, association or body, whether incorporated or not—</p> <p>(A) functioning under any law for the time being in force in India or the laws of the specified territory; and</p> <p>(B) which may be notified as such by the Central Government; and</p>		



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			(b) "specified territory" means any area outside India which may be notified as such by the Central Government.		
160	91	<b>Countries with which no agreement exists.</b>	<b>Countries with which no agreement exists.</b>		
		(1) If any person who is resident in India in any previous year proves that, in respect of his income which accrued or arose during that previous year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 90 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income at the Indian rate of tax or the	(1) If any person who is resident in India in any tax year proves that, in respect of his income which accrued or arose during that tax year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 159 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a		



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		rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.	sum calculated on such doubly taxed income,— (a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or  (b) at the Indian rate of tax, if both the rates are equal.		
		(2) If any person who is resident in India in any previous year proves that in respect of his income which accrued or arose to him during that previous year in Pakistan he has paid in that country, by deduction or otherwise, tax payable to the Government under any law for the time being in force in that country relating to taxation of agricultural income, he shall be entitled to a deduction from the Indian income-tax payable by him—  (a) of the amount of the tax paid in Pakistan under any law aforesaid on	(2) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any tax year and such share includes any income accruing or arising outside India during that tax year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 159 for the relief or avoidance of double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in	There is a need for modification of the language of section 160(2) in line with Rule 128.  In the alternative, the new rules can provide the manner of computation of credit for tax paid in respect of a country with which India does not have a DTAA in line with section 160(2).	The manner of computation of deduction provided in section 160(2) of the Income-tax Bill, 2025 is different from the manner provided in Rule 128 of the Income-tax Rules, 1962 on foreign tax credit.  Whereas in section 160(2), deduction is allowed by applying the lower of the Indian rate of tax or the rate of tax of the other country on the doubly taxed income, in Rule 128, the credit shall be the lower of the tax



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		<p>such income which is liable to tax under this Act also; or</p> <p>(b) of a sum calculated on that income at the Indian rate of tax;</p> <p>whichever is less.</p>	<p>that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included,—</p> <p>(a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or</p> <p>(b) at the Indian rate of tax, if both the rates are equal.</p>		<p>payable under the Act on such income and the foreign tax paid on such income.</p>
		<p>(3) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any previous year and such share includes any income accruing or arising outside India during that previous year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 90 for the relief or avoidance of</p>		<p>Sub-section (3) to (5) be inserted after sub-section (2) and sub-section (3) be renumbered as sub-section (6), as under –</p> <p>(3) The relief under this section shall be allowed only in respect of income that is included in the total income of the assessee in the relevant tax year, and for</p>	<p>Sub-section (3) will provide clarity on year-mismatch scenarios and ensures that relief is granted only on income taxed both in India and abroad, thereby reducing interpretational disputes.</p>



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		double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.		which income-tax has been paid in the other country during the same or any earlier year, subject to such conditions and documentary evidence as may be prescribed.  (4) The amount of relief shall not exceed the foreign income-tax paid on such income or the Indian income-tax payable thereon, whichever is lower, and shall be computed in the prescribed manner.  (5) No relief shall be allowed unless the assessee furnishes, in the prescribed form and manner, proof of foreign tax paid, along with a statement of foreign income offered to tax in India.	This change is sought in line with the provisions contained in Rule 128.  Sub-section (5) will ensure that the claims are verifiable and genuine, enabling smoother processing and reducing litigation risk at the assessment and CPC levels.



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		<p>Explanation.—In this section,—</p> <p>(iv) the expression "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country.</p> <p>(i) the expression "Indian income-tax" means income-tax charged in accordance with the provisions of this Act;</p> <p>(iii) the expression "rate of tax of the said country" means income-tax and super-tax actually paid in the said country in accordance with the corresponding laws in force in the said country after deduction of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of</p>	<p>(3) In this section,—</p> <p>(a) "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country;</p> <p>(b) "Indian income-tax" means income-tax charged as per this Act;</p> <p>(c) "Indian rate of tax" means the rate determined by dividing Indian income-tax after deduction of any relief due under the provisions of this Act but before deduction of any relief due under this section, by the total income; and</p> <p>(d) "rate of tax of the said country" means income-tax and super-tax actually paid in the said country as per the corresponding laws in force in the said country after deduction</p>		



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		the income as assessed in the said country;	of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the income as assessed in the said country.		



CHAPTER X

SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX

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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
162	92A	<b>Meaning of associated enterprise.</b>	<b>Meaning of associated enterprise.</b>		
		<p>(1) For the purposes of this section and sections 92, 92B, 92C, 92D, 92E and 92F, "associated enterprise", in relation to another enterprise, means an enterprise—</p> <p>(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or</p> <p>(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the</p>	<p>(1) In this Chapter, "associated enterprise", in relation to another enterprise, means an enterprise—</p> <p>(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or</p> <p>(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons</p>	<p>A clarification is sought regarding the interpretation of sub-section (1) of section 162, particularly in relation to the phrase "(a) which participates, directly or indirectly, or through one or more intermediaries, in the management, control, or capital of the other enterprise."</p> <p>It is suggested the terms "management,"</p>	<p>It is suggested to define the term "Management", "Control" and "Capital" for better understanding of the provision of law.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		management or control or capital of the other enterprise.	who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.	“control,” and “capital” be explicitly defined.	
		(2) For the purposes of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,— (a) one enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in the other enterprise; or (b) any person or enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in each of such enterprises; or © a loan advanced by one enterprise to the other enterprise constitutes not less than fifty-	(2) Without affecting the generality of the provisions of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the tax year,— (a) one enterprise holds, directly or indirectly, shares carrying at least 26% of the voting power in the other enterprise; or (b) any person or enterprise holds, directly or indirectly, shares carrying at least 26% of the voting power in each of such enterprises; or		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>one per cent of the book value of the total assets of the other enterprise; or</p> <p>(d) one enterprise guarantees not less than ten per cent of the total borrowings of the other enterprise; or</p> <p>(e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or</p> <p>(f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons; or</p>	<p>(c) a loan advanced by one enterprise to the other enterprise constitutes at least 51% of the book value of the total assets of the other enterprise; or</p> <p>(d) one enterprise guarantees at least 10% of the total borrowings of the other enterprise; or</p> <p>(e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or</p> <p>(f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or</p> <p>(h) ninety per cent or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or</p>	<p>appointed by the same person or persons; or</p> <p>(g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or</p> <p>(h) 90% or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise,</p>		



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		<p>(i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or</p> <p>(j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or</p> <p>(k) where one enterprise is controlled by a Hindu undivided family, the other enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or</p> <p>(l) where one enterprise is a firm, association of persons or body of individuals, the other</p>	<p>are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or</p> <p>(i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or</p> <p>(j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or</p> <p>(k) where one enterprise is controlled by a Hindu undivided family, the other</p>	<p>The specified percentage for deeming as controlled may be prescribed.</p> <p>It is suggested to explicitly include <b>REITs, LLPs, and</b></p>	<p>In sub-clauses (j) and (k) of sub-section (2) of this provision, the scope of the word “controlled” is not defined by a percentage like in other sub-clauses.</p>



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		<p>enterprise holds not less than ten per cent interest in such firm, association of persons or body of individuals; or</p> <p>(m) there exists between the two enterprises, any relationship of mutual interest, as may be prescribed.</p>	<p>enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or</p> <p>(l) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds at least 10% interest in such firm, association of persons or body of individuals; or</p> <p>(m) there exists between the two enterprises, any relationship of mutual interest, as prescribed.</p>	<p><b>other modern business structures</b> within the definition of Associated Enterprises (AEs) for greater clarity.</p> <p>It is suggested to introduce specific control and ownership thresholds for these entities, aligning them with existing AE criteria such as shareholding, voting rights, or management control, while also addressing indirect participation in capital, management, or control for greater clarity.</p>	<p>This may be prone to litigation.</p> <p>Section 92A of the Income-tax Act, 1961, defines Associated Enterprises (AEs) based on capital, management, or control. However, it does not explicitly cover modern business structures such as Real Estate Investment Trusts (REITs) and Limited Liability Partnerships (LLPs).</p> <p>With the increasing use of REITs and LLPs in cross-border structures, their exclusion creates ambiguity in transfer</p>



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				<p>This would clarify the applicability of transfer pricing rules to these entities, ensuring consistency with modern business practices, reducing litigation risks, and preventing tax disputes.</p>	<p>pricing regulations, potentially allowing tax avoidance and inconsistent taxation treatment.</p> <p>While Section 92A(2)(1) includes LLPs as potential AEs, it only considers direct ownership and does not account for indirect control through partnerships or other business structures. REITs also do not fit within the existing AE rules, leading to compliance challenges.</p> <p>Aligning AE definitions with modern corporate structures will enhance tax transparency, prevent tax base erosion, and ensure</p>



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					consistency with international best practices.
163	92B	<b>Meaning of international transaction.</b>	<b>Meaning of international transaction.</b>		
		(ii) the expression "intangible property" shall include— (a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos; (b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how; (c) artistic related intangible assets, such as, literary works and copyrights, musical compositions, copyrights, maps, engravings;	(3) The expression “intangible property” shall include the following,— (a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos; (b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how; (c) artistic related intangible assets, such as, literary works and copyrights,		



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		<p>(d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters;</p> <p>(e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation;</p> <p>(f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders;</p> <p>(g) contract related intangible assets, such as, favourable supplier, contracts, licence agreements, franchise agreements, non-compete agreements;</p> <p>(h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts;</p>	<p>musical compositions, copyrights, maps, engravings;</p> <p>(d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters;</p> <p>(e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation;</p> <p>(f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders;</p> <p>(g) contract related intangible assets, such as, favourable supplier, contracts,</p>		



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		<p>(i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights;</p> <p>(j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill of professional, celebrity goodwill, general business going concern value;</p> <p>(k) methods, programmes, systems, procedures, campaigns, surveys, studies, forecasts, estimates, customer lists, or technical data;</p> <p>(l) any other similar item that derives its value from its intellectual content rather than its physical attributes.</p>	<p>licence agreements, franchise agreements, non-compete agreements;</p> <p>(h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts;</p> <p>(i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights;</p> <p>(j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill of professional, celebrity goodwill, general business going concern value;</p> <p>(k) methods, programmes, systems, procedures, campaigns, surveys,</p>	<p>It is suggested to remove clauses (h) and (i), as they currently classify "organized workforce" and "location savings" as intangible properties for transfer pricing purposes.</p>	<p>The OECD Transfer Pricing Guidelines (2017) redefined the concept of "Intangibles" by specifically excluding "organised workforce" and "location savings" from being classified as intangible assets.</p> <p>Need for Alignment with Global Standards: The definition of "Intangible property" under Income-tax Act, 1961 and Income-tax Bill, 2025 does not align with the updated OECD standards. This can</p>



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			studies, forecasts, estimates, customer lists or technical data; and  (1) any other similar item that derives its value from its intellectual content rather than its physical attributes.		lead to inconsistencies in transfer pricing practices, especially for multinational companies involved in cross-border transactions.
166	92CA	<b>Reference to Transfer Pricing Officer.</b>	<b>Reference to Transfer Pricing Officer.</b>		
		(3B) The arm's length price, being determined in relation to the international transaction or the specified domestic transaction under sub-section (3) for any previous year shall apply to similar international transaction or specified domestic transaction for the two consecutive previous years immediately following such previous year, on fulfilment of the following conditions, namely:— (a) the assessee exercises an option or options to the above effect for the said two consecutive previous	(9) The arm's length price, being determined in relation to the international transaction or the specified domestic transaction under sub-section (6) for any tax year shall apply to similar international transaction or specified domestic transaction for the two consecutive tax years immediately following such tax	1. The taxpayer may be permitted to exercise the option for either one or two consecutive years.  2. The taxpayer may be given an option to exercise rollback for the	Providing flexibility to opt for either one or two consecutive years allows the taxpayer to align the option with their business cycle and promotes voluntary compliance.  Allowing rollback enhances certainty and reduces prolonged



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		<p>years; (b) such option or options are exercised in such form, manner and within such period as prescribed; and, (c) the Transfer Pricing Officer shall, within one month from the end of the month in which such option or options are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed: Provided that the provisions of this subsection shall not apply to any proceedings under Chapter XIV-B.</p> <p>(4A) Notwithstanding anything contained in sub-section (4), where the Transfer Pricing Officer has declared an option exercised by the assessee as valid option under sub-section (3B), he shall examine and determine the arm's length price in relation to such similar transaction for two consecutive previous years immediately following such previous year, in the order referred to in sub-section (3) and on receipt of such order, the Assessing Officer</p>	<p>year, on fulfilment of the following conditions:—</p> <p>(a) the assessee exercises an option or options to the above effect for the said two consecutive tax years; (b) such option or options are exercised in such form, manner and within such period as prescribed; and, (c) the Transfer Pricing Officer shall, within one month from the end of the month in which such option or options are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed.</p> <p>(10) The provisions of sub-section (9) shall not apply to any proceedings under Chapter XVI-B.</p>	<p>two immediately preceding previous years, subject to fulfilment of specified conditions. Rollback may not be permitted in cases where the determination of ALP of the said international transaction has been subject matter of an appeal before the Appellate Tribunal and the Appellate Tribunal has passed an order disposing of such appeal at any time before exercise of option.</p> <p>3. The phrase "similar transaction" may be</p>	<p>litigation for past years, encouraging taxpayers to opt for the arrangement.</p>



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		shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of sub-section (21) of section 155.		elucidated to ensure clarity.	
170	92CE	<b>Secondary adjustment in certain cases.</b>	<b>Secondary adjustment in certain cases</b>		
		<p>(1) Where a primary adjustment to transfer price,—</p> <p>(i) has been made suo motu by the assessee in his return of income;</p> <p>(ii) made by the Assessing Officer has been accepted by the assessee;</p> <p>(iii) is determined by an advance pricing agreement entered into by the assessee under section 92CC, on or after the 1st day of April, 2017;</p>	<p>(1) An assessee shall make a secondary adjustment in every case where primary adjustment of one crore rupees or more to transfer price—</p> <p>(a) has been made on his own in his return of income;</p> <p>(b) made by the Assessing Officer has been accepted by him;</p> <p>(c) is determined by an advance pricing agreement entered into by him under section 168;</p>	<p>In certain cases, secondary adjustments create unnecessary compliance burdens without meaningful benefits, such as:</p> <p>&gt; When the Ultimate Parent Entity (UPE) is in India, as funds remain within the same economic jurisdiction.</p>	<p>Secondary adjustments are intended to ensure that transfer pricing adjustments reflect actual cash repatriation, but in certain cases, they create unnecessary complexities without adding value.</p> <p>In transactions between two Non-Residents (NR to NR), the transaction occurs entirely outside</p>



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		<p>(iv) is made as per the safe harbour rules framed under section 92CB; or</p> <p>(v) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or section 90A for avoidance of double taxation, the assessee shall make a secondary adjustment:</p> <p>Provided that nothing contained in this section shall apply, if,—</p> <p>(i) the amount of primary adjustment made in any previous year does not exceed one crore rupees; or</p> <p>(ii) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016:</p> <p>Provided further that no refund of taxes paid, if any, by virtue of provisions of this sub-</p>	<p>(d) is made as per the safe harbour rules made under section 167; or</p> <p>(e) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 159 for avoidance of double taxation.</p>	<p>&gt; When the adjustment is determined in the hands of Non-Residents (NR), including NR-to-NR and NR-to-Resident transactions, where repatriation or fund movement complexities arise.</p> <p>&gt; In cases of Deemed International Transactions (DIT), where no actual cash flow occurs, making secondary adjustments redundant.</p> <p>Providing exemptions in these scenarios would align with practical business considerations,</p>	<p>India, with no direct impact on Indian tax jurisdiction. Imposing secondary adjustments in such cases leads to undue compliance burdens without aligning with the arm's length principle.</p> <p>When the Ultimate Parent Entity (UPE) is in India, secondary adjustments become redundant since the overall economic impact remains within the country. Enforcing such adjustments does not contribute to revenue protection but increases administrative challenges.</p>



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		<p>section as they stood immediately before their amendment by the Finance (No. 2) Act, 2019 shall be claimed and allowed.</p> <p>(2) Where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money or part thereof, as the case may be, which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.</p> <p>Explanation.—For the removal of doubts, it is hereby clarified that the excess money or part thereof may be repatriated from any of the</p>		<p>reduce unnecessary administrative costs, and improve ease of compliance.</p>	<p>In Deemed International Transactions (DIT) cases, where transfer pricing adjustments are determined in the hands of a non-resident, applying secondary adjustments may lead to complexities, particularly when the non-resident does not have a substantial economic nexus with India. This could result in double taxation, excessive compliance requirements, or reporting obligations without any real economic impact on India's tax base.</p> <p>Aligning secondary adjustment requirements</p>



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		<p>associated enterprises of the assessee which is not a resident in India.</p> <p>(2A) Without prejudice to the provisions of sub-section (2), where the excess money or part thereof has not been repatriated within the prescribed time, the assessee may, at his option, pay additional income-tax at the rate of eighteen per cent on such excess money or part thereof, as the case may be.</p> <p>(2B) The tax on the excess money or part thereof so paid by the assessee under sub-section (2A) shall be treated as the final payment of tax in respect of the excess money or part thereof not repatriated and no further credit therefor shall be claimed by the assessee or by any other person in respect of the amount of tax so paid.</p> <p>(2C) No deduction under any other provision of this Act shall be allowed to the assessee in</p>	<p>(2) The excess money or part thereof available with its associated enterprise shall be deemed to be an advance made</p>	<p>2. It is suggested that interest income pursuant to secondary adjustments under</p>	<p>with practical realities would streamline compliance, reduce unnecessary administrative costs, and ensure a fairer application of transfer pricing regulations.</p> <p>Further repatriation of profits are subject to FEMA restrictions. Hence, there is a need to realign section 92CE with the restrictions under FEMA regulations.</p> <p>2. Section 92CE provides for computation of interest income in pursuance of secondary adjustment, which is considered as</p>



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		<p>respect of the amount on which tax has been paid in accordance with the provisions of sub-section (2A).</p> <p>(2D) Where the additional income-tax referred to in sub-section (2A) is paid by the assessee, he shall not be required to make secondary adjustment under sub-section (1) and compute interest under sub-section (2) from the date of payment of such tax.</p> <p>(3) For the purposes of this section,—</p> <p>(i) "associated enterprise" shall have the meaning assigned to it in sub-section (1) and sub-section (2) of section 92A;</p> <p>(ii) "arm's length price" shall have the meaning assigned to it in clause (ii) of section 92F;</p> <p>(iii) "excess money" means the difference between the arm's length price determined in primary adjustment and the price at which the</p>	<p>by the assessee to such associated enterprise if—</p> <p>(a) as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee; and</p> <p>(b) such excess money or part thereof is not repatriated to India within the time as prescribed.</p> <p>(3) The excess money or part thereof referred to in sub-section (2) may be repatriated from any of the associated enterprises of the assessee which is not a resident in India.</p> <p>(4) The interest on advance as referred to in sub-section (2) shall be computed in such manner as prescribed.</p>	<p>section 92CE may be included in the definition of income under section 2(49).</p>	<p>deemed income. However, the same is not specifically included in the definition of income under section 2(24).</p>



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		<p>international transaction has actually been undertaken;</p> <p>(iv) "primary adjustment" to a transfer price, means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;</p> <p>(v) "secondary adjustment" means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.</p>	<p>(5) Without prejudice to the provisions of sub-section (2), where the excess money or part thereof has not been repatriated within the prescribed time, the assessee may, at his option, pay additional income-tax at the rate of 18% on such excess money or part thereof, as the case may be</p> <p>(6) The tax on the excess money or part thereof so paid by the assessee under sub-section (5) shall be treated as the final payment of tax in respect of the excess money or part thereof not repatriated and no further credit thereof shall be claimed by the assessee or by any other person in respect of tax so paid.</p> <p>(7) Deduction under any other provision of this Act shall not be allowed to the assessee in respect of the</p>		



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			<p>amount on which tax has been paid as per sub-section (5).</p> <p>(8) In a case where the additional income-tax referred to in sub-section (5) is paid by the assessee, he shall not be required to make secondary adjustment under sub-section (1) and compute interest under sub-section (4) from the date of payment of such tax.</p> <p>(9) In this section,—</p> <p>a) “arm’s length price” shall have the meaning assigned to it in section 173(a);</p> <p>(b) “excess money” means the difference between the arm’s length price determined in primary adjustment and the price at which the international transaction has actually been undertaken;</p>		



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			<p>(c) “primary adjustment” to a transfer price, means the determination of transfer price as per the arm’s length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;</p> <p>(d) “secondary adjustment” means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.</p>		



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177	94B	<b>Limitation on interest deduction in certain cases -</b>	<b>Limitation on interest deduction in certain cases -</b>		
		(1) Notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (2) :	(1) Irrespective of anything contrary in this Act, any expenditure by way of interest or similar payment in respect of excess interest, as specified in sub-section (4), shall not be deductible in computation of income chargeable under the head "Profits and gains of business or profession", if,— (a) it is paid or payable by an Indian company or a permanent establishment of a foreign company in India, in respect of any debt issued by an associated enterprise which is a non-resident; and (b) the sum of such expenditure in a tax year exceeds one crore rupees.	It is suggested that – (a) for the purpose of computing 'excess interest' under section 177(4), the term 'total interest paid or payable' should only include interest paid to the associated enterprises. (b) borrowings by Indian companies backed by corporate guarantee may be excluded from applicability of section 177.	Whereas section 177(4) defines excess interest as the total interest payable in excess of 30% of EBITDA, section 177(1)(a) indicates that the disallowance is in relation to interest in respect of debt issued by a non-resident associated enterprise of the borrower. The issue under consideration is whether for purpose of determining the amount of excess interest under section 177(4), interest paid to



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.</p> <p>(1A) Nothing contained in sub-section (1) shall apply to interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident, being a person engaged in the business of banking.</p> <p>(2) For the purposes of sub-section (1), the excess interest shall mean an amount of total interest paid or payable in excess of thirty per cent of earnings before interest, taxes, depreciation and amortisation of the borrower in the previous year or interest paid or payable</p>	<p>(2) Where a lender, not being an associated enterprise, has issued a debt referred to in sub-section (1), such debt shall be deemed to have been issued by an associated enterprise if an associated enterprise has—</p> <p>(a) provided an implicit or explicit guarantee to the lender in respect of such debt; or</p> <p>(b) deposited a corresponding and matching funds with such lender.</p> <p>(3) The provisions of this section shall not apply to—</p> <p>(a) interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident engaged in the business of banking;</p>	<p>(c) loan taken from an Indian bank which is guaranteed by a non-resident associated enterprise be excluded from the scope of section 177.</p>	<p>third party lenders (i.e. other than associated enterprises) should be included in ‘total interest paid or payable’ or it should only include interest paid or payable to associated enterprises.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>to associated enterprises for that previous year, whichever is less.</p> <p>(3) Nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance 33[or a Finance Company located in any International Financial Services Centre,] 34-35[or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf].</p> <p>(4) Where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction</p>	<p>(b) an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance or a Finance Company located in any International Financial Services Centre, or such class of non-banking financial companies as notified by the Central Government in this behalf.</p> <p>(4) In sub-section (1), the "excess interest" means— (a) In total interest paid or payable in excess of 30% of earnings before interest, taxes, depreciation and amortisation of the borrower in the tax year; or (b) interest paid or payable to associated enterprises for that tax year, whichever is less.</p> <p>(5) Interest expenditure not wholly deducted against income under the head</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year to the extent of maximum allowable interest expenditure in accordance with sub-section (2):</p> <p>Provided that no interest expenditure shall be carried forward under this sub-section for more than eight assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.</p>	<p>“Profits and gains of business or profession” for any tax year shall be—</p> <p>(a) carried forward to the following tax year or years; and (b) allowed as a deduction against the profits and gains, if any, of any business or profession carried on by it and assessable for such tax year, to the extent of maximum allowable interest expenditure as per sub-section (4).</p> <p>(6) The interest expenditure referred to in sub-section (5) shall not be carried forward for more than eight tax years immediately succeeding the tax year for which the excess interest expenditure was first computed.</p>		



**CHAPTER XI**  
**GENERAL ANTI-AVOIDANCE RULE**

1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
179	96	<b>Impermissible avoidance arrangement.</b>	<b>Impermissible avoidance arrangement.</b>		
		<p>(1) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—</p> <p>(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;</p> <p>(b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;</p>	<p>(1) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—</p> <p>(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;</p> <p>(b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;</p>	<p>The meaning of "arm's length" may be defined as follows:</p> <p>'arm's length' shall be understood to mean a relationship that reflects independent and commercially rational conduct between unrelated parties"</p> <p>In the alternative, arm's length can be defined to have the meaning assigned in section 173(a)</p>	<p>Definition of 'arm's length' may be incorporated to provide clarity or reduce litigations.</p> <p>Alternatively, specific reference may be given to clause (a) of section 173 of the Income-tax Bill, 2025 which defines the meaning of the term "arm's length price". At present, the meaning of arm's length is defined in clause (a) of section 173 solely for the purpose of transfer pricing provisions.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or</p> <p>(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for <i>bona fide</i> purposes.</p> <p>(2) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.</p>	<p>(c) lacks commercial substance or is deemed to lack commercial substance under section 180, in whole or in part; or</p> <p>(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for <i>bona fide</i> purposes.</p> <p>(2) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, irrespective of the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
183	100	<b>Application of this Chapter.</b>	<b>Application of this Chapter.</b>		
		The provisions of this Chapter shall apply in addition to, or in lieu of, any other basis for determination of tax liability.	The provisions of this Chapter— (a) in addition to, or in lieu of, any other basis for determination of tax liability;	Section 183 to be redrafted as follows - The provisions of this Chapter <b>shall apply</b> —	The sentence is incomplete and is not conveying the desired meaning without the words <b>“shall apply”</b> . Hence, it needs to be redrafted to include these words.
183	101	<b>Framing of guidelines.</b>	(b) as per such guidelines and subject to such conditions, as prescribed.	(a) in addition to, or in lieu of, any other basis for determination of tax liability;  (b) as per such guidelines and subject to such conditions, as prescribed.	
184	102	<b>Definitions.</b>	<b>Interpretation.</b>		
		In this Chapter, unless the context otherwise requires,— (2) "asset" includes property, or right, of any kind;	In this Chapter, unless the context otherwise requires,— (3) “asset” includes property, or right, of any kind;	Sub-clause (3) may be substituted with the following :	Virtual Digital Asset’ as defined in 2(111) of Income-tax Bill, 2025 may be specifically included in the definition of asset.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				(3) "asset" includes property, or right, of any kind or <b>Virtual Digital Asset</b> ;	
		<p>(10) "tax benefit" includes,—</p> <p>(a) a reduction or avoidance or deferral of tax or other amount payable under this Act; or</p> <p>(b) an increase in a refund of tax or other amount under this Act; or</p> <p>(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or</p> <p>(d) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or</p> <p>(e) a reduction in total income; or</p>	<p>(11) "tax benefit" includes,—</p> <p>(a) a reduction or avoidance or deferral of tax or other amount payable under this Act; or</p> <p>(b) an increase in a refund of tax or other amount under this Act; or</p> <p>(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or</p> <p>(d) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or</p> <p>(e) a reduction in total income; or</p>	<p>1. Computation of tax benefit on deferral of tax (which is merely a timing difference) needs to be clarified.</p> <p>2. In sub-clauses (e) and (f) of clause (11), the reference to</p>	<p>1. Computation of tax benefit on deferral of tax (which is merely a timing difference) needs to be clarified. In cases of tax deferral, the only benefit to the taxpayer is not paying taxes in one year but paying it in a later year. Overall, there may not be any tax benefit but the benefit is in terms of the present value of money.</p> <p>2. Sub-clauses (e) and (f) in the definition refer to "reduction of</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(f) an increase in loss, in the relevant previous year or any other previous year;	(f) an increase in loss, in the relevant tax year or any other tax year;	income/loss should not be the base for defining the term ‘tax benefit’. Sub-clauses (e) and (f) of clause (11) may be appropriately worded to correspond with the ‘tax’ amount.  3. For the sake of clarity, it may be specified that “tax benefit” for the purposes of the threshold shall include only income tax and shall not include other amounts like interest, etc.	total income” and “increase in loss” as tax benefit. An ambiguity arises as to how tax benefit is conditioned at income / loss level. This may also defeat the objective of tax benefit threshold to be provided in Rules.  3. The term “tax benefit” has been defined to include tax or other amount payable under this Act or reduction in income or increase in loss. The other amount could cover interest.



**CHAPTER XII**  
**MODE OF PAYMENT IN CERTAIN CASES, ETC.**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<b>Mode of Payment in certain Cases, etc.</b>	<b>Mode of Receipt or Repayment in Certain Cases. Etc.</b>	The Chapter heading may be modified to include receipts and repayments as well since section 185 and 186 deal with receipts and section 188 deals with repayment.
185	269SS	<b>Mode of taking or accepting certain loans, deposits and specified sum -</b>	<b>Mode of taking or accepting certain loans, deposits and specified sum -</b>		
		No person shall take or accept from any other person (herein referred to as the depositor), any loan or deposit or any specified sum, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account or	(1) No person shall take or accept from another person any loan or deposit or specified sum, except through— (a) an account payee cheque; (b) account payee bank draft; (c) electronic clearing system through a bank account; or (d) any other prescribed electronic mode,	1. Word “or” may be inserted after clause (a) as well as clause (b) in sub-section (1):  The opening para be redrafted as follows -	1. Since receipt of loan or deposit or specified sum is allowed in any of the modes mentioned in clauses (a) to (d) of sub-section (1), it is necessary to use the word “or” after each of the clauses (a), (b) and (c) to convey the correct intent of the provision.  Alternatively, it may be referred to as “specified banking and online



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>through such other electronic mode as may be prescribed, if,—</p> <p>(a) the amount of such loan or deposit or specified sum or the aggregate amount of such loan, deposit and specified sum; or</p> <p>(b) on the date of taking or accepting such loan or deposit or specified sum, any loan or deposit or specified sum taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid; or</p> <p>(c) the amount or the aggregate amount referred to in clause (a) together with the amount or the aggregate amount referred to in clause (b), is twenty thousand rupees or more:</p>	<p>if,—</p> <p>(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or</p> <p>(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in clause (i); or</p> <p>(iii) the aggregate of the amounts referred to in of clauses (i) and (ii), is twenty thousand rupees or more.</p> <p>(2) Sub-section (1) shall not apply to loans or deposits or specified sums taken or accepted from or by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank, or co-operative bank;</p>	<p>(1) No person shall take or accept from another person any loan or deposit or specified sum, except through—</p> <p>(a) an account payee cheque; <b>or</b></p> <p>(b) account payee bank draft; <b>or</b></p> <p>(c) electronic clearing system through a bank account; or</p> <p>(d) any other prescribed electronic mode,</p> <p><b>(or)</b></p>	<p>mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><i>Provided</i> that the provisions of this section shall not apply to any loan or deposit or specified sum taken or accepted from, or any loan or deposit or specified sum taken or accepted by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank or co-operative bank;</p> <p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013);</p> <p>(e) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to</p>	<p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined under section 2(45) of the Companies Act, 2013;</p> <p>(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p> <p>(3) The provisions of sub-section (1) shall not apply to any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act.</p> <p>(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan, where—</p>	<p>(1) No person shall take or accept from another person any loan or deposit or specified sum, except through <b>specified banking or online mode.</b></p> <p><b>2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.</b></p>	<p><b>2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be recorded in writing, notify in this behalf in the Official Gazette:</p> <p><i>Provided further</i> that the provisions of this section shall not apply to any loan or deposit or specified sum, where the person from whom the loan or deposit or specified sum is taken or accepted and the person by whom the loan or deposit or specified sum is taken or accepted, are both having agricultural income and neither of them has any income chargeable to tax under this Act:</p> <p><i>Provided also</i> that the provisions of this section shall have effect, as if for the words "twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,—</p>	<p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member.</p> <p>(5) In this section, "loan or deposit" means loan or deposit of money.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.]</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "banking company" means a company to which the provisions of the Banking Regulation Act, 1949 (10 of 1949) applies and includes any bank or banking institution referred to in section 51 of that Act;</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>[(ii) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the <i>Explanation</i> to subsection (4) of section 80P;]</p> <p>(iii) "loan or deposit" means loan or deposit of money;</p> <p>(iv) "specified sum" means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
186	269ST	<b>Mode of undertaking transactions -</b>	<b>Mode of undertaking transactions -</b>		
		<p>No person shall receive an amount of two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person,</p> <p>otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed:</p>	<p>(1) No person shall receive two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person, except through—</p> <p>(i) an account payee cheque;</p> <p>(ii) account payee bank draft;</p> <p>(iii) electronic clearing system through a bank account; or</p> <p>(iv) any other electronic mode, as prescribed.</p> <p>(2) Sub-section (1) shall not apply to—</p>	<p>Word “or” may be inserted after clause (i) as well as in clause (ii) in the exceptions stated in sub-section (1), which is reproduced hereunder -</p> <p>“except through—</p> <p>(i) an account payee cheque; <b>or</b></p> <p>(ii) account payee bank draft; <b>or</b></p> <p>(iii) electronic clearing system through a bank account; or</p>	<p>1. Since receipt is allowed in any of the modes mentioned in clauses (i) to (iv) of sub-section (1), it is necessary to use the word “or” after each of the clauses (i), (ii) and (iii) to convey the correct intent of the provision.</p> <p>Alternatively, it may be referred to as “specified banking and online mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that the provisions of this section shall not apply to—</p> <p>(i) any receipt by—</p> <p>(a) Government;</p> <p>(b) any banking company, post office savings bank or co-operative bank;</p> <p>(ii) transactions of the nature referred to in section 269SS;</p> <p>(iii) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "banking company" shall have the same meaning as assigned to it in clause (i) of the Explanation to section 269SS;</p>	<p>(a) any receipt by Government, any banking company, post office savings bank, or co-operative bank;</p> <p>(b) transactions of the nature referred to in section 185;</p> <p>(c) such other persons or class of persons or receipts, as notified by the Central Government.</p>	<p>(iv) any other electronic mode, as prescribed.</p> <p><b>(or)</b></p> <p>(1) No person shall receive two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person, except through</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(b) "co-operative bank" shall have the same meaning as assigned to it in clause (ii) of the Explanation to section 269SS.		<p><b>specified banking or online mode.</b></p> <p><b>2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.</b></p>	<p><b>2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.</b></p>
188	269T	<b>Mode of repayment of certain loans or deposits.</b>	<b>Mode of repayment of certain loans or deposits.</b>	<p>In the section heading, the words "specified advances" may be inserted –</p> <p>Mode of repayment of certain loans or deposits <b>or</b></p>	<p>Since the section covers mode of repayment of certain loans, deposits as well as specified advances, reference to "specified advances" to be included in the section heading."</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				<b>specified advances.</b>	
		<p>No branch of a banking company or a co-operative bank and no other company or co-operative society and no firm or other person shall repay any loan or deposit made with it or any specified advance received by it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance, or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed if—</p> <p>(a) the amount of the loan or deposit or specified advance</p>	<p>(1) No branch of a banking company or co-operative bank and no other company or co-operative society and no firm or other person shall repay—</p> <p>(a) any loan or deposit made with it; or</p> <p>(b) any specified advance received by it, except through—</p> <p>(i) an account payee cheque; or</p> <p>(ii) account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance; or</p> <p>(iii) by use of electronic clearing system through a bank account, or any other prescribed electronic mode,</p> <p>if,—</p>	<p>1.The opening para of sub-section (1) may be redrafted as follows -</p> <p>(1) No branch of a banking company or co-operative bank and no other company or co-operative society and no firm or other person shall repay—</p> <p>(a) any loan or deposit made with it; or</p>	<p>1.Reference may be given to “specified banking and online mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>together with the interest, if any, payable thereon, or</p> <p>(b) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm, or other person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such loans or deposits, or</p> <p>(c) the aggregate amount of the specified advances received by such person either in his own name or jointly with any other person on the date of such repayment together with the</p>	<p>(A) loan or deposit or specified advance, together with the interest, if any, payable thereon; or</p> <p>(B) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm or other person (either individually or jointly) on the date of such repayment together with interest, if any, payable thereon; or</p> <p>(C) the aggregate amount of the specified advances received by such person (either individually or jointly) on the date of such repayment together with the interest, if any, payable thereon, is twenty thousand rupees or more.</p> <p>(2) Irrespective of the provision in sub-section (1), a branch of a banking company or co-operative bank, may also make the repayment by crediting such</p>	<p>(b) any specified advance received by it,</p> <p>except through <b>specified banking or online mode</b> if-</p> <p><b>2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.</b></p>	<p><b>2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>interest, if any, payable on such specified advances,</p> <p>is twenty thousand rupees or more:</p> <p>Provided that where the repayment is by a branch of a banking company or co-operative bank, such repayment may also be made by crediting the amount of such loan or deposit to the savings bank account or the current account (if any) with such branch of the person to whom such loan or deposit has to be repaid :</p> <p>Provided further that nothing contained in this section shall apply to repayment of any loan or deposit or specified advance taken or accepted from—</p>	<p>loan or deposit to the savings bank account or current account, if any, with such branch of the person to whom such loan or deposit has to be repaid.</p> <p>(3) Sub-section (1) shall not apply to repayment of any loan, deposit, or specified advance taken or accepted from—</p> <p>(a)Government;</p> <p>(b)any banking company, post office savings bank, or co-operative bank;</p> <p>(c)any corporation established by a Central, State, or Provincial Act;</p> <p>(d)any Government company as defined in section 2 (45) of the Companies Act, 2013;</p> <p>(e)any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) Government;</p> <p>(ii) any banking company, post office savings bank or co-operative bank;</p> <p>(iii) any corporation established by a Central, State or Provincial Act;</p> <p>(iv) any Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956);</p> <p>(v) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette:</p> <p><sup>93</sup><i>Provided also</i> that the provisions of this section shall have effect, as if for the words</p>	<p>(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan where—</p> <p>(a) such deposit is paid to a member by a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or</p> <p>(b) such loan is repaid by a member to a primary agricultural credit society or a primary co-operative agricultural and rural development bank.</p> <p>(5) In this section, “loan or deposit” means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>"twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,—</p> <p>(a) such deposit is paid by a primary agricultural credit society or a primary co-operative agricultural and rural development bank to its member; or</p> <p>(b) such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.</p>			
189		<p>Explanation.—For the purposes of this section,—</p> <p>(i) "banking company" shall have the meaning assigned to it in clause (i) of the Explanation to section 269SS;</p> <p>[(ii) "co-operative bank", "primary agricultural credit</p>	<p><b>Interpretation.</b></p> <p>In this Chapter, unless the context otherwise requires,—</p> <p>(a) "banking company" means a company to which the provisions of the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act;</p>		
		<p>(i) "banking company" shall have the meaning assigned to it in clause (i) of the Explanation to section 269SS;</p> <p>[(ii) "co-operative bank", "primary agricultural credit</p>	<p>(b) "Co-operative bank", "primary agricultural credit society", and "primary co-operative agricultural and</p>		<p>The term co-operative bank is used in section 185(2), 186(2), and 188(1)/(2). Thus, it needs to be defined in section 189.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in Explanation to sub-section (4) of section 80P;]</p> <p>(iii) "loan or deposit" means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature;</p> <p>(iv) "specified advance" means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>	<p>(b) "primary agricultural credit society", and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in section 149(6);</p> <p>(c) "specified sum" means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place;</p> <p>(d) "specified advance" means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>	<p>rural development bank" shall have the meanings respectively assigned to them in section 149(6);</p>	



**Consolidated section for sections 185, 186 and 188 of the Income-tax Bill, 2025**

**185.** No person shall undertake a transaction specified in column (2) of Table 185 of an amount or aggregate of amounts, as the case may be, referred to therein equal to or exceeding the threshold specified in column (3) of the table otherwise than by specified banking or online mode, except in cases mentioned in column 4 thereof.

**Table 185**

1	2	3	4
Sl. No.	Transaction	Threshold	Non-applicability
1	Taking or accepting from another person any loan or deposit of money or specified sum	<p><b>I In cases other than specified in II below -</b></p> <p>(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or</p> <p>(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in (i); or</p> <p>(iii) the aggregate of the amounts referred to in of (i) and (ii),</p> <p><b>the threshold is Rs.20,000.</b></p> <p><b>II In the case of any deposit or loan, where—</b></p> <p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member,</p> <p><b>the threshold mentioned in (i), (ii) or (iii) in I above is Rs.2,00,000.</b></p>	<p>1. Any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act.</p> <p>2. Loans or deposits or specified sums taken or accepted from or by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank, or co-operative bank;</p> <p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined under section 2(45) of the Companies Act, 2013;</p> <p>(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p>



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2	Receiving sum of money	<p>Rs. 2 lakh or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person,</p>	<ol style="list-style-type: none"> <li>1. any receipt by Government, any banking company, post office savings bank, or co-operative bank;</li> <li>2. transactions of the nature referred to in section 185;</li> <li>3. such other persons or class of persons or receipts, as notified by the Central Government.</li> </ol>
3	Repayment of loan or deposit or specified advance	<p><b>I In cases, other than specified in (II) below -</b></p> <p>(A) loan or deposit or specified advance, together with the interest, if any, payable thereon; or</p> <p>(B) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm or other person (either individually or jointly) on the date of such repayment together with interest, if any, payable thereon; or</p> <p>(C) the aggregate amount of the specified advances received by such person (either individually or jointly) on the date of such repayment together with the interest, if any, payable thereon,</p> <p>the threshold is Rs.20,000 .</p> <p><b>II Any deposit or loan where—</b></p> <p>(a) such deposit is paid to a member by a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or</p> <p>(b) such loan is repaid by a member to a primary agricultural credit society or a primary co-operative agricultural and rural development bank,</p> <p><b>the threshold mentioned in (i), (ii) or (iii) in I above is Rs.2,00,000.</b></p>	<ol style="list-style-type: none"> <li>1. Repayment by a branch of a banking company or a co-operative bank by crediting such loan or deposit to the savings bank account or current account, if any, with such branch of the person to whom such loan or deposit has to be repaid.</li> <li>2. Repayment of any loan, deposit, or specified advance taken or accepted from— <ol style="list-style-type: none"> <li>(a) Government;</li> <li>(b) any banking company, post office savings bank, or co-operative bank;</li> <li>(c) any corporation established by a Central, State, or Provincial Act;</li> <li>(d) any Government company as defined in section 2(45) of the Companies Act, 2013;</li> <li>(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</li> </ol> </li> </ol>



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Note – In case of Sl. No.3 above,

(i) person repaying refers to a branch of a banking company or co-operative bank or any other company or co-operative society or firm or other person.

(ii) loan or deposit” means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.

Clause (36) of section 66 defines “Specified Banking or Online Mode” shall mean transaction by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, as prescribed. This definition may be incorporated in section 2 and reference of the clause of section 2 can be given in this section.



## CHAPTER XIII

### DETERMINATION OF TAX IN SPECIAL CASES

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>A.—Determination of tax in certain special cases</b>					
194	115B, 115BB, 115BBF, 115BBG, 115BBH, 115BBJ		<b>Tax on certain incomes.</b>		
		<b>115BB - Tax on winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling or betting of any form or nature whatsoever.</b>  Where the total income of an assessee includes any income by way of winnings from any lottery or crossword puzzle or race including horse race (not being income from the activity of owning and maintaining race horses) or card	(1) Irrespective of anything contained in any other provision of this Act, where the total income of an assessee as mentioned in column B of the Table below, includes income of the nature specified in column C of the said Table, the income-tax payable by such assessee, for a tax year, shall be the aggregate of—  (a) income-tax calculated on income mentioned in column C, at the rate mentioned in column D,		



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1	2	3	4	5	6																				
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change																				
		<p>game and other game of any sort or from gambling or betting of any form or nature whatsoever, the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on income by way of winnings from such lottery or crossword puzzle or race including horse race or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, at the rate of thirty per cent; and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (i):</p> <p>[Provided that nothing contained in this section shall apply to income by way of winnings from any online game for the assessment year beginning on or after the 1st day of April, 2024.</p> <p>Explanation.— For the purposes of this section,—</p>	<p>subject to the conditions specified in the Notes relating to the respective serial number; and</p> <p>(b) income-tax with which the assessee would have been chargeable had his total income been reduced by income mentioned in column C thereof.</p> <table border="1" data-bbox="1012 810 1615 1436"> <thead> <tr> <th colspan="5" data-bbox="1012 810 1615 882">Table</th> </tr> <tr> <th data-bbox="1012 882 1081 1058">Sl. No.</th> <th data-bbox="1081 882 1173 1058">Assessee</th> <th data-bbox="1173 882 1447 1058">Income</th> <th data-bbox="1447 882 1509 1058">Rate of tax</th> <th data-bbox="1509 882 1615 1058">Conditions</th> </tr> <tr> <th data-bbox="1012 1058 1081 1129">A</th> <th data-bbox="1081 1058 1173 1129">B</th> <th data-bbox="1173 1058 1447 1129">C</th> <th data-bbox="1447 1058 1509 1129">D</th> <th data-bbox="1509 1058 1615 1129">E</th> </tr> </thead> <tbody> <tr> <td data-bbox="1012 1129 1081 1436">1.</td> <td data-bbox="1081 1129 1173 1436">Any person.</td> <td data-bbox="1173 1129 1447 1436">Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or</td> <td data-bbox="1447 1129 1509 1436">30%</td> <td data-bbox="1509 1129 1615 1436">Nil.</td> </tr> </tbody> </table>	Table					Sl. No.	Assessee	Income	Rate of tax	Conditions	A	B	C	D	E	1.	Any person.	Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or	30%	Nil.		
Table																									
Sl. No.	Assessee	Income	Rate of tax	Conditions																					
A	B	C	D	E																					
1.	Any person.	Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or	30%	Nil.																					



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		(i) "horse race" shall have the meaning assigned to it in section 74A; (ii) "online game" shall have the meaning assigned to it in section 115BBJ.]		(c) race including horse race (not being income from the activity of owning and maintaining race horses); or  (d) card game and other game of any sort; or  (e) gambling or betting of any form or nature.	Clause (d) of sub-section (2) may be substituted as follows:  (d) "horse race" shall have the meaning assigned to it in section <del>115</del> <b>94(6)</b> .	Section 115(4)(c) defines the term "race horse" not "horse race" In this section, term income from horse race is taxable, thus the term "horse race" needs to be
			(2) In this section,—  (d) "horse race" shall have the meaning assigned to it in section 115;			



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1	2	3	4				5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
								defined. The term “horse race” is defined u/s 94(6). Accordingly, subsection (2)(d) may be amended to give reference of section 94(6) instead of section 115.	
		<p><b>115BBF- Tax on income from patent.</b></p> <p>(1) Where the total income of an eligible assessee includes any income by way of royalty in respect of a patent developed and registered in India, the income-tax payable shall be the aggregate of—</p> <p>(a) the amount of income-tax calculated on the income by way of royalty in respect of the patent at the rate of ten per cent; and</p> <p>(b) the amount of income-tax with which the assessee would have been chargeable had his</p>	2	A person, resident in India and who is a patentee (herein referred to as an eligible assessee).	Royalty in respect of a patent developed and registered in India.	10%	(a) No deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in	In point (2) column C, the text may be amended as follows:  Royalty in respect of a patent, <b>industrial design, copyright, trademark, etc.</b> developed and registered in India.	At present, the coverage of regime has been restricted to Patents only and not available to other IPRs, like industrial design, copyrights, trademarks, etc.



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>total income been reduced by the income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in computing his income referred to in clause (a) of sub-section (1).</p> <p>(3) The eligible assessee may exercise the option for taxation of income by way of royalty in respect of a patent developed and registered in India in accordance with the provisions of this section, in the prescribed manner, on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the relevant previous year.</p> <p>(4) Where an eligible assessee opts for taxation of income by way of royalty in respect of a patent developed and registered in India for any previous year in accordance with the provisions of this section and the assessee offers the income for taxation for any of the five</p>				<p>computing his income referred to in column C;</p> <p>(b) an option for taxation of income by way of royalty in respect of a patent developed and registered in India is exercised in the prescribed manner, on or before the due date specified under section 263(1) for furnishing the return of</p>		<p>The benefit of the regime may be extended to other forms of IPRs, like industrial design, copyrights, trademarks, etc. so as to promote IPR registration in India.</p>



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		assessment years relevant to the previous year succeeding the previous year not in accordance with the provisions of sub-section (1), then, the assessee shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which such income has not been offered to tax in accordance with the provisions of sub-section (1).				income for the relevant tax year;  (c) where an option is exercised under clause (b) and the eligible assessee does not offer its income for taxation as per the provisions of columns C and D for any of the five tax years, succeeding such tax year, then such assessee shall		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
						not be eligible to claim the benefit of the provisions of columns C and D for five tax years subsequent to the tax year in which such income has not been offered to tax as per such provisions.		
		<p>Explanation.—For the purposes of this section,—</p> <p>(a) "developed" means at least seventy-five per cent of the expenditure incurred in India by the eligible assessee for any invention in respect of which patent is granted under the Patents Act,</p>	<p>(2) In this section,—</p> <p>(c) "developed" means at least 75% of the expenditure incurred in India by the eligible assessee for any invention in respect of which patent is granted under the Patents Act, 1970 (herein referred to as the Patents Act);</p>				<p>The term "patentee" defined in clause (k) of section 194(2) may be amended as follows:</p>	<p>The benefit is available to the true and first inventor of the invention only. However, where a company or</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>1970 (39 of 1970) (herein referred to as the Patents Act);</p> <p>(b) "eligible assessee" means a person resident in India and who is a patentee;</p> <p>(c) "invention" shall have the meaning assigned to it in clause (j) of sub-section (1) of section 2 of the Patents Act;</p> <p>(d) "lump sum" includes an advance payment on account of such royalties which is not returnable;</p> <p>(e) "patent" shall have the meaning assigned to it in clause (m) of sub-section (1) of section 2 of the Patents Act;</p> <p>(f) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;</p>	<p>(f) "invention" shall have the same meaning as assigned to it in section 2(1)(j) of the Patents Act;</p> <p>(g) "lump sum" includes an advance payment on account of such royalties which is not returnable;</p> <p>(h) "online game" means a game that is offered on the internet and is accessible by a user through a computer resource including any telecommunication device;</p> <p>(i) "patent" shall have the meaning assigned to it in section 2(1)(m) of the Patents Act;</p> <p>(j) "patented article" and "patented process" shall have the meanings as respectively assigned to them in section 2(1)(o) of the Patents Act;</p> <p>(k) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, as per the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;</p> <p>(l) "royalty", in respect of a patent, means</p>	<p>"patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, as per the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent <b>or a person who</b></p>	<p>other person acquires a patent developed by a person and invests to develop it further to make it marketable, it may not be eligible for the benefit.</p> <p>The existing regime may be liberalised to grant benefit to a person who acquires patent from the 'true and first inventor' and further makes it</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(g) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (o) of sub-section (1) of section 2 of the Patents Act;</p> <p>(h) "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the—</p> <p>(i) transfer of all or any rights (including the granting of a licence) in respect of a patent; or</p> <p>(ii) imparting of any information concerning the working of, or the use of, a patent; or</p> <p>(iii) use of any patent; or</p> <p>(iv) rendering of any services in connection with the activities referred to in sub-clauses (i) to (iii);</p>	<p>consideration (including any lump sum consideration but excluding any consideration which would be the</p> <p>income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the—</p> <p>(i) transfer of all or any rights (including the granting of a licence) in respect of a patent; or</p> <p>(ii) imparting of any information concerning the working of, or the use of, a patent; or</p> <p>(iii) use of any patent; or</p> <p>(iv) rendering of any services in connection with the activities referred to in sub-clauses (i) to (iii);</p> <p>(m) "true and first inventor" shall have the same meaning as assigned to it in section 2(1)(y) of the Patents Act;</p>	<p><b>acquires patent from the 'true and first inventor' and further makes it commercially usable.</b></p>	<p>commercially usable</p> <p>Further, there are no guidelines on outsourcing of R&amp;D functions. Thus, limited outsourcing may also raise an issue on availability of benefit under patent box regime. The benefit of the regime may be available, subject to a reasonable threshold, in cases where IP</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		(i) "true and first inventor" shall have the meaning assigned to it in clause (y) of sub-section (1) of section 2 of the Patents Act.							development is outsourced.
		<p><b>115BBG-Tax on income from transfer of carbon credits.</b></p> <p>(1) Where the total income of an assessee includes any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of—</p> <p>(a) the amount of income-tax calculated on the income by way of transfer of carbon credits, at the rate of ten per cent; and</p> <p>(b) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his</p>	3.	Any person.	Income by way of transfer of carbon credits.	10%	No deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his income referred to column C.	It is suggested that section 2(49) may be amended to include income from transfer of carbon credits in the definition of "Income".	<p>This provision helped resolve the uncertainty and litigation over the taxability of income from transfer of carbon credits.</p> <p>Consequent amendment is required in the definition of the term 'income' under section 2(49) to include the income from transfer of carbon credits.</p>
			(2) In this section,—						
			(a) "carbon credit", in respect of one unit, means reduction of one tonne of carbon dioxide emissions or emission of its equivalent gases which is validated by the United Nations Framework on						



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>income referred to in clause (a) of sub-section (1).</p> <p>Explanation.—For the purposes of this section, "carbon credit" in respect of one unit shall mean reduction of one tonne of carbon dioxide emissions or emissions of its equivalent gases which is validated by the United Nations Framework on Climate Change and which can be traded in market at its prevailing market price.</p>	Climate Change and which can be traded in market at its prevailing market price;						
		<p><b>115BBH - Tax on income from virtual digital asset.</b></p> <p>(1) Where the total income of an assessee includes any income from the transfer of any virtual digital asset, notwithstanding anything contained in any other provision of this Act, the income-tax payable shall be the aggregate of,—</p> <p>(a) the amount of income-tax calculated on the income from transfer of such virtual digital asset at the rate of thirty per cent; and</p>	4.	Any person	Any income from the transfer of any virtual digital asset.	30%	(a) No deduction in respect of any expenditure (other than cost of acquisition, if any) or allowance or set off of any loss shall be allowed to the assessee under any	The provision given in point (a) in Column (D) at point (4) may be amended as follows: No deduction in respect of any expenditure (other than cost of acquisition, if any,	Deduction in respect of brokerage on transfer of virtual digital asset may be allowed while computing income from virtual digital asset, since such expenditure



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) the amount of income-tax with which the assessee would have been chargeable, had the total income of the assessee been reduced by the income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in any other provision of this Act, —</p> <p>(a) no deduction in respect of any expenditure (other than cost of acquisition, if any) or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in clause (a) of sub-section (1); and</p> <p>(b) no set off of loss from transfer of the virtual digital asset computed under clause (a) of sub-section (1) shall be allowed against income computed under any provision of this Act to the assessee and such loss shall not be allowed to be carried forward to succeeding assessment years.</p> <p>(3) For the purposes of this section, the word "transfer" as defined in <u>clause (47) of section 2</u>,</p>				<p>provision of this Act in computing the income referred to in column C; and</p> <p>(b) no set off of loss from transfer of the virtual digital asset computed herein shall be allowed against income computed under any provision of this Act to the assessee and such loss shall not be allowed to be carried forward to</p>	<p><b>brokerage on transfer of virtual digital asset and interest on loan borrowed for acquiring such asset)</b> or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in column C; and</p> <p>Further, point (b) in the same column may be amended as follows:</p> <p>(b) No set off of loss from transfer</p>	<p>incurred should qualify as deduction.</p> <p>Further, it is to be clarified that loss arising from one virtual digital asset can be allowed to set-off against the income from other virtual digital asset. It is an intra-source set-off i.e., set-off within the same source of income, which should be permissible.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change					
		shall apply to any virtual digital asset, whether capital asset or not.	<table border="1" data-bbox="1014 592 1612 683"> <tr> <td></td> <td></td> <td></td> <td></td> <td>succeeding tax years.</td> </tr> </table> <p>(2) In this section,—</p> <p>(n) for the purposes of sub-section (1) (Table: Sl. No. 4), the term “transfer” as defined in section 2(109), shall apply to any virtual digital asset, whether capital asset or not.</p>					succeeding tax years.	of the virtual digital asset computed herein shall be allowed against income computed under any provision of this Act ( <b>other than against income arising from any other virtual digital asset</b> ) to the assessee and such loss shall not be allowed to be carried forward to succeeding tax years.	
				succeeding tax years.						



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
195	115BBE	<p><b>Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.</b></p>	<p><b>Tax on income referred to in section 102 or 103 or 104 or 105 or B.—Special provisions relating to tax on capital gains</b></p>		
		<p>(1) Where the total income of an assessee,—</p> <p>(a) includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under section 139; or</p> <p>(b) determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such income is not covered under clause</p> <p>(a) the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of sixty per cent; and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his</p>	<p>(1) Where the total income of an assessee—</p> <p>(a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return of income furnished under section 263; or</p> <p>(b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a),</p> <p>the income-tax payable shall be the aggregate of—</p> <p>(i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of 60%; and</p> <p>(ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to</p>	<p>Section 195(1)(b)(i) may be amended as follows:</p> <p>(i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of <del>60%</del> <b>30%</b>;</p>	<p>It is suggested that the rate of tax u/s 195 be rationalized. It may be kept @ 30% plus surcharge at the applicable rate and cess @ 4%. Penalty@10% of tax payable under section 443 may continue.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		total income been reduced by the amount of income referred to in clause (i).(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) and clause (b) of sub-section (1).	the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>B.-Special provisions relating to tax on capital gains</b>					
197	112	<b>Tax on long-term capital gains.</b>	<b>Tax on long-term capital gains.</b>		
		<p>(1) Where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,—</p> <p>(a) in the case of an individual or a Hindu undivided family, being a resident,—</p> <p>(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and</p>	<p>(1) Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income, subject to sub-sections (2) and (3), shall be the aggregate of—</p> <p>(a) income-tax payable on the total income as reduced by such long-term capital gains, had the total income, as so reduced, been his total income; and</p> <p>(b) income-tax calculated on such long-term capital gains at the rate of 12.5%.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) the amount of income-tax calculated on such long-term capital gains,—</p> <p>(A) at the rate of twenty per cent for any transfer which takes place before the 23rd day of July, 2024; and</p> <p>(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024:</p>			
		<p>Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause.</p>	<p>(2) In the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by long-term capital gains computed under sub-section (1) is below the maximum amount which is not chargeable to income tax, then,—</p> <p>(a) such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax; and</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(b) the tax on the balance of such long-term capital gains shall be computed at the rate as referred in sub-section (1).		
		(ii) Provided further that in the case of transfer of a long-term capital asset, being land or building or both, which is acquired before the 23rd day of July, 2024, where the income-tax computed under item (B) exceeds the income-tax computed in accordance with the provisions of this Act, as they stood immediately before their amendment by the Finance (No. 2) Act, 2024, such excess shall be ignored;	(3) In the case of an individual or a Hindu undivided family, being a resident, in the case of transfer of a long-term capital asset, being land or building, or both, which is acquired before the 23rd July, 2024, the excess income-tax computed as per the following formula shall be ignored:— $E = A - B$ where— E = excess income-tax to be ignored; A = income-tax computed under clause (b) of sub-section (1); B = income-tax computed under clause (b) of sub-section (1) taking the rate as 20% and the capital gains is computed by taking the cost of acquisition	New sub-section (4) may be inserted as follows: (4) Where a long-term capital loss is computed by taking the cost of acquisition as indexed cost of acquisition and the cost of improvement as indexed cost of improvement, the provisions of Chapter VII shall	Though resident individuals and HUFs can avail the benefit of paying lower taxes/no taxes on account of applying the erstwhile indexation provisions, however, if the resultant figure is a loss, the same cannot be set-off or carried forward, since



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			as indexed cost of acquisition and the cost of improvement as indexed cost of improvement.	apply in respect of such loss.  Alternatively, the option to the assessee being an individual or a HUF resident in India may be allowed while computing long-term capital gain applying the provisions of section 72.	the erstwhile provisions can be applied only for computing tax liability and not for computation of capital gains to be included in total income.
		(2) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by the amount of such income and the deduction	(4) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by such income and the deduction under Chapter VIII shall be allowed as if the gross total		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.</p> <p>Explanation.—For the purposes of this subsection,—</p> <p>(a) the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (32 of 1956);</p> <p>(aa) "listed securities" means the securities which are listed on any recognised stock exchange in India;</p> <p>(ab) "unlisted securities" means securities other than listed securities.</p>	<p>income as so reduced were the gross total income of the assessee.</p> <p>(5) In this section,—</p> <p>(a) "securities" shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;</p> <p>(b) "listed securities" means the securities which are listed on any recognised stock exchange in India;</p> <p>(c) "unlisted securities" means securities other than listed securities;</p> <p>(d) "indexed cost of acquisition" and "indexed cost of improvement" shall have the meanings respectively assigned to them in section 72.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>Part C.-New Tax Regime</b>					
200	115BAA	<b>Tax on income of certain domestic companies.</b>	<b>Tax on income of certain domestic companies.</b>		
		<p>(1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAB, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of twenty-two per cent, if the conditions contained in sub-section (2) are satisfied:</p> <p>(2) For the purposes of sub-section (1), the total income of the company shall be computed,—</p>	<p>(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part, other than sections 199 and 201, the income-tax payable for a tax year shall be at the rate of 22%, at the option of a person being a domestic company, in respect of the total income of such person computed in the following manner:—</p> <p>(a) without any deduction under—</p> <p>(i) sections 45(2)(c) and 47(1)(b); or</p> <p>(ii) Chapter VIII other than the provisions of section 146; or</p> <p>(iii) sections specified in section 205(1)(a) to (g);</p>	<p>Sub-section (1) to be redrafted as follows-</p> <p>(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part, other than sections 199 and 201, the income-tax payable for a tax year shall be at the rate of 22%, at the option of a person being a domestic company, in respect of the total income of</p>	<p>Section 115BAA of the Income-tax Act, 1961 contains the special tax regime for computing total income and tax liability of domestic companies. The domestic companies were subject to a concessional rate of</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;</p> <p>(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);</p> <p>(iii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and</p>	<p>(b) without set off of any loss carried forward or depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred to in clause (a);</p> <p>(c) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 116(1), if such loss or depreciation is attributable to any of the deductions referred to in clause (a).</p> <p>(2) Where the person fails to satisfy the requirements contained in sub-section (1) in any tax year, the option shall become invalid in respect of the said tax year and subsequent years and other provisions of the Act shall apply, as if the option had not been exercised for such tax year and for subsequent years.</p>	<p>such person computed in the following manner:—</p> <p>(a) without any deduction under—</p> <p>(i) sections 45(2)(c) and 47(1)(b); or</p> <p>(ii) Chapter VIII other than the provisions of section 133, 146 and 148; or</p> <p>(iii) sections specified in section 205(1)(a) to (g);</p>	<p>tax@22% (plus surcharge@10% and cess@4%) on total income computed without deductions, inter alia, under Chapter VI-A, except deduction for additional employee cost under section 80JJAA and inter corporate dividends under section 80M. Deductions in respect of</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iv) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.</p> <p>Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.</p>			<p>additional employee cost and inter corporate dividends were, thus, permitted even if the company opts for the special tax regime under section 115BAA.</p> <p>The corresponding clause 200 in the Income-tax Bill, 2025 containing the special tax regime for domestic</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					companies, however, permits deduction only in respect of additional employee cost under section 146 and not inter corporate dividends under section 148. Reference to section 148 needs to be included in section 200(1)(a)(ii) which should read as "Chapter VIII



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					<p>other than the provisions of section 146 and 148". Otherwise, it would result in the dividend income being taxed in the hands of the company declaring the dividend, the company receiving the dividend and the shareholders. Also, deduction under, inter alia, section 133 is</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					not allowed while computing total income where the companies have opted for beneficial provisions of section 200 and subject to a concessional tax rate thereunder.  Donations for charitable purpose may be promoted by the Government for wellbeing of society at large. Deduction for donation made



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					would motivate the donor to donate towards charitable activities.
202	115BAC	<b>Tax on income of individuals, Hindu undivided family and others].</b>	<b>New tax regime for individuals, Hindu undivided family and others.</b>		
		(1A) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income- tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), 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, other than a person who has exercised an option under sub-section (6),—	(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part the income-tax payable by a person, being— (a) an individual; or (b) a Hindu undivided family; or (c) an association of persons (other than a co-operative society); or (d) a body of individuals, whether incorporated or not; or	(i) It is suggested that deduction u/s 126 i.e. premium paid for keeping medical insurance policy for self and family members and/or medical expenditure incurred be allowed as a deduction even for assessee's opting for section 202 in order encourage such	(i) Under section 126, premium paid towards medical insurance for family members is allowed as deduction from gross total income. Till the time



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change																																	
		<p>(iii) for any previous year relevant to the assessment year beginning on or after the 1st April, 2026, shall be computed at the rate of tax given in the following Table, namely:</p> <table border="1" data-bbox="450 930 965 1441"> <thead> <tr> <th>S. No.</th> <th>Total income</th> <th>Rate of tax</th> </tr> <tr> <th>(1)</th> <th>(2)</th> <th>(3)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Upto Rs. 4,00,000</td> <td>NIL</td> </tr> <tr> <td>2.</td> <td>From Rs. 4,00,001 to Rs. 8,00,000</td> <td>5%</td> </tr> <tr> <td>3.</td> <td>From Rs. 8,00,001 to Rs. 12,00,000</td> <td>10%</td> </tr> </tbody> </table>	S. No.	Total income	Rate of tax	(1)	(2)	(3)	1.	Upto Rs. 4,00,000	NIL	2.	From Rs. 4,00,001 to Rs. 8,00,000	5%	3.	From Rs. 8,00,001 to Rs. 12,00,000	10%	<p>(e) an artificial juridical person referred to in section 2(77)(g), in respect of the total income for a tax year, shall, unless the person exercises the option in the manner provided under subsection (4), be computed at the rate of tax given in the following Table:—</p> <table border="1" data-bbox="1025 898 1588 1471"> <thead> <tr> <th colspan="3">Table</th> </tr> <tr> <th>Sl. No.</th> <th>Total income</th> <th>Rate of tax</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Upto ₹ 4,00,000</td> <td>Nil</td> </tr> <tr> <td>2.</td> <td>From ₹ 4,00,001 to ₹ 8,00,000</td> <td>5%</td> </tr> <tr> <td>3.</td> <td>From ₹8,00,001 to ₹12,00,000</td> <td>10%</td> </tr> <tr> <td>4.</td> <td>From ₹12,00,001 to ₹16,00,000</td> <td>15%</td> </tr> </tbody> </table>	Table			Sl. No.	Total income	Rate of tax	1.	Upto ₹ 4,00,000	Nil	2.	From ₹ 4,00,001 to ₹ 8,00,000	5%	3.	From ₹8,00,001 to ₹12,00,000	10%	4.	From ₹12,00,001 to ₹16,00,000	15%	<p>tax payers to continue their mediclaim policy by paying premium, considering limited affordable healthcare facilities in the country.</p>	<p>subsidized medical/health care facilities are available to all taxpayers, it may be considered that at least medical insurance premium paid for family members allowable as deduction u/s 126 be allowed u/s 202. It would continue to encourage all taxpayers</p>
S. No.	Total income	Rate of tax																																				
(1)	(2)	(3)																																				
1.	Upto Rs. 4,00,000	NIL																																				
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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961		Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change		
		4.	From Rs. 12,00,001 to Rs. 16,00,000	15%	5.	From ₹16,00,001 to ₹20,00,000	20%	<p>(ii) It is suggested that a separate deduction be introduced under Chapter VIII of the Income-tax Bill, 2025 to allow the expenditure on the education of girl children both under</p>	<p>including the taxpayers paying tax under the default tax regime to keep their mediclaim policy alive to secure the health of the family members.</p> <p>(ii) Presently, only tuition fees paid to educational institutions and contribution to Sukanya</p>
	5.	From Rs. 16,00,001 to Rs. 20,00,000	20%	6.	From ₹20,00,001 to ₹24,00,000	25%			
	6.	From Rs. 20,00,001 to Rs. 24,00,000	25%	7.	Above ₹24,00,000	30%			
	7.	Above Rs. 24,00,000	30%	<p>(2) For the purposes of sub-section (1), the total income of the assessee shall be computed—</p> <p>(a) without any exemption or deduction under the provisions of or in—</p> <p>(i) Schedule III (Table: Sl. No. 5 or 6 or 7 or 8 or 11 or 17);</p> <p>(ii) Schedule III (Table: Sl. No. 12 or 13) (other than those as prescribed for this purpose);</p> <p>(iii) section 144;</p> <p>(iv) section 19(1) (Table: Sl. No. 1);</p>					



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>section 16 or clause (b) of section 24 [in respect of the property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or sub-section (2) of section 80CCH or section 80JJAA;]</p> <p>(ii) without set off of any loss,—</p> <p>(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);</p> <p>(b) under the head "Income from house property" with any other head of income;</p>	<p>(v) section 22(1)(b), in respect of properties referred to in section 21(6);</p> <p>(vi) section 33(8);</p> <p>(vii) section 48;</p> <p>(viii) section 49;</p> <p>(ix) section 45(3)(a) or (b) or (c);</p> <p>(x) section 46;</p> <p>(xi) section 47(1)(a);</p> <p>(xii) of Chapter VIII other than the provisions of sections 124(1), 125(3) and 146; and</p> <p>(b) without set off of—</p> <p>(i) any loss carried forward or depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred to in clause (a); or</p> <p>(ii) any loss under the head "Income from house property" with any other head of income; and</p>	<p>the default tax regime under section 202 and under the optional tax regime. Furthermore, the deduction should cover a broader spectrum of educational expenses (including expenses for pursuing professional accounting education) beyond just tuition fees and contribution to Sukanya Samridhi Scheme.</p>	<p>Samridhi Scheme are eligible for deduction under Section 123. Section 123 is available only where an individual opts out of the default tax regime. There is a need for a separate and enhanced deduction specifically for expenses incurred on the education of</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub- section (1) of the said section, determined in such manner as may be prescribed; and</p> <p>(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.</p> <p>(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:</p> <p>(6) Nothing contained in sub-section (1A) shall apply to a person where an option is exercised by such person, in the manner as may be prescribed, for any assessment year, and such option is exercised,--</p> <p>(i) on or before the due date specified under</p>	<p>(c) without any exemption or deduction for allowances or perquisite, called by any name, provided under any other law in force.</p> <p>(3) The loss and depreciation referred to in sub-section (2)(b) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.</p> <p>(4) Nothing contained in sub-section (1) shall apply to a person, where an option is exercised by such person under this section, in such manner as prescribed, for any tax year, and such option is exercised,—</p> <p>(a) in case of a person having income from business or profession,—</p> <p>(i) on or before the due date specified under section 263(1) for furnishing the returns of income for such tax year;</p>	<p>(iii) It is suggested that the threshold limit above which surcharge is attracted be suitably increased under the default tax regime under section 202.</p>	<p>girl children, both under the default tax regime and the optional tax regime.</p> <p>(iii) The Income Tax Bill, 2025 has rationalized the tax slabs and the corresponding rates of taxes under the default tax regime under section 202. However, there is no change in the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>sub-section (1) of section 139 for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or</p> <p>(ii) along with the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in case of a person not having income referred to in clause (i):</p> <p>Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.</p>	<p>(ii) such option, once exercised, shall apply to subsequent tax years;</p> <p>(iii) such option, once exercised, may be withdrawn only once for a tax year other than the tax year for which it was exercised; and</p> <p>(iv) after such withdrawal, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession, and in such a case the option under clause (b) shall be available;</p> <p>(b) in case of a person not having income from business or profession, along with the return of income to be furnished under section 263(1) for the tax year.</p> <p>(5) In case of a person, having a Unit in the International Financial Services Centre, who has exercised the option under sub-section (4) for any tax year from 2020-21 to 2023-24, the provisions of sub-section (2) shall be modified</p>		<p>threshold of total income for attracting surcharge. Since the total income computed under the default tax regime under section 202 would always be higher than the total income computed under the regular provisions of the Act, the threshold for</p>



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA,—</p> <p>(i) who has exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021 but before the 1st day of April, 2024;</p> <p>(ii) whose total income is computed under sub-section (1A), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.</p> <p>Explanation. —For the purposes of this sub-section, the term "Unit" shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.</p>	<p>to the extent that deduction under the said section shall be available to such Unit subject to fulfilment of the conditions contained in that section.</p>		<p>attracting surcharge should also be higher under the default tax regime.</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>D. Special provisions relating to minimum alternate tax and alternate minimum tax</b>					
206	115JA 115JAA, 115JB, 115JC, 115JD, 115JE, 115JEE, 115JF		<p><b>Special provision for minimum alternate tax and alternate minimum tax.</b></p> <p><b>E.—Special provisions relating to non-residents and foreign company</b></p>		
		<p><b>Section 115JB</b></p> <p><b>Explanation 1.</b>—For the purposes of this section, "book profit" means the profit as shown in the statement of profit and loss for the relevant previous year prepared under sub-section (2), <b>as increased by—</b></p>	<p>(2) The book profit under this section shall be computed in the following manner:—</p> $B = P + (I-R)$ <p>where,—</p> <p>B = book profit for the purposes of this section;</p>	<p>In Sub-section (2), in the formula I and R may represent as follows:</p> <p><b>I</b> - amounts mentioned in column B of Table</p>	<p>This suggestion is for avoiding repetition of words.</p>



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1	2	3	4	5	6												
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change												
		<p>(a) the amount of income-tax paid or payable, and the provision therefor; or</p> <p><b>Explanation 2.</b>—For the purposes of clause (a) of Explanation 1, the amount of income-tax shall include—</p> <p>(i) any tax on distributed profits under section 115-O or on distributed income under section 115R;</p> <p>(ii) any interest charged under this Act;</p> <p>(iii) surcharge, if any, as levied by the Central Acts from time to time;</p> <p>(iv) Education Cess on income-tax, if any, as levied by the Central Acts from time to time; and</p> <p>(v) Secondary and Higher Education Cess on income-tax, if any, as levied by the Central Acts from time to time.</p>	<p>P = profit, as shown in the statement of profit and loss for the relevant tax year prepared as per sub-section (3);</p> <p>I = amounts mentioned in column B of Table below;</p> <p>R = amounts mentioned in column C of said Table.</p> <table border="1" data-bbox="992 970 1559 1444"> <thead> <tr> <th colspan="3" data-bbox="992 970 1559 1042">Table</th> </tr> <tr> <th data-bbox="992 1042 1066 1166">Sl. No.</th> <th data-bbox="1066 1042 1346 1166">Amounts (to be increased)</th> <th data-bbox="1346 1042 1559 1166">Amounts (to be reduced)</th> </tr> <tr> <th data-bbox="992 1166 1066 1238">A</th> <th data-bbox="1066 1166 1346 1238">B</th> <th data-bbox="1346 1166 1559 1238">C</th> </tr> </thead> <tbody> <tr> <td data-bbox="992 1238 1066 1444">1.</td> <td data-bbox="1066 1238 1346 1444">(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b></td> <td data-bbox="1346 1238 1559 1444">(a) The amount withdrawn from any reserve or</td> </tr> </tbody> </table>	Table			Sl. No.	Amounts (to be increased)	Amounts (to be reduced)	A	B	C	1.	(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b>	(a) The amount withdrawn from any reserve or	<p>below, if <b>such amount is debited to the statement of profit and loss</b></p> <p>R = amounts mentioned in column C of said Table, if such amount is credited to <b>the statement of profit and loss.</b></p> <p>Consequently, such words “if any such amount is debited to the statement of profit and loss” can be removed from the point (a) to (j) in column B and the words “is credited to</p>	
Table																	
Sl. No.	Amounts (to be increased)	Amounts (to be reduced)															
A	B	C															
1.	(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b>	(a) The amount withdrawn from any reserve or															



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) the amounts carried to any reserves, by whatever name called, other than a reserve specified under section 33AC; or</p> <p>(c) the amount or amounts set aside to provisions made for meeting liabilities, other than ascertained liabilities; or</p> <p>(d) the amount by way of provision for losses of subsidiary companies; or</p> <p>(e) the amount or amounts of dividends paid or proposed ; or</p> <p>(f) the amount or amounts of expenditure relatable to any income to which section 10 (other than the provisions contained in clause (38) thereof) or section 11 or section 12 apply; or</p> <p>(g) the amount of depreciation,</p>	<p><b>statement</b> of profit and loss, where income-tax shall include—</p> <p>(i) any interest charged under this Act;</p> <p>(ii) surcharge, if any, as levied under the Central Acts;</p> <p>(iii) Education Cess on income-tax, if any, as levied under the Central Acts; and</p> <p>(iv) Secondary and Higher Education Cess on income-tax,</p>	<p>provision, where,—</p> <p>(i) any such amount is credited to the statement of profit and loss (excluding a reserve created before the 1st April, 1997 otherwise than by way of a debit to the statement of profit and loss); and</p> <p>(ii) the book profit of such</p>	<p>the statement of profit and loss” from (a) to (e) in column C.</p> <p>Further, in this Table, Column A may be deleted since there is only (1) in the Sl. No.</p> <p>Further, point (k) can be removed from this table since it is in relation to those adjustments separately stated in sub-section (4).</p> <p>Also, point (f) can be stated as a note below the Table.</p>	



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(h) the amount of deferred tax and the provision therefor,</p> <p>(i) the amount or amounts set aside as provision for diminution in the value of any asset,</p> <p>(j) the amount standing in revaluation reserve relating to revalued asset on the retirement or disposal of such asset,</p> <p>(k) the amount of gain on transfer of units referred to in clause (xvii) of section 47 computed by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be; if any amount referred to in clauses (a) to (i) is debited to the</p>	<p>if any, as levied under the Central Acts;</p> <p>(b) the amounts carried to any reserves, called by any name, if any such amount is debited to the statement of profit and loss;</p> <p>(c) the amount or amounts set aside for meeting liabilities, other than ascertained liabilities, if any such amount is debited to the statement of profit and loss;</p>	<p>year has been increased by those reserves or provisions out of which the said amount was withdrawn;</p> <p>(b) income to which any of the provisions of section 11 apply or any regular income of a registered non-profit organisation referred in section 335, if any such</p>		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>statement of profit and loss or if any amount referred to in clause (j) is not credited to the statement of profit and loss, and <b>as reduced by</b>—</p> <p>(i) the amount withdrawn from any reserve or provision (excluding a reserve created before the 1st day of April, 1997 otherwise than by way of a debit to the statement of profit and loss), if any such amount is credited to the statement of profit and loss:</p> <p>Provided that where this section is applicable to an assessee in any previous year, the amount withdrawn from reserves created or provisions made in a previous year relevant to the assessment year commencing on or after the 1st day of April, 1997 shall not be reduced from the book profit unless the book profit of such</p>	<p>(d) the amount by way of provision for losses of subsidiary companies, if any such amount is debited to the statement of profit and loss;</p> <p>(e) dividends paid or proposed, if any such amount is debited to the statement of profit and loss;</p> <p>(f) expenditure relatable to any income to which provisions of section 11 apply or any expenditure out of</p>	<p>amount is credited to the statement of profit and loss;</p> <p>(c) depreciation debited to the statement of profit and loss excluding the depreciation on account of revaluation of assets;</p> <p>(d) the amount withdrawn from revaluation reserve and credited to the</p>		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under this Explanation or Explanation below the second proviso to section 115JA, as the case may be; or</p> <p>(ii) the amount of income to which any of the provisions of section 10 (other than the provisions contained in clause (38) thereof) or section 11 or section 12 apply, if any such amount is credited to the statement of profit and loss; or</p> <p>(iia) the amount of depreciation debited to the statement of profit and loss (excluding the depreciation on account of revaluation of assets); or</p> <p>(iib) the amount withdrawn from revaluation reserve and credited to the statement of profit and loss, to the extent</p>	<p>regular income of a registered non-profit organisation referred in section 335, if any such amount is debited to the statement of profit and loss;</p> <p>(g) depreciation, if any such amount is debited to the statement of profit and loss;</p> <p>(h) deferred tax and the provision therefor, if any such amount is debited to the statement of profit and loss;</p>	<p>statement of profit and loss, to the extent it does not exceed depreciation on account of revaluation of assets referred to in clause (c);</p> <p>(e) deferred tax, if any such amount is credited to the statement of profit and loss;</p> <p>(f) loss brought forward (excluding depreciation)</p>		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>it does not exceed the amount of depreciation on account of revaluation of assets referred to in clause (iia); or</p> <p>(iii) the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account in case of a company other than the company referred to in clause (iih).</p> <p>Explanation.—For the purposes of this clause,—</p> <p>(a) the loss shall not include depreciation;</p> <p>(b) the provisions of this clause shall not apply if the amount of loss brought forward or unabsorbed depreciation is nil</p> <p>(viii) the amount of deferred tax, if any such amount is credited to the statement of profit and loss.</p>		<p>(i) the amount or amounts set aside as provision for diminution in the value of any asset, if any such amount is debited to the statement of profit and loss;</p> <p>(j) the amount standing in revaluation reserve relating to revalued asset on the retirement or disposal of such asset, if any such amount is not credited to the</p>	<p>or unabsorbed depreciation, whichever is less, as per books of account, except, where either of such amount is nil, in case of a company other than the company referred to in sub-section (4) (Table: Sl. No. 6 or 7); and (g) such amounts mentioned in column D of</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change												
			statement of profit and loss; and  (k) such amounts mentioned in column C of the Table under sub-section (4), in case of an assessee mentioned in column B of the said Table.	the Table in sub-section (4), in case of an assessee mentioned in column B of the said Table.														
		<p><b>Section 115JB Explanation [1]</b></p> <p><b>As increased by,-</b></p> <p><b>(fa)</b> the amount or amounts of expenditure relatable to income, being share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86.</p>	<p>(4) While computing the book profit under sub-section (2), the following amounts shall be further adjusted:—</p> <table border="1" data-bbox="990 1217 1574 1449"> <thead> <tr> <th colspan="4" data-bbox="990 1217 1574 1289">Table</th> </tr> <tr> <th data-bbox="990 1289 1070 1449">S. No.</th> <th data-bbox="1070 1289 1256 1449">Assessee</th> <th data-bbox="1256 1289 1413 1449">Amounts (to be increased)</th> <th data-bbox="1413 1289 1574 1449">Amount (to be decreased)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Table				S. No.	Assessee	Amounts (to be increased)	Amount (to be decreased)						
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S. No.	Assessee	Amounts (to be increased)	Amount (to be decreased)															



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>As reduced by,-</b></p> <p>(ii) the amount of income, being the share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86, if any, such amount is credited to the statement of profit and loss; or</p>	A	B	C	D		
			1.	A company being a member of association of persons or body of individuals	The amount or amounts of expenditure relatable to income referred to in Note if any such amount is debited to the statement of profit and loss	Income referred to in Note if any such amount is credited to the statement of profit and loss		
			<p>Note : Income, being share of the assessee in the income of an association of persons or body of</p>					



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
			individuals, on which no income-tax is payable as per the provisions of section 310.					
		<p><b>Section 115JB Explanation [1]</b></p> <p><b>As increased by,-</b></p> <p><b>(fb)</b> the amount or amounts of expenditure relatable to income accruing or arising to an assessee, being a foreign company, from,—</p> <p>(A) the capital gains arising on transactions in securities; or</p> <p>(B) the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates specified in Chapter XII, if the income-tax payable thereon in accordance with the provisions of this Act, other than the provisions of this</p>	A	B	C	D		
			2.	A foreign company	The amount or amounts of expenditure relatable to income referred to in Note ,if any such amount is debited to the statement of profit and loss.	Income referred to in Note , if such income is credited to the statement of profit and loss		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Chapter, is at a rate less than the rate specified in sub-section (1); or</p> <p><b>As reduced by,-</b></p> <p><b>(iid)</b> the amount of income accruing or arising to an assessee, being a foreign company, from,—</p> <p>(A) the capital gains arising on transactions in securities; or</p> <p>(B) the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates</p> <p>specified in Chapter XII, if such income is credited to the statement of profit and loss and the income-tax payable thereon in accordance with the provisions of this Act, other than the provisions of this Chapter, is at a rate less than the rate specified in sub-section (1); or</p>	<p>Note: Income, accruing or arising to an assessee from—</p> <p>(a) the capital gains arising on transactions in securities; or</p> <p>(b) the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates specified in Chapter XIII, if the income-tax payable thereon as per the provisions of this Act, other than the provisions of this Part, is at a rate less than the rate specified in sub-section (1).</p>		



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1	2	3	4				5	6					
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change					
		<p><b>Section 115JB Explanation [1]</b></p> <p><b>As increased by,-</b></p> <p><b>(fc)</b> the amount representing notional loss on transfer of a capital asset, being share of a special purpose vehicle, to a business trust in exchange of units allotted by the trust referred to in clause (xvii) of section 47 or the amount representing notional loss resulting from any change in carrying amount of said units or the amount of loss on transfer of units referred to in clause (xvii) of section 47;</p> <p><b>As reduced by,-</b></p> <p><b>(iie)</b> the amount representing,—</p> <p>(A) notional gain on transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of</p>	<table border="1"> <thead> <tr> <th data-bbox="987 695 1070 770">A</th> <th data-bbox="1070 695 1263 770">B</th> <th data-bbox="1263 695 1429 770">C</th> <th data-bbox="1429 695 1559 770">D</th> </tr> </thead> <tbody> <tr> <td data-bbox="987 770 1070 1294">3.</td> <td data-bbox="1070 770 1263 1294">A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust</td> <td data-bbox="1263 770 1429 1294">Amount referred to in Note, if any such amount is debited to the statement of profit and loss.</td> <td data-bbox="1429 770 1559 1294">Amount referred to in Note, if any such amount is credited to the statement of profit and loss.</td> </tr> </tbody> </table> <p>Note: The amount representing—</p> <p>(a) the notional loss on transfer of such capital asset, to a business trust in exchange of units</p>	A	B	C	D	3.	A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust	Amount referred to in Note, if any such amount is debited to the statement of profit and loss.	Amount referred to in Note, if any such amount is credited to the statement of profit and loss.		
A	B	C	D										
3.	A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust	Amount referred to in Note, if any such amount is debited to the statement of profit and loss.	Amount referred to in Note, if any such amount is credited to the statement of profit and loss.										



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		units allotted by that trust referred to in clause (xvii) of section 47; or (B) notional gain resulting from any change in carrying amount of said units; or (C) gain on transfer of units referred to in clause (xvii) of section 47, if any, credited to the statement of profit and loss; or	allotted by the trust referred to in section 70(1)(zi); or (b) the notional loss resulting from any change in carrying amount of the said units; or (c) the loss on transfer of units referred to in section 70(1)(zi).					
		(iif) the amount of loss on transfer of units referred to in clause (xvii) of section 47 computed by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be; or	A	B	C	D		
			4.	A company, which has transferred any capital asset, as referred to against serial number 3	Gain on transfer of units referred to in Note	Loss on transfer of units referred to in Note		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p><b>Note:</b> Units referred to in section 70(1)(zi), computed by taking into account the cost of the shares exchanged with units referred to in the said clause, or the carrying amount of the shares at the time of exchange, where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be.</p>					
		<p><b>Section 115JB Explanation [1]</b></p> <p><b>As increased by,-</b></p> <p>(fd) the amount or amounts of expenditure relatable to income by way of royalty in respect of patent chargeable to tax under section 115BBF</p> <p><b>As reduced by,-</b></p>	A	B	C	D		
			5.	Where total Income includes income by way of royalty in respect of a patent which is chargeable to tax under	The amount or amounts of expenditure relatable to such royalty income, if any such amount is debited to	Income by way of such royalty.		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		(ii) the amount of income by way of royalty in respect of patent chargeable to tax under section 115BBF;		section 194(1)(Table: Sl. No. 2).	the statement of profit and loss			
		<p><b>Section 115JB Explanation [1]</b></p> <p>(iih) the aggregate amount of unabsorbed depreciation and loss brought forward in case of a—</p> <p>(A) company, and its subsidiary and the subsidiary of such subsidiary, where, the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013 (18 of 2013) has suspended the Board of Directors of such company and has appointed new directors who are nominated by the Central</p>	6	A company, and its subsidiary and the subsidiary of such subsidiary, where, the Tribunal, on an application moved by the Central Government under section	Nil	The aggregate of unabsorbed depreciation and loss (excluding depreciation) brought forward.		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Government under section 242 of the said Act;</p> <p><b>(B)</b> company against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).</p> <p>Explanation.—For the purposes of this clause,—</p> <p>(i) "Adjudicating Authority" shall have the meaning assigned to it in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016);</p> <p>(ii) "Tribunal" shall have the meaning assigned to it in clause (90) of section 2 of the Companies Act, 2013 (18 of 2013);</p>		241 of the Companies Act, 2013 has after suspension of the Board of Directors of such company has nominated new directors under section 242 of the said Act				
			7.	A company against whom corporate Insolvency resolution	Nil	The aggregate of unabsorbed depreciation and loss (excluding depreciation)		



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1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>(iii) a company shall be a subsidiary of another company, if such other company holds more than half in the nominal value of equity share capital of the company;</p> <p>(iv) "loss" shall not include depreciation;</p>		<p>process has been admitted by the Adjudicating Authority under section 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016</p>		<p>brought forward.</p>		
		<p><b>Section 115JB Explanation [1]</b></p> <p>(vii) the amount of profits of sick industrial company for the assessment year commencing on and from the assessment year relevant to the previous year in which the said company has</p>	<p>8.</p>	<p>A sick industrial company under section 17(1) of the Sick</p>	<p>Nil</p>	<p>Profits for the tax year in which the such company has become a sick industrial company and</p>		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) and ending with the assessment year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.</p> <p>Explanation.—For the purposes of this clause, "net worth" shall have the meaning assigned to it in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986);</p>	<p>Industrial Companies (Special Provisions) Act, 1985, as it stood immediately before its repeal by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003</p>	<p>ending with the tax year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.</p>		



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1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>Section 115JB(2A):</b> For a company whose financial statements are drawn up in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the book profit as computed in accordance with Explanation 1 to sub-section (2) shall be further—</p> <p>(a) increased by all amounts credited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";</p> <p>(b) decreased by all amounts debited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";</p>	S. No.	Assessee	Amount to be Increased	Amount to be decreased	<p>In place of the terms credited/debited to the statement of profit and loss terms "credited/debited to other comprehensive income in the statement of profit and loss" may be used.</p>	
9.	A company whose financial statements are drawn up in compliance with the Indian Accounting Standards, specified in Annexure to the Companies (Indian	(a) All amounts credited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts debited to the statement of profit and loss on	(a) All amounts debited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts credited to the statement of profit and					



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1	2	3	4			5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>(c) increased by amounts or aggregate of the amounts debited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10;</p> <p>(d) decreased by all amounts or aggregate of the amounts credited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10:</p> <p><b>Provided that</b> nothing contained in clause (a) or clause (b) shall apply to the amount credited or debited to other comprehensive income under the head "Items that will not be re-classified to profit or loss" in respect of —</p>		Accounting Standards) Rules, 2015 made under the Companies Act, 2013	distribution as referred in Note 2; (c) one-fifth of the transition amount, in the year of convergence and each of the following four tax years, if such amount is not decreased; (d) the amount or the aggregate of the amounts	loss on distribution as referred in Note 2; (c) one-fifth of the transition amount, in the year of convergence and each of the following four tax years, if such amount is not increased; (d) the amount or the aggregate		



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1	2	3	4		5	6		
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change		
		<p>(i) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38; or</p> <p>(ii) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109:</p>			<p>referred to in Note 3, if such amount is not decreased;</p> <p>(e) the amount or the aggregate of the amounts referred to in Note 4, if such amount is not decreased.</p>	<p>of the amounts referred to in Note 3, if such amount is not increased;</p> <p>(f) the amount or the aggregate of the amounts referred to in Note 4, if such amount is not increased.</p>		
<p>Note 1: Other comprehensive income in the statement of profit and loss under the head "Items</p>								



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>that will not be re-classified to profit or loss”, excluding—</p> <p>(i) revaluation surplus for assets as per the Indian Accounting Standards 16 and Indian Accounting Standards 38; or</p> <p>(ii) gains or losses from investments in equity instruments designated at fair value through other comprehensive income as per the Indian Accounting Standards 109; and the amount or the aggregate of the amounts referred to in clause (a) (i) and (ii) for the tax year or any of the preceding tax years, and relatable to such asset or investment, in the tax year in which the said asset or investment referred to in clause (a) is retired, disposed, realised or otherwise transferred.</p> <p>Note 2: On distribution of non-cash assets to shareholders in a demerger as per Appendix A of the Indian Accounting Standards 10.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>Note 3: Sub-section (19)(f)(ii) to (v) relating to such asset or investment, in the tax year in which the asset or investment referred to in such sub-clauses is retired, disposed, realised or otherwise transferred.</p> <p>Note 4: Sub-section (19)(f)(ii) to (v) relating to such foreign operations, in the tax year in which the foreign operation referred to in such sub-clause is disposed or otherwise transferred</p>		
		<p><b>Section 115JAA (1):</b> Where any amount of tax is paid under sub-section (1) of section 115JA by an assessee being a company for any assessment year, then, credit in respect of tax so paid shall be allowed to him in accordance with the provisions of this section.</p> <p>(1A) Where any amount of tax is paid under sub-section (1) of section 115JB by an assessee, being a company for the</p>	<p>(13) Where any tax is paid under sub-section (1) by an assessee, then, credit shall be allowed to him of an amount which shall be the difference of the tax paid for any tax year under sub-section (1) and tax payable by the assessee on his total income computed as per the other provisions of this Act.</p>	<p>It may be clarified whether surcharge should be considered while computing the credit, and similarly, whether the credit eligible for set-off in the year of utilization is inclusive or</p>	<p>Controversy has arisen in the past regarding how to compute credit while comparing regular tax and MAT, particularly</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>assessment year commencing on the 1st day of April, 2006 and any subsequent assessment year, then, credit in respect of tax so paid shall be allowed to him in accordance with the provisions of this section.</p> <p>(2) The tax credit to be allowed under sub-section (1) shall be the difference of the tax paid for any assessment year under sub-section (1) of section 115JA and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act:</p> <p>(2A) The tax credit to be allowed under sub-section (1A) shall be the difference of the tax paid for any assessment year under sub-section (1) of section 115JB and the amount of tax payable by the assessee on</p>		exclusive of surcharge.	whether to include surcharge on either side—especially in the year of seeking set-off.



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>his total income computed in accordance with the other provisions of this Act:</p> <p><b>Section 115JD:</b></p> <p>(1) The credit for tax paid by a person under section 115JC shall be allowed to him in accordance with the provisions of this section.</p> <p>(2) The tax credit of an assessment year to be allowed under sub-section (1) shall be the excess of alternate minimum tax paid over the regular income-tax payable of that year:</p>			
	115JEE	<p>(1) The provisions of this Chapter shall apply to a person who has claimed any deduction under—</p> <p>(a) any section (other than section 80P) included in Chapter VI-A under the</p>		<p>The provisions similar to section 115JEE of the Income-tax Act, 1961 be correspondingly included in Section</p>	<p>Under section 115JEE(1) of the Income-tax Act, 1961, the provisions of Chapter XII-</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>heading "C.—Deductions in respect of certain incomes"; or</p> <p>(b) section 10AA; or</p> <p>(c) section 35AD.</p> <p>(2) The provisions of this Chapter shall not apply to an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, if the adjusted total income of such person does not exceed twenty lakh rupees.</p> <p>(2A) The provisions of this Chapter shall not apply to specified fund referred to in clause (c) of the Explanation to clause (4D) of section 10.</p>		206 of the Income-tax Bill, 2025.	BA would apply to a person who has claimed deduction under any section included in Chapter VI-A under the heading "Deductions in respect of certain incomes" or section 10AA or section 35AD. This provision is not present in



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD.			clause 206 of the Income-tax Bill, 2025, due to which the scope of applicability of AMT provisions may be considerably expanded.



1	2	3	4	5	6									
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change									
<b>E.—Special provisions relating to non-residents and foreign company</b>														
207	115A	<b>Tax on dividends, royalty and technical service fees in the case of foreign companies.</b>	<b>Tax on dividends, royalty and technical service fees in case of foreign companies.</b>											
		<p>(1) Where the total income of—</p> <p>(a) a non-resident (not being a company) or of a foreign company, includes any income by way of—</p> <p>(i) dividends; the income-tax payable shall be aggregate of—</p> <p>(A) the amount of income-tax calculated on the amount of income by way of dividends, if any, included in the total income, at the rate of twenty per cent :</p>	<p>(1) The income-tax payable on the total income of a non-resident (not being a company) or a foreign company, which includes any income specified in the column B of the Table below, shall be the aggregate of income-tax specified in the column C thereof.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">Table</th> </tr> <tr> <th>Sl. No.</th> <th>Income</th> <th>Income-tax payable</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>B</td> <td>C</td> </tr> </tbody> </table>	Table			Sl. No.	Income	Income-tax payable	A	B	C		
Table														
Sl. No.	Income	Income-tax payable												
A	B	C												



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that the amount of income-tax calculated on the amount of income by way of dividend received from a unit in an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, shall be ten per cent;]</p>	<p>1. Dividend [other than dividends specified against serial number 2. 20%</p>			
			<p>2. Dividend received from a unit in an International Financial Services Centre 10%</p>			
		<p>(ii) interest received from Government or an Indian concern on monies borrowed or debt incurred by Government or the Indian concern in foreign currency not being interest of the nature referred to in sub-clause (iia) or sub-clause (iiaa); or the income-tax payable shall be aggregate of—  (B) the amount of income-tax calculated on the amount of income by way of interest referred to in sub-clause (ii), if any, included in the total income, at the rate of twenty per cent ;</p>	<p>3. Interest received from Government or an Indian concern on monies borrowed or debt incurred by Government or the Indian concern in foreign currency not being interest referred to against serial numbers 4 and 5. 20%</p>			



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iia) interest received from an infrastructure debt fund referred to in clause (47) of section 10; or (iiaa) interest of the nature and extent referred to in section 194LC; or</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(i) sub-clause (iia), if any, included in the total income, at the rate of five per cent;</p>	<p>4. Interest received from an infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46)</p>	<p>5%</p>		
		<p>(iiab) interest of the nature and extent referred to in section 194LD; or</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(ii) sub-clause (iiaa) or sub-clause (iiab) or sub-clause (iiac), if any, included in the total income, at the rate provided in the respective sections referred to in the said sub-clauses;</p>	<p>5. Interest of the nature and extent referred to in section 393(2) (Table: Sl. No. 2), (Table: Sl. No. 3 and 4).</p>	<p>Rates specified in section 393(2) (Table: Sl. No. 2, 3 and 4).</p>	<p>It is suggested that the rates of tax on income by way of interest and dividend from business trust, interest from Indian company in respect of money borrowed by it in</p>	<p>The TDS provisions under Section 393 may refer to rates specified in Section 207, as TDS is a mechanism for recovering tax</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				foreign currency from a source outside India and income by way of interest on certain rupee denominated bonds of an Indian company and municipal debt securities be provided in section 207 itself; and the TDS provisions under section 393 can make a reference to the rates in section 207.	on chargeable income. Aligning the structure this way ensures logical consistency and clarity in the relationship between charging and procedural provisions.



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iiac) distributed income being interest referred to in sub-section (2) of section 194LBA;</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(ii) sub-clause (iiaa) or sub-clause (iiab) or sub-clause (iiac), if any, included in the total income, at the rate provided in the respective sections referred to in the said sub-clauses;</p>	<p>6. Distributed income being interest referred to in section 393(2) (Table: Sl. No. 6).</p>	<p>Rate specified in section 393(2) (Table: Sl. No. 6).</p>	<p>It is suggested that point 6 in table 1 of section 207 may be reworded as follows –</p> <p>“distributed income being interest <b>and dividend</b> referred to in section 393(2) (Table: Sl. No. 6).</p>	<p>The business trust has to deduct tax@10% on dividend as per section 393, which should have also been the rate of tax on such income under section 207. However, since Sl No.6 refers to distributed income being interest referred to in section 393(2), the rate of tax</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					on dividend received from SPV and distributed by a business trust to its unit holders would become 20%, being the rate of tax applicable for dividend distributed directly by the company to shareholders. To bring consistency rates can be defined here in



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
						the section itself.
		<p>(iii) income received in respect of units, purchased in foreign currency, of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India;</p> <p>(C) the amount of income-tax calculated on the income in respect of units referred to in sub-clause (iii), if any, included in the total income, at the rate of twenty per cent ; and</p>	<p>7. Income received in respect of units, purchased in foreign currency, of a Mutual Fund specified in Schedule VII (Table: Sl. No. 20 or 21) or of the Unit Trust of India.</p>	20%		
		<p>(D) the amount of income-tax with which he or it would have been chargeable had his or its total income been reduced by the amount of income referred to in sub-clause (i), sub-clause (ii), sub-clause (iia), sub-clause (iiaa), sub-clause (iiab), sub-clause (iiac) and sub-clause (iii) ;</p>	<p>8. Total income as reduced by income referred to against serial numbers 1 to 7.</p>	Income-tax chargeable on such income.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) a non-resident (not being a company) or a foreign company, includes any income by way of royalty or fees for technical services other than income referred to in sub-section (1) of section 44DA received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976, 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, for the time being in force, of the Government of India, the agreement is in accordance with that policy, then, subject to the provisions of sub-sections (1A) and</p> <p>(2), the income-tax payable shall be the aggregate of,—</p>	<p>(2) Where the total income of a non-resident (not being a company) or of a foreign company, includes any income by way of royalty or fees for technical services received from Government or an Indian concern in pursuance of an agreement made after the 31st March, 1976, other than income referred to in section 59(1), and—</p> <p>(a) the agreement is approved by the Central Government where such agreement is with an Indian concern; or</p> <p>(b) where the agreement relates to a matter included in the industrial policy, for the time being in force, of the Government of India, it is as per that policy, then, subject to the provisions of sub-section (3), the income-tax payable shall be the aggregate of income-tax specified in column C of the Table below:—</p>		



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1	2	3	4		5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
		(A) the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of 45[twenty] per cent;	Table				
			Sl. No.	Income	Income-tax payable		
			A	B	C		
				Royalty [other than income referred to in section 59(1)].	20%		
		(2), the income-tax payable shall be the aggregate of,—  (B) the amount of income-tax calculated on the income by way of fees for technical services, if any, included in the total income, at the rate of twenty per cent; and		Fees for technical services [other than income referred to in section 59(1)].	20%		



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1	2	3	4		5	6			
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change			
		<p>(2), the income-tax payable shall be the aggregate of,—</p> <p>(C) the amount of income-tax with which it would have been chargeable had its total income been reduced by the amount of income by way of royalty and fees for technical services.</p>	<table border="1"> <tr> <td data-bbox="965 655 1055 970"></td> <td data-bbox="1055 655 1395 970">Total income as reduced by income referred to against serial numbers 1 and 2.</td> <td data-bbox="1395 655 1641 970">Income-tax chargeable on such income.</td> </tr> </table>		Total income as reduced by income referred to against serial numbers 1 and 2.	Income-tax chargeable on such income.			
	Total income as reduced by income referred to against serial numbers 1 and 2.	Income-tax chargeable on such income.							
		<p>(1A) Where the royalty referred to in clause (b) of sub-section (1) is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book to an Indian concern or in respect of any computer software to a person resident in India, the provisions of sub-section (1) shall apply in relation to such royalty as if the words the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the</p>	<p>(3) Where the royalty referred to in sub-section (2) is in consideration for the transfer or grant of all or any rights (including the granting of a licence)—</p> <p>(a) in respect of copyright in any book to an Indian concern; or</p> <p>(b) in respect of any computer software to a person resident in India, then the provisions of sub-section (2) shall apply in relation to such royalty without application of provisions of clause (a) or (b) of that sub-section.</p>						



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>agreement is in accordance with that policy occurring in the said clause had been omitted :</p> <p>Provided that such book is on a subject, the books on which are permitted, according to the Import Trade Control Policy of the Government of India for the period commencing from the 1st day of April, 1977, and ending with the 31st day of March, 1978, to be imported into India under an Open General Licence :</p> <p>Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.</p> <p>Explanation 1.—In this sub-section, "Open General Licence" means an Open General Licence issued by the Central Government in pursuance of the Imports (Control) Order, 1955.</p> <p>Explanation 2.—In this sub-section, the expression "computer software" shall have the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>meaning assigned to it in clause (b) of the Explanation to section 80HHE.</p> <p>(2) Nothing contained in sub-section (1) shall apply in relation to any income by way of royalty received by a foreign company from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, if such agreement is deemed, for the purposes of the first proviso to clause (vi) of sub-section (1) of section 9, to have been made before the 1st day of April, 1976; and the provisions of the annual Finance Act for calculating, charging, deducting or computing income-tax shall apply in relation to such income as if such income had been received in pursuance of an agreement made before the 1st day of April, 1976.</p>			



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1	2	3	4	5	6												
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change												
209	115AC	<p><b>Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer</b></p> <p>(1) Where the total income of an assessee, being a non-resident, includes—</p> <p>(a) income by way of interest on bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by him in foreign currency; or the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income by way of interest, as the case may be, in respect of bonds referred to in clause (a) if</p>	<p><b>Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.</b></p> <p>(1) The income -tax payable, on the total income of an assessee, being a non- resident, which includes income specified in column B of the Table below, shall be the aggregate of the amounts mentioned in column C thereof.</p> <table border="1" data-bbox="981 1078 1615 1417"> <thead> <tr> <th colspan="3">Table</th> </tr> <tr> <th>Sl. No.</th> <th>Income</th> <th>Income-tax payable</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>From interest on—</td> <td>10%</td> </tr> </tbody> </table>	Table			Sl. No.	Income	Income-tax payable	A	B	C	1.	From interest on—	10%	<p>In column B of table in serial no: 1 and 2 - the word "From" may be deleted.</p>	<p>The word "from" in Income from interest and dividend is not required as interest and dividend by themselves are in the nature of income and the heading of column B clearly mentions the</p>
Table																	
Sl. No.	Income	Income-tax payable															
A	B	C															
1.	From interest on—	10%															



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		any, included in the total income, at the rate of ten per cent;		(a) bonds of an Indian company issued in accordance with such scheme as notified by the Central Government; or  (b) bonds of a public sector company sold by the Government, and purchased in foreign currency.			same as “Income”.
		(b) income by way of dividends on Global Depository Receipts—  (i) issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the initial issue of shares of an Indian company and purchased by him in foreign currency through an approved intermediary; or	2.	From dividends on Global Depository Receipts—  (a) issued as per such scheme as the Central Government may, notified, against the initial issue of shares of an Indian company and purchased in foreign currency through an approved intermediary; or	10%		



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p> <p>(iii) issued or re-issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the existing shares of an Indian company purchased by him in foreign currency through an approved intermediary; or</p> <p>(iv) the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income by way of dividends, as the case may be, in respect of Global Depository Receipts referred to in clause (b), if any, included in the total income, at the rate of ten per cent;</p>	<p>(b) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p> <p>(c) issued or re-issued in accordance with a scheme notified by the Central Government, against the existing shares of an Indian company purchased in foreign currency through an approved intermediary.</p>			



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1	2	3	4		5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) income by way of long-term capital gains arising from the transfer of bonds referred to in clause (a) or, as the case may be, Global Depository Receipts referred to in clause (b),</p> <p>(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, included in the total income,—</p> <p>(A) at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024;</p> <p>and (B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23<sup>rd</sup> day of July, 2024; and</p>	<p>3. Long-term capital gains arising from the transfer of bonds referred to against serial number 1 or Global Depository Receipts referred to against serial number 2.</p>	<p>12.5%</p>		
		<p>(iii) the amount of income-tax with which the non-resident would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a), (b) and (c).</p>	<p>4. Total income as reduced by income referred to against serial numbers 1 to 3.</p>	<p>Income tax chargeable on such income.</p>		



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1	2	3	4	5	6									
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change									
214	115E	<b>Tax on investment income and long-term capital gains.</b>	<b>Tax on investment income and long-term capital gains.</b>											
		<p>Where the total income of an assessee, being a non-resident Indian, includes—</p> <p>(a) any income from investment or income from long-term capital gains of an asset other than a specified asset; the tax payable by him shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income in respect of investment income referred to in</p> <p>clause (a), if any, included in the total income, at the rate of twenty per cent;</p>	<p>The Income-tax payable, on the total income of an assessee, being a non-resident Indian, which includes income specified in column B of the Table below, shall be the aggregate of the amounts mentioned in column C thereof.</p> <table border="1" data-bbox="981 986 1615 1386"> <thead> <tr> <th data-bbox="981 986 1070 1131">Sl. No</th> <th data-bbox="1070 986 1458 1131">Income</th> <th data-bbox="1458 986 1615 1131">Income-tax payable</th> </tr> <tr> <th data-bbox="981 1131 1070 1203">A</th> <th data-bbox="1070 1131 1458 1203">B</th> <th data-bbox="1458 1131 1615 1203">C</th> </tr> </thead> <tbody> <tr> <td data-bbox="981 1203 1070 1386">1</td> <td data-bbox="1070 1203 1458 1386">Income from investment or income from long-term capital gains of an asset other than a specified asset</td> <td data-bbox="1458 1203 1615 1386">20%</td> </tr> </tbody> </table>	Sl. No	Income	Income-tax payable	A	B	C	1	Income from investment or income from long-term capital gains of an asset other than a specified asset	20%	<p>In table, at S No. 1, the phrase can be reworded as follows -</p> <p>Income from investment <del>or income from long-term capital gains of an asset other than a specified asset</del></p>	<p>The Income from any asset other than specified asset (income/capital gains) does not form part of this Chapter. Hence, specifying rate for such income under this chapter is not required. This may be considered to be removed.</p>
Sl. No	Income	Income-tax payable												
A	B	C												
1	Income from investment or income from long-term capital gains of an asset other than a specified asset	20%												



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1	2	3	4		5	6		
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change		
		<p>(b) income by way of long-term capital gains, the tax payable by him shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty per cent;</p> <p>[(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income,--</p> <p>(A) at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024; and</p> <p>(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024; and</p>	<table border="1"> <tr> <td data-bbox="981 655 1070 786">2</td> <td data-bbox="1070 655 1460 786">Income from long-term capital gains on specified asset.</td> <td data-bbox="1460 655 1615 786">12.5%</td> </tr> </table>	2	Income from long-term capital gains on specified asset.	12.5%		
2	Income from long-term capital gains on specified asset.	12.5%						



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1	2	3	4		5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
		(iii) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).	3	Total income as reduced by income referred to against serial numbers 1 and 2.	Income-tax chargeable on such income.		
		<p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) "cost", in relation to any new asset, being a deposit referred to in sub-clause (iii), or specified under sub- clause (v), of clause (f) of section 115C, means the amount of such deposit;</p> <p>(ii) "net consideration", in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p>	<p>(2) For the In sub-section (1),—</p> <p>(a) “cost”, in relation to any new asset, being a deposit referred to in section 212(e)(iii)(v), means the amount of such deposit;</p> <p>(b) “net consideration” in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p> <p>(3) Where the new asset is transferred or converted (otherwise than by transfer) into money, within three years from date of its acquisition, the capital gain arising from transfer of original asset not so charged under</p>		<p>The following words may be deleted.</p> <p>(2) <del>For the</del> In sub-section (1),—</p>	<p>Words “<b>for the</b>” are not required.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) Where the new asset is transferred or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted (otherwise than by transfer) into money.	section 67 shall be deemed to be income by way of capital gains of the tax year in which such transfer or conversion takes place relating to capital assets other than short-term capital assets of the tax year in which the new asset is transferred or converted (otherwise than by transfer) into money.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
217	115H	<b>Benefit under Chapter to be available in certain cases even after the assessee becomes resident.</b>	<b>Benefit to be available in certain cases even after assessee becomes resident.</b>		
		<p>Where a person, who is a non-resident Indian in any previous year, becomes assessable as resident in India in respect of the total income of any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with his return of income under section 139 for the assessment year for which he is so assessable, to the effect that the provisions of this Chapter shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an asset of the nature referred to in sub-clause (ii) or sub-clause (iii) or sub-clause (iv) or sub-clause (v) of clause (f) of section 115C; and if he does so, the provisions of this</p>	<p>(1) Where a non-resident Indian in any tax year,—</p> <p>(a) becomes assessable as a resident in India in a subsequent tax year; and</p> <p>(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 218 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 a share in an Indian company,</p> <p>then the provisions of this Chapter shall continue to apply in relation to such income until the transfer or conversion (otherwise than by transfer) of such assets into money.</p>	<p>Form is yet to be prescribed for electing to be governed by special provisions to avail the benefit of this provision. The requirement of selection of this Scheme may be made as part of return of income itself.</p>	<p>Since the ROI is annexure less and electronic, suitable provisions may be incorporated in the ROI itself to be governed by the provisions of Chapter XIII-E.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Chapter shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>F.-Special provisions relating to pass-through entities</b>					
223	115UA	<b>Tax on income of unit holder and business trust</b>	<b>Tax on income of unit holder and business trust.</b>		
		<p>(1) Notwithstanding anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.</p> <p>(2) Subject to the provisions of sections 111A, 112 and 112A, the total income of a business trust shall be charged to tax at the maximum marginal rate.</p> <p>(3) If in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in clause (23FC) or clause (23FCA)</p>	<p>(1) Irrespective of anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.</p> <p>(2) Subject to the provisions of sections 196 and 197, the total income of a business trust shall be charged to tax at the maximum marginal rate.</p> <p>(3) If in any tax year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in Schedule V (Table: Sl. No. 3) or (Table: Sl. No. 4), then, such distributed income or part thereof shall be deemed to be income of</p>	<p>Sub-section (2) of section 223 may be reworded as follows -</p> <p>(2) Subject to the provisions of sections 196 <del>and</del> 197 <b>and 198</b> the total income of a business trust shall be charged to tax at the maximum marginal rate</p>	<p>Capital gains on transfer of long-term capital assets referred to in section 198 also has to be charged to tax at the rate of 12.5% and not at MMR. However, there is no reference to section 198 in section 223(2).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of section 10, then, such distributed income or part thereof shall be deemed to be income of such unit holder and shall be charged to tax as income of the previous year.</p> <p>3A) The provisions of sub-section (1) shall not apply in respect of any sum referred to in clause (xii) of sub-section (2) of section 56, received by a unit holder from a business trust.</p> <p>(4) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner as may be prescribed, giving the details of the nature of the income paid during the previous year and such other details as may be prescribed.</p>	<p>such unit holder and shall be charged to tax as income of the tax year.</p> <p>(4) The provisions of sub-section (1) shall not apply in respect of any sum referred to in section 92(2)(k) received by a unit holder from a business trust.</p> <p>(5) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder, shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner, as prescribed, giving the details of the nature of the income paid during the tax year and such other details, as prescribed.</p>		<p>Accordingly, reference to Section 198 to be added.</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>G.-Special provisions relating to income of shipping companies</b>					
225	115VA	<b>Computation of profits and gains from the business of operating qualifying ships</b>	<b>Income from the business of operating qualifying ships.</b>		
		Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of a company, the income from the business of operating qualifying ships, may, at its option, be computed in accordance with the provisions of this Chapter and such income shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".	Irrespective of anything contained in sections 26 to 54, in the case of a company, the income from the business of operating qualifying ships— (a) may, at its option, be computed as per provisions of this Part; and (b) such income shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession"		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
232	115VT, 115VU, 115VV, 115VW, 115VZA		<b>Certain conditions for applicability of tonnage tax scheme.</b>		
		<p><b>115VZA-Effect of temporarily ceasing to operate qualifying ships</b></p> <p>(1) A temporary cessation (as against permanent cessation) of operating any qualifying ship by a company shall not be considered as a cessation of operating of such qualifying ship and the company shall be deemed to be operating such qualifying ship for the purposes of this Chapter.</p>	<p>(22) A temporary cessation (as against permanent cessation) of operating any qualifying ship by a company shall not be considered as a cessation of operating of such qualifying ship and the company shall be deemed to be operating such qualifying ship for the purposes of this Part.</p> <p>(23) Where a qualifying company continues to operate a ship or new inland vessel, as the case may be, which temporarily ceases to be</p>	<p>Clause (23) of Section 233 may be amended as under:</p>	<p>The discrepancy may have arisen due to the substitution of</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) Where a qualifying company continues to operate a ship or inland vessel, as the case may be, which temporarily ceases to be a qualifying ship, such ship or inland vessel, as the case may be, shall not be considered as a qualifying ship for the purposes of this Chapter.	a qualifying ship, such ship or inland vessel, as the case may be shall not be deemed as a qualifying ship for the purposes of this Part.	Where a qualifying company continues to operate a ship or <del>new</del> <b>inland vessel</b> , as the case may be, which temporarily ceases to be a qualifying ship, such ship or inland vessel, as the <del>case</del> <b>case</b> may be shall not be deemed as a qualifying ship for the purposes of this Part.	the term 'inland vessel' with 'new inland vessel' in other provisions of this Part. However, using it in this particular clause may not be appropriate. The use of the term 'new inland vessel' herein may constitute an apparent discrepancy, which may require clarification or definition.



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
235	115V, 115VC, 115VD		<b>Interpretation.</b>		
		<p><b>115V- Definitions.</b></p> <p>In this Chapter, unless the context otherwise requires,—</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be for a stipulated period on terms which give the charterer possession and control of the ship or inland vessel, as the case may be, including the right to appoint the master and crew;</p> <p>(b) "bareboat charter-cum-demise" means a bareboat charter where the ownership of the ship or inland vessel, as the case may be is intended to be</p>	<p>In this Part,—</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be, for a stipulated period on terms which give the charterer possession and control of the ship or new inland vessel, as the case may be, including the right to appoint the master and crew;</p> <p>(b) "bareboat charter-cum-demise" means a bareboat charter where the ownership of the ship or inland vessel, as the case may be, is intended to be transferred after a specified</p>	<p>It is suggested that section 235(a) may be amended as under:</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be, for a stipulated period on terms which give the charterer possession and control of the ship or <b>new inland vessel</b>, as the case may be, including the right to appoint the master and crew;</p>	<p>Use of the word "new" with "inland vessel" is not needed as the word "new" is not used with "ship". The use of "new" with "inland vessel" may result in interpretational issues.</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		transferred after a specified period to the company to whom it has been chartered;	period to the company to whom it has been chartered;		
		<p><b>115VD-Qualifying ship.</b></p> <p>For the purposes of this Chapter, a ship or inland vessel, as the case may be, is a qualifying ship if—</p> <p>(a) it is a seagoing ship or vessel or inland vessel, as the case may be of fifteen net tonnage or more;</p> <p>(b) it is a ship registered under the Merchant Shipping Act, 1958 (44 of 1958), or a ship registered outside India in respect of which a licence has been issued by the Director-General of Shipping under section 406 or section 407 of the Merchant Shipping Act, 1958 (44 of 1958) or an inland vessel</p>	<p>(i) “qualifying ship” means a ship or inland vessel, as the case may be, if—</p> <p>(i) it is a seagoing ship or vessel or inland vessel, as the case may be, of fifteen net tonnage or more;</p> <p>(ii) it is a ship registered under the Merchant Shipping Act, 1958, or a ship registered outside India in respect of which a licence has been issued by the Director-General of Shipping under section 406 or 407 of said Act or an inland vessel registered under the Inland Vessels Act, 2021, as the case may be; and</p>	The provision must be amended to provide a clear inclusive definition of “qualifying ship”.	There is lack of clarity on what a “qualifying ship” is and whether it includes offshore support vessels, dredgers etc. The current definition is not inclusive and this may lead companies engaged in offshore services to face adverse tax assessments due to restrictive



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>registered under the Inland Vessels Act, 2021, as the case may be; and</p> <p>(c) a valid certificate in respect of such ship or inland vessel, as the case may be, indicating its net tonnage is in force, but does not include—</p> <p>(i) a seagoing ship or vessel or inland vessel, as the case may be, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;</p> <p>(ii) fishing vessels;</p> <p>(iii) factory ships;</p> <p>(iv) pleasure crafts;</p> <p>(v) harbour and river ferries;</p> <p>(vi) offshore installations;</p>	<p>(iii) a valid certificate in respect of such ship or inland vessel, as the case may be, indicating its net tonnage is in force, but does not include—</p> <p>(A) a seagoing ship or vessel or inland vessel, as the case may be, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;</p> <p>(B) fishing vessels;</p> <p>(C) factory ships;</p> <p>(D) pleasure crafts;</p> <p>(E) harbour and river ferries;</p> <p>(F) offshore installations; and</p> <p>(G) a qualifying ship which is used as a fishing vessel for more than thirty days during a tax year;</p>	<p>There must be a clarification regarding non-requirement of valid certificate in indicating net tonnage for slot charter arrangements.</p>	<p>interpretation. Therefore, this clarification would be beneficial for companies engaged in offshore services.</p> <p>In cases of slot charter arrangements, valid certificate is not required as it would fall within “deemed tonnage” as envisioned by the Legislature.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(vii) [***] (viii) a qualifying ship which is used as a fishing vessel for a period of more than thirty days during a previous year.			Therefore, there must be an express provision excluding the same. (CIT v Trans Asian Shipping Services P Ltd. Civil Appeal No. 5870/2016 (SC))



**The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)**

# **MEMORANDUM OF SUGGESTIONS**

**ON**

**THE INCOME TAX BILL, 2025**

**(PART - 3)**



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**CHAPTER XIV**  
**TAX ADMINISTRATION**

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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
239	119	<b>Instructions to subordinate authorities-</b> (1) The Board may, from time to time, issue such orders, instructions and directions to other income-tax authorities as it may deem fit for the proper administration of this Act, and such authorities and all other people employed in the execution of this Act shall observe and follow such orders, instructions and directions of the Board :  Provided that no such orders, instructions or directions shall be issued—  (a) to require any income tax authority to make a particular assessment or to dispose	<b>Instructions to subordinate authorities-</b> (1) The Board may issue such orders, instructions and directions to other income-tax authorities as it considers fit for the proper administration of this Act, and such authorities and all other people employed in the execution of this Act shall observe and follow such orders, instructions and directions.  (2) No orders, instructions or directions under sub-section (1) shall be issued to—  (a) require any income tax authority to make a particular assessment or to		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of a particular case in a particular manner; or</p> <p>(b) to interfere with the discretion of 88[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) in the exercise of his appellate functions.</p> <p>(2) Without prejudice to the generality of the foregoing power,</p> <p>(a) the Board may, if it considers it necessary or expedient so to do, for the purpose of proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of sections 115P, 115S, 115WD, 115WE, 115WF, 115WG, 115WH, 115WJ, 115WK, 139, 143, 144, 147, 148, 154, 155, 158BFA, sub-section (1A) of section</p>	<p>dispose of a particular case in a particular manner; or</p> <p>(b) interfere with the discretion of the Joint Commissioner (Appeals) or Commissioner (Appeals) in the exercise of his appellate functions.</p> <p>(3) Without prejudice to the foregoing power, the Board may,</p> <p>(a) if it considers necessary or expedient so to do for the proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of section 263, 270, 271, 279, 280, 287, 298, 398(3), 406, 407, 423, 424, 425, 427, 428, 439, 448, 449 or otherwise), general or special orders in respect of</p>	<p>It is suggested that section 239(3)(a) may be redrafted as under:</p> <p>(3) Without prejudice to the foregoing power, the Board may,</p> <p>(a) if it considers necessary or expedient so to do for the proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of section 263, 270, 271, 279, 280, 287, <del>288</del>, 298, 398(3), 406, 407, <u>408</u>, 423, 424, 425, 427, 428, 439, 448, 449 or</p>	<p>Reference to the following Sections of the Income-tax Bill, 2025, may be included in Section 239, since the corresponding existing sections of the Income-tax Act, 1961 have been included in section 119.</p> <p><b>1.Section 288 of the Income-tax Bill, 2025</b> - Other amendments (corresponding to Section 155 of the Income-tax Act, 1961).</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>201, sections 210, 211, 234A, 234B, 234C, 234E, 234F, 270A, 271, 271C, 271CA and 273 or otherwise), general or special orders in respect of any class of incomes or fringe benefits or class of cases, setting forth directions or instructions (not being prejudicial to assesseees) as to the guidelines, principles or procedures to be followed by other income-tax authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties and any such order may, if the Board is of opinion that it is necessary in the public interest so to do, be published and circulated in the prescribed manner for general information;</p> <p>(b) the Board may, if it considers it desirable or expedient so to do for</p>	<p>any class of incomes or class of cases, –</p> <p>(i) setting forth directions or instructions (not being prejudicial to assesseees) as to the guidelines, principles or procedures to be followed by other income-tax authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties; and</p> <p>(ii) any such order may, if the Board is of the opinion that it is necessary in the public interest so to do, be published and circulated in the prescribed manner for general information.</p> <p>(b) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order, authorize any income-</p>	<p>otherwise), general or special orders in respect of any class of incomes or class of cases -</p>	<p><b>2. Section 408 of the Income-tax Bill, 2025</b></p> <p>- Instalments of advance tax and due dates (corresponding to section 211 of the Income-tax Act, 1961).</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>avoiding genuine hardship in any case or class of cases, by general or special order, authorise any income-tax authority, not being a Joint Commissioner (Appeals) or a Commissioner (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief under this Act after the expiry of the period specified by or under this Act for making such application or claim and deal with the same on merits in accordance with law;</p> <p>(c) the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A, where the assessee has failed to</p>	<p>tax authority, not being a Joint Commissioner (Appeals) or a Commissioner (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief under this Act after the expiry of the period specified in this Act for making such application or claim and deal with the same on merits as per law;</p> <p>(c) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or VIII, where the assessee has failed to comply with any requirement specified in such provision</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions, namely:—</p> <p>(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and</p> <p>(ii) the assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed :</p> <p>Provided that the Central Government shall cause every order issued under this clause to be laid before each House of Parliament.</p>	<p>for claiming deduction thereunder, subject to the following conditions:—</p> <p>(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and</p> <p>(ii) the assessee has complied with such requirements before the completion of assessment in relation to the tax year in which such deduction is claimed.</p> <p>(4) The Central Government shall cause every order issued under sub-section (3)(c) to be laid before each House of Parliament.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
242	124	<b>Jurisdiction of Assessing Officers-</b> (5) Notwithstanding anything contained in this section or in any direction or order issued under section 120, every Assessing Officer shall have all the powers conferred by or under this Act on an Assessing Officer in respect of the income accruing or arising or received within the area, if any, over which he has been vested with jurisdiction by virtue of the directions or orders issued under sub-section (1) or sub-section (2) of section 120.	<b>Jurisdiction of Assessing Officers-</b> (6) Irrespective of anything contained in this section or in any direction or order issued under section 241, every Assessing Officer shall have all the powers conferred under this Act on an Assessing Officer in respect of the income accruing or arising or received within the area, if any, over which he has been vested with jurisdiction by virtue of the directions or orders issued under section 241(1) or. (2) or (3) or section (4).	Sub-section (6) may be redrafted as under: Irrespective of anything contained in this section or in any direction or order issued under section 241, every Assessing Officer shall have all the powers conferred under this Act on an Assessing Officer in respect of the income, <b>if any</b> , accruing or arising or received within the area, <del>if any</del> , over which he has been vested with jurisdiction by virtue of the directions or orders issued under section 241(1) or. (2) or (3) or section (4).	For the sake of clarity and proper interpretation, the expression 'if any' should be construed with reference to the term 'income' and not with the phrase 'within the area'.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
247	132	<p><b>Search and seizure-</b></p> <p>(1) Where the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or Additional Director or Additional Commissioner or Joint Director or Joint Commissioner in consequence of information in his possession, has reason to believe that—</p> <p>(a) any person to whom a summons under sub-section (1) of section 37 of the Indian Income-tax Act, 1922 (11 of 1922), or under sub-section (1) of section 131 of this Act, or a notice under sub-section (4) of section 22 of the Indian Income-tax Act, 1922, or under sub-section (1) of section 142 of this Act was issued to</p>	<p><b>Search and seizure-</b></p> <p>(1) Where the competent authority, in consequence of information in his possession, has reason to believe that—</p> <p>(a) any person to whom a summons under section 246(1) or a notice under section 268(1),—</p> <p>(i) was issued to produce, or cause to be produced, any books of account or other documents or any information stored in any electronic media or a computer system, has omitted or failed to produce, or cause to be produced, such books of account or other documents or such information as required by such summons or notice; or</p> <p>(ii) has been issued or might be issued, will not, or would not, produce or cause</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such summons or notice, or</p> <p>(b) any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any books of account or other documents which will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act, or</p> <p>(c) any person is in possession of any money, bullion, jewelry or other valuable article or thing and such money, bullion, jewelry or other valuable article or thing represents either wholly or partly income</p>	<p>to be produced, any books of account or other documents or any information stored in an electronic media or a computer system which will be useful for, or relevant to, any proceedings under this Act; or</p> <p>(b) any person is in possession of any asset or information in relation to any asset and such asset represents either wholly or partly, income or property which has not been, or would not be, disclosed, for the purposes of this Act, or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, (herein referred to as the undisclosed income or property in this section), then the approving authority may authorize any Joint Director or Joint Commissioner or Assistant Director or Assistant</p>	<p>It is suggested that section 247(1)(b) be amended to provide access only to official e-mail accounts of the person. This would protect the fundamental right to privacy of a person.</p>	<p>This provision allows authorised officer to inspect any information, electronic records and communication available on computer systems. This includes emails, social media etc. This provision could infringe the fundamental right to privacy of persons.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or property which has not been, or would not be, disclosed for the purposes of the Indian Income-tax Act, 1922 (11 of 1922), or this Act (hereinafter in this section referred to as the undisclosed income or property), then,</p> <p>(A) the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner, as the case may be, may authorize any Additional Director or Additional Commissioner or Joint Director, Joint Commissioner, Assistant Director or Deputy Director, Assistant Commissioner or Deputy Commissioner or Income-tax Officer, or</p> <p>(B) such an Additional Director or Additional Commissioner or Joint</p>	<p>Commissioner or Income-tax Officer, or any Joint Director or Joint Commissioner, so authorized, may authorize any Assistant Director or Assistant Commissioner or Income-tax Officer, hereinafter referred to as the authorized officer to—</p> <p>(i) enter and search for any building, place, vessel, vehicle, aircraft where he has reason to suspect that such assets, books of account, other documents, or any information stored in an electronic media or computer systems are kept.</p> <p>(ii) require any person, who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record [as defined in section 2(1)(ha), (i), (j), (k), (l), (r), and (t) of the</p>		<p>Grant of such unrestricted power to tax authorities to subject personal digital information to surveillance is a cause of concern.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Director, or Joint Commissioner may authorize any Assistant Director or Deputy Director, Assistant Commissioner or Deputy Commissioner or Income-tax Officer, (the officer so authorized in all cases being hereinafter referred to as the authorized officer)</p> <p>(i) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such books of account, other documents, money, bullion, jewelry or other valuable article or thing are kept.</p> <p>(ii) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (i) where the keys thereof are not available.</p>	<p>Information Technology Act, 2000], on computer systems, any information stored in an electronic media or computer systems, to afford the authorized officer with such reasonable technical and other assistance (including access code, by whatever name called) as may be necessary to enable the authorized officer to inspect any information, electronic records and communication or data contained in or available on such computer systems;</p> <p>(iii) break open the lock of any door, box, locker, safe, almirah, or other receptacle for exercising the powers conferred by clause (i), to enter and search any building, place, etc., where the keys thereof or the access to such building, place, etc., is not available, or gain access by overriding the access</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iia) search for any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorized officer has reason to suspect that such person has secreted about his person any such books of account, other documents, money, bullion, jewelry or other valuable article or thing;</p> <p>(iib) require any person who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000), to afford the authorized officer the necessary facility to inspect such books of account or other documents;</p>	<p>code to any said computer system, or virtual digital space, where the access code thereof is not available;</p> <p>(iv) search for any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorized officer has reason to suspect that such person has secreted his person any such books of account, other documents, computer systems or asset.</p> <p>(v) place marks of identification on any books of accounts or other documents or make or cause to be made extracts or copies therefrom and from computer systems.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iii) seize any such books of account, other documents, money, bullion, jewelry or other valuable article or thing found because of such search:</p> <p>Provided that bullion, jewelry or other valuable article or thing, being stock-in-trade of the business, found because of such search shall not be seized but the authorized officer shall make a note or inventory of such stock-in-trade of the business.</p> <p>(iv) place marks of identification on any books of account or other documents or make or cause to be made extracts or copies therefrom.</p> <p>(v) make a note or an inventory of any such money, bullion, jewelry or other valuable article or thing :</p>	<p>(vi) make a note or an inventory of any such asset, and stock-in-trade of the business, found because of such search.</p> <p>(vii) seize any such books of account, other documents, computer systems, or assets (other than stock-in-trade of the business), found as a result of such search.</p> <p>(viii) serve an order of deemed seizure, on the owner or the person who is in immediate possession or control thereof, of any valuable article or thing, which is not stock-in-trade, not to remove, part with or otherwise deal with it, except with the previous permission of the authorized officer, if it is not possible or practicable to take physical possession or removal to a safe place of such article or thing, due to its volume,</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Provided that where any building, place, vessel, vehicle or aircraft referred to in clause (i) is within the area of jurisdiction of any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, but such Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner has no jurisdiction over the person referred to in clause (a) or clause (b) or clause (c), then, notwithstanding anything contained in section 120, it shall be competent for him to exercise the powers under this sub-section in all cases where he has reason to believe that any delay in getting the authorization from the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner having jurisdiction over	weight, or other physical characteristics or it being of a dangerous nature.  (2) If any building, place, vessel, vehicle or aircraft referred to in sub-section (1)(i) is within the area of jurisdiction of any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, but such income-tax authority has no jurisdiction over the person referred to in sub-section (1)(a) or(b), then, irrespective of the fact that he has no jurisdiction, it shall be competent for him to exercise the powers under sub-section (1), where he has reason to believe that any delay in getting the authorization from the income-tax authority having jurisdiction over such		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such person may be prejudicial to the interests of the revenue :</p> <p>Provided further that where it is not possible or practicable to take physical possession of any valuable article or thing and remove it to a safe place due to its volume, weight or other physical characteristics or due to its being of a dangerous nature, the authorized officer may serve an order on the owner or the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it, except with the previous permission of such authorized officer and such action of the authorized officer shall be deemed to be seizure of such valuable article or thing under clause (iii):</p>	<p>person may be prejudicial to the interests of the revenue.</p> <p>(3) If any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, or any information stored in an electronic media or computer systems, or asset in respect of which an officer has been authorized by the competent authority to take action under sub-section (1)(i) to (viii) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorization under sub-section (1), then such Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may,</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided also that nothing contained in the second proviso shall apply in case of any valuable article or thing, being stock-in-trade of the business:</p> <p>Provided also that no authorization shall be issued by the Additional Director or Additional Commissioner or Joint Director or Joint Commissioner on or after the 1st day of October 2009 unless he has been empowered by the Board to do so.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.</p> <p>(1A) Where any Principal Chief Commissioner or Chief Commissioner or</p>	<p>irrespective of anything contained in section 241, authorize the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.</p> <p>(4) The authorized officer may, where it is not practicable to seize, any such books of account, other documents, computer systems, asset, bank locker, bank account, for reasons other than deemed seizure under of sub-section (1) (viii),—</p> <p>(a) serve an order on the owner or the person who is in immediate possession or control thereof, not to remove, part with or otherwise deal with it except with the previous permission of such an officer and take such steps as may be</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Principal Commissioner or Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, money, bullion, jewelry or other valuable article or thing in respect of which an officer has been authorized by the Principal Director General or Director General or Principal Director or Director or any other Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or Additional Director or Additional Commissioner or Joint Director or Joint Commissioner to take action under clauses (i) to (v) of sub-section (1) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorization under sub-section (1), such Principal Chief	necessary for ensuring compliance with the order; and (b) such order shall not remain in force for a period exceeding sixty days from the date of the order and serving of such order shall not be deemed to be seizure of such books of account, other documents or assets under sub-section (1)(vii), (5) The authorized officer may requisition the services of— (a) any police officer or any officer of the Central Government, or of both; or (b) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, <b>as per</b>	<b>(A)</b> Section 247(5)(b) can be redrafted as under  (b) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director	Section 247(5)(b) may be redrafted to enhance clarity and ease of understanding.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, notwithstanding anything contained in section 120, authorize the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the reason to suspect, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.</p> <p>(2) The authorized officer may requisition the services of,</p> <p>(i) any police officer or of any officer of the Central Government, or of both; or</p>	<p><b>with such procedure, as prescribed,</b> to assist him for all or any of the purposes specified in sub-sections (1) and (3) and it shall be the duty of every such officer or person or entity to comply with such requisition.</p> <p>(6) The authorized officer may, during the course of any search or seizure, examine on oath any person who is found to be in possession or control or access holder of any computer systems, books of account, other documents or asset, or any other person who is present in the premises or is being searched, and—</p> <p>(a) any statement made by such person, during such an examination may thereafter be used in evidence in any proceeding under this Act; and</p>	<p>General, <del>as per with such procedure, as prescribed,</del> <b>as per such procedure as prescribed,</b> to assist him for all or any of the purposes specified in sub-sections (1) and (3) and it shall be the duty of every such officer or person or entity to comply with such requisition.</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) any person or entity may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, to assist him for all or any of the purposes specified in sub-section (1) or sub-section (1A) and it shall be the duty of every such officer or person or entity to comply with such requisition.]</p> <p>(3) The authorized officer may, where it is not practicable to seize any such books of account, other documents, money, bullion, jewelry or other valuable article or thing, for reasons other than those mentioned in the second proviso to sub-section (1), serve an order on the owner or the person who is in immediate possession or control thereof that he shall</p>	<p>(b) the examination of any such person may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of all matters relevant for the purposes of any investigation connected with any proceedings under this Act.</p> <p>(7) Where any book of accounts (in physical form or electronic form), other documents or asset, is found in the possession or control of any person in the course of a search, it may be presumed—</p> <p>(a) that such books of accounts, computer systems, virtual digital space, other documents or assets, belong or belong to such person.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>not remove, part with or otherwise deal with it except with the previous permission of such officer and such officer may take such steps as may be necessary for ensuring compliance with this sub-section.</p> <p>Explanation. For the removal of doubts, it is hereby declared that serving of an order as aforesaid under this sub-section shall not be deemed to be seizure of such books of account, other documents, money, bullion, jewelry or other valuable article or thing under clause (iii) of sub-section (1).</p> <p>(4) The authorized officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books of account, documents, money, bullion,</p>	<p>(b) that the contents of such books of account, other documents, electronic content, records or communication found on such computer systems or virtual digital space, are true.</p> <p>(c) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person, or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in the handwriting of that person; and</p> <p>(d) in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested, and that the</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>jewelry or other valuable article or thing and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the examination of any person under this sub-section may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of all matters relevant for the purposes of any investigation connected with any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act.</p> <p>(4A) Where any books of account, other documents, money, bullion, jewelry or other valuable article or thing are or is</p>	<p>electronic records, data, communication, communication, and information exchange carried out using such electronic devices is presumed to be exchanged between the parties thereto.</p> <p>(8) The authorized officer may, by order in writing, provisionally attach any property belonging to the assessee, during the course of the search or seizure, or within sixty days from the date of execution of the last of the authorizations for the search and such provisional attachment shall—</p> <p>(a) be made, if the authorized officer is satisfied, after recording the reasons in writing, that it is necessary to do so in the interest of the revenue, with the prior approval of Principal Director General</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>found in the possession or control of any person during a search, it may be presumed—</p> <p>(i) that such books of account, other documents, money, bullion, jewelry or other valuable articles or thing belong or belong to such person.</p> <p>(ii) that the contents of such books of account and other documents are true; and</p> <p>(iii) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and</p>	<p>or Director General or Principal Director or Director.</p> <p>(b) be valid for six months from the end of the month in which the order of provisional attachment is made, and the rules prescribed as referred to in section 413 shall, mutatis mutandis, apply to such provisional attachment.</p> <p>(9) The authorized officer may, during the course of the search or seizure, or within sixty days from the date on which the last of the authorizations for search was executed, make a reference to a Valuation Officer, or any person registered as a <b>value</b> under section 514, or any person or entity registered by or under any law <b>enforce</b>, requiring him to—</p>	<p><b>(B) Section 247(9) can be re-drafted as under:</b></p> <p>The authorised officer may, during the course of the search or seizure, or within sixty days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer, or any person registered as a <b>value valuer</b> under section 514, or any person</p>	<p>(B) Section 247(9) may be redrafted to correct typographical errors and to ensure that the provision appropriately refers to a 'valuer' and to laws 'in force'.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>executed or attested by the person by whom it purports to have been so executed or attested.</p> <p>(5) [***]</p> <p>(6) [***]</p> <p>(7) [***]</p> <p>(8) The books of account or other documents seized under sub-section (1) or sub-section (1A) shall not be retained by the authorized officer for a period exceeding “one month from the end of the quarter from the date of the [order of assessment or reassessment or recomputation under sub-section (3) of section 143 or section 144 or section 147 or] section 153A or clause (c) of section 158BC unless the reasons for retaining the same are recorded by him in writing and</p>	<p>(a) estimate the fair market value of the property in the manner, as prescribed; and</p> <p>(b) submit a report of the estimate to the authorized officer or the Assessing Officer, within sixty days from the date of receipt of such reference.</p> <p>(10) The provisions of the Bhartiya Nagarik Suraksha Sanhita, 2023 relating to searches and seizure shall apply, so far as may be, to search and seizure under this section.</p> <p>(11) The Board may make rules in relation to any search or seizure under this section including providing for the procedure to be followed by the authorized officer—</p>	<p>or entity registered by or under any law <del>enforce</del> <u>in force</u>, requiring him to—</p> <p>(a) estimate the fair market value of the property in the manner, as prescribed; and</p> <p>(b) submit a report of the estimate to the authorised officer or the Assessing Officer, within sixty days from the date of receipt of such reference.</p>	



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<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		the approval of the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director for such retention is obtained :  Provided that the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director shall not authorize the retention of the books of account and other documents for a period exceeding thirty days after all the proceedings under the Indian Income-tax Act, 1922 (11 of 1922), or this Act in respect of the years	(a) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available; and  (b) for ensuring safe custody of any books of account or other documents or assets seized.		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>for which the books of account or other documents are relevant are completed.</p> <p>(8A) An order under sub-section (3) shall not be in force for a period exceeding sixty days from the date of the order.</p> <p>(9) The person from whose custody any books of account or other documents are seized under sub-section (1) or sub-section (1A) may make copies thereof, or take extracts therefrom, in the presence of the authorized officer or any other person empowered by him in this regard, at such place and time as the authorized officer may appoint in this behalf.</p> <p>(9A) Where the authorized officer has no jurisdiction over the person referred to in clause (a) or clause (b) or clause (c) of sub-section (1), the books of account or other documents, or any money, bullion,</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>jewelry or other valuable article or thing (hereafter in this section and in sections 132A and 132B referred to as the assets) seized under that sub-section shall be handed over by the authorized officer to the Assessing Officer having jurisdiction over such person within a period of sixty days from the date on which the last of the authorizations for search was executed and thereupon the powers exercisable by the authorized officer under sub-section (8) or sub-section (9) shall be exercisable by such Assessing Officer.</p> <p>(9B) Where, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorizations for search was executed, the authorized officer, for reasons to be recorded in writing, is satisfied that for the purpose of protecting</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the interest of revenue, it is necessary so to do, he may with the previous approval of the Principal Director General or Director General or the Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee, and for the said purposes, the provisions of the Second Schedule shall, mutatis mutandis, apply.</p> <p>(9C) Every provisional attachment made under sub-section (9B) shall cease to have effect after the expiry of a period of six months from the date of the order referred to in sub-section (9B).</p> <p>(9D) The authorized officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorizations for</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		search was executed, make a reference to,-- (i) a Valuation Officer referred to in section 142A; or (ii) any other person or entity or any valuer registered by or under any law for the time being in force, as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, who shall estimate the fair market value of the property in the manner as may be prescribed and submit a report of the estimate to the authorized officer or the Assessing Officer within a period of sixty			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>days from the date of receipt of such reference.</p> <p>(10) If a person legally entitled to the books of account or other documents seized under sub-section (1) or sub-section (1A) objects for any reason to the approval given by the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director under sub-section (8), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the books of account or other documents and the Board may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit.</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(13) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974), relating to searches and seizure shall apply, so far as may be, to searches and seizure under sub-section (1) or sub-section (1A).</p> <p>(14) The Board may make rules in relation to any search or seizure under this section ; in particular, and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorized officer—</p> <p>(i) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto are not available.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) for ensuring safe custody of any books of an account or other documents or assets seized.</p> <p>Explanation 1.-For the purposes of sub-sections (9A), (9B) and (9D), the last of authorizations for search shall be deemed to have been executed,</p> <p>(a) in the case of search, on the conclusion of search as recorded in the last panchnama drawn in relation to any person in whose case the warrant of authorization has been issued; or</p> <p>(b) in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the authorized officer.]</p> <p>Explanation 2.—In this section, the word "proceeding" means any proceeding in</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>respect of any year, whether under the Indian Income-tax Act, 1922 (11 of 1922), or this Act, which may be pending on the date on which a search is authorized under this section or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after such date in respect of any year.</p>			
252	133	<p><b>Power to call for information-</b> 133. The Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or 98[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) may, for the purposes of this Act, (1) require any firm to furnish them with the return of the names and addresses of</p>	<p><b>Power to call for information-</b> (1) The Assessing Officer, the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may, for the purposes of this Act, require any— (a) person, including a banking company or any officer thereof, to furnish, within such time, requisite</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the partners of the firm and their respective shares.</p> <p>(2) require any Hindu undivided family to furnish him with a return of the names and addresses of the manager and the members of the family.</p> <p>(3) require any person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian or agent, and of their addresses.</p> <p>(4) require any assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any previous year rent, interest, commission, royalty or brokerage, or any annuity, not being any annuity taxable under the head "Salaries" amounting to more than one</p>	<p>information or to furnish statements of account and affairs verified in such manner specified by such authority, giving such information in relation to such matters as, in the opinion of such authority, will be useful for, or relevant to, any enquiry or proceedings under this Act.</p> <p>(b) firm to furnish him with a return of the names and addresses of the partners of the firm and their respective shares.</p> <p>(c) Hindu undivided family to furnish him with a return of the names and addresses of the manager and the members of the family.</p> <p>(d) person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the people for or of whom he</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>thousand rupees, or such higher amount as may be prescribed, together with particulars of all such payments made;</p> <p>(5) require any dealer, broker or agent or any person concerned in the management of a stock or commodity exchange to furnish a statement of the names and addresses of all persons to whom he or the exchange has paid any sum in connection with the transfer, whether by way of sale, exchange or otherwise, of assets, or on whose behalf or from whom he or the exchange has received any such sum, together with particulars of all such payments and receipts ;</p> <p>(6) require any person, including a banking company or any officer thereof, to furnish information in relation to such points or matters, or to furnish statements of accounts and affairs verified in the</p>	<p>is trustee, guardian or agent, and of their addresses.</p> <p>(e) assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any tax year, rent, interest, commission, royalty or brokerage, or any annuity, not being any annuity taxable under the head “Salaries” amounting to more than ten thousand rupees, or such higher amount as prescribed, together with particulars of all such payments made.</p> <p>(f) dealer, broker or agent or any person concerned in the management of a stock or commodity exchange to furnish a statement of the names and addresses of all persons to whom he or the exchange has paid any sum in connection with the transfer, whether by way of sale,</p>	<p>Clause (e) of section 252(1) can be drafted as: -</p> <p>(e) assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any tax year, rent, interest, commission, royalty or brokerage, or any annuity (not being any annuity taxable under the head “Salaries”), amounting to more than ten thousand rupees, or such higher amount as prescribed, together with particulars of all such payments made;</p>	<p>The real intention of clause (e) of section 252(1) is that the limit of more than Rs.10000 applies to all types of payments enumerated in clause (e) and not to only annuity taxable under the head ‘salaries. This bracketing is in consonance with the language of para 9.10 of CBDT circular no. 551 dated 23.01.1990 explaining the amendments by Direct Tax Laws (Amendment) Act, 1987.</p>



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		<p>manner specified by the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals), giving information in relation to such points or matters as, in the opinion of the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals), will be useful for, or relevant to, any enquiry or proceeding under this Act :</p> <p>Provided that the powers referred to in clause (6), may also be exercised by the Principal Director General or Director-General, the Principal Chief Commissioner or Chief Commissioner, the Principal Director or Director or the Principal Commissioner or Commissioner or the Joint Director or Assistant Director:</p>	<p>exchange or otherwise, of assets, or on whose behalf or from whom he or the exchange has received any such sum, together with particulars of all such payments and receipts.</p> <p>(2) The powers conferred under sub-section (1)(a) may also be exercised by the competent authority or the Assistant Director.</p> <p>(3) The powers under sub-section (1)—</p> <p>(a) shall not be exercised by any income-tax authority below the rank of Principal Director or Director or Principal Commissioner or Commissioner, other than the Joint Director or Assistant Director, without the prior approval of the Principal Director or Director or, as the case may be, the Principal Commissioner or</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided further that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income-tax authority below the rank of Principal Director or Director or Principal Commissioner or Commissioner, other than the Joint Director or Deputy Director or Assistant Director, without the prior approval of the Principal Director or Director or, as the case may be, the Principal Commissioner or Commissioner:</p> <p>Provided also that for the purposes of an agreement referred to in section 90 or section 90A, an income-tax authority notified under sub-section (2) of section 131 may exercise all the powers conferred under this section, notwithstanding that no proceedings are pending before it or any other income-tax authority.</p>	<p>Commissioner, in a case where no proceeding is pending.</p> <p>(b) may be exercised by an income-tax authority notified under section 246(2)(a), for the purposes of an agreement referred to in section 159, even if no proceedings are pending before it or any other income-tax authority.</p>		



**CHAPTER XV**  
**RETURN OF INCOME**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
262	139A	<b>Permanent account number.</b> (1) Every person, — (i) if his total income or the total income of any other person in respect of which he is assessable under this Act during any previous year exceeded the maximum amount which is not chargeable to income-tax; or (ii) carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed five lakh rupees in any previous year; or (iii) who is required to furnish a return of income under sub-section (4A) of section 139; or	<b>Allotment of Permanent Account Number</b> 262(1) Every person who has not been allotted a Permanent Account Number shall, within such time as prescribed, apply to the Assessing Officer for its allotment if he fulfils any of the following conditions: — (a) his total income or the total income of any other person for which he is assessable under this Act during any tax year exceeded the maximum amount not chargeable to income-tax; (b) he is carrying on any business or profession whose total sales, turnover or	(A) It is suggested that monetary limit under section 262(1)(b) may be enhanced as follows:  (b) he is carrying on any business or profession whose total sales, turnover or	(A) The monetary limit may be enhanced in view of the amended total income limit



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iv) being an employer, who is required to furnish a return of fringe benefits under section 115WD; or</p> <p>(v) being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to two lakh fifty thousand rupees or more in a financial year; or</p> <p>(vi) who is the managing director, director, partner, trustee, author, founder, Karta, chief executive officer, principal officer or office bearer of the person referred to in clause (v) or any person competent to act on behalf of the person referred to in clause (v); or</p> <p>(vii) who intends to enter into such transaction as may be prescribed by the Board in the interest of revenue, and who has not been allotted a permanent</p>	<p>gross receipts are or is likely to exceed five lakh rupees in any tax year;</p> <p>(c) he is required to furnish a return of income under section 263 for any tax year; or</p> <p>(d) he is a resident, other than an individual, which enters into a financial transaction aggregating to two lakh fifty thousand rupees or more in a tax year; or</p> <p>(e) he is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (d) or any person competent to act on behalf of the person referred to in clause (d)</p> <p>(2) Any person, not covered under subsection (1) may apply to the Assessing Officer for the allotment of a Permanent</p>	<p>gross receipts are or is likely to exceed <b>twelve five</b>-lakh rupees in any tax year;</p>	<p>for full rebate upto total income of Rs. 12 lakhs and also in view of the GST Registration threshold of Rs. 20 lakhs / Rs.40 lakhs.</p> <p>Also, the limit of 5 lakhs was set by Finance Act, 1998 w.e.f. 1-08-1998 i.e., more than 26 years back.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>account number shall, within such time, as may be prescribed, apply to the Assessing Officer for the allotment of a permanent account number.</p> <p>(2) The Assessing Officer, having regard to the nature of the transactions as may be prescribed, may also allot a permanent account number, to any other person (whether any tax is payable by him or not), in the manner and in accordance with the procedure as may be prescribed.</p> <p>(3) Any person, not falling under sub-section (1) or sub-section (2), may apply to the Assessing Officer for the allotment of a permanent account number and, thereupon, the Assessing Officer shall allot a permanent account number to such person forthwith.</p>	<p>Account Number after which the Assessing Officer shall allot a Permanent Account Number to such person.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(5) Every person shall—</p> <p>(a) quote such number in all his returns to, or correspondence with, any income-tax authority;</p> <p>(b) quote such number in all challans for the payment of any sum due under this Act;</p> <p>(c) quote such number in all documents pertaining to such transactions as may be prescribed by the Board in the interests of the revenue, and entered into by him:</p> <p>Provided that the Board may prescribe different dates for different transactions or class of transactions or for different class of persons:</p> <p>Provided further that a person shall quote General Index Register Number</p>	<p>(3) Every person shall quote Permanent Account Number in all his returns to, or correspondence with, any income-tax authority and in all challans for the payment of any sum due under this Act.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	<b>Provision in the Income-tax Act, 1961</b>  till such time Permanent Account Number is allotted to such person;  (d) intimate the Assessing Officer any change in his address or in the name and nature of his business on the basis of which the permanent account number was allotted to him.  (5A) Every person receiving any sum or income or amount from which tax has been deducted under the provisions of Chapter XVIIIB, shall intimate his permanent account number to the person responsible for deducting such tax under that Chapter :  Provided further that a person referred to in this sub-section shall intimate the General Index Register Number till such time permanent account number is allotted to such person.	<b>Provision in the Income-tax Bill, 2025</b>  (4) Every person shall intimate the Assessing Officer of any change in his address or in the name and nature of his business on the basis of which the Permanent Account Number was allotted to him.	<b>Suggested change in the Income-tax Bill, 2025</b>  (B) Section 262(4) may be redrafted as follows:  Every person shall intimate the Assessing Officer of any change in his address or in the name and nature of his business on the basis of which the Permanent Account Number was allotted to him.	<b>Rationale for change</b>  (B) Since the change in nature of business is already reported in Return of income as well as in Tax Audit Report, reporting of the same under sub-section (4) will amount to duplication.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(5B) Where any sum or income or amount has been paid after deducting tax under Chapter XVIIIB, every person deducting tax under that Chapter shall quote the permanent account number of the person to whom such sum or income or amount has been paid by him—</p> <p>(i) in the statement furnished in accordance with the provisions of sub-section (2C) of section 192;</p> <p>(ii) in all certificates furnished in accordance with the provisions of section 203;</p> <p>(iii) in all returns prepared and delivered or caused to be delivered in accordance with the provisions of section 206 to any income-tax authority;</p> <p>(iv) in all statements prepared and delivered or caused to be delivered in</p>	<p>(9)(a) Every person entering into such transaction, as prescribed, shall quote his Permanent Account Number or Aadhaar number, in the documents pertaining to such transactions and also authenticate such Permanent Account Number or Aadhaar number, in the manner, as prescribed;</p> <p>(b) every person receiving any document relating to the transactions referred to in clause (a), shall ensure that Permanent Account Number or Aadhaar number, has been duly quoted in such document and that such Permanent Account Number or Aadhaar number is authenticated as prescribed.</p>	<p>(C) It is suggested that in section 262(9)(b), the obligation cast on the person receiving any document may be omitted.</p>	<p>(C) Since, a specific obligation is already provided on the person entering such transaction in section 262(9)(a) of the Income-tax Bill, 2025, the obligation cast on the person receiving the document may be omitted.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>accordance with the provisions of sub-section (3) of section 200:</p> <p>Provided that the Central Government may, by notification in the Official Gazette, specify different dates from which the provisions of this sub-section shall apply in respect of any class or classes of persons:</p> <p>Provided further that nothing contained in sub-sections (5A) and (5B) shall apply in case of a person whose total income is not chargeable to income-tax or who is not required to obtain permanent account number under any provision of this Act if such person furnishes to the person responsible for deducting tax, a declaration referred to in section 197A in the form and manner prescribed thereunder to the effect that the tax on his estimated total</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income of the previous year in which such income is to be included in computing his total income will be nil.</p> <p>(5C) Every buyer or licensee or lessee referred to in section 206C shall intimate his permanent account number to the person responsible for collecting tax referred to in that section.</p> <p>(5D) Every person collecting tax in accordance with the provisions of section 206C shall quote the permanent account number of every buyer or licensee or lessee referred to in that section—</p> <p>(i) in all certificates furnished in accordance with the provisions of sub-section (5) of section 206C;</p> <p>(ii) in all returns prepared and delivered or caused to be delivered in accordance</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		with the provisions of sub-section (5A) or sub-section (5B) of section 206C to an income-tax authority;  (iii) in all statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of section 206C.			
263	139	Return of income.  139. (1) Every person,—  (a) being a company or a firm; or  (b) being a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of	Filing of return of income and processing  263. (1)(a) The following persons shall furnish a return of income for the tax year under this Act, on or before the due date:—  (i) a company;  (ii) a firm;  (iii) a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :</p> <p>Provided that a person referred to in clause (b), who is not required to furnish a return under this sub-section and residing in such area as may be specified by the Board in this behalf by notification in the Official Gazette, and who during the previous year incurs an expenditure of fifty thousand rupees or more towards consumption of electricity or at any time during the previous year fulfils any one of the following conditions, namely :—</p> <p>(i) is in occupation of an immovable property exceeding a specified floor area, whether by way of ownership,</p>	<p>during the tax year, without giving effect to the provisions of Chapter XVII-B or provisions of Schedule VIII (Table: Sl. No. 1) or deductions allowable under Chapter IV-E (Capital Gains) or Chapter VIII, as the case may be, exceeded the maximum amount which is not chargeable to income-tax;</p> <p>(iv) a specified entity if its total income without giving effect to the provisions of section 11, exceeds the maximum amount which is not chargeable to income-tax;</p> <p>(v) a University, college or other institution as referred to in section 45(3)(a);</p> <p>(vi) a business trust;</p> <p>(vii) an investment fund as referred to in section 224;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>tenancy or otherwise, as may be specified by the Board in this behalf; or</p> <p>(ii) is the owner or the lessee of a motor vehicle other than a two- wheeled motor vehicle, whether having any detachable side car having extra wheel attached to such two-wheeled motor vehicle or not; or</p> <p>(iii) [***]</p> <p>(iv) has incurred expenditure for himself or any other person on travel to any foreign country; or</p> <p>(v) is the holder of a credit card, not being an "add-on" card, issued by any bank or institution; or</p> <p>(vi) is a member of a club where entrance fee charged is twenty-five thousand rupees or more,</p>	<p>(viii) a person who has sustained a loss in the tax year under the head "Profits and gains of business or profession" or under the head "Capital gains" and who intends to claim that such loss, or any part thereof, is to be carried forward as per this Act;</p> <p>(ix) a person who intends to make a claim of refund under Chapter XX;</p> <p>(x) a person, who is a resident, other than not ordinarily resident, and who at any time during the tax year,—</p> <p>(A) holds, as a beneficial owner or otherwise, any asset (including any financial interest in an entity) located outside India, or has signing authority in any account located outside India; or</p> <p>(B) is a beneficiary of any asset (including any financial interest in an entity) located outside India,</p>	<p>It is suggested that sub-clause (ix) may be removed from section 263(1)(a).</p> <p><del>(ix) a person who intends to make a claim of refund under Chapter XX;</del></p>	<p>Clause 263 (1)(a)(ix) requires a person who intends to make a claim of refund under Chapter XX to file return of income for the tax year on or before the due date i.e., 31st July/ 31st October/</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>shall furnish a return, of his income during any previous year ending before the 1st day of April, 2005, on or before the due date in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :</p> <p>Provided further that the Central Government may, by notification in the Official Gazette, specify the class or classes of persons to whom the provisions of the first proviso shall not apply :</p> <p>Provided also that every company or a firm shall furnish on or before the due date the return in respect of its income or loss in every previous year :</p> <p>Provided also that a person, being a resident other than not ordinarily</p>	<p>except where any income arising from such asset is includible in the income of person referred to in item (A);</p> <p>(xi) a person, other than a company or firm, who during the tax year, fulfils such conditions as prescribed;</p>		<p>30th November, as the case may be, of the financial year succeeding the relevant tax year. This implies that refund cannot be claimed by filing a belated return on or before 31st December of the financial year succeeding the relevant tax year. This is a stringent condition imposed vide the new bill.</p> <p>However, clause 270(1), provides for the manner of</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	<b>Provision in the Income-tax Act, 1961</b>  resident in India within the meaning of clause (6) of section 6, who is not required to furnish a return under this sub-section and who at any time during the previous year,—  (a) holds, as a beneficial owner or otherwise, any asset (including any financial interest in any entity) located outside India or has signing authority in any account located outside India; or  (b) is a beneficiary of any asset (including any financial interest in any entity) located outside India,  shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed:	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>  processing a return which is made under section 263 or in response to a notice under section 268(1). The clause provides that the sum payable by, or amount of refund due to the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed on the basis of total income by TDS/TCS/advance tax paid etc. The



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided also that nothing contained in the fourth proviso shall apply to an individual, being a beneficiary of any asset (including any financial interest in any entity) located outside India where, income, if any, arising from such asset is includible in the income of the person referred to in clause (a) of that proviso in accordance with the provisions of this Act:</p> <p>Provided also that every person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year, without giving effect to the provisions of</p>			<p>amount of refund due on the basis of such determination shall be granted to the assessee. It may be noted that clause 270 provides for the manner of processing a return made under section 263, which includes a return filed on or before the due date under sub-section (1) and a return filed belatedly under sub-section (4) thereof, within 9 months from the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>clause (38) of section 10 or section 10A or section 10B or section 10BA or section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB or Chapter VI-A exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed:</p> <p>Provided also that a person referred to in clause (b), who is not required to furnish a return under this sub-section, and who during the previous year—</p>			<p>end of the relevant tax year, or before the completion of assessment, whichever is earlier. Thus, while section 270 permits granting of refund due on processing of a return filed on time and a return filed belatedly, section 263(1)(a) contains the requirement to file a return on or before due date where a person intends to make a claim for refund.</p>



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1	2	3	4	5	6															
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change															
		<p>(i) has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a co-operative bank; or</p> <p>(ii) has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country; or</p> <p>(iii) has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees towards consumption of electricity; or</p> <p>(iv) fulfils such other conditions as may be prescribed,</p> <p>shall furnish a return of his income on or before the due date in such form and verified in such manner and setting forth</p>	<p>(b) for the purposes of this section, “due date” means the date of the financial year succeeding the relevant tax year as mentioned in the corresponding entry of column C of the Table below in respect of the persons mentioned in column B of the said Table below:</p> <table border="1" data-bbox="837 1027 1326 1414"> <thead> <tr> <th>Sl. No.</th> <th>Person</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company.</td> <td>31st October</td> </tr> <tr> <td>2</td> <td>Person (other than a company) whose accounts are required to be</td> <td>31st October</td> </tr> </tbody> </table>	Sl. No.	Person	Due date	1	Company.	31st October	2	Person (other than a company) whose accounts are required to be	31st October	<p>(B)It is suggested that in Table at Sl. No. 4 (due date for filling of ITR) may be suitably amended as under:</p> <table border="1" data-bbox="1352 879 1832 1431"> <thead> <tr> <th>Sl. No.</th> <th>Person</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172</td> <td>30th November</td> </tr> </tbody> </table>	Sl. No.	Person	Due date	1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172	30th November	<p><b>(B)</b> The current table requires clarity. For example, in case of a company which is required to furnish Transfer Pricing Audit report, whether due date would be as per Sl. No. 1 or Sl. No. 4.</p> <p>Therefore, the order of presentation may be modified and suitable exclusions be added in 2, 3 and 4 for greater clarity.</p>
Sl. No.	Person	Due date																		
1	Company.	31st October																		
2	Person (other than a company) whose accounts are required to be	31st October																		
Sl. No.	Person	Due date																		
1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172	30th November																		



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1	2	3	4			5			6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025			Rationale for change
		<p>such other particulars, as may be prescribed.</p> <p>(1A) Without prejudice to the provisions of sub-section (1), any person, being an individual who is in receipt of income chargeable under the head "Salaries" may, at his option, furnish a return of his income for any previous year to his employer, in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, and such employer shall furnish all returns of income received by him on or before the due date, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media) and manner as may be specified in that</p>		audited under this Act or under any other law in force.		2	Company ( <b>other than covered in 1 above</b> )	31st October	<p>The entry at Table: Sl.No. 4 may be placed at Sl. No.1 for clarity. Thereafter, Sl. No.2 to 4 to exclude the assessee covered in Sl. No.1.</p>
			3	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)	31st October	3	Person (other than a company) whose accounts are required to be audited under this Act or under any other law in force ( <b>other than covered in 1 above</b> )	31st October	
			4	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse),	30th November	4	Partner of a firm whose accounts are required to be audited under this Act or under any	31st October	



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1	2	3	4			5			6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025			Rationale for change
		<p>scheme, and in such case, any employee who has filed a return of his income to his employer shall be deemed to have furnished a return of income under sub-section (1), and the provisions of this Act shall apply accordingly.</p> <p>(1B) Without prejudice to the provisions of sub-section (1), any person, being a company or being a person other than a company, required to furnish a return of income under sub-section (1), may, at his option, on or before the due date, furnish a return of his income for any previous year in accordance with such scheme as may be specified by the Board in this behalf by notification in the Official Gazette and subject to such conditions as may be specified therein, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-</p>		<p>who is required to furnish a report referred to in section 172</p>			<p>other law in force; or the spouse of such partner (if section 10 applies to such spouse) <b>(other than covered in 1 above)</b></p>		
			5	Any other assessee	31st July	5	Any other assessee	31st July	
			<p>(b) the particulars prescribed under clause (a) may also include—</p> <p>(i) income exempt from tax;</p> <p>(ii) assets of the prescribed nature and value held by the assessee as a beneficial owner or otherwise or in which he is a beneficiary;</p> <p>(iii) bank account and credit card held by the assessee;</p>						



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>ROM or any other computer readable media) and in the manner as may be specified in that scheme, and in such case, the return of income furnished under such scheme shall be deemed to be a return furnished under sub-section (1), and the provisions of this Act shall apply accordingly.</p> <p>(1C) Notwithstanding anything contained in sub-section (1), the Central Government may, by notification in the Official Gazette, exempt any class or classes of persons from the requirement of furnishing a return of income having regard to such conditions as may be specified in that notification.</p> <p>(3) If any person who has sustained a loss in any previous year under the head "Profits and gains of business or profession" or under the head "Capital</p>	<p>(iv) expenditure exceeding the prescribed limit incurred by the assessee under prescribed heads</p> <p>(v) such other outgoings as prescribed;</p> <p>(vi) the report of any audit referred to in section 63 or a copy thereof; (vii) the particulars of the location and style of the principal place of the business or profession and all the branches thereof;</p> <p>(viii) the names and addresses of the partners, if any, in the business or profession;</p> <p>(ix) the names of the other members of the association of person or the body of individuals and the extent of the share of the assessee and the shares of all such members, in the profits of the business or profession and any branches thereof</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>gains" and claims that the loss or any part thereof should be carried forward under sub-section (1) of section 72, or sub-section (2) of section 73, or sub-section (2) of section 73A or sub-section (1) or sub-section (3) of section 74, or sub-section (3) of section 74A, he may furnish, within the time allowed under sub-section (1), a return of loss in the prescribed form and verified in the prescribed manner and containing such other particulars as may be prescribed, and all the provisions of this Act shall apply as if it were a return under sub-section (1).</p> <p>(4) Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the return for any previous year at any time before three months prior to the end of</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the relevant assessment year or before the completion of the assessment, whichever is earlier.</p> <p>(4A) Every person in receipt of income derived from property held under trust or other legal obligation wholly for charitable or religious purposes or in part only for such purposes, or of income being voluntary contributions referred to in sub-clause (iia) of clause (24) of section 2, shall, if the total income in respect of which he is assessable as a representative assessee (the total income for this purpose being computed under this Act without giving effect to the provisions of sections 11 and 12) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).			
267	140B	<p>Tax on Updated Returns</p> <p>140B. (1) Where no return of income under sub-section (1) or sub-section (4) of section 139 has been furnished by an assessee and tax is payable, on the basis of return to be furnished by such assessee under sub-section (8A) of section 139, after taking into account,—</p> <p>(i) the amount of tax, if any, already paid as advance tax;</p>	<p>Tax on Updated Returns</p> <p>267. (1) Where no return of income under section 263(1) or (4) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (2), tax is payable on the basis of return to be furnished by such assessee under section 263(6), then—</p> <p>(a) the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) any tax deducted or collected at source;</p> <p>(iii) any relief of tax claimed under section 89;</p> <p>(iv) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India;</p> <p>(v) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and</p> <p>(vi) any tax credit claimed to be set off in accordance with the provisions of section 115JAA or section 115JD, the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for any delay in furnishing the return or</p>	<p>any delay in furnishing the return or any default or delay in payment of advance tax;</p> <p>(b) such tax, interest and fee shall be payable along with the payment of additional income-tax computed as per sub-section (5), before furnishing the return; and</p> <p>(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee</p> <p>(2) The amounts referred to in sub-section (1) shall be,—</p> <p>(a) the amount of tax, if any, already paid as advance tax;</p> <p>(b) any tax deducted or collected at source;</p> <p>(c) any relief of tax claimed under section 157;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any default or delay in payment of advance tax, along with the payment of additional income-tax computed in accordance with sub-section (3), before furnishing the return and the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(2) Where, return of income under sub-section (1) or sub-section (4) or sub-section (5) of section 139 (referred to as earlier return) has been furnished by an assessee and tax is payable on the basis of return to be furnished by such assessee under sub-section (8A) of section 139,—</p> <p>(a) after taking into account,—</p> <p>(i) the amount of relief or tax referred to in sub-section (1) of section 140A, the</p>	<p>(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;</p> <p>(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and</p> <p>(f) any tax credit claimed to be set off as per the provisions of section 206(13)</p> <p>(3) Where, return of income under section 263(1) or (4) or (5) (referred to as earlier return) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (4) [as increased by the amount of refund, if any, issued in respect of such earlier return], tax is payable on the basis of return to be</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>credit for which has been taken in the earlier return;</p> <p>(ii) tax deducted or collected at source, in accordance with the provisions of Chapter XVII-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;</p> <p>(iii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(iv) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section on such</p>	<p>furnished by such assessee under section 263(6) then—</p> <p>(a) the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax;</p> <p>(b) such tax, interest and fee shall be payable along with the payment of additional income-tax, as computed as per sub-section (5), as reduced by the amount of interest paid under the provisions of this Act in the earlier return, before furnishing the return; and</p> <p>(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(4) The sums referred to in sub-section (3) shall be the following,—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>income which has not been included in the earlier return;</p> <p>(v) any tax credit claimed, to be set off in accordance with the provisions of section 115JAA or section 115JD, which has not been claimed in the earlier return; and</p> <p>(b) as increased by the amount of refund, if any, issued in respect of such earlier return,</p> <p>the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax along with the payment of additional income-tax, as computed in accordance with sub-section (3), as reduced by the amount of interest paid under the provisions of this Act in the earlier</p>	<p>(a) the amount of relief or tax referred to in section 266(1), the credit for which has been taken in the earlier return;</p> <p>(b) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;</p> <p>(c) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>return, before furnishing the return and the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(3) For the purposes of sub-sections (1) and (2), the additional income-tax payable at the time of furnishing the return under sub-section (8A) of section 139 shall be equal to,—</p> <p>(i) twenty-five per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after expiry of the time available under sub-section (4) or sub-section (5) of section 139 and before completion of the period of twelve months from the end of the relevant assessment year; or</p>	<p>in that section on such income which has not been included in the earlier return; and</p> <p>(e) any tax credit claimed, to be set off as per the provisions of section 206(13), which has not been claimed in the earlier return.</p> <p>(5) 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,—</p> <p>(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 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</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) fifty per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of twelve months from the end of the relevant assessment year but before completion of the period of twenty-four months from the end of the relevant assessment year.</p> <p>In section 140B of the Income-tax Act, in sub-section (3), after clause (ii), the following clauses shall be inserted, namely: –(iii) sixty per cent. of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of twenty-four months from the end of the relevant assessment year but before completion of the period of thirty-six</p>	<p>(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;</p> <p>(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 completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or</p> <p>(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 completion of forty-</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>months from the end of the relevant assessment year; or</p> <p>(iv) seventy per cent. of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of thirty-six months from the end of the relevant assessment year but before completion of the period of forty-eight months from the end of the relevant assessment year</p> <p>(4) Notwithstanding anything contained in Explanation 1 to section 234B, for the purposes of sub-section (2), interest payable under section 234B shall be computed on an amount equal to the assessed tax 10[***] where, "assessed tax" means the tax on the total income as declared in the return to be furnished</p>	<p>eight months, from the end of the financial year succeeding the relevant tax year.</p> <p>(6) For the purposes of computation of "additional income-tax" under this section, tax shall include surcharge and cess, by whatever name called, on such tax</p> <p>(7) Irrespective of anything contained in section 424(2), for the purposes of sub-section (3), interest payable under section 424 shall be computed on an amount equal to the assessed tax where, "assessed tax" means the tax on the total income as declared in the return to be furnished under section 263(6),—</p> <p>(a) after taking into account,—</p> <p>(i) the amount of relief or tax referred to in section 266(1), the credit for which has been claimed in the earlier return, if any;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under sub-section (8A) of section 139,—</p> <p>(a) after taking into account,—</p> <p>(i) the amount of relief or tax referred to in sub-section (1) of section 140A, the credit for which has been claimed in the earlier return 11[, if any];</p> <p>(ii) tax deducted or collected at source, in accordance with the provisions of Chapter XVII-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return;</p> <p>(iii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p>	<p>(ii) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return</p> <p>(iii) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(iv) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(iv) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;</p> <p>(v) any tax credit claimed, to be set off in accordance with the provisions of section 115JAA or section 115JD, which has not been claimed in the earlier return; and</p> <p>(b) as increased by the amount of refund, if any, issued in respect of such earlier return.</p> <p>(5) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the approval of the Central Government, by notification in</p>	<p>(v) any tax credit claimed, to be set off as per section 206(13), which has not been claimed in the earlier return; and</p> <p>(b) as increased by refund, if any, issued in respect of such earlier return.</p> <p>(8) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, by notification, issue guidelines removing the difficulty.</p> <p>(9) No guidelines under sub-section (8) shall be issued after the expiration of two years from the 1st April, 2026</p> <p>(10) Every guideline issued by the Board under sub-section (8) shall be laid 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,</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the Official Gazette, issue guidelines for the purpose of removing the difficulty.</p> <p>(6) Every guideline issued under sub-section (5) shall be laid before each House of Parliament.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) interest payable under section 234A, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return, under sub-section (8A) of section 139, in accordance with the provisions of sub-section (1A) of section 140A;</p> <p>(ii) interest payable under section 234C, for the purposes of sub-section (2), shall be computed after taking into account the total income furnished in the return</p>	<p>before the expiry of the session immediately following the session or the successive session aforesaid, both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued, the guideline 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 guideline</p> <p>(11) For the purposes of this section,—</p> <p>(a) interest payable under section 423, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return, under section 263(6), as per section 266(4);</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under sub-section (8A) of section 139 as the returned income;</p> <p>(iii) interest payable, for the purposes of sub-section (3), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under sub-section (8A) of section 139, as reduced by interest paid, in accordance with the earlier return, if any:</p> <p>Provided that for the purposes of this clause, the interest paid in the earlier return shall be nil if such return is an updated return referred to in sub-section (1).]</p>	<p>(b) interest payable under section 425, for the purposes of sub-section (3), shall be computed after taking into account the total income furnished in the return under section 263(6) as the returned income</p> <p>(c) interest payable, for the purposes of sub-section (5), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under section 263(6), as reduced by interest paid, as per the earlier return, if any</p> <p>(12) For the purposes of sub-section (11)(c), the interest paid in the earlier return shall be nil if such return is an updated return referred to in sub-section (1).</p>	<p>It is suggested that section 267(12) may be omitted.</p>	<p>As per section 263(6)(c)(iv), no person can furnish an updated return if an updated return has already been furnished and as such section 267(12) cannot be acted upon and is infructuous.</p>



## Chapter XVI

### PROCEDURE FOR ASSESSMENT

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
269	142A	<p><b>Estimation of value of assets by Valuation Officer–</b></p> <p>(1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including fair market value, of any asset, property or investment and submit a copy of report to him.</p>	<p><b>Estimation of value of assets by Valuation Officer–</b></p> <p>(1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including the fair market value, of any asset, property or investment and submit a copy of report to him.</p> <p>(2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or</p>	<p>(A) It is suggested that the terms “asset”, “property” and “investment” be defined in the Bill.</p>	<p>(A) As the terms 'asset,' 'property,' and 'investment' are not defined in the Bill, their usage may give rise to interpretational challenges. Defining 'asset' or adopting a more specific, comprehensive term would provide greater clarity and help mitigate potential litigation.</p> <p>The provisions of this section pertain to the estimation of the value of assets by the Valuation Officer, who has been authorised to determine the value, including the fair market value, of any asset, property, or investment.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.</p> <p>(3) The Valuation Officer, on a reference made under sub-section (1), shall, for the purpose of estimating the value of the asset, property or investment, have all the powers that he has under section 38A of the Wealth-tax Act, 1957 (27 of 1957).</p>	<p>completeness of the accounts of the assessee.</p> <p>(3) (a) For estimating the value, including the fair market value, of the asset, property, or investment, the Valuation Officer or any engineer, overseer, surveyor, or assessor authorized by him, may, subject to</p>	<p>(B) It is suggested that section 269(3)(a) may be amended as under:</p>	<p>The term 'asset' is not defined in the Bill, although 'block of asset' is defined under Section 2(17). Additionally, the terms 'property' and 'investment' are also not defined. As a result, references to 'asset,' 'property,' or 'investment' may give rise to litigation regarding the interpretation of these terms. Therefore, it is recommended that instead of referring to 'asset,' 'property,' or 'investment,' a specific term encompassing all types of assets be used, along with a clear definition of 'asset' to ensure legal clarity and prevent ambiguity.</p> <p>(B) It is suggested that section 269(3)(a) be amended to refer to persons appointed by the Central Government, or by the Principal Chief Commissioner, Chief</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered, after giving an opportunity of being heard to the assessee.</p> <p>(5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.</p>	<p>any rules made in this regard and at such reasonable times, as prescribed,—</p> <p>(i) enter any land within the limits of the area assigned to the Valuation Officer; or</p> <p>(ii) enter any land, building, or other place belonging to or occupied by any person in connection with whose assessment a reference has been made to the Valuation Officer; or</p> <p>(iii) inspect any asset, property, or investment in respect of which a reference has been made to the Valuation Officer.</p> <p>(b) The Valuation Officer or any engineer, overseer, surveyor, or assessor, may require any person in</p>	<p>(a) For estimating the value, including the fair market value, of the asset, property, or investment, the Valuation Officer <b>appointed by the Central Government</b>, or any engineer, overseer, surveyor, or assessor <del>authorized by him</del> <b>appointed by Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner</b>, may, subject to any rules made in this regard and at such reasonable times, as prescribed—</p>	<p>Commissioner, Principal Commissioner, or Commissioner under section 269(10), to ensure consistency in language and remove any ambiguity regarding the authority for such appointments.</p> <p>Section 269(10), the Central Government is empowered to appoint Valuation Officers and the Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner is empowered to appoint any engineer, overseer, surveyor or assessor. Therefore, it is appropriate that the Valuation Officer appointed by the Central Government and the other persons specified u/s 269(3)(a) appointed by the Principal Chief Commissioner, Chief Commissioner,</p>



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		<p>(6) The Valuation Officer shall send a copy of the report of the estimate made under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee, within a period of six months from the end of the month in which a reference is made under sub-section (1).</p> <p>(7) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in</p>	<p>charge of, or in occupation or possession of, such land, building, or other place or such asset, property, or investment to afford the necessary facility to:</p> <p>(i) survey or inspect such land, building, or other place or such asset, property, or investment;</p> <p>(ii) estimate its value; or</p> <p>(iii) inspect any books of account, document, or record relevant for the valuation of such asset, property, or investment and gather other particulars relating to it.</p> <p>(c) No Valuation Officer, engineer, overseer, surveyor, or assessor shall enter any land, building or place referred to in clause (a)(ii), or inspect</p>	<p>(C) It is suggested that section 269(3)(c) may be amended as under:</p>	<p>Principal Commissioner, or Commissioner under Section 269(10) be referenced, to eliminate any potential inconsistency.</p>



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		<p>making the assessment or reassessment</p> <p>Explanation.—In this section, "Valuation Officer" has the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).</p>	<p>any asset, property, or investment referred to in clause (a)(iii), except with the consent of the person in charge of, or in occupation or possession of, such land, building, place, or asset, property, or investment, without providing such person at least two days' notice in writing of their intention to do so.</p> <p>(d) If a person who, under this subsection, is required to afford any facility to the Valuation Officer or the engineer, overseer, surveyor, or assessor, either refuses or evades to afford such facility, the Valuation Officer shall have all the powers as are vested in a court under the Code of Civil Procedure, 1908, when trying</p>	<p>No Valuation Officer, engineer, overseer, surveyor, or assessor shall enter any land, building or place referred to in clause (a)(ii), or inspect any asset, property, or investment referred to in clause (a)(iii), except with the consent of the person in charge of, or in occupation or possession of, such land, building, place, or asset, property, or investment, without providing such person at least <del>two</del> <b>fifteen</b> days' notice in writing of their intention to do so.</p>	<p>(C) The existing requirement of giving two days' prior notice under section 269(3)(c) before a Valuation Officer, engineer, overseer, surveyor, or assessor may enter any land, building, or place be reconsidered, as it is not a reasonable time. A minimum notice period of fifteen days may be prescribed to ensure adequate opportunity and procedural fairness to the assessee.</p>



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			<p>a suit in respect of the following matters,—</p> <p>(i) discovery and inspection;</p> <p>(ii) enforcing the attendance of any person, including any officer of a banking company, and examining him on oath;</p> <p>(iii) compelling the production of books of account and other documents; and (iv) issuing commissions.</p> <p>(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered,</p>		



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			<p>after giving an opportunity of being heard to the assessee.</p> <p>(5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.</p> <p>(6) The Valuation Officer shall send the report of the estimate made under sub-section (4) or (5), to the Assessing Officer and the assessee.</p> <p>(7) With a view to rectifying any mistake apparent from the record, the Valuation Officer may amend any report made by him, as per section 287.</p>		



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			<p>(8) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment</p> <p>(9) The Valuation officer shall send the report referred to in sub-section (6) within six months from the end of the month in which the reference is made under sub-section (1).</p> <p>(10) For the purposes of this Act,—</p> <p>(a) the Central Government may appoint as many Valuation Officers, as necessary; and</p> <p>(b) subject to the rules and orders of the Central Government regulating</p>		



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			the conditions of service of persons in public services and posts, a Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner may appoint as many engineers, overseers, surveyors and assessors as may be necessary to assist the Valuation Officers in the performance of their functions.		
270	143	<b>Assessment—</b> (1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142, such return shall be processed in the following manner, namely:—	<b>Assessment—</b> (1) Where a return has been made under section 263, or in response to a notice under section 268(1) such return shall be processed in the following manner:—	1. Section 270(1)(a) be specifically limited to addressing only arithmetical errors and prima facie incorrect claims. By restricting the scope of adjustments to clear	The adjustments listed out in sub-clauses (i) to (v) of section 270(1)(a) are prima facie adjustments which are to be made in the course of computerized processing without any human interface. In other words, the software is designed to detect arithmetical inaccuracies and incorrect



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		<p>(a) the total income or loss shall be computed after making the following adjustments, namely:—</p> <p>(i) any arithmetical error in the return;</p> <p>(ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;</p> <p>(iia) any such inconsistency in the return, with respect to the information in the return of any preceding previous year, as may be prescribed;</p> <p>(iii) disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was</p>	<p>(a) the total income or loss shall be computed after making the adjustments towards the following:—</p> <p>(i) any arithmetical error in the return;</p> <p>(ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;</p> <p>(iii) disallowance of loss claimed, if return of the tax year for which set off of loss is claimed was furnished beyond the due date specified under section 263(1);</p> <p>(iv) disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return; or</p>	<p>mathematical inconsistencies and manifest errors, the possibility of disallowing legitimate exemptions and deductions can be significantly reduced.</p> <p>2. Intimation under section 270(1)(a) to be issued after providing for an opportunity of being heard to the assessee.</p> <p>3. Existing disputes relating to section 143(1)(a) of the Income-tax Act, 1961 be permitted to be settled through arbitration.</p>	<p>claims apparent from any information in the return and make appropriate adjustments in the computation of the total income.</p> <p>However, currently, in many cases, the adjustments made u/s 143(1)(a) of the Income-tax Act, 1961 go beyond the subclauses (i) to (v) listed therein. For example, in many cases, claim of foreign tax credit (FTC) for taxes paid in a country with which India has a DTAA is denied while processing returns under this section, even if the assessee has duly uploaded Form No.67 verified by him. This defeats the purpose of allowing double taxation relief.</p> <p>The automatic disallowance of genuine claims during the initial processing stage, often without proper verification,</p>



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		<p>furnished beyond the due date specified under sub-section (1) of section 139;</p> <p>(iv) disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return;</p> <p>(v) disallowance of deduction claimed under section 10AA or under any of the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes", if the return is furnished beyond the due date specified under sub-</p>	<p>(v) disallowance of deduction claimed under section 144 or under any of the provisions of Chapter VIII if the return is furnished beyond the due date specified under section 263(1);</p> <p>(b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a);</p> <p>(c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed under clause (b) by—</p> <p>(i) any tax deducted at source;</p> <p>(ii) any tax collected at source;</p> <p>(iii) any advance tax paid;</p>		<p>leads to unintended consequences, <b>including increased litigation and taxpayer grievance</b>. Also, there are cases where the response filed by the assessee in relation to the adjustment is not considered nor any response is provided for not accepting the assessee's stand.</p>



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		<p>section (1) of section 139; or</p> <p>(vi) addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return:</p> <p>Provided that no such adjustments shall be made unless an intimation is given to the assessee of such adjustments either in writing or in electronic mode:</p> <p>Provided further that the response received from the assessee, if any, shall be considered before making any adjustment, and in a</p>	<p>(iv) any rebate or relief allowable under Chapter IX;</p> <p>(v) any tax paid on self-assessment; and</p> <p>(vi) any amount paid otherwise by way of tax, interest or fee;</p> <p>(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or refund due to, the assessee under clause (c); and</p> <p>(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee.</p> <p>(2) Before making any adjustment under sub-section (1)(a),—</p>		



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		<p>case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made:</p> <p>Provided also that no adjustment shall be made under sub-clause (vi) in relation to a return furnished for the assessment year commencing on or after the 1st day of April, 2018;</p> <p>(b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a);</p> <p>(c) the sum payable by, or the amount of refund due</p>	<p>(a) an intimation is to be given to the assessee of such adjustments either in writing or in electronic mode;</p> <p>(b) the response received from the assessee in this regard, if any, shall be considered; and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made.</p> <p>(3) For the purposes of sub-section (1), an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax, interest or fee is payable by, or no refund is due to, him.</p> <p>(4) No intimation under sub-section (1) shall be sent after the expiry of nine months from the end of the</p>		



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		to, the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed under clause (b) by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowable under section 89, any relief allowable under an agreement under section 90 or section 90A, or any relief allowable under section 91, any rebate allowable under Part A of Chapter VIII, any tax paid on self-assessment and any amount paid otherwise by way of tax, interest or fee;	financial year in which the return is made. (5) For the purposes of sub-sections (1) to (4),— (a) “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return,— (i) of an item, which is inconsistent with another entry of the same or some other item in such return; (ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or (iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been		



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		<p>(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and</p> <p>(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee:</p> <p>Provided that an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax, interest or fee is</p>	<p>expressed as monetary amount or percentage or ratio or fraction;</p> <p>(b) “the acknowledgement of the return” shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under sub-section(1)(c), and where no adjustment has been made under sub-section(1)(a).</p> <p>(6) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section.</p>		



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		<p>payable by, or no refund is due to, him:</p> <p>Provided further that no intimation under this subsection shall be sent after the expiry of nine months from the end of the financial year in which the return is made.</p> <p>Explanation.—For the purposes of this subsection,—</p> <p>(a) "an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,—</p> <p>(i) of an item, which is inconsistent with another</p>	<p>(7) The scheme made under subsection (6) shall, as soon as may be laid before each House of Parliament.</p> <p>(8) Where a return has been furnished under section 263 or in response to a notice under section 268(1), the Assessing Officer or the prescribed income-tax authority, if, considers it necessary or expedient to ensure that the assessee—</p> <p>(a) has not understated the income;</p> <p>(b) has not computed excessive loss;</p> <p>(c) has not under-paid the tax in any manner, shall serve on the assessee a notice requiring him, on a date to be specified therein,—</p>		



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		<p>entry of the same or some other item in such return;</p> <p>(ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; o</p> <p>(iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;</p> <p>(b) the acknowledgement of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable</p>	<p>(i) either to attend the office of the Assessing Officer; or</p> <p>(ii) to produce, or cause to be produced before the Assessing Officer any evidence on which the assessee may rely in support of the return.</p> <p>(9) No notice under sub-section (8) shall be served on the assessee after the expiry of three months from the end of the financial year in which the return is furnished.</p> <p>(10) On the day specified in the notice issued under sub-section (8), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant material</p>		



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		<p>to, the assessee under clause (c), and where no adjustment has been made under clause (a).</p> <p>(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section</p> <p>(1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the</p>	<p>which he has gathered, the Assessing Officer, subject to the provisions of sub-sections (11) and (13), shall—</p> <p>(a) by an order in writing, make an assessment of the total income or loss of the assessee; and</p> <p>(b) determine the sum payable by him or refund of any amount due to him on the basis of such assessment.</p> <p>(11) In the case of entities referred to in sub-section (12), which are required to furnish the return of income under section 263(1)(a)(iv), no order under sub-section (10) making an assessment of the total income or loss of any such entity shall be made by the Assessing Officer,</p>		



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		<p>Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2012.</p> <p>(1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), shall, as soon as may be after the notification is issued, be</p>	<p>without giving effect to the provisions of section 11, unless—</p> <p>(i) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions mentioned in Schedule III (Table: Sl. No. 23, 24 or 25), by such entity, where in his view such contravention has taken place; and</p> <p>(ii) the approval granted to such entity has been withdrawn or notification issued in respect of such entity has been rescinded.</p> <p>(12) For the purposes of sub-section (11), the entities shall be— (a) a research association referred to in Schedule III (Table: Sl. No. 23); (b) an association or institution referred to in</p>		



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		<p>laid before each House of Parliament.</p> <p>(1D) Notwithstanding anything contained in sub-section (1), the processing of a return shall not be necessary, where a notice has been issued to the assessee under sub-section (2):</p> <p>Provided that the provisions of this sub-section shall not apply to any return furnished for the assessment year commencing on or after the 1st day of April, 2017.</p> <p>(2) Where a return has been furnished under section 139, or in response to a</p>	<p>Schedule III (Table: Sl. No. 24); (c) an institution referred to in Schedule III (Table: Sl. No. 25).</p> <p>(13) In the case of a registered non-profit organisation, where the Assessing Officer is satisfied that any such entity has committed any specified violation as mentioned in section 351(1), he shall—</p> <p>(a) send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration; and</p> <p>(b) no order making an assessment of the total income or loss of such registered non-profit organisation shall be made by him without giving effect to the order passed by the Principal Commissioner or</p>		



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		notice under sub-section (1) of section 142, the Assessing Officer or the prescribed income-tax authority, as the case may be, if, considers it necessary or expedient to ensure that the assessee has not understated the income or has not computed excessive loss or has not under-paid the tax in any manner, shall serve on the assessee a notice requiring him, on a date to be specified therein, either to attend the office of the Assessing Officer or to produce, or cause to be produced before the Assessing Officer any	Commissioner under section 351(2)(ii)(A) or (B).  (14) For the purposes of sub-section (10), where the Assessing Officer is satisfied that the activities of the university, college or other institution referred to in section 45(3)(a) (hereinafter referred to as “entity”) are not being carried out in accordance with all or any of the conditions subject to which such entity was approved, then—  (a) he may, after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned entity, recommend to the Central Government to withdraw the approval; and		



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		<p>evidence on which the assessee may rely in support of the return:</p> <p>Provided that no notice under this sub-section shall be served on the assessee after the expiry of three months from the end of the financial year in which the return is furnished.</p> <p>(3) On the day specified in the notice issued under sub-section (2), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into</p>	<p>(b) that Government may by order, withdraw the approval and forward a copy of the order to the concerned entity and the Assessing Officer.</p> <p>(15) Where a regular assessment under sub-section (10) or section 271 is made,—</p> <p>(a) any tax or interest paid by the assessee under sub-section (1) shall be considered to have been paid towards such regular assessment;</p> <p>(b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be considered to be tax payable by the</p>		



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		<p>account all relevant material which he has gathered, the Assessing Officer shall, by an order in writing, make an assessment of the total income or loss of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment:</p> <p>Provided that in the case of a—</p> <p>(a) research association referred to in clause (21) of section 10;</p> <p>(b) news agency referred to in clause (22B) of section 10;</p>	<p>assessee and the provisions of this Act shall apply accordingly.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) association or institution referred to in clause (23A) of section 10;</p> <p>(d) institution referred to in clause (23B) of section 10, which is required to furnish the return of income under sub-section (4C) of section 139, no order making an assessment of the total income or loss of such research association, news agency, association or institution, shall be made by the Assessing Officer, without giving effect to the provisions of section 10, unless—</p> <p>(i) the Assessing Officer has intimated the Central</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Government or the prescribed authority the contravention of the provisions of clause (21) or clause (22B) or clause (23A) or clause (23B), as the case may be, by such research association, news agency, association or institution, where in his view such contravention has taken place; and</p> <p>(ii) the approval granted to such research association or other association or institution has been withdrawn or notification issued in respect of such news agency or association</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or institution has been rescinded:]</p> <p>Provided further that where the Assessing Officer is satisfied that any fund or institution referred to in sub-clause (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (via), of clause (23C) of section 10, or any trust or institution referred to in section 11, has committed any specified violation as defined in Explanation 2 to</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the fifteenth proviso to clause (23C) of section 10 or the Explanation to subsection (4) of section 12AB, as the case may be, he shall—</p> <p>(a) send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration, as the case may be; and</p> <p>(b) no order making an assessment of the total income or loss of such fund or institution or trust or any university or other educational institution or any hospital or other medical institution shall be made by him without</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>giving effect to the order passed by the Principal Commissioner or Commissioner under clause (ii) or clause (iii) of the fifteenth proviso to clause (23C) of section 10 or clause (ii) or clause (iii) of sub-section (4) of section 12AB:</p> <p>Provided also]that where the Assessing Officer is satisfied that the activities of the university, college or other institution referred to in clause (ii) and clause (iii) of sub-section (1) of section 35 are not being carried out in accordance with all or any of the conditions subject to which</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such university, college or other institution was approved, he may, after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned university, college or other institution, recommend to the Central Government to withdraw the approval and that Government may by order, withdraw the approval and forward a copy of the order to the concerned university, college or other institution and the Assessing Officer.</p> <p>(3A) The Central Government may make a scheme, by notification in</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the Official Gazette, for the purposes of making assessment of total income or loss of the assessee under sub-section (3) or section 144 so as to impart greater efficiency, transparency and accountability by—</p> <p>(a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;</p> <p>(b) optimising utilisation of the resources through economies of scale and functional specialisation;</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) introducing a team-based assessment with dynamic jurisdiction.</p> <p>(3B) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (3A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that no direction shall be issued after the 31st day of March, 2021.</p> <p>(3C) Every notification issued under sub-section (3A) and sub-section (3B) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.</p> <p>(3D) Nothing contained in sub-section (3A) and sub-section (3B) shall apply to the assessment made under sub-section (3) or under section 144, as the case may be, on or after the 1st day of April, 2021.</p> <p>(4) Where a regular assessment under sub-</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>section (3) of this section or section 144 is made,—</p> <p>(a) any tax or interest paid by the assessee under sub-section (1) shall be deemed to have been paid towards such regular assessment ;</p> <p>(b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
274	144BA	<p><b>Reference to Principal Commissioner or Commissioners in certain cases—</b></p> <p>Explanation.—In computing the period referred to in sub-section (13), the following shall be excluded—</p> <p>(i) the period commencing from the date on which the first direction is issued by the Approving Panel to the Principal Commissioner or Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in</p>	<p><b>Reference to Principal Commissioner or Commissioners in certain cases—</b></p> <p>(14) In computing the period referred to in sub-section (13), the following shall be excluded:—</p> <p>(a) the period commencing from the date on which the first direction is issued by the Approving Panel to the Principal Commissioner or Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 159 and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		section 90 or section 90A and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less; (ii) the period commencing on the date on which stay on the proceeding of the Approving Panel was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the Approving Panel:	(b) the period commencing on the date on which the proceeding of the Approving Panel is stayed by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the Approving Panel.	It is suggested that section 274(14)(b) may be redrafted as under:  (b) the period commencing on the date on which <b>stay on</b> the proceeding of the Approving Panel <del>is stayed</del> <b>was granted</b> by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the Approving Panel.	The amendment made by Finance Act, 2025 in clause (ii) to Explanation to section 144BA of Income-tax Act, 1961 to be incorporated in Section 274(14)(b) of Income-tax Bill, 2025.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
275	144C	<p><b>Reference to dispute resolution panel–</b></p> <p>(1) The Assessing Officer shall, notwithstanding anything to the contrary contained in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee if he proposes to make, on or after the 1st day of October, 2009, any variation which is prejudicial to the interest of such assessee.</p> <p>(2) On receipt of the draft order, the eligible assessee</p>	<p><b>Reference to dispute resolution panel–</b></p> <p>(1) The Assessing Officer shall, irrespective of anything to the contrary contained in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee, if he proposes to make any variation which is prejudicial to the interest of such assessee.</p> <p>(2) On receipt of the draft order, the eligible assessee shall, within thirty days of its receipt,—</p> <p>(a) file his acceptance of the variations to the Assessing Officer; or</p>	<p>It is suggested that Section 275 be appropriately amended so that there is no conflict with jurisdictional provisions and constitutional principles under Article 265.</p>	<p>Section 275 empowers the DRP to issue binding directions to the Assessing Officer, which contradicts Section 239(2) that restricts even the CBDT from directing assessments. As DRP members are not defined as Assessing Officers, such powers may conflict with jurisdictional provisions and constitutional principles under Article 265, necessitating reconsideration.</p> <p>Section 275, inter alia, deals with transfer pricing assessment and as per Section 275(5), the Dispute Resolution Panel is the appropriate authority where objections against a draft assessment order can be challenged. The Dispute Resolution Panel has been empowered to give direction to the Assessing Officer in writing after making such enquiry as it</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>shall, within thirty days of the receipt by him of the draft order,—</p> <p>(a) file his acceptance of the variations to the Assessing Officer; or</p> <p>(b) file his objections, if any, to such variation with,—</p> <p>(i) the Dispute Resolution Panel; and</p> <p>(ii) the Assessing Officer.</p> <p>(3) The Assessing Officer shall complete the assessment on the basis of the draft order, if—</p>	<p>(b) file his objections, if any, to such variation with,—</p> <p>(i) the Dispute Resolution Panel; and</p> <p>(ii) the Assessing Officer.</p> <p>(3) The Assessing Officer shall complete the assessment on the basis of the draft order, if—</p> <p>(a) the assessee intimates to the Assessing Officer the acceptance of the variation; or</p> <p>(b) no objection is received within the period specified in sub-section (2).</p> <p>(4) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one</p>		<p>thinks fit or cause any further enquiry to be made by any income tax authority in view of Section 275(7). Moreover, as per Section 275(8) the DRP may confirm, reduce or enhance the variation proposed in the draft order and it has also been specified in Section 275(11) that every direction issued by DRP shall be binding on the Assessing Officer.</p> <p>Dispute Resolution Panel has been defined in Section 275(17)(a) as a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose.</p> <p>From the aforesaid provisions of Section 275, it is abundantly clear that a DRP consisting of three Commissioners which has been constituted by the Board</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) the assessee intimates to the Assessing Officer the acceptance of the variation; or</p> <p>(b) no objections are received within the period specified in sub-section (2).</p> <p>(4) The Assessing Officer shall, notwithstanding anything contained in section 153 or section 153B, pass the assessment order under sub-section (3) within one month from the end of the month in which,—</p> <p>(a) the acceptance is received; or</p>	<p>month from the end of the month in which,—</p> <p>(a) the acceptance is received; or</p> <p>(b) the period of filing of objections under sub-section (2) expires.</p> <p>(5) The Dispute Resolution Panel shall, in a case where any objection is received under sub-section (2), issue such directions, as it thinks fit, for guidance of the Assessing Officer to enable him to complete the assessment.</p> <p>(6) The Dispute Resolution Panel shall issue the directions as referred to in sub-section (5), in writing, stating the points of determination, the decision thereon and the reason for such decision.</p>		<p>is empowered to give binding direction to the Assessing Officer.</p> <p>This is directly in contradiction to the provisions of Section 239(2) dealing with instructions to sub-ordinate authorities as per which the Central Board of Direct Taxes also is not empowered to give any order, instruction or direction so as to require any income tax authority to make a particular assessment or dispose of a particular case in a particular manner.</p> <p>Thus, when the CBDT itself is not empowered to give any direction to any income tax authority, it is surprising that Section 275 postulates that the DRP which is constituted by the Board and which consists of three Principal Commissioners can be allowed to give</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(b) the period of filing of objections under sub-section (2) expires.</p> <p>(5) The Dispute Resolution Panel shall, in a case where any objection is received under sub-section (2), issue such directions, as it thinks fit, for the guidance of the Assessing Officer to enable him to complete the assessment.</p> <p>(6) The Dispute Resolution Panel shall issue the directions referred to in sub-section (5), after considering the following, namely:—</p>	<p>(7) The Dispute Resolution Panel may, before issuing any directions referred to in sub-section (5),—</p> <p>(a) make such further enquiry, as it thinks fit; or</p> <p>(b) cause any further enquiry to be made by any income-tax authority, and report the result of the same to it.</p> <p>(8) The Dispute Resolution Panel may, confirm, reduce or enhance the variations proposed in the draft order, so however, that it shall not set aside any proposed variation, or issue any direction under sub-section (5) for further enquiry and passing of the assessment order.</p> <p>(9) For the purposes of sub-section (8), the power of the Dispute</p>		<p>binding direction to the Assessing Officer. It virtually means that what Board cannot do is allowed to be done by an income tax authority lower in rank to the Board and thus, the entire scheme of the Act in so far as the power of the DRP to give binding direction to the Assessing Officer for enhancement is ultra vires.</p> <p>It is also appropriate to note that the “Assessing Officer” is defined in Section 2(12) as Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director or Income Tax Officer .....The definition of “Assessing Officer” does not include Principal Commissioner or Commissioner and therefore, in so far as the act of assessment is concerned it can only be done by an Assessing Officer and</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) draft order; (b) objections filed by the assessee; (c) evidence furnished by the assessee; (d) report, if any, of the Assessing Officer, Valuation Officer or Transfer Pricing Officer or any other authority; (e) records relating to the draft order; (f) evidence collected by, or caused to be collected by, it; and	Resolution Panel to enhance the variation shall include the power to consider any matter arising out of the assessment proceedings relating to the draft order, irrespective of the fact that such matter was not raised by the eligible assessee. (10) If the members of the Dispute Resolution Panel differ in opinion on any point, the point shall be decided as per the opinion of the majority of the members. (11) Every direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer. (12) No direction under sub-section (5) shall be issued unless an opportunity of being heard is given to the assessee, and the Assessing		not otherwise and if any income tax authority is allowed to do an act which results into an assessment it will be apparently in violation of the jurisdiction of the Assessing Officer as well as the provisions regarding the power of the Board to give directions and thus, against Article 265 of the Constitution of India as per which no taxes can be levied except as per the authority of law.  Even though this provision is present in the Income-tax Act, 1961 also, this is an issue which requires examination.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(g) result of any enquiry made by, or caused to be made by, it.</p> <p>(7) The Dispute Resolution Panel may, before issuing any directions referred to in sub-section (5),—</p> <p>(a) make such further enquiry, as it thinks fit; or</p> <p>(b) cause any further enquiry to be made by any income-tax authority and report the result of the same to it.</p> <p>(8) The Dispute Resolution Panel may confirm, reduce or enhance the variations proposed in the draft order</p>	<p>Officer, on such directions which are prejudicial to the interest of the assessee, or the interest of the revenue, respectively.</p> <p>(13) No direction under sub-section (5) shall be issued after nine months from the end of the month in which the draft order is forwarded to the eligible assessee.</p> <p>(14) 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</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>so, however, that it shall not set aside any proposed variation or issue any direction under sub-section (5) for further enquiry and passing of the assessment order.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the power of the Dispute Resolution Panel to enhance the variation shall include and shall be deemed always to have included the power to consider any matter arising out of the assessment proceedings relating to the</p>	<p>the end of the month in which such direction is received.</p> <p>(15) The Board may make rules for the purposes of the efficient functioning of the Dispute Resolution Panel and expeditious disposal of the objections filed under sub-section (2) by the eligible assessee.</p> <p>(16) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner as provided in section 274(12). (17) In this section, subject to the provisions of sub-section (18),—</p> <p>(a) “Dispute Resolution Panel” means a collegium comprising of three</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>draft order, notwithstanding that such matter was raised or not by the eligible assessee.</p> <p>(9) If the members of the Dispute Resolution Panel differ in opinion on any point, the point shall be decided according to the opinion of the majority of the members.</p> <p>(10) Every direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer.</p> <p>(11) No direction under sub-section (5) shall be issued unless an opportunity of being heard</p>	<p>Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose;</p> <p>(b) “eligible assessee” means,—</p> <p>(i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer Pricing Officer passed under section 166(6);</p> <p>(ii) any non-resident (not being a company), or any foreign company.</p> <p>(18) The eligible assessee referred to in sub-section (17) shall not include person referred to in section 292(1) or other person referred to in section 295.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>is given to the assessee and the Assessing Officer on such directions which are prejudicial to the interest of the assessee or the interest of the revenue, respectively.</p> <p>(12) No direction under sub-section (5) shall be issued after nine months from the end of the month in which the draft order is forwarded to the eligible assessee.</p> <p>(13) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the</p>	<p>(19) The provisions of this section shall not apply to any proceedings under Chapter XVI-B.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>directions, complete, notwithstanding anything to the contrary contained in section 153 or section 153B, 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.</p> <p>(14) The Board may make rules for the purposes of the efficient functioning of the Dispute Resolution Panel and expeditious disposal of the objections filed under sub-section (2) by the eligible assessee.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(14A) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner as provided in sub-section (12) of section 144BA.</p> <p>(14B) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of issuance of directions by the dispute resolution panel, so as to impart greater efficiency,</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>transparency and accountability by—</p> <p>(a) eliminating the interface between the dispute resolution panel and the eligible assessee or any other person to the extent technologically feasible;</p> <p>(b) optimising utilisation of the resources through economies of scale and functional specialisation;</p> <p>(c) introducing a mechanism with dynamic jurisdiction for issuance of directions by dispute resolution panel.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(14C) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (14B), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:</p> <p>(14D) Every notification issued under sub-section (14B) and sub-section (14C) shall, as soon as may be after the notification is</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>issued, be laid before each House of Parliament.</p> <p>(15) For the purposes of this section,—</p> <p>(a) "Dispute Resolution Panel" means a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose;</p> <p>(b) "eligible assessee" means,—</p> <p>(i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Pricing Officer passed under sub-section (3) of section 92CA; and</p> <p>(ii) any non-resident not being a company, or any foreign company:</p> <p>26[Provided that such eligible assessee shall not include person referred to in sub-section (1) of section 158BA or other person referred to in section 158BD.]</p> <p>26[(16) The provisions of this section shall not apply to any proceedings under Chapter XIV-B.]</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
276	145	<p><b>Method of accounting–</b></p> <p>(2) The Central Government may notify in the Official Gazette from time to time income computation and disclosure standards to be followed by any class of assesseees or in respect of any class of income.</p>	<p><b>Method of accounting–</b></p> <p>(2) The Central Government may notify income computation and disclosure standards to be followed by any class of assesseees or in respect of any class of income.</p>	It is suggested that section 276(2) may be omitted.	<p>The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS.</p> <p>Consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.</p> <p>Accordingly, section 276(2) empowering the Central Government to notify ICDSs may be omitted.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
277	145A	<p><b>Method of accounting in certain cases—</b></p> <p>For the purpose of determining the income chargeable under the head "Profits and gains of business or profession",—</p> <p>(i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145;</p> <p>(ii) the valuation of purchase and sale of goods</p>	<p><b>Method of accounting in certain cases—</b></p> <p>(1) For the purposes of determining the income chargeable under the head "Profits and gains of business or profession",—</p> <p>(i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed as per the income computation and disclosure standards notified under section 276(2);</p> <p>(ii) the valuation of purchase and sale of goods or services and valuation of inventory shall be adjusted to include any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or</p>	It is suggested that Section 277 may be omitted.	<p>The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS.</p> <p>Consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation;</p> <p>(iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised in</p>	<p>services to the place of its location and condition as on the date of valuation;</p> <p>(iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised as per the income computation and disclosure standards notified under section 276(2);</p> <p>(iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value as per the income computation and disclosure standards notified under section 276(2).</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>accordance with the income computation and disclosure standards notified under sub-section (2) of section 145;</p> <p>(iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145:</p> <p>Provided that the inventory being securities held by a scheduled bank or public financial institution shall</p>	<p>(2) For the purposes of sub-section (1), the inventory being securities held by a scheduled bank or public financial institution shall be valued as per the income computation and disclosure standards notified under section 276(2) after taking into account the extant guidelines issued by the Reserve Bank of India in this regard.</p> <p>(3) For the purposes of sub-sections (1) and (2), the comparison of actual cost and net realisable value of securities shall be made category-wise.</p> <p>(4) For the purposes of this section, any tax, duty, cess or fee (by whatever name called) under any law in force, shall include all such payment</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be valued in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145 after taking into account the extant guidelines issued by the Reserve Bank of India in this regard:</p> <p>Provided further that the comparison of actual cost and net realisable value of securities shall be made category-wise.</p> <p>Explanation 1.—For the purposes of this section, any tax, duty, cess or fee (by whatever name called)</p>	<p>irrespective of any right arising as a consequence to such payment.</p> <p>(5) In this section, “public financial institution” shall have the same meaning as assigned to it in section 2(72) of the Companies Act, 2013.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under any law for the time being in force, shall include all such payment notwithstanding any right arising as a consequence to such payment.</p> <p>Explanation 2.—For the purposes of this section,—</p> <p>(a) "public financial institution" shall have the meaning assigned to it in clause (72) of section 2 of the Companies Act, 2013 (18 of 2013);</p> <p>(b) "recognised stock exchange" shall have the meaning assigned to it in</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>clause (ii) of Explanation 1 to clause (5) of section 43;</p> <p>(c) "scheduled bank" shall have the meaning assigned to it in clause (ii) of the Explanation to clause (vii) of sub-section (1) of section 36.</p>			
279	147	<p><b>Income escaping assessment—</b></p> <p>If any income chargeable to tax, in the case of an assessee, has escaped assessment for any assessment year, the Assessing Officer may, subject to the provisions of sections 148 to 153, assess</p>	<p><b>Income escaping assessment—</b></p> <p>(1) If, in the case of an assessee, any income chargeable to tax has escaped assessment for any tax year (hereinafter referred to as “the relevant tax year” in this section and sections 280 to 286, the Assessing Officer may, subject to the provisions of sections 280 to 286, for the relevant tax year,—</p>	<p>It is suggested that section 279(1) may be amended as under:</p> <p>(1) If, in the case of an assessee, any income chargeable to tax has escaped assessment for any tax year (hereinafter referred to as “the relevant tax year”</p>	<p>The bracket opened before the reference to section 286 should be appropriately closed to ensure grammatical accuracy and proper statutory referencing.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for such assessment year (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year).		in this section and sections 280 to 286), the Assessing Officer may, subject to the provisions of sections 280 to 286, for the relevant tax year,—	
280	148	<b>Issue of notice where income has escaped assessment—</b>  (1) Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall, subject to the	<b>Issue of notice where income has escaped assessment—</b>  (1)(a) Before making the assessment, reassessment or recomputation under section 279, the Assessing Officer shall, subject to the provisions of section 281, issue a notice to the		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		provisions of section 148A, issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A, requiring him to furnish, within such period as may be specified in the notice, not exceeding three months from the end of the month in which such notice is issued, a return of his income or income of any other person in respect of whom he is assessable under this Act during the previous year corresponding to the relevant assessment year:	assessee, along with a copy of the order passed under section 281(3). (b) the notice referred to in clause (a) shall require the assessee to furnish, within such period as may be specified therein, a return of his income or income of any other person in respect of whom he is assessable under this Act during the relevant tax year; and. (c) the period specified in the notice referred to in clause (a) shall not exceed three months from the end of the month in which such notice is issued.	It is suggested that section 280(1)(c) can be redrafted as under: the period specified in the notice referred to in clause (a) <b><u>shall not be less than one month but</u></b> shall not exceed three months from the end of the month in which such notice is issued.	The insertion of the words “be less than one month but shall not” ensures clarity and precision in defining the minimum and maximum time limits, thereby aligning the provision with standard legal drafting practices and eliminating ambiguity.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year:</p> <p>Provided further that where the Assessing Officer has received information under the scheme notified under section 135A, no notice under this section shall be issued without prior approval of the specified authority.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
281	148A	<p><b>Procedure before issuance of notice u/s 148–</b></p> <p>(1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice under section 148 provide an opportunity of being heard to such assessee by serving upon him a notice to show cause as to why a notice under section 148 should not be issued in his case and such notice to show cause shall</p>	<p><b>Procedure before issuance of notice u/s 280–</b></p> <p>(1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a show cause notice.</p> <p>(2) The notice to show cause referred to in sub-section (1) shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant tax year, and on receipt of such notice,</p>	<p>(A) It is suggested that section 281(1) can be redrafted as under:</p> <p>Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a show cause notice <b><u>allowing time of not</u></b></p>	<p>(A) The inclusion of the phrase 'allowing a minimum period of 15 days from the date of service' ensures that the assessee is provided with a reasonable opportunity to be heard, thereby ensuring adherence to the principles of natural justice and procedural fairness.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year.</p> <p>(2) On receipt of the notice under sub-section (1), the assessee may furnish his reply within such period, as may be specified in the notice.</p> <p>(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass</p>	<p>the assessee may furnish his reply within such period, as specified in therein.</p> <p>(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280.</p> <p>(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any tax year in the case of an assessee, where the Assessing Officer has received—</p>	<p><b><u>less than fifteen days from the date of its service.</u></b></p> <p>(B) It is suggested that section 281(3) can be redrafted as under:</p> <p>The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280, <b><u>within a period of 15 days from the end of the</u></b></p>	<p>(B) The inclusion of the phrase 'within a period of 15 days from the end of the month in which the reply is received from the assessee' provides a definitive timeline for the passing of the order, thereby ensuring procedural certainty and facilitating prompt action by the Assessing Officer.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 148.</p> <p>(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any assessment year in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A.</p> <p>Explanation.—For the purposes of this section and section 148, "specified</p>	<p>(a) information under the scheme notified under section 260;</p> <p>(b) directions issued by the Approving Panel under section 274(6);</p> <p>(c) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.</p>	<p><b><u>month in which reply is received from the assessee.</u></b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		authority" means the specified authority referred to in section 151.]			
282	149	<p><b>Time limit for notice u/s 148 and 148A–</b></p> <p>(1) No notice under section 148 shall be issued for the relevant assessment year,—</p> <p>(a) if three years and three months have elapsed from the end of the relevant assessment year, unless the case falls under clause (b);</p> <p>(b) if three years and three months, but not more than five years and three months, have elapsed from</p>	<p><b>Time limit for notice u/s 280 and 281A–</b></p> <p>(1) No notice under section 280 shall be issued for the relevant tax year, —</p> <p>(a) if four years and three months have elapsed from the end of the relevant tax year, unless the case falls under clause (b);</p> <p>(b) if four years and three months, but not more than six years and three months, have elapsed from the end of the relevant tax year, unless the Assessing Officer has books of account or other documents or evidence related to any asset or</p>	<p>It is suggested that section 282(1)(b) can be amended as under:</p> <p>If four years and three months, but not more than six years and three months, have elapsed from the end of the relevant tax year, unless</p>	<p>The insertion of the words 'in his possession' ensures that the Assessing Officer forms a belief regarding income escaping assessment based on specific material evidence in his possession, thereby conforming to the principles of reasonableness and objective satisfaction</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the end of the relevant assessment year unless the Assessing Officer has in his possession books of account or other documents or evidence related to any asset or expenditure or transaction or entries which show that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	expenditure or transaction or entry which shows that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	the Assessing Officer has <u>in his possession</u> books of account or other documents or evidence related to any asset or expenditure or transaction or entry which shows that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	as mandated under the provisions of the Act.
285	152	<b>Other provisions–</b> (2) Where an assessment is reopened under section 147, the assessee may, if he	<b>Other provisions–</b> (2) The Assessing Officer may drop the proceedings initiated under	It is suggested that section 285(2) can be amended as under:	It is proposed to substitute the word 'may' with 'shall', thereby making it mandatory for the Assessing Officer to drop the



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		has not impugned any part of the original assessment order for that year either under sections 246 to 248 or under section 264, claim that the proceedings under section 147 shall be dropped on his showing that he had been assessed on an amount or to a sum not lower than what he would be rightly liable for even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made :	section 279 on a claim made by the assessee to the effect that— (a) he had been assessed on an amount not lower than what he would be rightly liable for, even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made; and (b) he has not impugned any part of the original assessment order for the relevant year under section 356 or 357 or 378.	(2) The Assessing Officer <del>may</del> <b>shall</b> drop the proceedings initiated under section 279 on a claim made by the assessee to the effect that—	proceedings upon a valid claim made by the assessee.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Provided that in so doing he shall not be entitled to reopen matters concluded by an order under section 154, 155, 260, 262, or 263.			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
292	158BA	<p>Assessment of total undisclosed income as a result of search—</p> <p>(1) Notwithstanding anything in any other provisions of this Act, where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, then, the Assessing Officer shall proceed to assess or reassess the total undisclosed income of the block period in accordance with the provisions of this Chapter.</p>	<p>Assessment of total income as a result of search—</p> <p>(1) Irrespective of any other provision of this Act, where on or after the commencement of this Act, in the case of any person, search is initiated or requisition is made, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period as per this Chapter.</p> <p>(2) The assessment or reassessment or recomputation proceedings under the provisions of this Act (other than this Chapter), if any, pertaining to any tax year falling in the block period, pending on the date of initiation of search, or the date of making of requisition, shall abate</p>	<p>(A) It is suggested that following sub-section of section 292 may be amended as under:</p> <p>“Assessment of <del>total income</del> <b>total undisclosed income</b> as a result of search—</p> <p>(1) Irrespective of any other provision of this Act, where on or after the commencement of this Act, in the case of any person, search is initiated or requisition is made, then, the Assessing Officer shall proceed to assess or reassess the <del>total income</del> <b>total undisclosed income</b> of the block period as per this Chapter.</p>	<p>(A) The amendments made by Finance Act, 2025, in section 158BA(1)/(5)/(7) of Income-tax Act, 1961 may be incorporated in the section 292(1)/(5)/(7) of the Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The assessment or reassessment or recomputation under the provisions of this Act (other than this Chapter), if any, pertaining to any assessment year falling in the block period, pending on the date of initiation of the search under section 132, or making of requisition under section 132A, as the case may be, shall abate and shall be deemed to have abated on the date of initiation of search or making of requisition.</p> <p>(5) If any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (c) of sub-section (1) of section 158BC has been annulled in appeal or</p>	<p>and shall be deemed to have been abated on such date.</p> <p>(5) Irrespective of anything contained in any other provision of this Act, if any proceeding initiated or completed under this Chapter has been annulled in an appeal or any other legal proceeding, then—</p> <p>(a) the assessment or reassessment or recomputation or reference or order which has abated under sub-section (2) or (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner;</p>	<p><b>(B)</b> (2) The assessment or reassessment or recomputation <b>of the Income-tax Act, 1961 or</b> this Act (other than this Chapter), if any, pertaining to any <b>assessment year or</b> tax year falling in the block period, pending on the date of initiation of search, or the date of making of requisition, shall abate and shall be deemed to have been abated on such date.</p> <p>(5)(a) <del>the assessment or reassessment or recomputation or reference or order</del></p> <p><b>the assessment or reassessment or recomputation or reference or order relating to any</b></p>	<p><b>(B)</b> In case of search, there may be situations where original assessment under Income-tax Act, 1961 may be pending. Those assessments also need to be abated.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment or recomputation or reference or order relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:</p> <p>Provided that such revival shall cease to have effect, if such order of annulment is set aside.</p> <p>(7) The total undisclosed income relating to the block</p>	<p>(b) the revival, as referred to in clause (a) shall cease to have effect, if such order of annulment is set aside.</p> <p>(7) The total income pertaining to the block period, as referred to in section 293(5) shall be charged to tax at the rate specified in section 192, irrespective of the tax year or years to which such income pertains.</p>	<p><b>assessment year or tax year</b> which has abated under sub-section (2) or (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner;</p> <p>(7) The <del>total income</del> <b>total undisclosed income</b> pertaining to the block period, as referred to in section 293(5) shall be charged to tax at the rate specified in section 192, irrespective of the tax year or years to which such income pertains.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.</p>			
293	158BB	<p><b>Computation of total undisclosed income of the block period—</b></p> <p>(1) The total undisclosed income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following, namely:—</p>	<p>Computation of undisclosed income of the block period—</p> <p>(1) The total income of the block period referred to in section 292(1) shall be the aggregate of the following: —</p> <p>(a) undisclosed income declared in the return furnished under section 294;</p> <p>(b) income assessed under section 270(10) or section 271 or 279 of this Act, or section 153A or 153C of the</p>	<p>It is suggested that Section 293 may be amended as under:</p> <p><b>(A)</b> Computation of <del>undisclosed income</del> <b>total undisclosed income</b> of the block period—</p> <p><b>(B)</b> Sub-section (1) and (1A) of section 158BB of Income-tax Act, 1961 has been substituted by Finance Act, 2025. Suitable consequential amendments may</p>	<p><b>(A)</b> The amendments made by Finance Act 2025 in section 158BB of the Income-tax Act, 1961 may be suitably incorporated in section 293 of Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) undisclosed income declared in the return furnished under section 158BC;</p> <p>(b) undisclosed income determined by the Assessing Officer under sub-section (2).</p> <p>(1A) The following income shall not be included in the total undisclosed income of the block period, namely:—</p> <p>(a) the total income determined under sub-section (1) of section 143 or assessed under section 143 or section 144 or section 147 or section 153A or section 153C or assessed earlier under clause (c) of sub-section (1) of section 158BC or sub-section</p>	<p>Income-tax Act, 1961, prior to the date of initiation of search or the date of making of requisition in respect of tax years comprising the block period;</p> <p>(c) income declared in the return of income furnished under section 263 or in response to a notice under section 268(1) or 280 in respect of tax years comprising the block period, which is not covered under clause (a) or (b);</p> <p>(d) income determined—</p> <p>(i) in respect of a tax year, where such tax year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition, on the basis of entries relating to such income or transactions as recorded in the</p>	<p>be made in section 293(1) of Income-tax Bill, 2025 as under:</p> <p>(1) The <del>total income</del> <b>total undisclosed income</b> of the block period referred to in section 292(1) shall be the aggregate of the following:</p> <p>a) undisclosed income declared in the return furnished under section 294;</p> <p><b>(b) undisclosed income determined by the Assessing Officer under sub-section (2).</b></p> <p>.....;</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(4) of section 245D, prior to the date of initiation of the search or the date of requisition, in respect of any of the previous year comprising the block period;</p> <p>(b) the total income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142, prior to the date of initiation of the search or the date of requisition, in respect of any of the previous year comprising the block period, and not covered under clause (a);</p>	<p>books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition;</p> <p>(ii) in respect of period commencing from 1st April of the tax year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition;</p> <p>(iii) in respect of period commencing from the date of initiation of the search</p>	<p>(C) Section 293(2) to be amended as under:</p> <p>(2) The undisclosed income <del>forming part of the total income referred to in section 292(1)</del> shall be computed on the basis of following: —</p> <p>a) evidence found as a result of search <del>or survey</del> or requisition; and”</p> <p>(D) Section 293(3) may be substituted as under:</p> <p>(3) <del>The relating to any international transaction or specified domestic transaction referred to in section 166, shall not be considered for the purposes of</del></p>	<p>(C) It is suggested that the word ‘survey’ appearing in section 293(2) of the Income-tax Bill appears to have been inadvertently included, as the entire Chapter XVI-B pertains specifically to the assessment of search cases.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) the income computed by the assessee, in respect of—</p> <p>(i) a previous year, where such previous year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition;</p>	<p>or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations;</p> <p>(e) undisclosed income determined by the Assessing Officer under sub-section (2).</p> <p>(2) The undisclosed income forming part of the total income referred to in section 292(1) shall be computed on the basis of following: —</p>	<p><del>determining the total income of the block period, and shall be considered in the assessment made under other provisions of this Act, if—</del></p> <p><del>(a) such income pertains to the period beginning from the 1st April of the tax year in which last of the authorisations was executed and ending with the date of execution of the last of the authorisations; and</del></p> <p><del>(b) such income is required to be determined—</del></p> <p><del>(i) as a result of search or requisition of books of account or other documents; or</del></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(ii) the period commencing from the 1st day of April of the previous year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition;</p> <p>(iii) the period commencing from the date of initiation of the search or the date of requisition</p>	<p>(a) evidence found as a result of search or survey or requisition; and</p> <p>(b) any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter.</p> <p>(3) The relating to any international transaction or specified domestic transaction referred to in section 166, shall not be considered for the purposes of determining the total income of the block period, and shall be considered in the assessment made under other provisions of this Act, if—</p> <p>(a) such income pertains to the period beginning from the 1st April of the tax year in which last of the authorisations</p>	<p><del>(ii) based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter; or</del></p> <p><del>(iii) based on entries relating to income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations.</del></p> <p><b>Where any income required to be determined as a result of search or requisition of books of account or other documents and any other material or information as are either</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>and ending on the date of the execution of the last of the authorisations for search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period</p> <p>on or before the date of the execution of the last of the authorisations:</p> <p>Provided that where the Assessing Officer is of the opinion that any part of the income as computed by the assessee under this clause is</p>	<p>was executed and ending with the date of execution of the last of the authorisations; and</p> <p>(b) such income is required to be determined—</p> <p>(i) as a result of search or requisition of books of account or other documents; or</p> <p>(ii) based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter; or</p> <p>(iii) based on entries relating to income or transactions as recorded in books of account and other documents maintained in the normal course on or</p>	<p><b>available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations, relates to any international transaction or specified domestic transaction referred to in section 166, pertaining to the period beginning from the 1st day of April of the tax year in which last of the authorisations was executed and ending with the date on which last of the</b></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>undisclosed, he may recompute such income;</p> <p>(d) the total income referred to in sub-section (5) of section 115A or section 115G or sub-section (1) of section 194P.</p> <p>(2) The undisclosed income falling within the block period, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey or requisition of books of account or other documents and any other material or information as are either available with the Assessing Officer or come to</p>	<p>before the date of the execution of the last of the authorisations.</p> <p>(4) For the purposes of determination of undisclosed income,—</p> <p>(a) of a firm, such income assessed for each of the tax years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration, by whatever name called, to any partner not being a working partner;</p> <p>(b) the provisions of sections 102, 103, 104 and 105 shall, so far as may be, apply and reference to tax year in those sections shall be construed as references</p>	<p><b>authorisations was executed, such income shall not be considered for the purposes of determining the total undisclosed income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.</b></p> <p><b>(E)</b> Section 293(5) to be amended as under:</p> <p><del>(5) The tax referred to in section 292(7) shall be charged on the total income pertaining to the block period determined in the manner specified in sub-section (1) as reduced by the total income</del></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>his notice during the course of proceedings under this Chapter.</p> <p>(3) Where any income required to be determined as a result of search or requisition of books of account or other documents and any other material or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations, relates to</p>	<p>to the relevant tax year falling in the block period;</p> <p>(c) the provisions of section 166 shall, so far as may be, apply and reference to tax year in that section shall be construed as reference to the relevant tax year falling in the block period excluding the period referred to in sub-section (3).</p> <p>(5) The tax referred to in section 292(7) shall be charged on the total income pertaining to the block period determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (b), (c) and (d) of the said sub-section.</p>	<p><del>referred to in clause (b), (c) and (d) of the said sub-section.</del></p> <p>The tax referred to in sub-section (7) of section 292 shall be charged on the total undisclosed income determined in the manner specified in sub-section (1).”;</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such income shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.</p>	<p>(6) For the purposes of <b>sub-sections (1) and (5)</b>, the following shall be ignored: —</p> <p>(a) the undisclosed income declared under sub-section (1)(a) is a loss; or</p> <p>(b) the income disclosed in respect of any tax year comprising the block period is a loss; or</p> <p>(c) the returned income or assessed income under sub-section (1)(b) or (c) is a loss; or</p> <p>(d) the income as determined under of sub-section (1)(d) is a loss.</p> <p>(7) For the purposes of assessment, losses brought forward from the tax year (prior to the first tax year comprising the</p>	<p><b>(F)</b> Sub-section (6) of section 293 to be omitted.</p> <p><del>(6) For the purposes of sub-sections (1) and (5), the following shall be ignored: —</del></p> <p><del>(a) the undisclosed income declared under sub-section (1)(a) is a loss; or</del></p> <p><del>(b) the income disclosed in respect of any tax year comprising the block period is a loss; or</del></p>	<p><b>(F)</b> Sub-section (6) of section 158BB has been omitted by the Finance Act, 2025. Correspondingly, sub-section (6) of section 293 has to be omitted in the Income-tax Bill, 2025.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(4) For the purposes of determination of undisclosed income, --</p> <p>(a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner;</p> <p>(b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in those sections shall be construed as references to the</p>	<p>block period) under Chapter VII or unabsorbed depreciation under section 33(11) shall not be set off against the undisclosed income determined in the block assessment under this Chapter.</p> <p>(8) Losses or unabsorbed depreciation as referred to in sub-section (7) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period, taking into account the block period and such tax year, and as per the provisions of this Act</p>	<p><del>(c) the returned income or assessed income under sub-section (1)(b) or (c) is a loss; or</del></p> <p><del>(d) the income as determined under of sub-section (1)(d) is a loss.</del></p> <p>(G) It is suggested to substitute section 293(8) as follows:</p> <p><b>(8) Losses or unabsorbed depreciation as referred to in sub-section (7) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period as per the provisions of this Act. Such remaining period shall be increased by such period during</b></p>	<p>(G) As per the provisions of the Income-tax Bill, 2025, the losses or unabsorbed depreciation brought forward are not allowed to be set off against the total income computed under 293(1). There may be situations where such loss may get lapsed after the assessment order for the block period has been passed. Hence, the Income-tax Bill, 2025 may clarify that the loss can be carried forward for the</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>relevant previous year falling in the block period;</p> <p>(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).</p> <p>(5) The tax referred to in sub-section (7) of section 158BA shall be charged on the total undisclosed income determined in the manner specified in sub-section (1).</p>		<b>which loss or unabsorbed depreciation cannot be adjusted in the block period and tax year.</b>	remaining period as per the provisions of the Act.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(6) Omitted</p> <p>(7) For the purposes of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		such assessment year, and in accordance with the provisions of this Act.			
294	158BC	<p><b>Procedure for block assessment—</b></p> <p>(1) Where any search has been initiated under section 132 or books of account, other documents or assets are requisitioned under section 132A, in the case of any person, then,—</p> <p>(a) the Assessing Officer shall, in respect of search initiated, or books of account or other documents or any assets requisitioned, on or after the 1st</p>	<p><b>Procedure for block assessment—</b></p> <p>(1) Where any search has been initiated or requisition is made in the case of any person, then,—</p> <p>(a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, not exceeding sixty days, a return in the form and verified in the manner, as prescribed, setting forth his total income, including the undisclosed income, for the block period, and—</p>	<p>It is suggested that -</p> <p><b>(A)</b> Section 294(1)(a) may be amended as under:</p> <p>(a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, <b>being not less than fifteen days and</b> not exceeding sixty days, a return in the form and verified in the manner, as</p>	<p>(A) The amendment made by the Finance Act, 2025 to section 158BC of the Income-tax Act, 1961 may be suitably incorporated in section 294 of the Income-tax Bill, 2025.</p> <p>There should be a minimum time limit prescribed for furnishing the return for the block period, The furnishing of the block return requires review of seized documents and returns of various years. Even in reopening cases,</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>day of September, 2024, issue a notice to such person, requiring him to furnish within such period, not exceeding a period of sixty days, as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his undisclosed income, for the block period:</p> <p>Provided that such return shall be considered as if it was a return furnished under the provisions of section 139 and notice under sub-section (2) of section 143 shall thereafter be issued:</p> <p>Provided further that any return of income, required to be</p>	<p>(i) such return shall be considered as if it was a return furnished under section 263 and thereafter notice under section 270(8) shall be issued;</p> <p>(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section 259;</p> <p>(iii) no notice under section 280 is required to be issued for the purpose of proceeding under this Chapter;</p> <p>(iv) a person who has furnished a return under this clause shall not be entitled to furnish a revised return;</p>	<p>prescribed, setting forth his <del>total income, including the</del> undisclosed income, for the block period, and—</p> <p>—</p> <p><b>(B)</b> It is suggested that section 294(1)(a)(iii) may be amended as under:</p> <p>(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section <del>259-263</del>.</p> <p><b>(C)</b> It is suggested that clause (v) may be inserted in section 294(1):</p> <p><b>(v) the time allowed for furnishing a return under this</b></p>	<p>the time limit prescribed is three months.</p> <p><b>(B)</b> Sub-clause (ii) contains a typographical error, wherein the reference to 'section 259' should be substituted with 'section 263', as the provisions relating to the return of income are correctly dealt with under section 263 and not under section 259.</p> <p><b>(C)</b> The amendment made by the Finance Act, 2025 to the 5th proviso of section 158BC(1) of the Income-tax Act, 1961 may be appropriately incorporated in</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>furnished by an assessee under this section and furnished beyond the period allowed in the notice shall not be deemed to be a return under section 139:</p> <p>Provided also that no notice under section 148 is required to be issued for the purpose of proceeding under this Chapter:</p> <p>Provided also that a person who has furnished a return under this clause shall not be entitled to furnish a revised return;</p> <p>Provided also that the time allowed for furnishing a return under this clause may be</p>		<p><b>clause may be extended by a further period of thirty days, where—</b></p> <p><b>(i) in respect of a tax year immediately preceding the tax year in which the search is initiated or requisition is made, the due date for furnishing the return has not expired prior to the date of initiation of such search or requisition;</b></p> <p><b>(ii) the assessee was liable for audit under section 63 for such tax year;</b></p> <p><b>(iii) the accounts (maintained in normal course) of such tax year have not been audited on the</b></p>	<p>section 294(1)(v) of the Income-tax Bill, 2025</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>extended by a further period of thirty days, where—</p> <p>(i) in respect of a previous year immediately preceding the previous year in which the search is initiated or requisition is made, the due date for furnishing the return has not expired prior to the date of initiation of such search or requisition;</p> <p>(ii) the assessee was liable for audit under section 44AB for such previous year;</p> <p>(iii) the accounts (maintained in normal course) of such previous year have not been</p>	<p>(b) the Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8), 270(10), 271, 276, 287 and 288 shall, so far as may be, apply;</p>	<p><b>date of issuance of such notice; and</b></p> <p><b>(iv) the assessee requests in writing for extension of time for furnishing such return to get such accounts audited;</b></p> <p><b>(D)</b> It is suggested that section 294(1)(b)/(c) may be amended as under:</p> <p>(b) the Assessing Officer shall proceed to determine the <del>total income including the undisclosed income</del> <b>total undisclosed income</b> of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8),</p>	<p><b>(D)</b> There are two typographical errors in clause (b), where the references to sections '287 and 288' should be substituted with 'sections 277 and 278', as the provisions relating to 'method of accounting in certain cases' and 'taxability of certain income' are correctly dealt with under sections 277 and 278, respectively. However, we have</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>audited on the date of issuance of such notice; and</p> <p>(iv) the assessee requests in writing for extension of time for furnishing such return to get such accounts audited;</p> <p>(b) the Assessing Officer shall proceed to determine the total undisclosed income of the block period in the manner laid down in section 158BB and the provisions of section 142, sub-sections (2) and (3) of section 143, section 144, section 145, section 145A and section 145B shall, so far as may be, apply;</p> <p>(c) the Assessing Officer, on determination of the total</p>	<p>(c) the Assessing Officer, on determination of the total income of the block period as per this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, so, however that—</p> <p>(i) the provisions of section 275 shall not apply in respect of such order;</p> <p>(ii) where the order of assessment or reassessment is made in pursuance of section 295, the block period for such assessment or reassessment shall be the same as that determined in respect of the person in whose case search was initiated or requisition was made and proceedings under the said section were</p>	<p>270(10), 271, 276, <del>287</del> and <del>288</del> <b>278</b> shall, so far as may be, apply;</p> <p>(c) the Assessing Officer, on determination of the <del>total income</del> <b>total undisclosed income</b> of the block period as per this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, so, however that—</p> <p>(+) the provisions of section 275 shall not apply in respect of such order;</p> <p>(ii) <del>where the order of assessment or reassessment is made in pursuance of section 295, the block period for such assessment</del></p>	<p>suggested removal of section 277.</p> <p>The amendment made by the Finance Act, 2025 to section 158BC(1)(c) of the Income-tax Act, 1961 may be suitably incorporated in section 294(1)(c) of the Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>undisclosed income of the block period in accordance with this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment:</p> <p>Provided that nothing in the provisions of section 144C shall apply in respect of such order:</p> <p>(d) the assets seized under section 132 or requisitioned under section 132A shall be dealt with in accordance with the provisions of section 132B.</p> <p>(2) The provisions of sub-section (1) of section 143 shall</p>	<p>initiated due to such search or requisition;</p> <p>(d) the assets seized under section 247 or requisitioned under section 248 shall be dealt with as per section 250.</p> <p>(2) The provisions of section 270(1) shall not apply to the return furnished under this section.</p> <p>(3) The Assessing Officer, before issuance of notice under sub-section (1)(a), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.</p>	<p><del>or reassessment shall be the same as that determined in respect of the person in whose case search was initiated or requisition was made and proceedings under the said section were initiated due to such search or requisition;</del></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>not apply to the return furnished under this section.</p> <p>(3) The Assessing Officer, before issuance of notice under clause (a) of sub-section (1), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.</p>			
295	158BD	<p><b>Undisclosed income of any other person–</b></p> <p>158BD. Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein referred to as the</p>	<p><b>Undisclosed income of any other person–</b></p> <p>Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom</p>	<p>It is suggested that section 295 may be amended as under:</p> <p><del>Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom</del></p>	<p>The amendment made by Finance Act, 2025 in section 158BD of Income-tax Act, 1961 may be incorporated in Section 295 of Income-tax Bill,2025.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>“other person”), other than the person (herein referred to as the “specified person” for the purposes of this section) with respect to whom search was initiated under section 132 or requisition was made under section 132A, then any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against</p>	<p>whom search was initiated or requisition was made, then—</p> <p>(a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing, or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and</p> <p>(b) such other person referred to in clause (a) shall be assessed under section 294 and the provisions of this Chapter shall apply accordingly.</p>	<p><del>search was initiated or requisition was made, then—</del></p> <p><del>(a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing, or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and</del></p> <p><del>(b) such other person referred to in clause (a) shall be assessed under section 294 and the provisions of this Chapter shall apply accordingly.</del></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such other person and the provisions of this Chapter shall apply accordingly:</p> <p>Provided that,—</p> <p>(a) where there is one specified person relevant to such other person, the block period for such other person shall be the same as that for the specified person; and</p> <p>(b) where there is more than one specified persons relevant to such other person, the block period for such other persons shall be the same as that for the specified person in whose case</p>		<p><b>295 (1) Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein referred to as the “other person”), other than the person (herein referred to as the “specified person” for the purposes of this section) with respect to whom search was initiated under section 247 or requisition was made under section 248, then any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income shall be handed over to</b></p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the block period ends on a later date:</p> <p>Provided further that in case of such other person, for the purposes of abatement under sub-sections (2) and (3) of section 158BA, the reference to the date of initiation of the search under section 132 or making of requisition under section 132A shall be construed as reference to the date on which such money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed</p>		<p>the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 294 against such other person and the provisions of this Chapter shall apply accordingly:</p> <p>(2) (a) where there is one specified person relevant to such other person, the block period for such other person shall be the same as that for the specified person; and</p> <p>(b) where there is more than one specified persons relevant to such other person, the block period for such other persons shall be the same as that for the</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		income were received by the Assessing Officer having jurisdiction over such other person.		specified person in whose case the block period ends on a later date:  <b>(3) In case of such other person, for the purposes of abatement under sub-sections (2) and (3) of section 292, the reference to the date of initiation of the search under section 247 or making of requisition under section 248 shall be construed as reference to the date on which such money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed</b>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				income were received by the Assessing Officer having jurisdiction over such other person.'	
296	158BE	<p><b>Time limit for completion of block assessment–</b></p> <p>(1)Notwithstanding the provisions of section 153, the order under section 158BC shall be passed within twelve months from the end of the quarter in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made, as the case may be:</p>	<p><b>Time limit for completion of block assessment–</b></p> <p>(1) Irrespective of the provisions of section 296, the order under section 294 shall be passed within twelve months from the end of the month in which the last of the authorisations for search was executed, or requisition was made.</p> <p>(2) Where search was initiated or requisition was made, and during the course of assessment or reassessment of the total income of the relevant block period, any reference under section</p>	<p>It is suggested that following sub-section to section 296 may be amended as under:</p> <p><b>(1)</b> Irrespective of the provisions of section 296, the order under section 294 shall be passed within twelve months from the end of the <del>month</del> <b>quarter</b> in which the last of the authorisations for search was executed, or requisition was made.</p> <p><b>(2)</b> Where search was initiated or requisition was made, and during the course of assessment or</p>	<p><b>(A)</b> The amendment made by Finance Act, 2025 in sub-section (1)/(3) of section 158BE of Income-tax Act, 1961 may be incorporated or inserted in sub-section (1)/(3)/(5) of Section 296 of Income-tax Bill,2025.</p> <p>The serial numbering of Section 296 has been duly revised in accordance with the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that in a case where search under section 132 was initiated, or requisition under section 132A was made, and during the course of the proceedings for the assessment or reassessment of the total undisclosed income of the relevant block period, any reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment or reassessment in respect of the block period shall be extended by twelve months.</p> <p>Provided further that in a case where in pursuance to fifth proviso to clause (a) of sub-section (1) of section 158BC,</p>	<p>166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.</p> <p>(5) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be twelve months from the end of the month in which the notice under section 294 in pursuance of section 295, was issued to such other person.</p> <p>(6) The period available for completion of assessment or reassessment proceeding in respect of the block period in a case referred to in sub-section (5) shall be extended by twelve months,</p>	<p>reassessment of the <del>total income</del> <b>total undisclosed income</b> of the relevant block period, any reference under section 166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.</p> <p><b>(5)</b> The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be twelve months from the end of the <del>month</del> <b>quarter</b> in which the notice under section 294 in pursuance of section 295, was issued to such other person.</p>	<p>renumbering of provisions under the Income-tax Bill, 2025, to ensure consistency and alignment with the amended provisions of the Income-tax Act, 1961</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the time allowed under the said clause for furnishing return is extended by a further period of thirty days, the provisions of this sub-section shall have effect, as if for the words “twelve months”, the words “thirteen months” had been substituted.</p> <p>(3) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 158BD shall be twelve months from the end of the quarter in which the notice under section 158BC in pursuance of section</p>	<p>where a reference under section 166(1) is made in such case</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>158BD, was issued to such other person:</p> <p>Provided that in case where during the course of the proceedings for the assessment of undisclosed income of the block period in case of other person referred to in section 158BD, a reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment in respect of the block period in case of such other person shall be extended by twelve months.</p> <p>Provided further that in a case where in pursuance to fifth proviso to clause (a) of sub-section (1) of section 158BC,</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the time allowed under the said clause for furnishing return is extended by a further period of thirty days, the provisions of this sub-section shall have effect, as if for the words “twelve months”, the words “thirteen months” had been substituted.</p> <p>(4) In computing the period of limitation under this section, the following period shall be excluded,—</p> <p>(i) the period commencing on the date on which stay on assessment proceedings was granted by an order or injunction of any court and ending on the date on which</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner; or”			
298	158BFA	<p><b>Levy of interest and penalty in certain cases—</b></p> <p>(1) Where the return of undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (a) of sub-section (1) of section</p>	<p><b>Levy of interest and penalty in certain cases—</b></p> <p>(1) Where the return of total income as required under a notice under section 294(1)(a), is not furnished within the period specified in such notice, or is not furnished, then,—</p>	<p><b>(A)</b> It is suggested that section 298(1) may be amended as under:</p> <p>(1) Where the return of <del>total income</del> <b>undisclosed income</b> as required under a notice under section 294(1)(a), is not furnished within the period specified in such notice, or is not furnished, then,—</p>	<p><b>(A)</b> The amendment made by Finance Act, 2025 in sub-section 158BFA(1) of Income-tax Act, 1961 may be incorporated in Section 298(1) of Income-tax Bill,2025.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent of the tax on undisclosed income determined under clause (c) of sub-section (1) of section 158BC, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (c) of sub-section (1) of section 158BC.			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (c) of sub-section (1) of section 158BC:</p>	<p>(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to 50% of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under section 294(1)(c).</p>	<p><b>(B)</b> It is suggested that section 298(2) may be amended as under:</p> <p>The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to 50% of tax so leviable in respect of <del>the undisclosed income determined by the Assessing Officer under section 294(1)(e)</del> <b>any part of undisclosed income determined under section 293(1)(e).</b></p>	<p><b>(B)</b> As per the current provisions of the Income-tax Bill, 2025, tax at the rate of 50% shall be payable for all additions or disallowance. The definition of "undisclosed income" under section 301(g) is broad enough to include additions or disallowances that may not have a direct nexus with the search proceedings.</p> <p>For instance, addition under section 2(22)(e) or disallowance under section 14A of the Income-tax Act, 1961 which has not been added /which has been disallowed by the Assessing Officer in earlier assessment or reassessment since the same falls under section</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					<p>293(1)(e) read with section 293(2) of Income-tax Bill.</p> <p>As per the existing provisions, there is no specific power to levy penalty on some additions and not to levy penalty on other additions. The proposed changes suggested by us gives the discretion to the Assessing Officer not to impose penalty on additions or disallowances which are forming part of regular assessment proceedings.</p>



**CHAPTER XVII**

**SPECIAL PROVISIONS RELATING TO CERTAIN PERSONS**

**B. Special Provisions for Registered Non-Profit Organisations**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
332(1)		These entities are availing benefits under different provisions of the Income-tax Act, 1961 like different sub-clauses of 10(23C) and 11 and 12.	<p>(1) The following persons may, for claiming benefits under this Part as a registered non-profit organisation, make an application for registration in such form and manner, as prescribed, to the Principal Commissioner or Commissioner:—</p> <p>(a) a public trust;</p> <p>(b) a society registered under the Societies Registration Act, 1860, or under any law in force in India;</p> <p>(c) a company registered under section 8 of the Companies Act, 2013 or the companies registered under section 25 of the Companies Act, 1956 and deemed to have been registered in pursuance of section 465 (2)(g) of the Companies Act, 2013;</p> <p>(d) a University established by law or any other educational institution affiliated thereto or recognised by the Government;</p>	<p>Section 332(1) contains a list of persons who are eligible for registration as non-profit organisation and can make an application for registration.</p> <p>Following addition is suggested in this list in clause (f)</p>	<p>(1) A person referred to in Schedule III (Table: Sl. No. 24) to be included in clause (f) of</p> <p>In order to encourage the profession of law, medicine, accountancy, engineering, architecture and other notified</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(e) an institution financed wholly or in part by the Government or a local authority;  (f) any person as referred to in Schedule III (Table: Sl. No. 27) to (Table: Sl. No. 29) and (Table: Sl. No. 36) and in Schedule VII (Table: Sl. No. 10) to (Table: Sl. No. 19) and (Table: Sl. No. 42); or  (g) any other person notified by the Board.	section 332(1)	professions, an association or institution established in India having as its object the control, supervision, regulation or encouragement of the above professions needs to be included within the scope of persons eligible for claiming benefits under this Part of the Chapter and can make an



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					application for registration.
335			<p>Regular income of any tax year of a registered non-profit organisation means—</p> <p>(a) receipts from any charitable or religious activity, for which it is registered, carried out by such registered non-profit organisation in such tax year;</p> <p>(b) receipts, other than those specified in clause (d), whether capital or revenue, derived from any property or investment held by such registered non-profit organisation in such tax year;</p>	<p>The term “income” may be used in place of the term “receipts”</p>	<p>The phrase “receipts, whether capital or revenue” in the definition of regular income, could include capital receipts such as maturity proceeds of investments, which are not</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					income. The term 'Income' specifically refers to the portion of receipts that is earned over and above the value of the initial investment, distinguishing it clearly from capital receipts. Therefore, it is suggested to replace 'receipts' with 'income', which specifically refers to earnings above the cost /



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					principal value of an investment. This change will ensure that only actual income is considered as regular income, avoiding any wrong classification of return of capital as income.
335 (c)	11(1) 12(1)	<b>11(1)</b> <b>(Explanation I)</b> <b>(1)</b> in computing the fifteen per cent of the income which may be accumulated or set apart, any such voluntary contributions as are referred to in section 12 shall be deemed to be part of the income;	(c) voluntary contributions received by such registered non-profit organisation in such tax year; and	Clarification is needed that Anonymous Donation which is excluded from the	Amount treated as “Regular Income” is to be taxed after reduction of application for charitable purposes



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>12(1)</b> - Any voluntary contributions received by a trust created wholly for charitable or religious purposes or by an institution established wholly for such purposes (not being contributions made with a specific direction that they shall form part of the corpus of the trust or institution) shall for the purposes of section 11 be deemed to be income derived from property held under trust wholly for charitable or religious purposes and the provisions of that section and section 13 shall apply accordingly.</p>		<p>“Specified Income” in case of religious organisation, would form part of “Regular Income”.</p>	<p>whereas no such reduction is allowed against “Residual Income”. Thus, in order to avoid possibilities of any dispute, it would be appropriate to clarify the treatment of anonymous donations excluded from the Specified Income.</p>
	11(1A)	<p>(1A) For the purposes of sub-section (1),— (a) where a capital asset, being property held under trust wholly for charitable or religious purposes, is transferred and the whole or any part of the net consideration is utilised for acquiring another</p>	-	<p>Provision for exemption for capital gains be introduced in the</p>	<p>Exemption for capital gains is being removed on the ground that acquisition</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>capital asset to be so held, then, the capital gain arising from the transfer shall be deemed to have been applied to charitable or religious purposes to the extent specified hereunder, namely:— (i) where the whole of the net consideration is utilised in acquiring the new capital asset, the whole of such capital gain; (ii) where only a part of the net consideration is utilised for acquiring the new capital asset, so much of such capital gain as is equal to the amount, if any, by which the amount so utilised exceeds the cost of the transferred asset; (b) where a capital asset, being property held under trust in part only for such purposes, is transferred and the whole or any part of the net consideration is utilised for acquiring another capital asset to be so held, then, the appropriate fraction of the capital gain arising from the transfer shall be deemed to have been applied to charitable or religious purposes to the extent specified hereunder, namely:— (i) where the whole of the net consideration is utilised in acquiring the new capital asset, the</p>		<p>Income-tax Bill, 2025 also.</p>	<p>of a capital asset qualifies as application of income. However sales proceeds of capital assets may be invested in capital assets, which are to earn income, and therefore do not qualify as application of income. Exemption of capital gains in such cases is essential to ensure that the net worth of the trust does</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>whole of the appropriate fraction of such capital gain; (ii) in any other case, so much of the appropriate fraction of the capital gain as is equal to the amount, if any, by which the appropriate fraction of the amount utilised for acquiring the new asset exceeds the appropriate fraction of the cost of the transferred asset.</p> <p>Explanation.— In this sub-section,—</p> <p>(i) "appropriate fraction" means the fraction which represents the extent to which the income derived from the capital asset transferred was immediately before such transfer applicable to charitable or religious purposes;</p> <p>(ii) "cost of the transferred asset" means the aggregate of the cost of acquisition (as ascertained for the purposes of sections 48 and 49) of the capital asset which is the subject of the transfer and the cost of any improvement thereto within the meaning assigned to that expression in sub-clause (b) of clause (1) of section 55;</p>			<p>not get reduced merely because of shifting assets from one type to another, by reinvesting in income earning investments.</p>



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1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		(iii) "net consideration" means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.]					
337 (Table: S.No. 1)	115 BBC	(1) Where the total income of an assessee, being a person in receipt of income on behalf of any university or other educational institution referred to in sub-clause (iiiad) or sub-clause (vi) or any hospital or other institution referred to in sub-clause (iiiiae) or sub-clause (via) or any fund or institution referred to in sub-clause (iv) or any trust or institution referred to in sub-clause (v) of clause (23C) of section 10 or any trust or institution referred to in section 11, includes any income by way of any anonymous donation, the income-tax payable shall be the aggregate of—  (i) the amount of income-tax calculated at the rate of thirty per cent on the aggregate of anonymous donations received in excess of the higher of the following, namely:—	Sl. No.	Specified income	Tax year	Amounts received by Religious-cum-Charitable trusts may also be excluded from the scope of anonymous donations.  [Currently, the provisions of section 115BBC of	There are a large number of primarily religious NPOs (mostly large temple trusts) which are applying the donations received in Hundi / donation boxes for various charitable purposes. These are therefore partly religious
A	B	C					
1	Any anonymous donation received by a registered non-profit organisation (other than a registered non-profit organisation created or established wholly for religious purposes) excluding the anonymous donations up to ₹1,00,000 or 5% of the such donations received by it	Tax year in which such anonymous donation is received.					



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1	2	3	4		5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
		<p>(A) five per cent of the total donations received by the assessee; or</p> <p>(B) one lakh rupees, and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B) of clause (i), as the case may be.</p> <p>(2) The provisions of sub-section (1) shall not apply to any anonymous donation received by—</p> <p>(a) any trust or institution created or established wholly for religious purposes;</p> <p>(b) any trust or institution created or established wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any university or other educational institution or any</p>		<p>during the tax year, whichever is higher</p>		<p>the Income-tax Act, 1961 do not apply to a trust or institution created or established wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any university or other</p>	<p>and partly charitable NPOs.</p> <p>To prevent the genuine hardship that may be caused to such NPOs and to encourage utilisation of such funds for charitable purposes, it is suggested to exclude the partly religious and partly charitable NPOs from the purview of taxability of</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>hospital or other medical institution run by such trust or institution.</p> <p>(3) For the purposes of this section, "anonymous donation" means any voluntary contribution referred to in sub-clause (iia) of clause (24) of section 2, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and such other particulars as may be prescribed.</p>		<p>educational institution or any hospital or other medical institution run by such trust or institution.]</p> <p>2.Column B of Sl. No.1 may read as follows -</p> <p>Any anonymous donation received by a registered non-profit organisation (other than a registered</p>	<p>anonymous donations, so long as such donations are received in the course of their religious activities.</p> <p>2. 5% of "such" donations is a drafting error as such donations refer to anonymous donations and not total donations. Also, 5% of anonymous</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				non-profit organisation created or established wholly for religious purposes <b>and wholly for religious and charitable purposes</b> ) excluding the anonymous donations up to ₹ 1,00,000 or 5% of <del>the</del> <del>such</del> <b>total</b> donations received by it during the tax year, whichever is higher	donations will always be lower than the amount of anonymous donations. The 5% exclusion has to be computed with respect to total donations, and not such donations, which imply anonymous donations.



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1	2	3	4		5	6	
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
337 (Table: S.No. 4)	11(3) (b)	(3) Any income referred to in sub-section (2) which—  (b) ceases to remain invested or deposited in any of the forms or modes specified in sub-section (5)	4	Any investment made in contravention to the provisions of section 350 out of any income, accumulated income, deemed accumulated income, corpus, deemed corpus, or any other fund.	Tax year in which such investment is made.	Any investment made in contravention to the provisions of section 350 out of <del>any income,</del> <b>accumulated income</b> <del>deemed accumulated income, and</del> <b>corpus</b> <del>or deemed corpus, or any other fund.</del>	Any investment made in contravention of the provisions of section 350 out of accumulated income, corpus and deemed corpus alone would be treated as a specified violation. The phrase “Out of any income” is very broad and would be prone to litigation. Further, Deemed accumulated



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					income is 15% of income which is allowed to be accumulated unconditionally. The same should not be subject to the requirement of investment in specified modes, the contravention of which would be treated as a specified violation. The specified violation should be restricted to amount not



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					<p>invested in accordance with section 350 out of accumulated income and corpus donations alone.</p> <p>Other amounts not invested in modes specified in section 350 may be treated as regular income, however, they would not be eligible for benefit of 15% unconditional accumulation.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
338(a)	11(1)(C)	<p>(c) income derived from property held under trust—</p> <p>(i) created on or after the 1st day of April, 1952, for a charitable purpose which tends to promote international welfare in which India is interested, to the extent to which such income is applied to such purposes outside India, and</p> <p>(ii) for charitable or religious purposes, created before the 1st day of April, 1952, to the extent to which such income is applied to such purposes outside India:</p> <p>Provided that the Board, by general or special order, has directed in either case that it shall not be included in the total income of the person in receipt of such income;</p>	<p>While computing the regular income of a registered non-profit organisation, the following income shall not be included:—</p> <p>(a) income applied outside India, where the Board, by general or special order, directs that such income shall not be so included in its total income in case of a registered non-profit organisation—</p> <p>(i) created before the 1st April, 1952 for charitable or religious purposes; or (ii) created on or after the 1st April, 1952 for charitable purposes where such application of income outside India tends to promote international welfare in which India is interested;</p>	<p>The provisions of section 338 may be incorporated as a sub-section of Section 335.</p>	<p>Section 338 provides for exclusions from “regular income” and Section 335 provides for inclusions in “regular income”. If both the inclusions and exclusions are covered in one section, the scope of “regular income” would be comprehensively covered in one section, in line with the</p>



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1	2	3		4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961		Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
						objective of the simplification of income-tax law.
342(1)	11(2) ((a), 11(2) (c), 13(9)	11(2)(a)- (a) such person furnishes a statement in the prescribed form and in the prescribed manner to the Assessing Officer, stating the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed five years;		(1) A registered non-profit organisation may accumulate or set apart any part of its regular income during any tax year by furnishing a statement to the Assessing Officer in such form and manner, as prescribed, on or before the due date specified in section 263(1) for furnishing the return of income for such tax year stating therein the purpose and period, not exceeding five years, for which the income is being accumulated or set apart.	Accumulation should be permitted for any object of the trust  <b>This will help reduce litigation</b>	To set at rest the controversy as to whether purpose is specific or not and whether accumulation for general objects is permissible, and given that the option under Explanation to section 11(1) of the Income-tax Act, 1961 to spend in subsequent year
		11(2)(c)- the statement referred to in clause (a) is furnished 82[at least two months prior to] the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year:				



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>13(9)- Nothing contained in sub-section (2) of section 11 shall operate so as to exclude any income from the total income of the previous year of a person in receipt thereof, if—</p> <p>(i) the statement referred to in clause (a) of the said sub-section in respect of such income is not furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year; or</p> <p>(ii) the return of income for the previous year is not furnished by such person on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the said previous year.</p>			<p>(which does not require any purpose to be specified) is being done away with, the trust should be permitted to accumulate its income for any object of the trust. This will also eliminate the need to seek change of purpose from the Assessing Officer.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
342(2)	11(2) (Explanation), 11(3A)(1st Proviso)	<p>11(2) Explanation.—</p> <p>Any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1), read with the Explanation to that sub-section, which is not applied, but is accumulated or set apart, to any trust or institution registered under section 12AA or section 12AB or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, shall not be treated as application of income for charitable or religious purposes, either during the period of accumulation or thereafter.</p>	(2) The amount credited or paid by a registered non-profit organisation to any other registered non-profit organisation out of its income accumulated or set apart, shall not be treated as application of income.	Donation to another registered NPO may be permitted as utilisation in the first year following the year for which income is accumulated.	Since the option to spend in the subsequent year under Explanation to section 11(1) of the Income-tax Act, 1961 is being removed, and effectively merged with accumulation for a period of 5 years, donation to another registered NPO, which was permissible under that option, may be permitted out of accumulation in



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1	2	3		4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961		Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		11(3A)(1st Proviso) -Provided that in computing the period of five years referred to in clause (a), the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.				the year following the year of accumulation.
343				<p>(1) The regular income, as reduced by the application of income and accumulated income under section 342, to the extent of 15% of regular income, shall be considered as deemed accumulated income and shall be invested or deposited in any of the modes permitted under section 350.</p> <p>(2) The deemed accumulated income under this section shall not be considered as accumulated income for the purposes of section 342.</p>	<p>Sub-section (1) to be reworded as follows -</p> <p>(1) The regular income, as reduced by the application of income and accumulated</p>	<p>There should be no requirement to invest 15% of regular income, in any modes permitted under section 350. Also, section 337 provides that if the same is not so invested, it would</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				income under section 342, to the extent of 15% of regular income, shall be considered as deemed accumulated income <del>and shall be invested or deposited in any of the modes permitted under section 350.</del>	constitute specified income taxable@ 30%. 15% of income which has been exempted unconditionally should not be required to be invested in the modes specified in section 350, the contravention of which would attract tax@30%.
345	11(4A)	<b>11(4A) –</b>	No registered non-profit organisation, other than a registered non-profit organisation, carrying out advancement of any other object	The opening portion of clause 345 be	In the context of the provision in this section, “a



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) shall not apply in relation to any income of a trust or an institution, being profits and gains of business, unless the business is incidental to the attainment of the objectives of the trust or, as the case may be, institution, and separate books of account are maintained by such trust or institution in respect of such business.	of general public utility, shall carry out any commercial activity unless— (a) such commercial activity is incidental to the attainment of the objectives of the registered non-profit organisation; and (b) separate books of account are maintained for such activities.	reworded as follows : No registered non-profit organisation, other than a registered non-profit organisation carrying out advancement of any other object of general public utility, shall carry out any commercial activity unless— (a) such commercial activity is	registered non-profit organisation which is carrying out advancement of any other object of general public utility” needs to be read as one single term. A “comma” after “other than a registered non-profit organisation” is irrelevant and may change the meaning sought to be conveyed.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				<p>incidental to the attainment of the objectives of the registered non-profit organisation; and</p> <p>(b) separate books of account are maintained for such activities.</p>	<p>Therefore, it is to be removed.</p>
349	12A(1)(ba)	<p><b>12A(1)(ba)</b> - the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under [sub-section (1) or sub-section (4) of] that section;</p>	<p>Where the total income of a registered non-profit organisation, without giving effect to the provisions of this Part, exceeds the maximum amount which is not chargeable to income-tax in any tax year, it shall furnish the return of income for such tax year as per the provisions of section 263(1)(a)(iii), within the time limit allowed under sub-section (1)(b) of that section.</p>	<p>Where during any tax year the total income of a registered non-profit organisation,</p>	<p>Reference of section 263(2) is required so as to enable furnishing its return online and in the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				without giving effect to the provisions of this Part, exceeds the maximum amount which is not chargeable to income-tax, it shall furnish the return of income for that tax year as per the provisions of section 263(1)(a)(iii), within the time limit allowed under sub-section (1)(b) of that	manner as prescribed under 263(2).



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1	2	3		4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961		Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					section, and in accordance with provisions of Section 263(2).	
351	12AB(4) (Explanation), 13(1)(a), 13(1)(b), 13 (Explanation 2)	<p><b>12AB(4)</b> Explanation.—For the purposes of this sub-section, the following shall mean "specified violation",—</p> <p>(a) where any income derived from property held under trust, wholly or in part for charitable or religious purposes, has been applied, other than for the objects of the trust or institution; or</p> <p>(b) the trust or institution has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by such trust</p>		<p>(1) The following shall constitute specified violation by a registered non-profit organisation:—</p> <p>(a) where any income of the registered non-profit organisation has been applied, other than for its objects; or</p> <p>(b) it carries out any commercial activity in contravention of the provisions of section 345; or</p> <p>(c) where it has applied any part of its total income for private religious purposes, which does not enure for the benefit of the public; or</p> <p>(d) where a registered non-profit organisation, created or established after the commencement of this Act for charitable purpose, has applied any part of its income for the benefit of any particular religious community or caste other than the Scheduled</p>	Carrying on commercial activity by a non-GPU (non-General Public Utility) Trust, in respect of which section 345 contains specific restrictions, may attract tax, but should not be	Commercial activity is defined in section 355(e) and applies to both sections 345 and 346. The Hon'ble Supreme Court decision in Ahmedabad Urban Development Authority applied only to



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or institution in respect of the business which is incidental to the attainment of its objectives; or</p> <p>(c) the trust or institution has applied any part of its income from the property held under a trust for private religious purposes, which does not enure for the benefit of the public; or</p> <p>(d) the trust or institution established for charitable purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any particular religious community or caste; or</p> <p>(e) any activity being carried out by the trust or institution, —</p> <p>(i) is not genuine; or</p> <p>(ii) is not being carried out in accordance with all or any of the</p>	<p>Castes or the Scheduled Tribes or backward classes or women and children; or</p> <p>(e) where any activity being carried out by the registered non-profit organisation is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered; or</p> <p>(f) the registered non-profit organisation has not complied with the requirements under section 332(7) and the order, direction or decree, holding that such non-compliance has occurred, has either not been disputed, or has attained finality; or</p> <p>(g) the application referred to in section 332(1) contains any false or incorrect information.</p>	<p>a specified violation resulting in cancellation of registration</p>	<p>general purpose utility trusts, not non-GPU trusts. Income from Commercial activity of GPU trusts is restricted under section 346 and taxed as specified income, but does not attract cancellation of registration. However, carrying on commercial activity by non-GPU trusts can result in</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>conditions subject to which it was registered; or</p> <p>(f) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality [; or]</p> <p>(g) the application referred to in clause (ac) of sub-section (1) of section 12A contains false or incorrect information.</p> <p><b>13(1)(a) –</b> Nothing contained in section 11 or section 12 shall operate so as to exclude from the total income of the previous year of the person in receipt thereof—</p>			cancellation of registration.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) any part of the income from the property held under a trust for private religious purposes which does not enure for the benefit of the public;</p> <p><b>13(1)(b) –</b></p> <p>(b) in the case of a trust for charitable purposes or a charitable institution created or established after the commencement of this Act, any income thereof if the trust or institution is created or established for the benefit of any particular religious community or caste;</p> <p><b>13 (Explanation 2) –</b></p> <p>A trust or institution created or established for the benefit of Scheduled Castes, backward classes, Scheduled Tribes or women and children shall not be deemed to be a trust or institution created or established for the benefit of</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		a religious community or caste within the meaning of clause (b) of sub-section (1).			
354	80G(5), 80G(5) (Proviso)	<p>80G(5) - This section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely :—</p> <p>(i) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (23AA) or clause (23C) of section 10 :</p> <p>Provided that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to</p>	<p>(1) A registered non-profit organisation or a person referred to in Schedule III (Table: Sl. No. 1) may, for the purpose of section 133(1)(b)(ii), make an application for approval in such form and manner, as prescribed, to the Principal Commissioner or Commissioner, subject to the following conditions:—</p> <p>(a) it is not expressed to be for the benefit of any particular religious community or caste;</p> <p>(b) it is established in India for a charitable purpose and does not incur any expenditure of an amount being 5% or more of its total income during a tax year which is of a religious nature;</p> <p>(c) the instrument under which it is constituted does not, or the rules governing it do not, contain any provision for the transfer at any time of the whole or any part of its assets for any purpose other than a charitable purpose;</p> <p>(d) it maintains regular accounts of its receipts and expenditure;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>inclusion in its total income under the provisions of section 11 shall not apply in relation to such income, if—</p> <p>(a) the institution or fund maintains separate books of account in respect of such business;</p> <p>(b) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and</p> <p>(c) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business;</p> <p>(ii) the instrument under which the institution or fund is constituted does</p>	<p>(e) it prepares such statement for such period, as prescribed, and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time, as prescribed;</p> <p>(f) it delivers to the said prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under clause (e) in such form and verified in such manner, as prescribed; and</p> <p>(g) it furnishes a certificate to the donor specifying the amount of donation within such period from the date of receipt of the donation containing the requisite particulars in the manner, as prescribed.</p> <p>(2) The application under sub-section (1) shall be made in respect of the cases referred to in column B of the Table below within the time limit provided in column C of the said Table and the Principal Commissioner or Commissioner, on receipt of such application, shall follow the procedure provided in sub-sections (3) and (4), and shall pass an order in writing within the time limit provided in</p>	<p>The Commissioner to have the power to condone any delay in filing</p>	<p>The power to condone delay may be vested in the Commissioner, as done in the</p>



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1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose;</p> <p>(iii) the institution or fund is not expressed to be for the benefit of any particular religious community or caste;</p> <p>(iv) the institution or fund maintains regular accounts of its receipts and expenditure;</p> <p>(v) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 25 of the Companies Act, 1956 (1 of 1956), or is a University</p>	<p>column D and approval, if granted, shall be valid for a period provided in column E of the said Table.</p>					<p>of the application for renewal, if he considers that there is reasonable cause for delay in furnishing the application, and such application shall be deemed to have been made within time.</p>	<p>context of registration under section 332(4)</p>
Sl. No.	Case	Time limit for furnishing application	Time limit for passing the order	Validity of approval					
A	B	C	D	E					
1	Where the activities of the applicant have not commenced.	At any time during the tax year from which approval is sought.	One month from the end of the month in which application is made.	Three tax years commencing from the tax year in which such application is made					



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1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by law, or is an institution financed wholly or in part by the Government or a local authority;</p> <p>(vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Principal Commissioner or Commissioner;</p> <p>(vii) where any institution or fund had been approved under clause (vi) for the previous year beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2008, such institution or fund shall, for the purposes of this section and notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been,—</p>	2	Where the activities of the applicant have commenced.	At any time during the tax year from which approval is sought.	Six months from the end of the quarter in which application is made	Five tax years commencing from the tax year in which such application is made.	Approval may be granted for 10 tax years to small trusts	The period of validity of approval to be 10 tax years for small trusts, as is the case for registration under section 332(5).
3	Where the applicant has provisional approval and activities have commenced.	Within six months of the commencement of activities.	Six months from the end of the quarter in which application is made	Five tax years commencing from the tax year in which such application is made					



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1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) established for charitable purposes for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; and</p> <p>(b) approved under the said clause (vi) for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009;</p> <p>(viii) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed:</p> <p>Provided that the institution or fund may also deliver to the said prescribed authority, a correction statement for rectification of any mistake or to add,</p>	4	Where the provisional approval of the applicant is due to expire and activities have not commenced.	At least six months prior to the expiry of the provisional approval.	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made.		
			5	Where the period for approval of a registered non-profit organisation is due to expire.	At least six months prior to the expiry of the said approval.	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be prescribed; and</p> <p>(ix) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed:</p> <p>Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—</p> <p>(i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws</p>	<p>(3) Where an application has been made in any of the cases specified under sub-section (2) (Table: Sl. No. 2) to (Table: Sl. No. 5), the Principal Commissioner or Commissioner shall call for such documents or information or make such inquiries as he thinks necessary in order to satisfy himself as to the compliance of such requirements of any other law in force, as are material for the purpose of achieving its objects, and the genuineness of activities and—</p> <p>(a) if he is so satisfied about the objects and the genuineness of the activities and compliance of the requirements of any other law in force, he shall pass an order in writing approving it; or</p> <p>(b) if he is not so satisfied, after affording a reasonable opportunity of being heard,—</p> <p>(i) shall pass an order in writing rejecting the application, where the application was made in any of the cases specified in sub-section (2) (Table: Sl. No. 2); and</p> <p>(ii) in any other case, shall pass an order rejecting the application and also cancelling the approval, and send a copy of the order to the applicant and the Assessing Officer.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021;</p> <p>(ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period;</p> <p>(iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier; [or]</p> <p>[(iv) [***] where activities of the institution or fund have—</p> <p>(A) not commenced, at least one month prior to the commencement of the previous year relevant to the</p>	<p>(4) Where an application has been made in any of the cases specified in sub-section (2) (Table: Sl. No. 1), the Principal Commissioner or Commissioner shall pass an order granting provisional approval.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>assessment year from which the said approval is sought;</p> <p>(B) commenced9[***]at any time after the commencement of such activities:] Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,—</p> <p>(i) where the application is made under clause (i) of the said proviso, pass an order in writing granting it approval for a period of five years;</p> <p>(ii) where the application is made under clause (ii) or clause (iii) 10[or sub-clause (B) of clause (iv)] of the said proviso,—</p> <p>a)call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(A) the genuineness of activities of such institution or fund; and</p> <p>(B) the fulfilment of all the conditions laid down in clauses (i) to (v);</p> <p>(b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),—</p> <p>(A) pass an order in writing granting it approval for a period of five years; or</p> <p>[(B) if he is not so satisfied, pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard;]</p> <p>[(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought,]</p> <p>and send a copy of such order to the institution or fund:</p> <p>[Provided also that the order under clause (i) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months and one month, as the case may be, calculated from the end of the month in which the application was received:]</p> <p>[Provided also that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of six months from</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the end of the quarter in which the application was received:]</p> <p>Provided also that the approval granted under the second proviso shall apply to an institution or fund, where the application is made under—</p> <p>(a) clause (i) of the first proviso, from the assessment year from which approval was earlier granted to such institution or fund;</p> <p>(b) clause (iii) of the first proviso, from the first of the assessment years for which such institution or fund was provisionally approved;</p> <p>(c) in any other case, from the assessment year immediately following the financial year in which such application is made.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
355 (j)			(j) “residual income” means the total income, as reduced by regular income and specified income;	(j) “residual income” means the total income, as reduced by regular income, specified income <b>and corpus donations.</b>	The definition of residual income to be modified to specifically exclude corpus donations, since it would otherwise be included in this category of income.



## CHAPTER XVIII

### A. APPEALS

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
359	250	<b>Procedure in appeal.</b>	<b>Procedure in appeal.</b>		
		(6A) In every appeal, the Joint Commissioner (Appeals) or the Commissioner (Appeals), as the case may be, where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub-section (1) or transferred to him under sub-section (2) or sub-section (3) of <a href="#">section 246</a> or filed before him under sub-section (1) of <a href="#">section 246A</a> , as the case may be	(5) The Joint Commissioner (Appeals) or the Commissioner (Appeals), where it is possible, may hear and decide such appeal within one year from the end of the financial year in which such appeal is filed or transferred to him under section 356.	Section 359(5) be amended to replace the words “where it is possible, may hear and decide such appeal within one year..” with “ <b>shall hear and decide such appeal within one year....</b> ”  (5) The Joint Commissioner (Appeals) or the Commissioner (Appeals), <del>where it is possible, may</del> <b>shall</b> hear and decide such appeal within one year from the end of the financial year in which such appeal	Though time limit has been provided in Section 359(5) for disposal of appeals, the use of the words “where it is possible, may” indicates that the same are not mandatory. <b>The absence of mandatory provision prescribing a definite timeline results in prolonged litigation, causing genuine hardship to taxpayers. There is a huge pendency of appeals</b>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
				is filed or transferred to him under section 356.	<b>before Commissioner (Appeals) for over years.</b>
361	252, 252A	<b>252- Appellate Tribunal, 252A -Qualifications, terms and conditions of service of President, Vice- President and Member.</b>	<b>Appellate Tribunal</b>	The requirement for an accountant member may also be atleast 10 years in the practice of accountancy as a chartered accountant, as was the case earlier. Suitable amendment be made in the Tribunal (Conditions of Service) Rules, 2021.	As per the Tribunal (Conditions of Service) Rules, 2021, a person shall not be qualified for appointment as Accountant member, unless, <i>inter alia</i> , he has been in the practice of accountancy as a chartered accountant for 25 years. It may be noted that in case of a Judicial member, the period of experience required as an advocate is 10 years as per the said Rules.
		<b>Section 252- Appellate Tribunal</b>  (1) The Central Government shall constitute an Appellate Tribunal consisting of as many judicial and accountant members as it thinks fit to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Act.  (2) A judicial member shall be a person who has for at least ten years held a judicial office in the territory of India or who has been a member of the Indian	(1) The Central Government shall constitute an Appellate Tribunal consisting of as many Judicial and Accountant Members as it thinks fit, to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Act.  (2) Irrespective of anything contained in this Act, the qualifications, appointment,		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Legal Service and has held a post in Grade II of that Service or any equivalent or higher post for at least three years or who has been an advocate for at least ten years.</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) in computing the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during which the person has been an advocate or has held the office of a member of a Tribunal or any post, under the Union or a State, requiring special knowledge of law;</p> <p>(ii) in computing the period during which a person has been an advocate, there shall be included any period during which the person has held judicial office or the office of a member of a Tribunal or any post,</p>	<p>term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the President, Vice-President and other Members of the Appellate Tribunal appointed,—</p> <p>(a) after the commencement of the Tribunals Reforms Act, 2021, shall be governed by the provisions of Chapter II of the said Act;</p> <p>(b) before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall be governed by the provisions of the Income-tax Act, 1961</p> <p>and the rules made thereunder, as if the provisions of section</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under the Union or a State, requiring special knowledge of law after he became an advocate.</p> <p>(2A) An accountant member shall be a person who has for at least ten years been in the practice of accountancy as a chartered accountant under the Chartered Accountants Act, 1949 (38 of 1949), or as a registered accountant under any law formerly in force or partly as a registered accountant and partly as a chartered accountant, or who has been a member of the Indian Income-tax Service, Group A and has held the post of Additional Commissioner of Income-tax or any equivalent or higher post for at least three years.</p> <p>(3) The Central Government shall appoint—</p>	<p>184 of the Finance Act, 2017 had not come into force.</p> <p>(3) The Central Government shall appoint—</p> <p>(a) a person who is a sitting or retired Judge of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or</p> <p>(b) one of the Vice-Presidents of the Appellate Tribunal, to be the President thereof.</p> <p>(4) The Central Government may appoint one or more members of the Appellate Tribunal to be the Vice-President or, Vice-Presidents thereof.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) a person who is a sitting or retired Judge of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or</p> <p>(b) one of the Vice-Presidents of the Appellate Tribunal,</p> <p>to be the President thereof.</p> <p>(4) The Central Government may appoint one or more members of the Appellate Tribunal to be the Vice-President or, as the case may be, Vice-Presidents thereof.</p> <p>(5) The Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President by a general or special order in writing.</p>	<p>(5) The Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President by a general or special order in writing.</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>Section 252A- Qualifications, terms and conditions of service of President, Vice-President and Member.</b></p> <p>Notwithstanding anything contained in this Act, the qualifications, appointment, term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the President, Vice-President and other Members of the Appellate Tribunal appointed after the commencement of the Tribunals Reforms Act, 2021, shall be governed by the provisions of Chapter II of the said Act:</p> <p>Provided that the President, Vice-President and Member appointed before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall continue to be governed by the provisions of this Act, and the rules made thereunder as if the provisions of section 184 of the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		Finance Act, 2017 had not come into force.			
362	253	<b>Appeals to the Appellate Tribunal.</b>	<b>Appeals to Appellate Tribunal.</b>		
		<p>(1) Any assessee aggrieved by any of the following orders may appeal to the Appellate Tribunal against such order—</p> <p>(a) an order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner (Appeals) under section 154, [section 158BFA,] section 250, section 270A, section 271, section 271A, <sup>73</sup>[section 271AAB, section 271AAC, section 271AAD], section 271J or section 272A; or</p> <p>[(aa) an order passed by a Joint Commissioner (Appeals) under section</p>	<p>(1) Any assessee, aggrieved by any of the following orders, may appeal to the Appellate Tribunal against such order—</p> <p>(a) an order passed under this Act, by a Commissioner (Appeals) or a Joint Commissioner (Appeals);</p> <p>(b) an order passed by a Principal Commissioner or Commissioner</p> <p>under—</p> <p>(i) section 332(7) or (8) or (9), 351(2)(ii) or 354(3); or</p>	<p>Sub-sections (6) and (8) be redrafted as given below -</p> <p>(6) An appeal to the Appellate Tribunal shall be in such form and verified in such manner, as prescribed <del>and shall be accompanied by</del> <b>and shall be furnished after depositing a fee of</b> - ...</p> <p>(8) An application for stay of demand shall be <b>furnished after depositing</b> <del>accompanied by</del> a fee of five hundred rupees.</p>	<p>Since the appeals are also furnished online, therefore, the phrase “and shall be accompanied by a fee” may be replaced with the phrase “and shall be furnished after depositing a fee of .....”.</p> <p>A similar amendment has to be made in sub-section (8) for application for stay of demand. The words “accompanied by” to be replaced by “furnished after depositing”.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>154, section 250, section 270A, section 271, section 271A, section 271AAC, section 271AAD or section 271J; or]</p> <p>(b) an order passed by an Assessing Officer under clause (c) of section 158BC, 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; or</p> <p>(ba) an order passed by an Assessing Officer under sub-section (1) of section 115VZC; or</p> <p>[(c) an order passed by,—</p> <p>(i) a Principal Commissioner or Commissioner under section 12AA or section 12AB or under clause (vi) of sub-section (5) of section 80G or</p>	<p>(ii) section 377 or 439 or 465; or</p> <p>(iii) section 287;</p> <p>(c) an order passed by a Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 377 or 465 or an order passed under section 287 amending any such order;</p> <p>(d) an order passed by an Assessing Officer under section 270(10) or 279, in pursuance of the directions of the Dispute Resolution Panel or an order</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under section 263 or under section 270A or under section 271 or under section 272A or an order passed by him under section 154 amending any such order; or</p> <p>(ii) a Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 263 or under section 272A or an order passed by him under section 154 amending any such order; or]</p> <p>(d) an order passed by an Assessing Officer under sub-section (3), of section 143 or section 147 or section 153A or section 153C in pursuance of the directions of the Dispute Resolution Panel or an order passed under section 154 in respect of such order;</p>	<p>passed under section 287 in respect of such order;</p> <p>(e) an order passed by an Assessing Officer under section 270(10) or 279, with the approval of the Principal Commissioner or Commissioner as referred to in section 274(12) or an order passed under section 287 or 288 in respect of such order; or</p> <p>(f) an order passed by an Assessing Officer under section 234(4).</p> <p>(2) The Principal Commissioner or Commissioner may, if he objects to any order passed by the Joint Commissioner</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(e) an order passed by an Assessing Officer under sub-section (3) of section 143 or section 147 or section 153A or section 153C with the approval of the Principal Commissioner or Commissioner as referred to in sub-section (12) of section 144BA or an order passed under section 154 or section 155 in respect of such order;</p> <p>(f) an order passed by the prescribed authority under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10.</p> <p>(2) The Principal Commissioner or Commissioner may, if he objects to any order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a [the Joint Commissioner (Appeals) or the] Commissioner (Appeals) under section</p>	<p>(Appeals) or the Commissioner (Appeals) under this Act, direct the Assessing Officer to appeal to the Appellate Tribunal against the order.</p> <p>(3) Every appeal under sub-section (1) or (2) shall be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner.</p> <p>(4) The Assessing Officer or the assessee, on receipt of notice that an appeal against an order, has been preferred under sub-section (1)</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>154 or section 250, direct the Assessing Officer to appeal to the Appellate Tribunal against the order.</p> <p>(2A) [***]</p> <p>(3) Every appeal under sub-section (1) or sub-section (2) shall be filed within [two months from the end of the month in] which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be :</p> <p>Provided that in respect of any appeal under clause (b) of sub-section (1), this sub-section shall have effect as if for the words "sixty days", the words "thirty days" had been substituted.</p> <p>(3A) [***]</p> <p>(4) The Assessing Officer or the assessee, as the case may be, on receipt of notice</p>	<p>or (2) by the other party, may, irrespective of that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the manner, as prescribed, against any part of such order, and such memorandum shall be disposed of by the Appellate Tribunal as if</p> <p>it were an appeal presented within the time specified in sub-section (3).</p> <p>(5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>that an appeal [against an order], has been preferred under sub-section (1) or sub-section (2) by the other party, may, notwithstanding that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the prescribed manner, against [any part of such order], and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (3).</p> <p>(5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (3) or sub-section (4), if it is satisfied that there was sufficient cause for not presenting it within that period.</p>	<p>referred to in sub-section (3) or (4), if it is satisfied that there was sufficient cause for not presenting it within that period.</p> <p>(6) An appeal to the Appellate Tribunal shall be in such form and verified in such manner, as prescribed and shall, <b>be accompanied by a fee</b> of—</p> <p>(a) five hundred rupees, where the total income of the assessee as computed by the Assessing Officer, in the case to which the appeal relates, is one lakh rupees or less;</p> <p>(b) one thousand five hundred rupees, where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(6) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner and shall, in the case of an appeal made, on or after the 1st day of October, 1998, irrespective of the date of initiation of the assessment proceedings relating thereto, be accompanied by a fee of,—</p> <p>(a) where the total income of the assessee as computed by the Assessing Officer, in the case to which the appeal relates, is one hundred thousand rupees or less, five hundred rupees,</p> <p>(b) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than one hundred thousand rupees but not more than two hundred thousand rupees, one thousand five hundred rupees,</p>	<p>one lakh rupees but not more than two lakh rupees;</p> <p>(c) 1% of the assessed income, subject to a maximum of ten thousand rupees, where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two lakh rupees;</p> <p>(d) five hundred rupees, where the subject matter of an appeal relates to any matter, other than those specified in clauses (a), (b) and (c).</p> <p>(7) No fee shall be payable for an appeal referred to in sub-section (2), or a memorandum of cross objections referred to in sub-section (4).</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two hundred thousand rupees, one per cent of the assessed income, subject to a maximum of ten thousand rupees,</p> <p>(d) where the subject matter of an appeal relates to any matter, other than those specified in clauses (a), (b) and (c), five hundred rupees:</p> <p><i>Provided</i> that no fee shall be payable in the case of an appeal referred to in sub-section (2), or, sub-section (2A) as it stood before its amendment by the Finance Act, 2016, or, a memorandum of cross objections referred to in sub-section (4).</p> <p>(7) An application for stay of demand shall be accompanied by a fee of five hundred rupees.</p>	<p>(8) An application for stay of demand shall be accompanied by a fee of five hundred rupees.</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(8) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of appeal to the Appellate Tribunal under sub-section (2), so as to impart greater efficiency, transparency and accountability by—</p> <p>(a) optimising utilisation of the resources through economies of scale and functional specialisation;</p> <p>(b) introducing a team-based mechanism for appeal to the Appellate Tribunal, with dynamic jurisdiction.</p> <p>(9) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (8), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>exceptions, modifications and adaptations as may be specified in the notification:</p> <p>(10) Every notification issued under sub-section (8) and sub-section (9) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.</p>			
63	254	<b>Orders of Appellate Tribunal.</b>	<b>Orders of Appellate Tribunal.</b>		
		<p>(1) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit.</p> <p>(2) The Appellate Tribunal may, at any time within six months from the end of the month in which the order was passed, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (1), and shall make</p>	<p>(1) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit.</p> <p>(2) The Appellate Tribunal may amend any order passed by it under sub-section (1) for the rectification of any mistake</p>	<p>Sub-section (2) may be redrafted as under -</p> <p>(2) The Appellate Tribunal may amend any order passed by it under sub-section (1) for the rectification of any mistake apparent from record, within six months from the end of the month in which the order was passed, if the mistake is brought to its notice by the assessee or the</p>	<p>The words “income tax authority”, may also be inserted at the end in sub-section (2) because there may be appeal to ITAT against order of rejection of an application under section 12A or 80G passed by CIT (Exemptions) who is not the Assessing Officer, but an income tax authority. Also,</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such amendment if the mistake is brought to its notice by the assessee or the Assessing Officer :</p> <p><i>Provided</i> that an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this sub-section unless the Appellate Tribunal has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard :</p> <p><i>Provided further</i> that any application filed by the assessee in this sub-section on or after the 1st day of October, 1998, shall be accompanied by a fee of fifty rupees.</p> <p>(2A) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial</p>	<p>apparent from record, within six months from the end of the month in which the order was passed, if the mistake is brought to its notice by the assessee or the Assessing Officer.</p> <p>(3) An amendment, as referred to in sub-section (2), which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made, unless the assessee has been allowed a reasonable opportunity of being heard.</p> <p>(4) Any application filed by the assessee under sub-section (2)</p>	<p>Assessing Officer <b>or the income tax authority.</b></p>	<p>in case of appeal against revision order by Commissioner, the respondent is the Commissioner and not the Assessing Officer.</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>year in which such appeal is filed under sub-section (1) or sub-section (2) of <a href="#">section 253</a>:</p> <p><i>Provided</i> that the Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under sub-section (1) of <a href="#">section 253</a>, for a period not exceeding one hundred and eighty days from the date of such order subject to the condition that the assessee deposits not less than twenty per cent of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnishes security of equal amount in respect thereof and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order:</p>	<p>shall be accompanied by a fee of fifty rupees.</p> <p>(5) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within four years from the end of the financial year in which such appeal is filed under section 362(1) or (2).</p> <p>(6) The Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under section 362(1), for a period not exceeding one hundred and eighty days from the date of</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><i>Provided further</i> that no extension of stay shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay, unless the assessee makes an application and has complied with the condition referred to in the first proviso and the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed:</p> <p><i>Provided also</i> that if such appeal is not so disposed of within the period allowed under the first proviso or the period or</p>	<p>such order, subject to the condition that the assessee—</p> <p>(a) deposits not less than 20% of the amount of tax, interest, fee, penalty or any other sum payable under this Act; or</p> <p>(b) furnishes security of equal amount as referred to in clause (a), and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order.</p> <p>(7) No extension of stay, as referred to in sub-section (6), shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>periods extended or allowed under the second proviso, which shall not, in any case, exceed three hundred and sixty-five days, the order of stay shall stand vacated after the expiry of such period or periods, even if the delay in disposing of the appeal is not attributable to the assessee.</p> <p>(2B) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.</p> <p>(3) The Appellate Tribunal shall send a copy of any orders passed under this section to the assessee and to the Principal Commissioner or Commissioner.</p> <p>(4) Save as provided in section 256 or section 260A, orders passed by the Appellate Tribunal on appeal shall be final.</p>	<p>passed under the said sub-section, unless—</p> <p>(a) the assessee makes an application and has complied with the condition referred to in sub-section (6); and</p> <p>(b) the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so, however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and</p> <p>the Appellate Tribunal shall dispose of the appeal within the</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>period or periods of stay so extended or allowed.</p> <p>(8) The order of stay shall stand vacated if the appeal is not disposed of within the period allowed under sub-section (6) or (7), even if the delay in disposing of the appeal is not attributable to the assessee.</p> <p>(9) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.</p> <p>(10) The Appellate Tribunal shall send a copy of any orders passed under this section to the assessee and to the Principal Commissioner or Commissioner.</p>	<p>Sub-section (10A) be inserted -</p> <p>(10A) The appeal effect by the Assessing Officer or income tax authority pursuant to such order referred to in sub-section (10) can be on the basis of self-certified copy of such order downloaded from the income tax portal or website of the tribunal or court, as the case may be</p>	<p>Sub-section (10A) needs to be inserted to provide that even if there is a delay in receiving appellate order from ITAT or High Court or Supreme Court, the order giving appeal effect cannot be delayed. In this digital era, the appellate orders can be downloaded and verified from website of ITAT, High Court, Supreme Court. Therefore, the income tax authority may rely upon the copy of appeal order furnished by the assessee/appellant not physically signed by appellate authority but downloaded from</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income- tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			(1) Save as provided in section 365, orders passed by the Appellate Tribunal on appeal shall be final.		website or portal. Similar provision to be made in case of appeal orders of High Court and Supreme Court.
373	268A	<b>Filing of appeal or application for reference by income-tax authority.</b>	<b>Filing of appeal or by income-tax authority.</b>		
		(1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal or application for reference by any income-tax authority under the provisions of this Chapter.  (2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax authority has not filed any appeal or application for reference on any issue in the case of an	(1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal by any income-tax authority under the provisions of this Chapter.  (2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax	It is suggested that Section 373(2) be modified as follows:  (2) Where, in pursuance of the orders, instructions, or directions issued under sub-section (1), an income-tax authority has not filed any appeal on any issue in the case of an assessee for any tax year <b>or assessment year relevant to the tax year commencing before 1.4.2026</b> , it shall not preclude such	Section 373(2) provides for the issuance of orders, instructions, or directions by the Board regarding the filing of appeals by income-tax authorities.  Where, in pursuance of such orders/ instructions/ directions, an income-tax authority has not filed any appeal on any issue in the case of the assessee for any tax year, it shall not preclude



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Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>assessee for any assessment year, it shall not preclude such authority from filing an appeal or application for reference on the same issue in the case of—</p> <p>(a) the same assessee for any other assessment year; or</p> <p>(b) any other assessee for the same or any other assessment year.</p> <p>(3) Notwithstanding that no appeal or application for reference has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal or reference, to contend that the income-tax authority has acquiesced in the decision on the disputed issue by not filing an appeal or application for reference in any case.</p>	<p>authority has not filed any appeal on any issue in the case of an assessee for any tax year, it shall not preclude such authority from filing an appeal on the same issue in the case of—</p> <p>(a) the same assessee for any other tax year; or</p> <p>(b) any other assessee for the same or any other tax year.</p> <p>(3) Where even when no appeal has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal, to contend that the income-tax authority has</p>	<p>authority from filing an appeal on the same issue in the case of—</p> <p>(a) the same assessee for any other tax year; or</p> <p>(b) any other assessee for the same or any other tax year</p>	<p>such authority from filing an appeal on the same issue in the case of the same assessee for any other tax year; or any other assessee for the same or any other tax year.</p> <p>The inclusion of the phrase "assessment year relevant to the previous year" after "any tax year" in the first part of the above sentence is suggested to cover cases, including those that may pertain to assessments made under the provisions of the Income-tax Act, 1961, in respect of which the income-tax authority has not filed any appeal.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(4) The Appellate Tribunal or Court, hearing such appeal or reference, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal or application for reference was filed or not filed in respect of any case.</p> <p>(5) Every order, instruction or direction which has been issued by the Board fixing monetary limits for filing an appeal or application for reference shall be deemed to have been issued under sub-section (1) and the provisions of sub-sections (2), (3) and (4) shall apply accordingly.</p>	<p>acquiesced in the decision on the disputed issue by not filing an appeal in any case.</p> <p>(4) The Appellate Tribunal or Court, hearing such appeal, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal was filed or not filed in respect of any case.</p>		<p><b>Filing of appeal by income-tax authority.</b></p> <p>For example, where, in pursuance of an order, an income-tax authority has not filed any appeal on any issue in the case of Mr.X for <b>assessment year 2025-26</b>, before the Appellate Tribunal due to the reason that the disputed demand was only Rs.45 lakh, it shall not preclude such authority from filing an appeal on the same issue in the case of the Mr. X for any other tax year (say tax year 2026-27); or Mr. Y or Mr. Z for the tax year 2026-27 or any other tax year.</p>



**CHAPTER XVIII**  
**C- ADVANCE RULINGS**

<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
383	245Q	<b>245Q Application for advance ruling.</b>	<b>383 Application for advance ruling.</b>		
		<p>(1) An applicant desirous of obtaining an advance ruling under this Chapter or under Chapter V of the Customs Act, 1962 (52 of 1962) or under Chapter IIIA of the Central Excise Act, 1944 (1 of 1944) or under Chapter VA of the Finance Act, 1994 (32 of 1994) may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.</p> <p>(2) The application shall be made in quadruplicate and be accompanied by a fee of ten thousand rupees or such fee as may be prescribed in this behalf, whichever is higher.</p>	<p>(1) An applicant desirous of obtaining an advance ruling under this Chapter, may make an application in such form and manner, as prescribed, stating the question on which the advance ruling is sought.</p> <p>(2) The application shall be made in quadruplicate and be accompanied by a fee of ten thousand rupees or such fee, as prescribed.</p> <p>(3) An applicant may withdraw an application within thirty days from the date of the application.</p>	<p>The requirement to make the application in quadruplicate in Section 383(2) may be removed.</p> <p>(2) The application shall be <b>furnished</b> <del>made</del> <del>in quadruplicate</del> and <del>be accompanied by</del> <b>after payment of</b> a fee of ten thousand</p>	<p>Rule 44E requiring the application for obtaining advance ruling under section 245Q(1) to be made in the respective forms, Form No.34C/34D/34DA/34E/34EA has deleted the words “in quadruplicate” w.e.f. 5.5.2022. This requirement has been removed in Rule 44E, since the forms have to be sent vide e-mail.</p>



Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(3) An applicant may withdraw an application within thirty days from the date of the application.</p> <p>(4) Where an application for advance ruling under this Chapter is made before such date as the Central Government may, by notification in the Official Gazette appoint, and in respect of which no order under sub-section (2) of section 245R has been passed or no advance ruling under sub-section (4) of section 245R has been pronounced before such date, such application along with all the relevant records, documents or material, by whatever name called, on the file of the Authority shall be transferred to the Board for Advance Rulings and shall be deemed to be the records before the Board for Advance Rulings for all purposes:</p>		rupees or such fee, as prescribed.	<p>However, the same continued in section 245Q(2).</p> <p>Further, e-filing utility may be introduced for advance ruling to enable effective tracking. Then, instead of “accompanied by” fee, the words “after payment of fee” may be used in sub-section (2).</p>



**The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)**

# MEMORANDUM OF SUGGESTIONS

ON

THE INCOME TAX BILL, 2025

(PART - 4)



**INDEX**  
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**CHAPTER - XIX**  
**COLLECTION AND RECOVERY OF TAX**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>A.—General</b>					
390	190, 202, 199	<b>Deduction at source and advance payment, Credit for tax deducted.</b>	<b>390 Deduction or collection at source and advance payment.</b>		
		<p><b>Section 190- Deduction at source and advance payment</b></p> <p>(1) Notwithstanding that the regular assessment in respect of any income is to be made in a later assessment year, the tax on such income shall be payable by deduction or collection at source or by advance payment or by payment under sub-section (1A) of section 192, as the case may be, in accordance</p>	<p>(1) The tax on income shall be payable as per this Chapter by way of—</p> <p>(a) deduction or collection at source; or</p> <p>(b) advance payment; or</p> <p>(c) payment under section 392(2)(a).</p> <p>(2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the assessment to be made later than the relevant tax year.</p>	<p>Sub-section (2) may be reworded as follows:</p> <p>(2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the assessment to be made <b>in the</b></p>	<p>The current wording of sub-sections (1) and (2) may create ambiguity in situations where the income being paid includes amounts from multiple years. The provision may be interpreted as limiting</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>with the provisions of this Chapter.</p> <p>(2) Nothing in this section shall prejudice the charge of tax on such income under the provisions of sub-section (1) of section 4.</p> <p><b>Section 202-Deduction only one mode of recovery.</b></p> <p>The power to recover tax by deduction under the foregoing provisions of this Chapter shall be without prejudice to any other mode of recovery.</p> <p><b>Section 199- Credit for tax deducted.</b></p> <p>(1) Any deduction made in accordance with the foregoing provisions of this Chapter and</p>	<p>(3) Nothing contained in this section, shall affect the charge of tax on such income under section 4(1).</p>	<p><b>subsequent tax years to which the income relates.</b></p> <p>Sub-section (4) may be reworded as follows –</p> <p>The payment of tax referred to in sub-section (1) shall be</p>	<p>tax deductions or payments to a single tax year. In real-world scenarios, income may span over several tax years (both previous and future), especially in cases where lump-sum payments cover multiple periods.</p> <p>Rewording of sub-section (2) is suggested to clarify that the tax provisions apply to income related to multiple years, and the assessment can be made in the tax years corresponding to the relevant period of income.</p> <p>Sub-section (4) uses the term "<b>tax collection</b>" to describe the payment of tax in addition to other modes of tax collection. It may be more</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be.</p> <p>(2) Any sum referred to in sub-section (1A) of <a href="#">section 192</a> and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made.</p> <p>(3) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules</p>	<p>(4) The payment of tax referred to in sub-section (1) shall be in addition to any other mode of tax collection to discharge the liability in respect of income assessed for a tax year.</p> <p>(5) The tax deducted or collected at source or sum referred to in section 392(2)(a) under this Chapter and paid to the Central Government shall be treated as payment of tax on behalf of the person—</p> <p>(a) from or in respect of whose income or payment, such tax has been deducted or paid; or</p> <p>(b) from whom such tax has been collected.</p> <p>(6) The Board may make rules for—</p> <p>(a) giving credit of tax deducted or collected or paid to a person referred to in sub-section (5) and also a person other than the person referred to in the said sub-section;</p>	<p>in addition to any other mode of tax <del>collection</del> <b>recovery</b> to discharge the liability in respect of income assessed for a tax year.</p> <p>Sub-section (7) may be inserted in section 390-</p> <p>(7) Where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax himself to the extent to which</p>	<p>accurate and consistent to use "recovery" as used in sections like section 226 of the Income-tax Act, 1961 and Section 416 of the Income-tax Bill, 2025. "Recovery" better conveys the mandatory nature of the tax payment and includes both voluntary and involuntary tax payments that are due after assessment.</p> <p>Section 401 (Bar against direct demand on assessee provides that where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax himself to the extent to</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income- tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (1) and sub-section (2) and also the assessment year for which such credit may be given.	(b) the tax year for which the credit shall be given.	tax has been deducted from that income.	which tax has been deducted from that income.  However, in actual practice, many a times even where tax has been deducted, the assessee is made to pay the tax himself. Therefore, this provision must be inserted in the beginning of the chapter itself.
391	191	<b>191 Direct payment.</b>	<b>391 Direct payment</b>		
		(1) In the case of income in respect of which provision is not made under this Chapter for deducting income-tax at the time of payment, and in any case where income-tax has not been deducted in accordance with the provisions of this	(1) The income-tax on any income shall be payable directly by the assessee if—  (a) there is no provision under this Chapter to deduct income-tax on such income at the time of payment; or  (b) income-tax has not been deducted as per the provisions of this Chapter.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Chapter, income-tax shall be payable by the assessee direct.</p> <p>(2) For the purposes of paying income-tax directly by the assessee under sub-section (1), if the income of the assessee in any assessment year, beginning on or after the 1st day of April, 2021, includes income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares referred to in the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the income-tax on such income shall be payable by the assessee within fourteen days—</p>	<p>(2) If an assessee has any income of the nature of specified security or sweat equity shares as specified in section 17(1)(d) allotted or transferred directly or indirectly by the current employer which is an eligible start-up referred to in section 140, then direct payment of tax for the purposes of sub-section (1) shall be made within the time specified in section 289(3).</p> <p>(3) Where any person, including the principal officer of the company,—</p> <p>(a) who is required to deduct any sum as per the provisions of this Act; or</p> <p>(b) referred to in section 392(2)(a), being an employer, does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, apart from any other</p>	<p>This situation mentioned in the rationale (column 6) does not seem to be fully addressed in sub-section (3). Incorporating this relief in this provision would ensure that the assessee is not penalized for the failure of the deductor to deduct the tax, as long as the assessee fulfills his responsibility to directly</p>	<p>As per sub-section (3), if the person required to deduct tax does not deduct or after deducting fails to pay and where the assessee has also failed to pay such tax directly, he would be deemed to be an assessee-in- default.</p> <p>Let us say, if there is a situation where the tax has not been deducted, but the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) after the expiry of forty-eight months from the end of the relevant assessment year; or</p> <p>(ii) from the date of the sale of such specified security or sweat equity share by the assessee; or</p> <p>(iii) from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share,</p> <p>whichever is the earliest.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that if any person including the principal officer of a company,—</p>	<p>consequences that he may incur, be deemed to be an assessee in default within the meaning of section 398(1), in respect of such tax.</p>	<p>pay the tax in a timely manner.</p>	<p>assessee has paid the said tax directly, then, the deductor would not be held to be an assessee in default and the consequences in terms of interest and penalty would not arise. This situation does not seem to be addressed in this sub-section.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) who is required to deduct any sum in accordance with the provisions of this Act; or</p> <p>(b) referred to in sub-section (1A) of section 192, being an employer,</p> <p>does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default within the meaning of sub-section (1) of section 201, in respect of such tax.</p>			



**Tax to be Deducted at Source**  
**Section 393 of the Income-tax Bill, 2025**

1	2	3	4								
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change								
	<p>(1) Where any income or sum of the nature specified in column B of the Table below, is credited or paid or distributed by the person specified in column C during the tax year, to a resident, the person responsible for paying shall deduct income-tax,—</p> <p>(a) on the entire amount of such income or sum, where the amount or aggregate of amounts exceeds the threshold limit specified in column D;</p> <p>(b) at the rate specified in column D;</p> <p>(c) at the time of credit of such income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and</p> <p>(d) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).</p>	<p>Reducing the number of rates from 6 to 2, namely 1% and 5%, will increase the working capital available which will in turn facilitate ease of doing business. Also, a uniform threshold limit may be prescribed for TDS provisions. It will also facilitate ease of compliance and minimize the possibility of disputes arising from the incorrect application of rates. <b>This change is suggested in all provisions of TDS and hence is not mentioned individually in each section.</b></p>	<p>At present, there are six rates of TDS under the Income-tax Act, 1961, namely, 0.1%, 1%, 2%, 5%, 10% and 20% for residents which are continuing in the Income-tax Bill, 2025. In line with the intent of TDS provisions serving as an audit trail rather than a revenue garnering measure, the number of TDS rates may be reduced to two, for example, 1% and 5%.</p>								
	Table										
	For Payments to Resident										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Nature of Income or sum</th> <th style="text-align: center;">Payer</th> <th style="text-align: center;">Rate Threshold limit</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit						
Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit								



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Insurance commission.</b></p> <p><b>194D.</b> Any person responsible for paying to a resident any income by way of 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) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is</p>	A	B	C	D	<p>While the tabular presentations enhance readability and comprehension, however, the tables in the Bill are not complete in themselves and other provisions have to be referred to capture the correct and complete provision. Currently, there are no cross references to the other related provisions which have to be read together to comprehend the provision holistically. Hence, it is necessary to incorporate cross-references for completeness and ease of reference. For example, in the Income-tax Act, 1961, each TDS provision is self-contained also specifying the exemptions/exclusions therefrom as also the meaning of different terms given by way of different clauses in the Explanation to the relevant section pertaining thereto. However, in the bill, all the provisions have been consolidated in one section i.e., section 393 in tabular form. Section 393(1) contains the TDS provisions pertaining to residents, Section 393(2) contains the TDS provisions pertaining to non-residents and Section 393(3) contains the TDS provisions in respect of payments to any person. These tables have to be referred to with the help of sections and sub-sections. The tables in the Bill have not been numbered. Referring to a particular table would be easier if the table is numbered. For example, the table in section 393(1) can be numbered Table 393.1 and the table in section 393(2) can be numbered</p>	
	1.	Commission or brokerage				
		(i) Income by way of 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 insurance policies).	Any person.	Rate: Rates in force. — Threshold limit: ₹ 20,000		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>earlier, deduct income-tax thereon at the rates in force :</p> <p>Provided further that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed twenty thousand rupees</p>		<p>Table 393.2 and so on. This will facilitate ease of reference.</p> <p>The meanings of the terms used in relation to these provisions are contained separately in the different clauses of section 402 and the exclusions are contained in a table in sub-section (4) of 393. Whereas the table in section 393(4) contains the references of serial number of the tables in sections 393(1)/(2)/(3), there is no such cross referencing in the main tables in sections 393(1)/(2)(3). Also, cross referencing may be given in these tables to the clauses in section 402 giving the meaning/interpretation of the related terms. The explanations related thereto are appearing separately in section 402 in different clauses. Reference to the clauses may be included in a separate column in the table in sections 393(1)/(2)/(3) itself for ease of reference.</p> <p>Accordingly, two more columns may be inserted in the above table. The table would now read as follows:</p>	



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1	2	3				4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025				Rationale for change	
		<b>Table 393.1 For Payments to Resident</b>					
		A	B	C	D	E	F
		SI No.	Nature of Income or sum	Payer	Rate	Exclusion - No deduction at source	Interpretation [Section 402]
		1.	Commission or brokerage				
			(i) Income by way of 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 insurance policies).	Any person	Rate: Rates in force Threshold limit Rs.20,000	Table 393.4 Sl. No.1	Sub-section (7) – “Commission or brokerage
	(ii) Income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage	Specified person	Rate: 2% Threshold limit Rs. 20,000				



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Commission or brokerage.</p> <p>194H. Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or</p>		<p>(ii) Income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage.</p>	<p>Specified person.</p>	<p>Rate: 2% — Threshold limit: ₹ 20,000</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of [two] per cent :</p> <p>Provided that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed fifteen thousand rupees twenty thousand rupees :</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such commission or brokerage is credited or paid, shall be liable to deduct income-tax under this section:</p> <p>Provided also that no deduction shall</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "commission or brokerage" includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing, not being securities;</p> <p>(ii) the expression "professional services" means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>purposes of section 44AA;</p> <p>(iii) the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) ;</p> <p>(iv) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
section shall apply accordingly.						
Rent.  Payment of rent by certain individuals or Hindu undivided family.  194-IB. (1) Any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an	2.	Rent				
		(i) Income by way of Rent	Person other than specified person.	Rate: 2% _____ Threshold limit: ₹50,000 for a month or part of a month		
		(ii) Income by way of rent.	Specified person.	<b>Rate:</b> (a) 2%, for the use of any machinery or, plant, or equipment; and (b) 10%, for the use of any land, or building (including factory building), or land appurtenant to a building (including factory		



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>amount equal to two per cent of such income as income-tax thereon.</p> <p>(2) The income-tax referred to in sub-section (1) shall be deducted on such income at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.</p> <p>(3) The provisions of section 203A</p>				<p>building), or furniture, or fittings.</p> <p><b>Threshold limit [for (a) and (b)]:</b> ₹ 50,000 for a month or part of a month.</p>		
	<p>Note 1.— In serial number 2(i), the tax shall be deducted on such income at the time of—</p> <p>(a) credit of rent to the account of the payee; or</p> <p>(b) payment thereof in cash or by way of a cheque or a draft or any other mode, whichever is earlier, for the last month of the tax year or the last month of tenancy</p>					



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>shall not apply to a person required to deduct tax in accordance with the provisions of this section.</p> <p>(4) In a case where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.</p> <p>Explanation.—For the purposes of this section, "rent" means any payment, by whatever name</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.</p> <p>194-I. Rent</p> <p>Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of rent, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>mode, whichever is earlier, deduct income-tax thereon at the rate of—</p> <p>(a) two per cent for the use of any machinery or plant or equipment; and</p> <p>(b) ten per cent for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings:</p> <p>Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income-tax under this section :</p> <p>Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(23FCA) of section 10, owned directly by such business trust.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "rent" means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,—</p> <p>(a) land; or</p> <p>(b) building (including factory building); or</p> <p>(c) land appurtenant to a building</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(including factory building); or</p> <p>(d) machinery; or</p> <p>(e) plant; or</p> <p>(f) equipment; or</p> <p>(g) furniture; or</p> <p>(h) fittings,</p> <p>whether or not any or all of the above are owned by the payee;</p> <p>(ii) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the</p>			



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
payee and the provisions of this section shall apply accordingly.					
<b>194-IA, 194-IC &amp; 194LA</b>	3. Payment on transfer of certain immovable property other than agricultural land				
Payment on transfer of certain immovable property other than agricultural land. 194-IA. (1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable	(i) Any consideration for transfer of any immovable property (other than agricultural land).	Person (other than the person who are required to deduct tax under serial number 3(iii)).	Rate: 1% of such sum or stamp duty value of the property if more than ₹ 50,00,000, whichever is higher. _____ Threshold limit: ₹50,00,000.		
	(ii) Any consideration, not being consideration in kind,	Any person.	Rate: 10% _____ Threshold limit: Nil.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon.</p> <p>(2) No deduction under sub-section (1) shall be made where the consideration for the transfer of an [immovable</p>	<p>under the agreement referred to in section 67(14).</p>				
	<p>(iii) Sum, being in the nature of— (a) compensation or the enhanced compensation; or (b) consideration or the enhanced consideration, on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land).</p>	<p>Any person.</p>	<p>Rate: 10% —— Threshold limit: ₹5,00,000</p>		
	<p>Note 1.—Consideration for transfer of any immovable property under serial number 3(i) shall be the aggregate of the amounts paid or payable by all the transferees to the</p>				



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>property and the stamp duty value of such property, are both, less than fifty lakh rupees:</p> <p>Provided that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.</p> <p>(3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance</p>	<p>transferor or all the transferors for transfer of such immovable property for the purposes of the threshold limit mentioned in column D.</p> <p>Note 2.— In case of consideration on which provisions of both serial numbers 3(i) and 3(ii) are applicable, tax shall be deducted under 3(ii) only.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>with the provisions of this section.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "agricultural land" means agricultural land in India, not being a land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;</p> <p>(aa) "consideration for transfer of any immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property;</p> <p>(b) "immovable property" means any land (other than agricultural land) or any building or part of a building;</p> <p>(c) "stamp duty value" shall have the same meaning as assigned to it in clause (f) of the Explanation to clause (vii) of sub-section (2) of section 56.</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Payment under specified agreement.</b></p> <p><b>194-IC.</b> Notwithstanding anything contained in section 194-IA, any person responsible for paying to a resident any sum by way of consideration, not being consideration in kind, under the agreement referred to in sub-section (5A) of section 45, shall at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
amount equal to ten per cent of such sum as income-tax thereon.			
<p><b>Payment of compensation on acquisition of certain immovable property.</b></p> <p><b>194LA.</b> Any person responsible for paying to a resident any sum, being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any immovable</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>property (other than agricultural land), shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent of such sum as income-tax thereon:</p> <p>Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed five lakh rupees:</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided further that no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "agricultural land" means agricultural land in India including land situate in any area</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;</p> <p>(ii) "immovable property" means any land (other than agricultural land) or any building or part of a building.</p>						
<p>Income in respect of units.</p> <p>194K. Any person responsible for paying to a resident any income in respect of—</p> <p>(a) units of a Mutual Fund specified under clause (23D) of section 10; or</p> <p>(b) units from the Administrator of</p>	<p><b>4.</b></p>	<p><b>Income from capital market</b></p>			<p>The description in column (C) corresponding to Sl. (ii) in column (B), “Any business trust” to be mentioned as “Any business trust specified in section 223” in line with the description in column (C) corresponding to Sl. (iii) and (iv) in Column (B), namely, “any Investment Fund specified in section 224” and “any Securitisation Trust specified in section 221”.</p>	<p>For consistency in the manner of description of the person in column (C) for Sl. No. (ii), (iii) and (iv).</p>
<p>A</p>	<p>B</p>	<p>C</p>	<p>D</p>			
<p>(i)</p>	<p>Any income in respect of— (a) units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21); or (b) units from the Administrator of the</p>	<p>Any person.</p>	<p>Rate: 10% — Threshold limit: ₹ 10,000.</p>			



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1	2				3	4			
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change			
<p>the specified undertaking; or</p> <p>(c) units from the specified company,</p> <p>shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent:</p> <p>Provided that the provisions of this section shall not apply—</p> <p>(i) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or</p>		<p>specified undertaking; or</p> <p>(c) units from the specified company.</p>			<p>Column B of Sl No.(ii) may be reworded as given below –</p> <table border="1" data-bbox="1137 608 1760 882"> <tr> <td data-bbox="1137 608 1227 882">(ii)</td> <td data-bbox="1227 608 1760 882">Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4), payable to a unitholder</td> </tr> </table>	(ii)	Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4), payable to a unitholder	<table border="1" data-bbox="1787 608 2078 791"> <tr> <td data-bbox="1787 608 2078 791">There is duplication of reference to Sl. No.4 which needs to be removed.</td> </tr> </table>	There is duplication of reference to Sl. No.4 which needs to be removed.
(ii)	Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4), payable to a unitholder								
There is duplication of reference to Sl. No.4 which needs to be removed.									
(ii)	Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4) or (Table: Sl. No. 4), payable to a unitholder of a Business Trust.	Any Business Trust.	Rate: 10% — Threshold limit: Nil.						
(iii)	(iii) Any income, other than that proportion of income which is exempt under Schedule V (Table: Sl. No. 2), in respect of units of an investment fund specified in section	Any Investment fund specified in section 224.	Rate: 10% — Threshold limit: Nil						



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed ten thousand rupees; or</p> <p>(ii) if the income is of the nature of capital gains.</p> <p>Explanation 1.— For the purposes of this section,—</p> <p>(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and</p>	(iv)	<p>224, payable to its unitholder.</p> <p>(iv) Any income, in respect of an investment in a securitisation trust specified in section 221 to an investor.</p>	<p>Any securitisation trust specified in section 221.</p>	<p>Rate: 10% —— Threshold limit: Nil.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Repeal) Act, 2002 (58 of 2002);</p> <p>(b) "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);</p> <p>(c) "specified undertaking" shall have the meaning assigned to it in clause (i) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002).</p> <p>Explanation 2.— For the removal of doubts, it is hereby clarified that where</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
any income referred to in this section is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.			
Certain income from units of a business trust.  194LBA. (1) Where any distributed income referred to in section 115UA,			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>being of the nature referred to in clause (23FC) or clause (23FCA) of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.</p> <p>(2A) Nothing contained in sub-sections (1) and (2)</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.			
<b>Income in respect of investment in securitization trust.</b> <b>194LBC. (1)</b> Where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust specified in clause (d) of			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>the Explanation occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of ten percent —</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "investor" shall have the meaning assigned to it in clause (a) of the Explanation occ</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>urring after section 115TCA;</p> <p>(b) where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.</p>			



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1	2			3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p><b>Interest on securities.</b></p> <p>193. The person responsible for paying to a resident any income by way of interest on securities shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year, deduct income-tax at the rates in force on the</p>	5	(i) Any income by way of Interest on securities	Any person.	Rate: Rates in force. — Threshold limit: ₹ 10,000		
		(ii) Any income by way of interest other than interest on securities.	(a) A banking company; or (b) a cooperative Society carrying on the business of banking; or (c) a post office for a deposit made under a scheme notified by the Central Government.	Rate: Rates in force. — Threshold limit: (a) ₹ 1,00,000 in the case of a senior citizen; (b) ₹ 50,000 in case of person other than senior citizen.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>amount of the interest payable :</p> <p>Provided that no tax shall be deducted from—</p> <p>(i) any interest payable on 4 -1/4 per cent National Defence Bonds, 1972, where the bonds are held by an individual, not being a non-resident; or</p> <p>(ia) any interest payable to an individual on 4-1/4 per cent National Defence Loan, 1968, or 4-3/4 per cent National Defence Loan, 1972; or</p> <p>(ib) any interest payable on National</p>	<p>(iii) Any income being interest other than interest on securities.</p>	<p>Specified person [other than person in Sl. No. 5(ii).C]</p>	<p>Rate: Rates in force. — Threshold limit: ₹ 10,000.</p>		
<p>Note 1.— In serial number 5(ii) and (iii), where the interest income credited or paid is in respect of—</p> <p>(a) time deposits with a banking company; or</p> <p>(b) time deposits with a co-operative society engaged in carrying on the business of banking; or</p> <p>(c) deposits with a public company formed and registered in India with the main object of carrying on business of long-term finance for construction or purchase of houses in India for residential purposes and is eligible for deduction under section 32(e), and the person mentioned in column C has not adopted core banking solutions, the threshold limit in column D shall be computed with reference to the income credited or paid by a branch of such person.</p> <p>Note 2.—The person responsible for making the payment referred to in serial numbers 5(ii) and (iii) of this Table, may at the time of making any deduction, increase or</p>					



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Development Bonds;</p> <p>(iia) any interest payable on 7-Year National Savings Certificates (IV Issue); or</p> <p>(iib) any interest payable on such debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;</p>	<p>reduce the amount to be deducted for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the tax year.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(iii) any interest payable on 6-1/2 per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, where the Bonds are held by an individual not being a non-resident, and the holder thereof makes a declaration in writing before the person responsible for paying the interest that the total nominal value of the 6 1/2 per cent Gold Bonds, 1977, or, as the case may be, the 7 per cent Gold Bonds, 1980, held by him (including such bonds, if any, held on his behalf by any other person) did not in either case</p>			



The Institute of Chartered Accountants of India

1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>exceed ten thousand rupees at any time during the period to which the interest relates;</p> <p>(iv) any interest payable on any security of the Central Government or a State Government:</p> <p>Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable)or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>any other security of the Central Government or State Government as the Central Government may, by notification in the Official Gazette, specify in this behalf;]</p> <p>(v) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if— (a) the amount of interest or, as the case may be, the aggregate amount of such interest paid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>or likely to be paid on such debenture during the financial year by the company to such individual or Hindu undivided family does not exceed five ten thousand rupees; and (b) such interest is paid by the company by an account payee cheque;</p> <p>(vi) any interest payable to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>full beneficial interest; or</p> <p>(vii) any interest payable to the General Insurance Corporation of India (hereafter in this clause referred to as the Corporation) or to any of the four companies (hereafter in this clause referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>company or in which the Corporation or such company has full beneficial interest; or</p> <p>(viii) any interest payable to any other insurer in respect of any securities owned by it or in which it has full beneficial interest;</p> <p>[(ix) any interest payable to a "business trust", as defined in clause (13A) of section 2, in respect of any securities, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10.]</p> <p>Explanation.—For the purposes of this</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>section, where any income by way of interest on securities is credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Interest other than "Interest on securities".</p> <p>194A. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force :</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.</p> <p>Explanation.—For the purposes of this section, where any income by way of interest as aforesaid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>is credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(2) [Omitted by the Finance Act, 1992, w.e.f. 1-6-1992.]</p> <p>(3) The provisions of sub-section (1) shall not apply—</p> <p>(i) where the amount of such</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed—</p> <p>(a) forty fifty thousand rupees, where the payer is a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution, referred to in section 51 of that Act);</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(b) forty fifty thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking;</p> <p>(c) forty fifty thousand rupees, on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf; and</p> <p>(d) five ten thousand rupees in any other case:</p> <p>Provided that in respect of the income credited or paid in respect of—</p> <p>(a) time deposits with a banking company to which</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or</p> <p>(b) time deposits with a co-operative society engaged in carrying on the business of banking;</p> <p>(c) deposits with a public company which is formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>and which is eligible for deduction under clause (viii) of sub-section (1) of section 36;</p> <p>the aforesaid amount shall be computed with reference to the income credited or paid by a branch of the banking company or the co-operative society or the public company, as the case may be :</p> <p>Provided further that the amount referred to in the first proviso shall be computed with reference to the income credited or paid by the banking company or the co-operative</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>society or the public company, as the case may be, where such banking company or the co-operative society or the public company has adopted core banking solutions:</p> <p>Provided also that in case of payee being a senior citizen, the provisions of sub-clause (a), sub-clause (b), and sub-clause (c) shall have effect as if for the words "forty fifty thousand rupees", the words "fifty thousand one lakh rupees" had been substituted.</p> <p>Explanation.— [***]</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(ii) [***]</p> <p>(iii) to such income credited or paid to—</p> <p>(a) any banking company to which the Banking Regulation Act, 1949 (10 of 1949), applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or</p> <p>(b) any financial corporation established by or under a Central, State or Provincial Act, or</p> <p>(c) the Life Insurance Corporation of India established</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>under the Life Insurance Corporation Act, 1956 (31 of 1956), or</p> <p>(d) the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), or</p> <p>(e) any company or co-operative society carrying on the business of insurance, or</p> <p>(f) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>notify in this behalf in the Official Gazette:</p> <p>Provided that no notification under this sub-clause shall be issued on or after the 1st day of April, 2020;</p> <p>(iv) to such income credited or paid by a firm to a partner of the firm;</p> <p>(v) to such income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.</p> <p>Explanation.—For the purposes of this</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>clause, "co-operative bank" shall have the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949);</p> <p>(vi) to such income credited or paid in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;</p> <p>(vii) to such income credited or paid in respect of deposits (other than time deposits made on or after the 1st day of July, 1995) with a banking company to which the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);</p> <p>(viiia) to such income credited or paid in respect of,—</p> <p>(a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;</p> <p>(b) deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking;</p> <p>(viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 (11 of 1922), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Super Profits Tax Act, 1963 (14 of 1963), or the Companies (Profits) Surtax Act, 1964 (7</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>of 1964), or the Interest-tax Act, 1974 (45 of 1974);</p> <p>(ix) to such income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal;</p> <p>(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>fifty thousand rupees;</p> <p>(x) to such income which is paid or payable by an infrastructure capital company or infrastructure capital fund or infrastructure debt fund or a public sector company or scheduled bank in relation to a zero coupon bond issued on or after the 1st day of June, 2005 by such company or fund or public sector company or scheduled bank;</p> <p>(xi) to any income by way of interest referred to in clause (23FC) of section 10:</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided that a co-operative society referred to in clause (v) or clause (viia) shall be liable to deduct income-tax in accordance with the provisions of sub-section (1), if—</p> <p>(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and</p> <p>(b) the amount of interest, or the aggregate of the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than fifty thousand one lakh rupees in case of payee being a senior citizen and forty fifty thousand rupees in any other case.</p> <p>Explanation 1.— For the purposes of clauses (i), (vii) and (viii), "time deposits" means deposits (including recurring deposits) repayable on the expiry of fixed periods.</p> <p>Explanation 2.— For the purposes of this sub-section, "senior citizen"</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.</p> <p>(4) The person responsible for making the payment referred to in sub-section (1) may, at the time of making any deduction, increase or reduce the amount to be deducted under this section for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the financial year.</p>			



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(5) The Central Government may, by notification in the Official Gazette, provide that the deduction of tax shall not be made or shall be made at such lower rate, from such payment to such person or class of persons, as may be specified in the said notification.</p>					
	6. Payments to contractors, fees for professional and technical services, etc.				
<p>Payments to contractors.</p> <p>194C. (1) Any person responsible for paying any sum to any resident</p>	<p>(i) Any sum for carrying out any work (including supply of labour for carrying out</p>	<p>Any Designated person.</p>	<p>Rate: (a) 1%, if contractor is individual or Hindu undivided family; (b) 2%, if contractor is a person other than the person mentioned in (a).</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(hereafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to—</p> <p>(i) one per cent where the payment is being made or credit is being given</p>	<p>any work) in pursuance of a contract between the contractor and a designated person.</p>		<p>—</p> <p>Threshold limit: [for (a) and (b)]            (a) ₹30,000; or aggregate of amount; and            (b) ₹1,00,000 in case of aggregate of amounts.</p>		
	<p>(ii) Any sum—            (a) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or            (b) by way of fees for professional services; or            (c) by way of commission [not</p>	<p>Any person, being an individual or Hindu undivided family [other than those required to deduct income-tax as per Sl. No. 6(i) and (iii) or Sl. No. 1(ii)]</p>	<p>Rate: 2%.            —            Threshold limit: ₹50,00,000.</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>to an individual or a Hindu undivided family;</p> <p>(ii) two per cent where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family,</p> <p>of such sum as income-tax on income comprised therein.</p> <p>(2) Where any sum referred to in sub-section (1) is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income,</p>	<p>being insurance commission referred to in serial number 1(i)] or brokerage.</p>				
	<p>(iii) Any sum by way of— (a) fees for professional services; or (b) fees for technical services; or (c) remuneration or fees or commission by whatever name called, other than those on which tax is</p>	<p>Specified person.</p>	<p>Rate: (a) 2% of such sum in case of— (i) fees for technical services (not being a professional services); or (ii) royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films; or (iii) payee, engaged only in the business of operation of call centre; (b) 10% of such sum in cases other than (a)</p> <p>Threshold limit: [for (a) and (b)]: ₹ 50,000.</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(3) Where any sum is paid or credited for carrying out any work mentioned in sub-clause (e) of clause (iv) of the Explanation, tax shall be deducted at source—</p> <p>(i) on the invoice value excluding the value of material, if such value is mentioned separately in the invoice; or</p>	<p>deductible under section 392, to a director of a company; or (d) royalty; or (e) any sum referred to in section 26(2)(h).</p>			
	<p>Note.—In serial number 6 (i), if any sum is paid or credited for carrying out any work specified in section 402(47)(e), tax shall be deducted at source—</p> <p>(a) on the invoice value excluding the value of material, if such value is specified separately in the invoice; or</p> <p>(b) on the whole of the invoice value, if the value of material is not specified separately in the invoice.</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(ii) on the whole of the invoice value, if the value of material is not mentioned separately in the invoice.</p> <p>(4) No individual or Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family.</p> <p>(5) No deduction shall be made from the amount of any sum credited or paid or likely to be</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>credited or paid to the account of, or to, the contractor, if such sum does not exceed thirty thousand rupees :</p> <p>Provided that where the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year exceeds one lakh rupees, the person responsible for paying such sums referred to in sub-section (1) shall be liable to deduct income-tax under this section.</p> <p>(6) No deduction shall be made from any sum credited or paid or likely to be credited or paid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum.</p> <p>(7) The person responsible for paying or crediting any sum to the person referred to in sub-section (6) shall furnish, to the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>prescribed income-tax authority or the person authorised by it, such particulars, in such form and within such time as may be prescribed.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "specified person" shall mean,—</p> <p>(a) the Central Government or any State Government; or</p> <p>(b) any local authority; or</p> <p>(c) any corporation established by or under a Central, State or Provincial Act; or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(d) any company; or (e) any co-operative society; or (f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or (g) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>that Act in force in any part of India; or</p> <p>(h) any trust; or</p> <p>(i) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or</p> <p>(j) any Government of a foreign State or a foreign enterprise or any association or body established outside India; or</p> <p>(k) any firm; or</p> <p>(l) any person, being an individual</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>or a Hindu undivided family or an association of persons or a body of individuals, if such person,—</p> <p>(A) does not fall under any of the preceding sub-clauses; and</p> <p>(B) has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such sum is credited or paid to</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>the account of the contractor;</p> <p>(ii) "goods carriage" shall have the meaning assigned to it in the Explanation to sub-section (7) of section 44AE;</p> <p>(iii) "contract" shall include sub-contract;</p> <p>(iv) "work" shall include—</p> <p>(a) advertising;</p> <p>(b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting;</p> <p>(c) carriage of goods or passengers by any mode of</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
transport other than by railways; (d) catering; (e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A, [but does not include—			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(A) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or  (B) any sum referred to in sub-section (1) of section 194J.]			
Payment of certain sums by certain individuals or Hindu undivided family.  194M. (1) Any person, being an individual or a Hindu undivided			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall,			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to 3[two] per cent of such sum as income-tax thereon:</p> <p>Provided that no such deduction under this section shall be made if such sum or, as the case may be, aggregate of such sums, credited or paid to a resident during a financial year does not exceed fifty lakh rupees.</p> <p>(2) The provisions of section</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "contract" shall have the meaning assigned to it in clause (iii) of the Explanation to section 194C;</p> <p>(b) "commission or brokerage" shall have the meaning assigned to it in clause (i) of the Explanation to section 194H;</p> <p>(c) "professional services" shall have the meaning assigned to it in</p>			



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1	2		3	4													
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change													
<p>clause (a) of the Explanation to section 194J;</p> <p>(d) "work" shall have the meaning assigned to it in clause (iv) of the Explanation to section 194C.</p>																	
<p>Fees for professional or technical services.</p> <p>194J. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of—</p> <p>(a) fees for professional services, or</p>	<p>6(iii) Any sum by way of— (a) fees for professional services; or (b) fees for technical services; or (c) remuneration or fees or commission by whatever name called, other than those on</p>	<p>Specified person.</p>	<p>Rate: (a) 2% of such sum in case of— (i) fees for technical services (not being a professional services);or (ii) royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films;or (iii) payee, engaged only in the business of operation of call centre; (b) 10% of such sum in cases other than (a)</p> <p>Threshold limit: [for (a) and (b)]: ₹ 50,000.</p>	<p><b>Threshold limit:</b> For any sum by way of</p> <table border="1" data-bbox="1137 917 1682 1449"> <thead> <tr> <th></th> <th>Nature of income</th> <th>Threshold limit</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>fees for professional services</td> <td>₹ 50,000</td> </tr> <tr> <td>(b)</td> <td>fees for technical services</td> <td>₹ 50,000</td> </tr> <tr> <td>(c)</td> <td>remuneration or fees or commission by whatever name called, other than those on which tax is deductible</td> <td>₹ 50,000</td> </tr> </tbody> </table>		Nature of income	Threshold limit	(a)	fees for professional services	₹ 50,000	(b)	fees for technical services	₹ 50,000	(c)	remuneration or fees or commission by whatever name called, other than those on which tax is deductible	₹ 50,000	<p>It is suggested that independent threshold limit be provided for each category (a) to (e) in line with section 194J of the Income-tax Act, 1961.</p>
	Nature of income	Threshold limit															
(a)	fees for professional services	₹ 50,000															
(b)	fees for technical services	₹ 50,000															
(c)	remuneration or fees or commission by whatever name called, other than those on which tax is deductible	₹ 50,000															



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1	2		3		4									
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025		Rationale for change									
<p>(b) fees for technical services, or</p> <p>(ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or</p> <p>(c) royalty, or</p> <p>(d) any sum referred to in clause (va) of section 28,</p> <p>shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is</p>	<p>which tax is deductible under section 392, to a director of a company; or</p> <p>(d) royalty; or</p> <p>(e) any sum referred to in section 26(2)(h).</p>			<table border="1"> <tr> <td data-bbox="1126 422 1209 518"></td> <td data-bbox="1209 422 1503 518">under section 392, to a director of a company</td> <td data-bbox="1503 422 1774 518"></td> </tr> <tr> <td data-bbox="1126 518 1209 587">(d)</td> <td data-bbox="1209 518 1503 587">royalty</td> <td data-bbox="1503 518 1774 587">₹ 50,000</td> </tr> <tr> <td data-bbox="1126 587 1209 694">(e)</td> <td data-bbox="1209 587 1503 694">any sum referred to in section 26(2)(h)</td> <td data-bbox="1503 587 1774 694">₹ 50,000</td> </tr> </table>		under section 392, to a director of a company		(d)	royalty	₹ 50,000	(e)	any sum referred to in section 26(2)(h)	₹ 50,000	
	under section 392, to a director of a company													
(d)	royalty	₹ 50,000												
(e)	any sum referred to in section 26(2)(h)	₹ 50,000												



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>earlier, deduct an amount equal to two per cent of such sum in case of fees for technical services (not being a professional services), or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films and ten per cent of such sum in other cases, as income-tax on income comprised therein :</p> <p>Provided that no deduction shall be made under this section—</p> <p>(A) from any sums as aforesaid credited or paid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>before the 1st day of July, 1995; or</p> <p>(B) where the amount of such sum or, as the case may be, the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed—</p> <p>(i) fifty thousand rupees, in the case of fees for professional services referred to in clause (a), or</p> <p>(ii) fifty thousand rupees, in the case of fees for technical</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>services referred to in clause (b), or</p> <p>(iii) fifty thousand rupees, in the case of royalty referred to in clause (c), or</p> <p>(iv) fifty thousand rupees, in the case of sum referred to in clause (d) :</p> <p>Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>preceding the financial year in which such sum by way of fees for professional services or technical services is credited or paid, shall be liable to deduct income-tax under this section :</p> <p>Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>member of Hindu undivided family:</p> <p>Provided also that the provisions of this section shall have effect, as if for the words "ten per cent", the words "two per cent" had been substituted in the case of a payee, engaged only in the business of operation of call centre.</p> <p>(2) [***]</p> <p>(3) [***]</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "professional services" means services rendered by a person in the course of carrying</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as is notified by the Board for the purposes of section 44AA or of this section;</p> <p>(b) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;</p> <p>(ba) "royalty" shall have the same</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;</p> <p>(c) where any sum referred to in sub-section (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such sum, such crediting shall be deemed to be credit of such sum to the account of the payee and the provisions of this section shall apply accordingly.</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Dividends.</p> <p>194. The principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-</p>	7.	Dividend Any dividends (including on preference shares) declared.	Any domestic company.	Rate: 10%. — Threshold limit: <i>Nil</i> .	<p>Threshold limit: (a) Rs.10,000, where shareholder is an individual and dividend is paid by the company by any mode other than cash</p> <p>(b) Nil, in other cases</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in subsection (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>
<p>Note.—The tax shall be deducted at source before making any distribution or payment of dividend.</p>						



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>clause (c) or sub-clause (d) or sub-clause (e) [or sub-clause (f)] of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rate of ten per cent :</p> <p>Provided that no such deduction shall be made in the case of a shareholder, being an individual, if—</p> <p>(a) the dividend is paid by the company by any mode other than cash; and</p> <p>(b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed ten thousand rupees:</p> <p>Provided further that the provisions of this section shall not apply to such income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>full beneficial interest;</p> <p>(b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Corporation or such company has full beneficial interest;</p> <p>(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;</p> <p>(d) a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10;</p> <p>(e) any other person as may be notified by the Central Government in the Official Gazette in this behalf.</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Payment in respect of life insurance policy.</b></p> <p><b>194DA.</b> Any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of <sup>90</sup>[two] per cent on the amount of income comprised therein :</p>	8.	<b>Other cases</b>				
	(i)	Any sum under a life insurance policy, including the sum allocated as bonus on such policy, other than the amount not includible in the total income under Schedule II (Table: Sl. No. 2).	Any person.	Rate: 2% on income comprised in such sum. ——— Threshold limit: ₹1,00,000		



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided that no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.</p>						
<p>194Q. (1) Any person, being a buyer who is responsible for paying any sum to any resident (hereafter in this section referred to as the seller) for purchase of any goods of the value or aggregate of such</p>	(ii)	Any sum for purchase of any goods.	Any person, being a buyer.	<p>Rate: 0.1% of such sum exceeding ₹ 50,00,000.</p> <p>Threshold limit: ₹50,00,000.</p>	<p>1. It may be noted that the first para of CBDT Circular No.13/2021 dated 30.6.2021 clarifies that the buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding Rs.50 lakh as income-tax.</p> <p>Para 3 of CBDT Circular No.20/2021 dated 25<sup>th</sup> November, 2021 clarifies that the buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required</p>	<p>1. The opening para of section 393(1) requires deduction of tax at source on the entire amount of such income or sum, where the amount or aggregate of amounts exceeds the threshold limit specified in column D at the rate specified in column D, subject to the provisions</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>value exceeding fifty lakh rupees in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to 0.1 per cent of such sum exceeding fifty lakh rupees as income-tax. Explanation.— For the purposes of this sub-section, "buyer" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the</p>		<p>to deduct an amount equal to 0.1% of such sum exceeding Rs.50 lakh as income-tax.</p> <p>Accordingly, the opening para of section 393(1) may be modified to make it subject to the provisions of Sl. No.8(ii) also.</p> <p>2. TDS@0.1% of sum exceeding Rs.50 lakhs payable/paid to a resident for purchase of goods [under Section 393(1) Table: Sl. No. 8(ii) corresponding to section 194Q of the Income-tax Act, 1961] may be removed in line with removal of TCS u/s 206C(1H)</p>	<p>of sub-sections (4), (5), (6), (8) and (9). However, in this case the rate of tax is to be applied on such sum exceeding Rs.50 lakh. This contradicts the opening statement.</p> <p>2. This provision applies to any buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding fifty lakh rupees as income tax.</p>



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.</p> <p>(2) Where any sum referred to in subsection (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be</p>			<p>Since GST returns would serve the purpose of audit trail. This would also reduce the compliance burden on such buyers/sellers and facilitate ease of doing business. This will increase the working capital available and minimize the possibility of disputes arising from the incorrect application of rates as well as improve compliance and minimize litigation.</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(3) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>before each House of Parliament, and shall be binding on the income-tax authorities and the person liable to deduct tax.</p> <p>(5) The provisions of this section shall not apply to a transaction on which— (a) tax is deductible under any of the provisions of this Act; and (b) tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.</p>			



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1	2			3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p><b>Deduction of tax in case of specified senior citizen.</b></p> <p>194P. (1) Notwithstanding anything contained in the provisions of Chapter XVII-B, in case of a specified senior citizen, the specified bank shall, after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A, compute the total income of such specified senior citizen for the relevant assessment year and deduct income-tax on such total income on the</p>	(iii)	Total income of a specified senior citizen after allowing deduction under Chapter VIII and rebate under section 156.	specified bank.	Rate: Rates in force. _____ Threshold limit: <i>Nil</i> .		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>basis of the rates in force.</p> <p>(2) The provisions of section 139 shall not apply to a specified senior citizen for the assessment year relevant to the previous year in which the tax has been deducted under sub-section (1).</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "specified bank" means a banking company as the Central Government may, by notification in Official Gazette, specify;</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(b) "specified senior citizen" means an individual, being a resident in India—</p> <p>(i) who is of the age of seventy-five years or more at any time during the previous year;</p> <p>(ii) who is having income of the nature of pension and no other income except the income of the nature of interest received or receivable from any account maintained by such individual in the same specified bank in which he is receiving his pension income; and</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
(iii) has furnished a declaration to the specified bank containing such particulars, in such form and verified in such manner, as may be prescribed.						
<p>[Deduction of tax on benefit or perquisite in respect of business or profession.</p> <p>194R. (1) Any person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession, by such resident, shall, before providing</p>	(iv)	Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession of any resident.	Any specified person.	Rate: 10% of value or aggregate of values of such benefit or perquisite. ——— Threshold limit: ₹ 20,000.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of ten per cent of the value or aggregate of value of such benefit or perquisite:</p> <p>Provided that in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such benefit or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>perquisite, the person responsible for providing such benefit or perquisite shall, before releasing the benefit or perquisite, ensure that tax required to be deducted has been paid in respect of the benefit or perquisite:</p> <p>Provided further that the provisions of this section shall not apply in case of a resident where the value or aggregate of value of the benefit or perquisite provided or likely to be provided to such resident during the financial year does not exceed twenty thousand rupees:</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided also that the provisions of this section shall not apply to a person being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such benefit or perquisite, as the case may be, is provided by such person.</p> <p>(2) If any difficulty arises in giving effect to the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(3) Every guideline issued by the Board under sub-section (2) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person providing any such benefit or perquisite.</p> <p>Explanation 7[1].— For the purposes of</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>this section, the expression "person responsible for providing" means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.]</p> <p>7[Explanation 2.— For the removal of doubts, it is clarified that the provisions of sub-section (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.]</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Payment of certain sums by e-commerce operator to e-commerce participant.</p> <p>194-O. (1) Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of</p>	(v)	<p>Sale of goods or provision of services by an e-commerce participant, facilitated by an e-commerce operator through its digital or electronic facility or platform.</p>	<p>Any e-commerce operator.</p>	<p>Rate: 0.1% of gross amount of such sale or services or both.</p> <p>— Threshold limit: <i>Nil</i>.</p>	<p><b>Threshold limit: (a)</b> Rs.5 lakh, in case the e-commerce participant is an individual or HUF and has furnished PAN or Aadhar No. to the e-commerce operator.</p> <p><b>(b)</b> Nil, in other cases.</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl. No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in subsection (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of [0.1] per cent of the gross amount of such sales or services or both.</p> <p>Explanation.—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this sub-section.</p> <p>(2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.</p> <p>(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:</p> <p>Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).</p> <p>(4) If any difficulty arises in giving</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>effect to the provisions of this section, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(5) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the e-commerce operator.</p> <p>(6) For the purposes of this section, e-commerce operator shall be deemed to be the person</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>responsible for paying to e-commerce participant.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "electronic commerce" means the supply of goods or services or both, including digital products, over digital or electronic network;</p> <p>(b) "e-commerce operator" means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce;</p> <p>(c) "e-commerce participant" means</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>a person resident in India selling goods or providing services or both, including digital products, through digital or electronic facility or platform for electronic commerce;</p> <p>(d) "services" includes "fees for technical services" and fees for "professional services", as defined in the Explanation to section 194J.</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Payment on transfer of virtual digital asset.</p> <p>194S. (1) Any person responsible for paying to any resident any sum by way of consideration for transfer of a virtual digital asset, shall, at the time of credit of such sum to the account of the resident or at the time of payment of such sum by any mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income-tax thereon: Provided that in a case where the consideration for transfer of virtual</p>	(vi)	Any sum by way of consideration for transfer of a virtual digital asset.	Any person.	<p>Rate: 1%. — Threshold limit: Nil.</p>	<p><b>Threshold limit: (a)</b> Rs.50,000, when payable by an individual or HUF, not having income under the head “Profits and gains of business or profession” or whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed Rs.1,00,00,000 in case of business and Rs.50,00,000 in case of profession, during the tax year immediately preceding the tax year in which virtual digital asset is transferred.</p> <p><b>(b)</b> Rs.10,000, when payable by any other person.</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in subsection (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>digital asset is— (a) wholly in kind or in exchange of another virtual digital asset, where there is no part in cash; or (b) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer, the person responsible for paying such consideration shall, before releasing the consideration, ensure that tax required to be deducted has been paid in respect of such consideration for the transfer of virtual digital asset.</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(2)The provisions of sections 203A shall not apply to a specified person.</p> <p>(3) Notwithstanding anything contained in sub-section (1), no tax shall be deducted in a case, where— (a) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed fifty thousand rupees during the financial year; or (b) the consideration is payable by any person other than a specified person and the value or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>aggregate value of such consideration does not exceed ten thousand rupees during the financial year.</p> <p>(4) Notwithstanding anything contained in section 194-O, in case of a transaction to which the provisions of the said section are also applicable along with the provisions of this section, then, tax shall be deducted under sub-section (1).</p> <p>(5) Where any sum referred to in sub-section (1) is credited to any account, whether called "Suspense</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Account" or by any other name, in the books of account of the person liable to pay such sum, such credit of the sum shall be deemed to be the credit of such sum to the account of the payee and the provisions of this section shall apply accordingly. (6) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the prior approval of the Central Government, issue guidelines for the purposes of removing the difficulty. (7) Every guideline issued by the Board under sub-section (6) shall</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person responsible for paying the consideration on transfer of such virtual digital asset.</p> <p>Explanation.—For the purposes of this section "specified person" means a person,— (a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred; (b) being an individual or a Hindu undivided family, not having any income under the head "Profits and gains of business or profession".]			
194Q(5) The provisions of this section shall not apply to a transaction on which— (a) tax is deductible under any of the	Note1.—The deduction of tax under serial number 8(ii) shall not apply to a transaction on which tax is deductible or collectible under any of the provisions of the Act.		



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
provisions of this Act;			
Explanation 2 to section 194R(1).— For the removal of doubts, it is clarified that the provisions of subsection (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.]	Note 2.—The provisions of serial number 8(iv) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind, provided to a resident.	Note 2.—The provisions of serial number 8(iv) shall apply to any benefit or perquisite, whether in cash <b>or by way of a cheque or a draft or by any other mode</b> or in kind or partly in kind and partly in cash <b>or by way of a cheque or a draft or by any other mode</b> provided to a resident.	Modes of payment other than cash be included, since benefit or perquisite may be through other modes of payment like cheque/draft also.
194-O(1) Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, .....	Note 3.—In respect of serial number 8(v)— (a) for deduction of tax, the provisions thereof shall take precedence over any other provisions of this Chapter; (b) any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and this amount shall be included in		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Explanation.—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of</p>	<p>the gross amount of such sale or services for the purposes of deduction of income-tax under this serial number; (c) e-commerce operator shall be deemed to be the person responsible for paying to e-commerce participant;</p> <p>(d) irrespective of anything contained in this Chapter, if—</p> <p>(i) tax has been deducted on a transaction under this serial number; or</p> <p>(ii) a transaction is not liable for tax deduction as provided in section 393(4) (Table: Sl. No. 11), then tax shall not be deducted on such transaction under any other provision of this Chapter;</p> <p>(e) clause (d) shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for—</p> <p>(i) hosting advertisements; or</p> <p>(ii) providing any other services,</p> <p>which are not in connection with the sale or services referred to in this serial number.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>income-tax under this sub-section.</p> <p>(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:</p> <p>Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).			
194S(4) Notwithstanding anything contained in section 194-O, in case of a transaction to which the provisions of the said section are also applicable along with the provisions of this section, then, tax shall be deducted under sub-section (1).	Note 4.—In case of a transaction on which provisions of serial number 8(v) are applicable along with the provisions of serial number 8(vi) for deduction of tax, then tax on such transaction shall be deducted only under the provisions of serial number 8(vi).		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>194P. (1) Notwithstanding anything contained in the provisions of Chapter XVII-B,</p>	<p>Note 5.—The provisions of serial number 8(iii) shall take precedence over any other provisions of this Chapter and tax shall be deducted under this provision.</p>		
<p>First proviso to section 194R(1) Provided that in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such benefit or perquisite, the person responsible for providing such benefit or perquisite shall, before</p>	<p>Note 6.—For serial numbers 8(iv) and (vi),— (a) where the consideration or benefit or perquisite is— (i) in exchange of another virtual digital asset where there is no part in cash, in respect of serial number 8(iv); or (ii) is wholly in kind; or (iii) is partly in kind and partly in cash, but such part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such payment or benefit or perquisite, the person responsible for paying or providing shall ensure that the tax required to be deducted has been paid, before releasing such consideration or providing such benefit or perquisite, as the case may be.</p>	<p>Note 6.—For serial numbers 8(iv) and (vi),— (a) where the consideration or benefit or perquisite is— (i) in exchange of another virtual digital asset where there is no part in cash <b>or by way of a cheque or a draft or by any other mode</b>, in respect of serial number 8(iv); or (ii) is wholly in kind; or (iii) is partly in kind and partly in cash <b>or by way of a cheque or a draft or by any other mode</b>, but such part in cash <b>or by way of a cheque or a draft or by any other mode</b> is not sufficient to meet the liability of deduction of tax in respect of the whole of such payment or benefit or perquisite, the person responsible for paying or providing shall ensure that the tax required to be deducted has been paid, before releasing such consideration or providing such benefit or perquisite, as the case may be.</p>	<p>The consideration or benefit or perquisite may be through modes of payment other than cash. Accordingly, reference to such modes of payment be made in Note 6.</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>releasing the benefit or perquisite, ensure that tax required to be deducted has been paid in respect of the benefit or perquisite:</p> <p>Proviso to section 194S(1)</p> <p>Provided that in a case where the consideration for transfer of virtual digital asset is— (a) wholly in kind or in exchange of another virtual digital asset, where there is no part in cash; or (b) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>respect of whole of such transfer, the person responsible for paying such consideration shall, before releasing the consideration, ensure that tax required to be deducted has been paid in respect of such consideration for the transfer of virtual digital asset.</p>			
<p>Explanation 7[1] to section 194R.— For the purposes of this section, the expression "person responsible for providing" means the person providing such benefit or perquisite, or in case of a company,</p>	<p>(b) "person responsible for providing" means the person providing such benefit or perquisite, <b>or</b> in case of a company, the company itself including the principal officer thereof.</p>	<p>(b) "person responsible for providing" means the person providing such benefit or perquisite, <b>and</b> in case of a company, the company itself including the principal officer thereof.</p>	<p>"and" should be replaced in the place of "or".</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
the company itself including the principal officer thereof.]			
	<p>(2) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column D during the tax year, to a non-resident specified in column C, the person responsible for paying shall deduct income-tax on the amount of such income or sum,—</p> <p>(a) at the rate specified in column E;</p> <p>(b) at the time of credit of income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and</p> <p>(c) subject to the provisions of sub-sections (4), (8) and (9).</p>		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
	<b>Table</b>						
	<b>For Payments to Non-residents</b>						
	Sl. No.	Nature of Income or sum	Payee	Payer	Rate		
	A	B	C	D	E		
<p>payments to non-resident sportsmen or sports associations.</p> <p>194E. Where any income referred to in section 115BBA is payable to a non-resident sportsman (including an athlete) or an entertainer who is not a citizen of India or a non-resident sports association or institution, the</p>	1.	Any income referred to in section 211.	(a) A non-resident sportsman (including an athlete) or an entertainer, who is not a citizen of India; or (b) a non-resident sports Association or institution.	Any person.	20%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent.</p>							
<p><b>Income by way of interest from infrastructure debt fund.</b> <b>194LB.</b> Where any income by way of interest is payable to a non-resident, not being a</p>	2.	Any income by way of interest payable in respect of monies borrowed in foreign currency from a source outside India,—	Any non-resident (not being a company) or a foreign company.	Any Indian company or a business trust.	5%.		



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.</p>	<p>(a) under a loan agreement or issue of long-term infrastructure bond on or after the 1st July, 2012 but before the 1st July, 2023; or</p>					
<p><b>Income by way of interest from Indian company.</b></p>	<p>3. Any income by way of</p>	<p>Any nonresident</p>	<p>Any Indian</p>	<p>5%.</p>		



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1	2				3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p><b>194LC.</b> (1) Where any income by way of interest referred to in sub-section (2) is payable to a non-resident, not being a company or to a foreign company by a specified company or a business trust, the person responsible for making the payment, shall at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct the income-tax thereon at the rate of five per cent:</p>		<p>interest payable in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond before the 1st July, 2023.</p>	<p>(not being a company) or a foreign company.</p>	<p>company or a business trust.</p>			
	4.	<p>Any income by way of interest payable in respect of monies borrowed from a source outside India by way of issue of any long-term bond or rupee</p>	<p>Any nonresident (not being a company) or a foreign company.</p>	<p>Any Indian company or a business trust.</p>	<p>(a) 4%, where issued on or after the 1st April, 2020 but before the 1st July, 2023;</p>		



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided that in case of income by way of interest referred to clause (ib) of sub-section (2), the income-tax shall be deducted at the rate of four per cent:</p> <p><sup>99</sup>[Provided further that in case of income by way of interest referred to in clause (ic) of sub-section (2), the income-tax shall be deducted at the rate of nine per cent.]</p> <p>(2) The interest referred to in sub-section (1) shall be the income by way of interest payable by the specified company or the business trust,—</p>	denominated bond, which is listed only on a recognised stock exchange located in any International Financial Services Centre.			or (b) 9%, where issued on or after the 1st July, 2023.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(i) in respect of monies borrowed by it in foreign currency from a source outside India,—</p> <p>(a) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2023; or</p> <p>(b) by way of issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014; or</p> <p>(c) by way of issue of any long-term bond including long-term infrastructure bond</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>at any time on or after the 1st day of October, 2014 but before the 1st day of July, 2023,</p> <p>as approved by the Central Government in this behalf; or</p> <p>(ia) in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2023; or</p> <p>(ib) in respect of monies borrowed by it from a source outside India by way of issue of any long-term bond or rupee denominated bond on or after the 1st day of April,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>2020 but before the 1st day of July, 2023, which is listed only on a recognised stock exchange located in any International Financial Services Centre, <sup>1</sup>[or]</p> <p><sup>2</sup>[(ic) in respect of money borrowed by it from a source outside India by way of issuance of any long-term bond or rupee denominated bond on or after the 1st day of July, 2023, which is listed only on a recognised stock exchange located in an International Financial Services Centre; and]</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(ii) to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.</p> <p>Explanation.—For the purpose of this section—</p> <p>(a) "foreign currency" shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(b) "specified company" means an Indian company;</p> <p>(c) "International Financial Services Centre" shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(d) "recognised stock exchange" shall have the meaning assigned to it in clause (ii) of Explanation 1 to clause (5) of section 43.</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Income by way of interest from infrastructure debt fund.</b></p> <p><b>194LB.</b> Where any income by way of interest is payable to a non-resident, not being a company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is</p>	5.	Any income by way of interest.	Any non-resident (not being a company) or a foreign company.	Any infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46).	5%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>earlier, deduct income-tax thereon at the rate of five per cent.</p>							
<p><b>Certain income from units of a business trust.</b> 194LBA.(2) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FC) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company) or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the</p>	6.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 3).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	(a) 5%, in case of income of the nature referred to in Schedule V [Table: Sl. No. 3.B(a)]; and (b) 10%, in case of income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)].	<p>In the fourth column, the description should be “Any business trust specified in section 223”</p>	<p>To ensure consistency with Sl. No.8 and 9.</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent in case of income of the nature referred to in sub-clause (a) and ten per cent in case of income of the nature referred to in sub-clause (b), of the said clause.</p> <p>(2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.							
(3) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time	7.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 4).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	Rates in force.	In the fourth column, the description should be “Any business trust specified in section 223”	To ensure consistency with Sl. No.8 and 9.



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.</p>							
<p>Income in respect of units of investment fund. 194LBB. Where any income, other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the Explanation</p>	8.	<p>Any income, other than that proportion of income which is exempt under Schedule V (Table: Sl. No. 2), in respect of units of an investment fund specified in section 224.</p>	<p>Any unit holder, being a non-resident (not being a company) or a foreign company.</p>	<p>Any investment fund specified in section 224.</p>	<p>Rates in force.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>1 to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon,—</p> <p>(i) at the rate of ten per cent, where the payee is a resident;</p> <p>(ii) at the rates in force, where the payee is a non-resident (not being a company) or a foreign company:</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Provided that where the payee is a non-resident (not being a company) or a foreign company, no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "unit" shall have the meaning assigned to it in clause (c) of the Explanation 1 to section 115UB;</p> <p>(b) where any income as aforesaid is credited to any account, whether called "suspense</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>194LBC – Income in respect of investment in securitization trust</p> <p>(2) Where any income is payable to an investor, being a non-resident (not being a company) or a foreign company, in respect of an investment in a securitisation trust specified in clause (d) of the Explanation occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof</p>	9.	Any income in respect of an investment in a securitisation trust specified in section 221.	Any investor, being a non-resident (not being a company) or a foreign company.	Any securitisation trust specified in section 221.	Rates in force.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rates in force.</p> <p>Explanation.—For the purposes of this section,— (a) "investor" shall have the meaning assigned to it in clause (a) of the Explanation occurring after section 115TCA;</p> <p>(b) where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income,</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly</p>							
<p>Income in respect of units of non-residents.</p> <p>196A. (1) Any person responsible for paying to a non-resident, not being a company, or to a foreign company, any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or from the specified company referred to</p>	10.	<p>Any income— (a) in respect of units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20) or (Table: Sl. No. 21); or (b) from the specified company.</p>	<p>Any non-resident (not being a company) or a foreign company.</p>	<p>Any person.</p>	<p>As Note 2.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>in the Explanation to clause (35) of section 10 shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent: 9[Provided that where an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies to the payee and if the payee has furnished a certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A, as the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>case may be, then, income-tax thereon shall be deducted at the rate of twenty per cent or at the rate or rates of income-tax provided in such agreement for such income, whichever is lower.]</p> <p>(2) Notwithstanding anything contained in sub-section (1), no deduction of tax shall be made from any income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, where the units have been acquired from the Unit Trust of India out of the</p>			



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1	2				3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p>funds in a Non-resident (External) Account maintained with any bank in India or by remittance of funds in foreign currency, in accordance, in either case, with the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), and the rules made thereunder.</p>							
<p><b>Income from units.</b> <b>196B.</b> Where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the</p>	11.	Any income in respect of units referred to in section 208.	Any Offshore fund.	Any person.	10%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon <sup>10</sup>at the rate of—</p> <p>(a) ten per cent in respect of income from units referred to in clause (i) of sub-section (1) of section 115AB;</p> <p>(b) ten per cent in respect of long-term capital gains arising from transfer of units referred to</p>	12.	Any income by way of long-term capital gains arising from the transfer of units referred to in section 208;	Any offshore fund.	Any person.	12.5%.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
in section 115AB, which takes place before the 23rd day of July, 2024;  (c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place on or after the 23rd day of July, 2024.]			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Income from foreign currency bonds or shares of Indian company.</b></p> <p><b>196C.</b> Where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time</p>	13.	Any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person	10%.		
	14.	Any income by way of long-term capital gains arising from the transfer of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person	12.5%.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of—</p> <p>(a) ten per cent in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC;</p> <p>(b) ten per cent in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024;</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024.]			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
Income of Foreign Institutional Investors from securities.  196D. (1) Where any income in respect of securities referred to in clause	15.	Any income in respect of securities referred to in section 210(I)(Table: Sl. No. 1).	Any Foreign Institutional Investor.	Any person.	As per Note 2.		
(a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier,	16.	Any income in respect of securities referred to in section 210(I)(Table: Sl.No. 1).	a specified fund, referred to in Schedule VI [Note 1(g)].	Any person.	10%.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
deduct income-tax thereon at the rate of twenty per cent: Provided that where an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies to the payee and if the payee has furnished a certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A, as the case may be, then, income-tax thereon shall be deducted at the rate of twenty per cent or at the rate or rates of income-tax provided in such agreement for such income, whichever			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>is lower. (1A) Where any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a specified fund [referred to in clause (c) of the Explanation to clause (4D) of section 10], the person responsible for making the payment shall, at the time of credit of such income to the account of the payee, or at the time of payment thereof by any mode, whichever is earlier,</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>deduct the income-tax thereon at the rate of ten per cent:</p> <p>Provided that no deduction shall be made in respect of an income exempt under clause (4D) of section 10.</p> <p>(2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.</p>							
<p><b>Other sums.</b></p> <p>195. (1) Any person responsible for paying to a non-</p>	17.	Any interest (not being interest referred to against	Any non-resident (not being a company) or	Any person.	Rates in force.		



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1	2				3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p>resident, not being a company, or to a foreign company, any interest (not being interest referred to in section 194LB or section 194LC or section 194LD) or any other sum chargeable under the provisions of this Act (not being income chargeable under the head "Salaries") shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct</p>		<p>serial numbers 2, 3, 4 and 5) or any other sum chargeable under the provisions of this Act, not being income chargeable under the head "Salaries".</p>	<p>a foreign company.</p>				



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>income-tax thereon at the rates in force :</p> <p>Provided that in the case of interest payable by the Government or a public sector bank within the meaning of clause (23D) of section 10 or a public financial institution within the meaning of that clause, deduction of tax shall be made only at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode.</p> <p>Explanation 1.— For the purposes of this section, where any interest or other sum as aforesaid is credited to any</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>Explanation 2.— For the removal of doubts, it is hereby clarified that the obligation to comply with sub-section (1) and to make deduction thereunder applies and shall be deemed</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>to have always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident person has—</p> <p>(i) a residence or place of business or business connection in India; or</p> <p>(ii) any other presence in any manner whatsoever in India.</p> <p>(2) Where the person responsible for paying any such sum chargeable under this Act (other than salary) to a non-resident considers that the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>whole of such sum would not be income chargeable in the case of the recipient, he may make an application in such form and manner to the Assessing Officer, to determine in such manner, as may be prescribed, the appropriate proportion of such sum so chargeable, and upon such determination, tax shall be deducted under sub-section (1) only on that proportion of the sum which is so chargeable.</p> <p>(3) Subject to rules made under sub-section (5), any person entitled to</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>receive any interest or other sum on which income-tax has to be deducted under sub-section (1) may make an application in the prescribed form to the Assessing Officer for the grant of a certificate authorising him to receive such interest or other sum without deduction of tax under that sub-section, and where any such certificate is granted, every person responsible for paying such interest or other sum to the person to whom such certificate is granted shall, so long as the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>certificate is in force, make payment of such interest or other sum without deducting tax thereon under subsection (1).</p> <p>(4) A certificate granted under subsection (3) shall remain in force till the expiry of the period specified therein or, if it is cancelled by the Assessing Officer before the expiry of such period, till such cancellation.</p> <p>(5) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (3) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p>(6) The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed.</p> <p>(7) Notwithstanding anything contained in sub-section (1) and sub-section (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
application in such form and manner to the Assessing Officer, to determine in such manner, as may be prescribed, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable.			
	(3) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column D during the tax year, to any person, the person responsible for paying the amount specified in column C, shall deduct income-tax on such amount—		



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1	2	3	4								
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change								
	<p>(a) at the rate specified in column E;</p> <p>(b) at the time of payment thereof in cash or by way of a cheque or a draft or by any other mode, or as specified therein; and</p> <p>(c) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).</p>										
	<b>Table</b>										
	<b>For Payments to any person</b>										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Nature of Income or sum</th> <th style="text-align: center;">Payer</th> <th style="text-align: center;">Rate Threshold limit</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> <td style="text-align: center;">C</td> <td style="text-align: center;">D</td> </tr> </tbody> </table>	Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit	A	B	C	D		
Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit								
A	B	C	D								



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p><b>Winnings from lottery or crossword puzzle [ etc.].</b>  <b>194B.</b> The person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort [or from gambling or betting of any form or nature whatsoever, being the amount in respect of a single transaction exceeding ten thousand rupees shall, at the time of payment thereof, deduct income-tax</p>	1.	Any income by way of winnings (other than winnings from serial number 2) from— (a) any lottery; or (b) crossword puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever	Any person.	Rate: Rates in force. — Threshold limit: ₹ 10,000 in case of a single transaction.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>thereon at the rates in force :</p> <p>Provided that in a case where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings:</p> <p>[Provided further that nothing contained in this section shall apply to deduction of income-tax on</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>winnings from any online game on or after the 1st day of April, 2023.</p> <p>Explanation.—For the purposes of this section, "online game" shall have the meaning assigned to it in clause (iii) of the Explanation to section 115BBJ.]</p>						
<p><b>Winnings from online games.</b></p> <p><b>194BA. (1)</b> Notwithstanding anything contained in any other provisions of this Act, any person responsible for paying to any person any income</p>	2.	Any income by way of winnings from online game.	Any person.	Rate: Rates in force. — Threshold limit: Net winnings as per Note 1.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>by way of winnings from any online game during the financial year shall deduct income-tax on the net winnings in his user account, computed in the manner as may be prescribed, at the end of the financial year at the rates in force:</p> <p>Provided that in a case where there is a withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal, as well as on the remaining amount of net</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>winnings in the user account, computed in the manner as may be prescribed, at the end of the financial year.</p> <p>(2) In a case where the net winnings are wholly in kind or partly in cash, and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings.</p> <p>(3) If any difficulty arises in giving</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purposes of removing the difficulty.</p> <p>(4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person liable to deduct income-tax.</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Explanation.—For the purposes of this section—</p> <p>(a) "computer resource", "internet" and "online game" shall have the meanings respectively assigned to them in section 115BBJ;</p> <p>(b) "online gaming intermediary" means an intermediary that offers one or more online games;</p> <p>(c) "user" means any person who accesses or avails any computer resource of an online gaming intermediary;</p> <p>(d) "user account" means account of a</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
user registered with an online gaming intermediary.]						
<p>Winnings from horse race.</p> <p>194BB. Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course, who is responsible for paying to any person any income by way of winnings from any horse race [, being the</p>	3.	Any income by way of winnings from any horse race.	Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course.	<p>Rate: Rates in force.</p> <p>—</p> <p>Threshold limit: ₹10,000 in case of a single transaction.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
amount in respect of a single transaction or exceeding ten thousand rupees during the financial year,] shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Commission, etc., on sale of lottery tickets.</p> <p>194G. (1) Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding twenty thousand rupees shall, at the time of credit of such income to the</p>	4.	Any income, credited or paid to a person, who is or has been stocking, distributing, purchasing or selling lottery tickets, by way of commission, remuneration or prize (by whatever name called) on such tickets.	Any person.	Rate: 2%. — Threshold limit: ₹20,000.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of [two] per cent.</p> <p>Explanation.—For the purposes of this section, where any income is credited to any account, whether called "Suspense Account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>income to the account of the payee and the provisions of this section shall apply accordingly.</p>						
<p>Payment of certain amounts in cash.</p> <p>194N. Every person, being,—</p> <p>(i) a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);</p> <p>(ii) a co-operative society engaged in carrying on the</p>	5.	<p>Any sum, paid in cash, from one or more accounts maintained by the deductee.</p>	<p>Every person, being,—</p> <p>(a) a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking Institution referred to in section 51 of that Act);</p> <p>(b) a cooperative society engaged in carrying on the business of</p>	<p>Rate: 2%.</p> <p>Threshold limit: ₹ 3,00,00,000 in case of deductee being, a cooperative society; or</p> <p>(b) ₹1,00,00,000 in case of deductee being person other than a co-operative society.</p>		



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1	2	3	4				
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change				
<p>business of banking; or</p> <p>(iii) a post office, who is responsible for paying any sum, being the amount or the aggregate of amounts, as the case may be, in cash exceeding one crore rupees during the previous year, to any person (herein referred to as the recipient) from one or more accounts maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent of such sum, as income-tax:</p> <p>Provided that in case of a recipient</p>	<table border="1"><tr><td data-bbox="430 427 495 531"></td><td data-bbox="495 427 658 531"></td><td data-bbox="658 427 889 531">banking; or (c) a post office.</td><td data-bbox="889 427 1111 531"></td></tr></table>			banking; or (c) a post office.			
		banking; or (c) a post office.					



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>who has not filed the returns of income for all of the three assessment years relevant to the three previous years, for which the time limit of file return of income under sub-section (1) of section 139 has expired, immediately preceding the previous year in which the payment of the sum is made to him, the provision of this section shall apply with the modification that—</p> <p>(i) the sum shall be the amount or the aggregate of amounts, as the case may be, in cash</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>exceeding twenty lakh rupees during the previous year; and</p> <p>(ii) the deduction shall be—</p> <p>(a) an amount equal to two per cent of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash exceeds twenty lakh rupees during the previous year but does not exceed one crore rupees; or</p> <p>(b) an amount equal to five per cent of the sum where the amount or aggregate of amounts, as the case may be, being paid</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>in cash exceeds one crore rupees during the previous year:</p> <p>Provided further that the Central Government may specify in consultation with the Reserve Bank of India, by notification in the Official Gazette, the recipient in whose case the first proviso shall not apply or apply at reduced rate, if such recipient satisfies the conditions specified in such notification:</p> <p>4[Provided also that where the recipient is a co-operative society, the provisions of this</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>section shall have effect, as if for the words "one crore rupees", the words "three crore rupees" had been substituted:]</p> <p>Provided also that nothing contained in this section shall apply to any payment made to—</p> <p>(i) the Government;</p> <p>(ii) any banking company or co-operative society engaged in carrying on the business of banking or a post office;</p> <p>(iii) any business correspondent of a banking company or co-operative society engaged in</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Act, 2007 (51 of 2007):</p> <p>Provided also that the Central Government may specify in consultation with the Reserve Bank of India, by notification in the Official Gazette, the recipient in whose case the provision of this section shall not apply or apply at reduced rate, if such recipient satisfies the conditions specified in such notification.</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Payments in respect of deposits under National Savings Scheme, etc. 194EE. The person responsible for paying to any person any amount referred to in clause (a) of sub-section (2) of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of ten per cent :</p> <p>Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the</p>	6.	Any amount referred to in section 80CCA(2)(a) of the Income-tax Act, 1961 (43 of 1961).	Any person.	Rate: 10%. _____ Threshold limit: ₹ 2,500.		



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1	2			3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p>financial year is less than two thousand five hundred rupees :</p> <p>Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee</p>						
<p><b>Payments to partners of firms.</b></p> <p><b>194T.</b> (1) Any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm,</p>	7.	Any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account).	Any person, being a firm.	<p>Rate: 10% — Threshold limit: ₹20,000.</p>	<p>The rate of TDS may be reduced to 1% and the threshold limit be increased to Rs.3 lakhs.</p>	<p>Reducing rate of TDS would improve ease of doing business and better compliance by taxpayers. This is in line with the object of TDS to serve as an audit trail rather than as a revenue garnering measure. Bringing this provision also in line with the other provisions of TDS by increasing the threshold and reducing the rate of TDS will help address</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>shall, at the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier shall, deduct income-tax thereon at the rate of ten per cent.</p> <p>(2) No deduction shall be made under sub-section (1) where such sum or the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.</p>			<p>the issue of cash flow concern and ensure uniformity in rate of TDS, which will in turn, reduce litigation.</p>



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
	(4) The deduction of tax at source shall not be made under the provisions referred to in column B of the Table below, in respect of the income or sum, specified in column C:				
	Table				
	For No deduction of tax at source				
	Sl. No.	Provisions for tax deduction at source	Condition for no deduction		
	A	B	C		
Section 194H – Third proviso Provided also that no deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their	1.	Commission or Brokerage referred to in section 393(I) [Table: Sl. No.1(ii)].	Commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
public call office franchisees.					
<p>Section 194-I – Third proviso</p> <p>Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust.</p>	2.	<p>Rent referred to in section 393(I) [Table:Sl. No. 2(ii)].</p>	<p>Income by way of rent credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in Schedule V (Table: Sl. No. 4), owned directly by such business trust.</p>		
<p>Second proviso to section 80LA</p> <p>Provided further that no deduction shall be</p>	3.	<p>Compensation on acquisition of certain immovable property</p>	<p>Income by way of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).</p>		<p>referred to in section 393(I) [Table: Sl. No. 3(iii)].</p> <p>Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 3013).</p>		
<p>Clause (ii) of Proviso to section 194K Provided that the provisions of this section shall not apply—</p>	4.	<p>Income in respect of units referred to in section 393(I) [Table:Sl. No. 4(i)].</p>	<p>If income is of the nature of capital gain.</p>	



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
(ii) if the income is of the nature of capital gains.				
194LBA (2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.	5.	Income from units of a business trust referred to in section 393(1)[Table: Sl. No. 4(ii)].	Income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)], if the special purpose vehicle referred to in the said clause has not exercised the option under section 200.	
Provided that no tax shall be deducted from— (i) any interest payable on 4 -1/4 per cent National	6.	Interest on securities referred to in section 393(1)[Table: Sl. No. 5(i)].	(a) Interest payable on— (i) National Development Bonds; (ii) such debentures, issued by such institution or authority or person as the Central Government may,	



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Defence Bonds, 1972, where the bonds are held by an individual, not being a non-resident; or</p> <p>(ia) any interest payable to an individual on 4-1/4 per cent National Defence Loan, 1968, or 4-3/4 per cent National Defence Loan, 1972; or</p> <p>(ib) any interest payable on National Development Bonds;</p> <p>(iia) any interest payable on 7-Year National Savings Certificates (IV Issue); or</p> <p>(iib) any interest payable on such</p>		<p>by notification, specify in this behalf;</p> <p>(iii) any security of the Central Government or a State Government, other than—</p> <p>(A) 8% Savings (Taxable) Bonds, 2003; or</p> <p>(B) 7.75% Savings (Taxable) Bonds, 2018; or</p> <p>(C) Floating Rate Savings Bonds, 2020 (Taxable); or</p> <p>(D) any other security of the Central Government or State Government as the Central Government may, by notification, specify in this behalf;</p> <p>(b) interest payable to—</p> <p>(i) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(ii) the General Insurance Corporation of India or to any of the four companies, formed by virtue of the schemes made under section 16(I) of the General Insurance Business</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;</p> <p>(iii) any interest payable on 6-1/2 per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, where the Bonds are held by an individual not being a non-resident, and the</p>		<p>(Nationalisation) Act, 1972, in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or</p> <p>(iii) any other insurer in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(iv) a “business trust”, as defined in section 2(21), in respect of any securities, by a special purpose vehicle referred to in Schedule V (Table: Sl. No. 3 ).</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>holder thereof makes a declaration in writing before the person responsible for paying the interest that the total nominal value of the 6 1/2 per cent Gold Bonds, 1977, or, as the case may be, the 7 per cent Gold Bonds, 1980, held by him (including such bonds, if any, held on his behalf by any other person) did not in either case exceed ten thousand rupees at any time during the period to which the interest relates;</p> <p>(iv) any interest payable on any security of the Central</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Government or a State Government:</p> <p>Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or State Government as the Central Government may, by notification in the Official Gazette,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>specify in this behalf;]</p> <p>(v) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if— (a) the amount of interest or, as the case may be, the aggregate amount of such interest paid or likely to be paid on such debenture during the financial year by the company to such individual or Hindu undivided family does not exceed five</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>ten thousand rupees; and (b) such interest is paid by the company by an account payee cheque;</p> <p>(vi) any interest payable to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(vii) any interest payable to the General Insurance Corporation of India (hereafter in this clause referred to as the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Corporation) or to any of the four companies (hereafter in this clause referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or</p> <p>(viii) any interest payable to any other insurer in respect of</p>			



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>any securities owned by it or in which it has full beneficial interest;</p> <p>[(ix) any interest payable to a "business trust", as defined in clause (13A) of section 2, in respect of any securities, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10.]</p>				
<p>Clause (iii) of second proviso to section 194A(3) (iii) to such income credited or paid to—</p> <p>(a) any banking company to which the Banking</p>	7.	<p>Interest other than Interest on securities referred to in section 393(I) [Table: Sl. No.5(ii) and 5(iii)].</p>	<p>(a) Interest income credited or paid to—</p> <p>(i) any banking company; or</p> <p>(ii) any financial corporation established by or under a Central Act or State Act or Provincial Act; or</p> <p>(iii) the Life Insurance Corporation of India</p>	



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Regulation Act, 1949 (10 of 1949), applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or</p> <p>(b) any financial corporation established by or under a Central, State or Provincial Act, or</p> <p>(c) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), or</p> <p>(d) the Unit Trust of India established</p>		<p>established under the Life Insurance Corporation Act, 1956 (31 of 1956); or</p> <p>(iv) the Unit Trust of India; or</p> <p>(v) any company or co-operative society carrying on the business of insurance; or</p> <p>(vi) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notified in this behalf before the 1st April, 2020;</p> <p>(b) interest income credited or paid—</p> <p>(i) by a co-operative society (other than a co-operative bank) to a member thereof; or</p> <p>(ii) by a co-operative society to any other co-operative society; or</p> <p>(iii) in respect of deposits with a primary agricultural credit society or a primary credit society or a co-operative land</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>under the Unit Trust of India Act, 1963 (52 of 1963), or</p> <p>(e) any company or co-operative society carrying on the business of insurance, or</p> <p>(f) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette:</p> <p>Provided that no notification under this sub-clause shall be issued on or after</p>		<p>mortgage bank or a co-operative land development bank; or</p> <p>(iv) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (iii), engaged in the business of banking,</p> <p>Where the total sales, gross receipts or turnover of the co-operative society does not exceed ₹ 50,00,00,000 during the tax year immediately preceding the tax year in which such interest is credited or paid;</p> <p>(c) interest income credited or paid—</p> <p>(i) by the Central Government under any provision of this Act or the Income-tax Act, 1961 (43 of 1961), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), the Companies (Profits) Surtax Act, 1964 (7 of</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>the 1st day of April, 2020;</p> <p>(iv) to such income credited or paid by a firm to a partner of the firm;</p> <p>(v) to such income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.</p> <p>Explanation.—For the purposes of this clause, "co-operative bank" shall have the same meaning as assigned to it in Part V of the Banking</p>		<p>1964), or the Interest-tax Act, 1974 (45 of 1974);</p> <p>(ii) in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf;</p> <p>(iii) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a banking company;</p> <p>(iv) by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, the aggregate of the amounts of such income does not exceed ₹ 50,000 during the tax year;</p> <p>(v) or payable by an infrastructure capital company; or infrastructure capital fund; or infrastructure debt fund; or a public sector company; or scheduled bank in relation to a zero coupon bond issued on or after the 1<sup>st</sup> June, 2005 by such company or fund or public sector company or scheduled bank;</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Regulation Act, 1949 (10 of 1949);</p> <p>(vi) to such income credited or paid in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;</p> <p>(vii) to such income credited or paid in respect of deposits (other than time deposits made on or after the 1st day of July, 1995) with a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred</p>		<p>(vi) as referred to in Schedule V (Table: Sl. No. 3);</p> <p>(vii) by a firm to a partner of the firm.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>to in section 51 of that Act);</p> <p>(viiia) to such income credited or paid in respect of,—</p> <p>(a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;</p> <p>(b) deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>on the business of banking;</p> <p>(viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 (11 of 1922), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Super Profits Tax Act, 1963 (14 of 1963), or the Companies (Profits) Surtax Act, 1964 (7 of 1964), or the Interest-tax Act, 1974 (45 of 1974);</p> <p>(ix) to such income credited by way of</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>interest on the compensation amount awarded by the Motor Accidents Claims Tribunal;</p> <p>(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;</p> <p>(x) to such income which is paid or payable by an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>infrastructure capital company or infrastructure capital fund or infrastructure debt fund or a public sector company or scheduled bank in relation to a zero coupon bond issued on or after the 1st day of June, 2005 by such company or fund or public sector company or scheduled bank;</p> <p>(xi) to any income by way of interest referred to in clause (23FC) of section 10:</p> <p>Provided that a co-operative society referred to in clause (v) or clause (viia) shall be liable to deduct income-tax</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>in accordance with the provisions of sub-section (1), if—</p> <p>(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and</p> <p>(b) the amount of interest, or the aggregate of the amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than</p>			



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
fifty thousand one lakh rupees in case of payee being a senior citizen and forty fifty thousand rupees in any other case.				
Section 194C(6) No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a	8.	Payments to contractors referred to in section 393(1) [Table: Sl. No.6(i)].	<p>(a) When—</p> <p>(i) any sum credited or paid or likely to be credited or paid during the tax year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages; and</p> <p>(ii) that contractor owns ten or less goods carriages at any time during the tax year; and</p> <p>(iii) furnishes a declaration to that effect along with his Permanent Account Number to the person paying the sum; and</p> <p>(iv) the person responsible for paying to the contractor furnishes to the prescribed income-tax authority the particulars in such</p>	



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum.</p>			<p>form and within such time as prescribed;</p> <p>(b) where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.</p>		
<p>Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any</p>	9.	<p>Fees for professional or technical services referred to in section 393(I) [Table: Sl. No. 6(iii)].</p>	<p>Where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
member of Hindu undivided family:					
<p>Second proviso to section 194</p> <p>Provided further that the provisions of this section shall not apply to such income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has full beneficial interest;</p>	10.	<p>Dividend referred to in section 393(1) (Table: Sl. No. 7).</p>	<p>Dividend income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, in respect of any shares owned by it or in which it has full beneficial interest;</p> <p>(b) the General Insurance Corporation of India or to any of the four companies, formed by virtue of the schemes made under section 16(1) of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest;</p> <p>(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;</p>	<p>In third column in Sl. No.10, (f) can be removed -</p> <p><del>(f) a shareholder, being an individual, if—</del></p> <p><del>(I) the dividend is paid by the company by any mode other than cash; and</del></p> <p><del>(II) amount or aggregate of amounts of such dividend distributed or paid or likely to be distributed or paid during the tax year does not exceed ₹10,000.</del></p>	<p>Since we have suggested that the same be included as threshold in S. No.7 in the table in section 393(1), the same can be removed from here.</p>



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>(b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such</p>		<p>(d) a “business trust”, as defined in section 2(21), by a special purpose vehicle referred to in Schedule V (Note 2);</p> <p>(e) any other person as notified by the Central Government in this behalf;</p> <p>(f) a shareholder, being an individual, if—</p> <p>(I) the dividend is paid by the company by any mode other than cash; and</p> <p>(II) amount or aggregate of amounts of such dividend distributed or paid or likely to be distributed or paid during the tax year does not exceed ₹10,000.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>company has full beneficial interest;</p> <p>(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;</p> <p>(d) a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10;</p> <p>(e) any other person as may be notified by the Central Government in the Official Gazette in this behalf.</p>			



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>Section 194-O (2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.</p>	<p>11.</p>	<p>Payment by e-commerce operator to e-commerce participant referred to in section 393(I) [Table: Sl. No.8(v)].</p> <p>If the amount is credited or paid or likely to be credited or paid during the tax year to the account of an e-commerce participant, which is— (a) an individual or a Hindu undivided family; and (b) the gross amount of the sales or services or both during the tax year does not exceed ₹ 5,00,000; and (c) the e-commerce participant has furnished the Permanent Account Number or Aadhaar number to the e-commerce operator.</p>	<p>Sl. No.11 can be removed from this table.</p>	<p>Since the same is being suggested for inclusion as a threshold in the table in section 393(1), it can be removed from here.</p>



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1	2		3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p>Section 194S(3) Notwithstanding anything contained in sub-section (1), no tax shall be deducted in a case, where— (a) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed fifty thousand rupees during the financial year; or (b) the consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed ten thousand rupees</p>	12.	<p>Payment on transfer of virtual digital asset referred to in section 393(I) [Table: Sl. No. 8(vi)]</p>	<p>Where value or aggregate value of such consideration during the tax year does not exceed—(a) ₹50,000, when payable by an individual or a Hindu undivided family,— (i) whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed ₹1,00,00,000 in case of business or ₹ 50,00,000 in case of profession, during the tax year immediately preceding the tax year in which such virtual digital asset is transferred; (ii) not having any income under the head “Profits and gains of business or profession”; (b) ₹10,000, when payable by any person other than the person referred to in clause (a).</p>	<p>Sl. No.12 can be removed from the table in sub-section (4).</p>	<p>This is because the same is being suggested for inclusion as a threshold in the table in section 393(1).</p>



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
during the financial year.				
<p>194LBA(2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.</p>	<p>13.</p>	<p>Income from units of a business trust referred to in section 393(2)  (Table: Sl. No. 6).</p>	<p>Income of the nature referred to in Schedule V [Table: Sl. No. 3.B (b)], if the special purpose vehicle referred to in the said clause has not exercised the option under section 200.</p>	
<p>Proviso to section 194LBB  Provided that where the payee is a non-resident (not being a company) or a foreign company,</p>	<p>14.</p>	<p>Income in respect of units of investment fund referred to in section 393(2)  (Table: Sl. No. 8).</p>	<p>Income that is not chargeable to tax under the provisions of this Act.</p>	



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act.					
196A(2) Notwithstanding anything contained in sub-section (1), no deduction of tax shall be made from any income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, where the units have been acquired from the Unit Trust of India out of the funds in a Non-resident (External) Account maintained	15.	Income in respect of units of non-residents referred to in section 393(2) (Table: Sl. No.10).	Income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, subject to prescribed conditions.		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
with any bank in India or by remittance of funds in foreign currency, in accordance, in either case, with the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), and the rules made thereunder.				
196D(2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.	16.	Income of Foreign Institutional Investors from securities referred to in section 393(2) (Table: Sl. No.15).	Income, by way of capital gains arising from the transfer of securities referred to in section 210, if payable to a Foreign Institutional Investor.	



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1	2		3	4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change	
<p>Proviso to section 196D(1A)</p> <p>Provided that no deduction shall be made in respect of an income exempt under clause (4D) of section 10.</p>	17.	<p>Income of Specified Fund from securities referred to in section 393(2)</p> <p>(Table: Sl. No. 16).</p>	<p>Income exempt at Schedule VI (Table: Sl. No. 1)</p> <p>to (Table: Sl. No. 4).</p>		
<p>Fourth Proviso to 194N.</p> <p>Provided also that nothing contained in this section shall apply to any payment made to—</p> <p>(i) the Government;</p> <p>(ii) any banking company or co-operative society engaged in carrying on the business of</p>	18.	<p>Payment of certain amounts in cash referred to in section 393(3)</p> <p>(Table: Sl. No. 5).</p>	<p>Payment made to—</p> <p>(a) the Government;</p> <p>(b) any banking company or co-operative society engaged in carrying on the business of banking or a post office;</p> <p>(c) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, as per the guidelines issued in this regard by the Reserve Bank of India under the</p>		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>banking or a post office;</p> <p>(iii) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in</p>		<p>Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(d) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, as per the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007).</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007):</p>					
<p>Second proviso to section 194EE. Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.</p>	<p>19.</p>	<p>Payment in respect of deposits under National Savings Scheme, etc., referred to in section 393(3) (Table: Sl. No. 6).</p>	<p>Payment made to— (a) an assessee being and individual; (b) heirs of an assessee.</p>		
<p>Interest or dividend or other sums payable to Government, Reserve Bank or</p>	<p>(5) Irrespective of anything contained in this Chapter, the tax shall not be deducted by any person from any amount payable to— (a) the Government; or</p>				



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>certain corporations.</p> <p>196. Notwithstanding anything contained in the foregoing provisions of this Chapter, no deduction of tax shall be made by any person from any sums payable to—</p> <p>(i) the Government, or</p> <p>(ii) the Reserve Bank of India, or</p> <p>(iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from</p>	<p>(b) the Reserve Bank of India; or</p> <p>(c) a corporation established by or under a Central Act which is, under any law in force, exempt from income-tax on its income; or</p> <p>(d) a Mutual fund as specified at Schedule VII (Table: Sl. No. 20 or 21), where such amount is payable to it by way of—</p> <p>(A) interest; or</p> <p>(B) dividend in respect of any securities or shares owned by it or in which it has full beneficial interest; or</p> <p>(C) any other income accruing or arising to it.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
income-tax on its income, or  (iv) a Mutual Fund specified under clause (23D) of section 10,  where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.			
<b>197A.</b> (1) Notwithstanding anything contained in section 194 or section 194EE, no deduction of tax	(6) The deduction of tax shall not be made under provisions referred to in column C of the Table below, in the case of a person as specified in column B, if such person furnishes to the person responsible for paying any income or sum of the nature referred to in such provisions, a written declaration in duplicate in such form and manner as		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 194 or, as the case may be, section 194EE, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in</p>	<p>prescribed that the tax on such person's estimated total income of the tax year in which such income or sum is to be included in computing his total income shall be <i>nil</i>.</p>				
	Sl. No.	Person	Provisions for tax deduction at source		
	A	B	C		
	1.	An individual, who is a resident of India.	Dividend referred to in section 393(I)(Table: Sl. No. 7).		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
computing his total income will be nil.				
197A(1A) Notwithstanding anything contained in section 192A or section 193 or section 194A or section 194D or section 194DA or section 194-I or section 194K, no deduction of tax shall be made under any of the said sections in the case of a person (not being a company or a firm), if such person furnishes to the person responsible for paying any income of the nature referred to in section 192A or section 193 or	2. (a) An individual, resident of India, who is of the age of sixty years or more at any time during the tax year;  (b) any person (not being a company or a firm).	(a) Payment of accumulated balance due to an employee referred to in section 392(7);  (b) Insurance Commission referred to in section 393(I) [Table: Sl. No. 1(i)];  (c) rent referred to in section 393(I)[Table: Sl. No. 2(ii)];  (d) income in respect of units referred to in section 393(I)[Table: Sl. No. 4(i)];  (e) interest referred to in section 393(I)[Table:Sl. No. 5(i), [(ii) and (iii)];  (f) payment in respect of Life Insurance Policy referred to in section 393(I)[Table: Sl. No. 8(i)].	In column (2), (a) to be removed, since as per (b) declaration can be filed by any person (not being a company or a firm). Column 2 of Sl. No.2 to read as follows -  Person  (a) <del>An individual, resident of India, who is of the age of sixty years or more at any time during the tax year;</del> (b) any person (not being a company or a firm).  Further, it is suggested to include as (g) in column (3) – (g) any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account) in section 393[Table: Sl. No. 7]	Column (2) of Sl. No. 2 mentions the persons who can file declaration in respect of the different provisions of TDS listed in corresponding row of Column (3). There is a common list of provisions of TDS for persons mentioned in 2(a) and (b).  2(b) mentions that any person (not being a company or a firm) can file a declaration, which implies that an individual resident in India can file a declaration for no deduction of tax at source. However, (a) mentions that only individual resident of India who is of the age of



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
section 194A or section 194D or section 194DA or section 194-I or section 194K, as the case may be, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil			60 years or more at any time during the tax year can file a declaration. There is no need for (a) when such persons are already covered in (b). On account of inclusion of (a), it is possible to wrongly interpret that other individuals resident in India who are not senior citizens cannot file a declaration, which is not the intent, since (b) permits any person, other than a company or firm, to file the declaration. Therefore, (a) may be removed.
197A(1B) The provisions of this section shall not apply where the amount of any income of the nature referred to in	Note.—The provisions of this sub-section shall not apply where the aggregate of amounts of any income or sum of the nature referred to in provision mentioned in column C of this Table, is credited or paid or likely to be credited or paid during the relevant tax year in which such income or	Note to be removed, since the taxpayer will give declaration that tax on his estimated total income shall be Nil as required under sub-section (6).	The Note to be removed, since sub-section (6) provides that the deduction of tax shall not be made under provisions referred to in column C of the Table, in



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>sub-section (1) or sub-section (1A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax</p>	<p>sum is to be included, exceeds the maximum amount not chargeable to tax.</p>		<p>the case of a person as specified in column B, if such person furnishes to the person responsible for paying any income or sum of the nature referred to in such provisions, a written declaration in duplicate in such form and manner as prescribed that <b>the tax on such person's estimated total income of the tax year in which such income or sum is to be included in computing his total income shall be nil.</b></p> <p><b>In line with the tax payer's charter, the tax payer should be treated as honest unless there is a reason to believe otherwise.</b></p>
<p>197A(2) The person responsible for</p>	<p>(7) The person responsible for paying any income or sum of the nature referred in sub-section (6) shall deliver or</p>	<p>Competent Authority can be defined to mean the Principal Chief Commissioner or Chief</p>	<p>In sections 377 and 378 pertaining to revision of</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>paying any income of the nature referred to in sub-section (1) or sub-section (1A) or sub-section (1C) shall deliver or cause to be delivered to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner one copy of the declaration referred to in subsection (1) or sub-section (1A) or sub-section (1C) on or before the seventh day of the month next following the month in which the declaration is furnished to him.</p>	<p>cause to be delivered, one copy of the declaration referred therein, received from the person to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month in which the declaration is furnished to him.</p>	<p>Commissioner or Principal Commissioner or Commissioner. Thereafter, at all places in the section” the term “competent authority” may be used.</p>	<p>orders, “Competent Authority” has been mean the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner. Thereafter, the words “Competent Authority” has been used in these sections. Likewise, in this section also, the authorities can be referred to as “Competent authority”.</p>



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>197A(1D) Notwithstanding anything contained in this section, no deduction of tax shall be made by the Offshore Banking Unit from the interest paid— (a) on deposit made on or after the 1st day of April, 2005, by a non-resident or a person not ordinarily resident in India; or (b) on borrowing, on or after the 1st day of April, 2005, from a non-resident or a person not ordinarily resident in India. Explanation.—For the purposes of this sub-section "Offshore Banking</p>	<p>(8) Irrespective of anything contained in sub-section (6), the deduction of tax shall not be made from the interest paid by an Offshore Banking Unit on a borrowing or deposit made on or after 1st April, 2005, by a non-resident or a person not ordinarily resident in India.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Unit" shall have the same meaning as assigned to it in clause (u) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).			
197A (1E) Notwithstanding anything contained in this Chapter, no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.	(9) Irrespective of anything contained in this Chapter, the deduction of tax shall not be made from any payment to a person for, or on behalf of, the New Pension System Trust referred to in Schedule VII (Table: Sl. No. 41).		
Income payable "net of tax". 195A. In a case other than that	(10) In a case other than that referred to in section 392(2)(a), where under an agreement or an arrangement, if the tax chargeable on any income of the recipient referred to in this Chapter is to be borne by the payer, then, for the purposes of deduction of tax, the income shall be increased to an		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<p>referred to in sub-section (1A) of section 192, where under an agreement or other arrangement, the tax chargeable on any income referred to in the foregoing provisions of this Chapter is to be borne by the person by whom the income is payable, then, for the purposes of deduction of tax under those provisions such income shall be increased to such amount as would, after deduction of tax thereon at the rates in force for the financial year in which such income is payable, be equal</p>	<p>amount which after deduction of tax as per provisions of this Chapter becomes equal to the net amount payable under such agreement or arrangement.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
to the net amount payable under such agreement or arrangement.			
Explanation to section 193 Explanation to section 194A(1) Section 194C(2) Explanation to section 194G Clause (iv) of Explanation to section 194H Clause (ii) of Explanation to section 194-I Clause (c) of Explanation to section 194-J Explanation 2 to section 194K Clause (b) of Explanation to section 194LBB and 194LBC Section 194Q(2) Section 194S(5)	(11) The credit of any income or sum to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income or sum, shall be deemed to be the credit of such income or sum to the account of the payee and the provisions of this section shall apply accordingly.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Explanation 1 to section 195 Clause (d) of Explanation to section 196A			



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>			
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>	<b>Corresponding section of the Income-tax Bill 2025</b>
Circular No.3/2010 dated 2.3.2010	194A	<p><b><u>Clarification regarding deduction of tax at source on payment of interest on time deposits under section 194A by banks following Core-branch Banking Solutions (CBS) software</u></b></p> <p><i>Explanation</i> to section 194A is not meant to apply in cases of banks where credit is made to provisioning account on daily/monthly basis for the purpose of macro monitoring only by the use of CBS software.</p> <p>It has been further clarified that since no constructive credit to the depositor's/ payee's account takes place while calculating interest on time deposits on daily or monthly basis in the CBS software used by banks, tax need not be deducted at source on such provisioning of interest by banks for the purposes of macro monitoring only. In such cases, tax shall be deducted at source on accrual of interest at the end of financial year or at periodic intervals as per practice of the bank or as per the depositor's/ payee's requirement or on maturity or on encashment of time deposits, whichever event takes place earlier, whenever the aggregate of amounts of interest income credited or paid or likely to be credited or paid during the financial year by the banks exceeds the limits specified in section 194A.</p>	393(4)-In column C of Sl. No.7 of the Table
Circular No.23/2015 dated 28.12.2015	194A	<p>Interest on FD made in the name of Registrar General of the Court or the depositor of the fund on the directions of the Court, will not be subject to TDS till the matter is decided by the Court.</p> <p>However, once the Court decides the ownership of the money lying in the fixed deposit, the provisions of section 194A will apply to the recipient of the income.</p>	393(4)-In column C of Sl. No.7 of the Table



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>				
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>		<b>Corresponding section of the Income-tax Bill 2025</b>
Circular no. 18/2022 dated 13.9.2022	194R	1	<p>One-time loan settlement with borrowers or waiver of loan granted on reaching settlement with the borrowers by the following would not be subjected to tax deduction at source under section 194R:</p> <ul style="list-style-type: none"><li>(i) Public Financial Institution</li><li>(ii) Scheduled Bank</li><li>(iii) Cooperative bank (other than a primary agricultural credit society)</li><li>(iv) Primary co-operative Agricultural and Rural Development Bank</li><li>(v) State Financial Corporation</li><li>(vi) State Industrial Investment Corporation being a Government company, engaged in the business of providing long-term finance for industrial projects;</li><li>(vii) Deposit taking Non-Banking Financial Company</li><li>(viii) Systemically Important Non-deposit Taking Non-Banking Financial Company</li><li>(ix) Public company engaged in providing long term finance for construction or purchase of houses in India for residential purpose and which is registered in accordance with the guidelines/ direction issued by the National Housing Bank formed under National Housing Bank Act 1987;</li><li>(x) Registered Asset Reconstruction Companies</li></ul> <p>This clarification is only for the purposes of section 194R. The treatment of such settlement/ waiver in the hands of the person who had got benefitted from such waiver</p>	Insert a new Sl. No. in the table in section 393(4)



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025				
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source		Corresponding section of the Income-tax Bill 2025
			would not be impacted by this clarification. Taxability of such settlement/ waiver in the hands of the beneficiary will be governed by the relevant provisions of the Act.	
		2	The provisions of section 194R is not applicable on benefit/perquisite provided by, an organization in scope of The United Nations (Privileges and Immunity Act) 1947, an international organization whose income is exempt under a specific Act of Parliament (such as the Asian Development Bank Act 1966), an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign state.	
		3	Tax under section 194R is not required to be deducted on the issuance of bonus or right shares by a company in which the public are substantially interested, where bonus shares are issued to all shareholders by such a company or right shares are offered to all shareholders by such a company, as the case may be.	
Circular No.5/2016 dated 29.2.2016	194H	TDS under section 194H is not attracted on retentions by an advertising agency (for booking or procuring of or canvassing for advertisements) from payments remitted to television channels/newspaper companies. The CBDT has issued this clarification on the basis of the Allahabad High Court ruling in Jagran Prakashan Ltd.'s case and Delhi High Court ruling in Living Media Ltd.'s case that the relationship between the media company and advertising agency is that of a "principal to principal". However, the Supreme Court, in this case, has distinguished from the Allahabad High Court ruling, on the basis of the fact that an agreement has been entered into by Doordarshan with the accredited agencies specifically appointing them as agents; and the agreement also contains a specific clause for deduction of tax at source on trade discount, which is in the nature of commission. Accordingly, the Supreme Court held that the relationship between Doordarshan and its accredited agencies is that of a principal and agent, consequent to which TDS provisions under section 194H would get attracted in respect of		393(4)-In column C of Sl. No.1 of the Table



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>			
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>	<b>Corresponding section of the Income-tax Bill 2025</b>
		retentions by accredited advertising agencies from payments remitted to Doordarshan. Therefore, the applicability or otherwise of the CBDT Circular will depend on the facts of the specific case.	
Circular No.4/2002 dated 16.07.2002	Chapter XVII-B	<p>There would be no requirement for tax deduction at source in respect of payments made to such entities, whose income is unconditionally exempt under section 10 of the Income-tax Act, 1961 and who are statutorily not required to file return of income as per the section 139. The said Circular also lists the entities which are unconditionally exempt under section 10 and who are statutorily not required to file return of income as per section 139.</p> <p>Section 10(26BBB) provides that any income of a corporation established by a Central, State or Provincial Act for the welfare and economic upliftment of ex-servicemen being the citizens of India does not form part of the total income. The corporations covered under section 10(26BBB) are also statutorily not required to file return of income as per the section 139.</p> <p>The corporations covered under section 10(26BBB) satisfy the two conditions of Circular No. 4/2002 i.e., such corporations are statutorily not required to file return of income as per section 139 and their income is also unconditionally exempt under section 10 of the Income-tax Act, 1961. Accordingly, CBDT has examined the matter and extended the benefit of the said Circular to such corporations whose income is exempt under section 10(26BBB). Hence, there would be no requirement for tax deduction at source from the payments made to such corporations, since their income is anyway exempt under the Income-tax Act, 1961.</p>	Section 393



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>			
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>	<b>Corresponding section of the Income-tax Bill 2025</b>
Notification No. 52/2023 dated 20.07.2023	194	<p><b>No deduction of tax at source under section 194 on dividend paid by any unit of an IFSC, primarily engaged in the business of leasing of an aircraft to a company, being a Unit of an IFSC primarily engaged in the business of leasing of an aircraft [Notification No. 52/2023 dated 20.07.2023]</b></p> <p>In exercise of the power provided under section 197A(1F), the Central Government has, vide this notification, notified that, no tax is required to be deducted under section 194 from dividend paid by any unit of an IFSC, primarily engaged in the business of leasing of an aircraft (payer) to a company, being a Unit of an IFSC primarily engaged in the business of leasing of an aircraft (payee) subject to the following:</p> <p>(i) The payee has to furnish and verified a statement-cum-declaration to the payer giving details of previous year relevant to the assessment year in which the dividend income eligible for exemption under section 10(34B) is payable.</p> <p>(ii) The payer would not deduct tax on payment made or credited to the recipient of such dividend (payee) after the date of receipt of copy of statement-cum-declaration from payee and furnish the particulars of all the payments made to the recipient of such dividend on which tax has not been deducted in the statement of deduction of tax under section 200(3) read with the Rule 31A.</p>	393(4)-In column C of Sl. No.10 of the Table
Notification No. 110/2021, dated 17.09.2021	194A	<p><b>No deduction of tax at source 194A on payment made to a member of Schedule Tribe referred u/s 10(26) by a Scheduled Bank</b></p> <p>In exercise of the power provided under section 197A(1F), the Central Government notified that no tax is required to be deducted on the following payment under section 194A, namely, payment in the nature of interest, other than interest on securities, made by a Scheduled Bank</p>	393(4)-In column C of Sl. No.7 of the Table



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>			
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>	<b>Corresponding section of the Income-tax Bill 2025</b>
		<p>located in a specified area to a member of Scheduled Tribe residing in any specified area as referred to in section 10(26), subject to the following conditions:</p> <ul style="list-style-type: none"><li>(i) the payer satisfies itself that the receiver is a member of Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26), during the previous year relevant for the assessment year in which the payment is made, by obtaining necessary documentary evidences in support of the same;</li><li>(ii) the payer reports the above payment in the statements of deduction of tax as referred to in section 200(3)</li><li>(iii) the payment made or aggregate of payments made during the previous year does not exceed ` 20 lakh</li></ul>	
Notification No. 65/2022, dated 16.06.2022	194-I	<p>The Central Government has, specified that no tax is required to be deducted under section 194-I on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a lessee to a lessor, being a Unit located in IFSC, for lease of an aircraft subject to the following conditions-</p> <ul style="list-style-type: none"><li>(a) The lessor has to, -<ul style="list-style-type: none"><li>(i) furnish a statement-cum-declaration to the lessee giving details of previous years relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction under section 80LA(1A) read with section 80LA(2); and</li><li>(ii) such statement-cum-declaration has to be furnished for each previous year relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction.</li></ul></li></ul>	393(4)-In column C of Sl. No.2 of the Table



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<b>Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025</b>			
<b>Circular/ Notification No.</b>	<b>Section of the Income-tax Act, 1961</b>	<b>Clarification given relating to non-deduction of tax at source</b>	<b>Corresponding section of the Income-tax Bill 2025</b>
		(b) The lessee would –  (i) not deduct tax on payment made or credited to lessor after the date of receipt of copy of statement cum-declaration from the lessor; and  (ii) furnish the particulars of all the payments made to lessor on which tax has not been deducted in view of this notification in the statement of deduction of tax.	

**Note – This is only an illustrative list. All circulars/notifications providing exemption from TDS need to be incorporated in the table in section 393(4).**



## CHAPTER XIX

### B- Deduction and Collection at Source

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
394	206C	206C Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	<b>394 Collection of tax at source.</b>		
		(1) Every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of	(1) Every person, as specified in column C of the Table below shall collect tax— (a) on receipts specified in column B; (b) at the rate as specified in column D; and (c) at the time of debiting of the amount payable by the buyer or licensee or lessee to the account of the buyer or licensee or lessee or at the time of receipt of such amount from the said buyer or licensee or lessee in cash or by way of a cheque of a draft or any other mode, whichever is earlier.		



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1	2	3	4				5	6																																	
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change																																	
		<p>the said Table, of such amount as income-tax:</p> <table border="1" data-bbox="369 726 799 1417"> <thead> <tr> <th data-bbox="369 726 627 774">Nature of goods</th> <th data-bbox="627 726 799 774">Percent-age</th> </tr> </thead> <tbody> <tr> <td data-bbox="369 774 627 885">Alcoholic Liquor for human consumption</td> <td data-bbox="627 774 799 885">One per cent</td> </tr> <tr> <td data-bbox="369 885 627 965">Tendu leaves</td> <td data-bbox="627 885 799 965">Five per cent</td> </tr> <tr> <td data-bbox="369 965 627 1189">Timber or any other forest produce (not being tendu leaves) obtained under a forest lease</td> <td data-bbox="627 965 799 1189">Two per cent</td> </tr> <tr> <td data-bbox="369 1189 627 1332">Timber obtained by any mode other than under a forest lease</td> <td data-bbox="627 1189 799 1332">Two and one-half per cent</td> </tr> <tr> <td data-bbox="369 1332 627 1417">Scrap</td> <td data-bbox="627 1332 799 1417">One per cent</td> </tr> </tbody> </table>	Nature of goods	Percent-age	Alcoholic Liquor for human consumption	One per cent	Tendu leaves	Five per cent	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	Two per cent	Timber obtained by any mode other than under a forest lease	Two and one-half per cent	Scrap	One per cent	<table border="1" data-bbox="822 632 1467 1380"> <thead> <tr> <th data-bbox="822 632 900 718">Sl. No.</th> <th data-bbox="900 632 1160 718">Nature of receipt</th> <th data-bbox="1160 632 1303 718">Person</th> <th data-bbox="1303 632 1467 718">Rate of TCS</th> </tr> <tr> <th data-bbox="822 718 900 766">A</th> <th data-bbox="900 718 1160 766">B</th> <th data-bbox="1160 718 1303 766">C</th> <th data-bbox="1303 718 1467 766">D</th> </tr> </thead> <tbody> <tr> <td data-bbox="822 766 900 877">1.</td> <td data-bbox="900 766 1160 877">Sale of alcoholic liquor for human consumption.</td> <td data-bbox="1160 766 1303 877">Seller.</td> <td data-bbox="1303 766 1467 877">1%</td> </tr> <tr> <td data-bbox="822 877 900 965">2.</td> <td data-bbox="900 877 1160 965">Sale of tendu leaves.</td> <td data-bbox="1160 877 1303 965">Seller.</td> <td data-bbox="1303 877 1467 965">5%</td> </tr> <tr> <td data-bbox="822 965 900 1332">3.</td> <td data-bbox="900 965 1160 1332">Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained under a forest lease.</td> <td data-bbox="1160 965 1303 1332">Seller.</td> <td data-bbox="1303 965 1467 1332">2%</td> </tr> <tr> <td data-bbox="822 1332 900 1380">4.</td> <td data-bbox="900 1332 1160 1380">Sale of scrap.</td> <td data-bbox="1160 1332 1303 1380">Seller.</td> <td data-bbox="1303 1332 1467 1380">1%</td> </tr> </tbody> </table>	Sl. No.	Nature of receipt	Person	Rate of TCS	A	B	C	D	1.	Sale of alcoholic liquor for human consumption.	Seller.	1%	2.	Sale of tendu leaves.	Seller.	5%	3.	Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained under a forest lease.	Seller.	2%	4.	Sale of scrap.	Seller.	1%	<p>Sl. No.4 of the table in sub-section (1) may be deleted. Thereafter, Sl. No.5 to 9 may be renumbered Sl. No.4 to 8.</p>	<p>Scrap and waste may be removed from scope of TCS. The rationale for introduction of levy of TCS on scrap around 30 years back was to prevent excise duty evasion, because manufacturing industries used to sell fresh goods by wrongly classifying as scrap on which no excise duty was payable. To track sale of such scrap by excise department and by income tax</p>
Nature of goods	Percent-age																																								
Alcoholic Liquor for human consumption	One per cent																																								
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4.	Sale of scrap.	Seller.	1%																																						



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025				5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change		
		<table border="1" data-bbox="371 632 801 759"> <tr> <td data-bbox="371 632 629 759">Minerals, being coal or lignite or iron ore</td> <td data-bbox="629 632 801 759">One per cent:</td> </tr> </table> <p data-bbox="371 759 801 1466">Provided that every person, being a seller shall at the time, during the period beginning on the 1st day of June, 2003 and ending on the day immediately preceding the date on which the Taxation Laws (Amendment) Act, 2003 comes into force, of debiting of the amount payable by the buyer to the account of the buyer or of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table as it stood immediately before the 1st day of June, 2003, a sum equal to the</p>	Minerals, being coal or lignite or iron ore	One per cent:	5.	Sale of minerals, being coal or lignite or iron ore.	Seller.	1%		<p data-bbox="1830 632 2092 1466">department, TCS was introduced on scrap. However, since GST is now leviable on scrap and waste it may not be necessary to continue TCS on sale of scrap.</p>
Minerals, being coal or lignite or iron ore	One per cent:									
6.	Sale consideration exceeding ₹ 10,00,000 in case of— (a) motor vehicle; or (b) any other goods, as notified by the Central Government.	Seller.	1%	7.	Remittance under the Liberalised Remittance Scheme of an amount or aggregate of the amounts exceeding ₹10,00,000—	Authorised dealer.	(a) 5% for purposes of education or medical treatment; (b) 20% for			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025				5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax in accordance with the provisions of this section as they stood immediately before the 1st day of June, 2003.</p> <p>Explanation.—For the purposes of this sub-section, “forest produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.</p> <p>(1A) Notwithstanding anything contained in sub-section (1), no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and</p>		<p>8. Sale of “overseas tour programme package” including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.</p>	Seller.	<p>purposes other than education or medical treatment.</p> <p>(a) 5% of amount of aggregate of amounts up to ₹ 10,00,000; (b) 20% of amount or aggregate of amounts exceeding ₹ 10,00,000.</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025		5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change	
		<p>verified in the prescribed manner to the effect that the goods referred to in column (2) of the aforesaid Table are to be utilised for the purposes of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.</p> <p>(1B) The person responsible for collecting tax under this section shall deliver or cause to be delivered to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner one copy of the declaration referred to in sub-section (1A) on or before the seventh day of the month next following the month in which the declaration is furnished to him.</p> <p>(1C) Every person, who grants a lease or a licence or enters into a</p>	<p>9. Use of parking lot or toll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas).</p>	Licensor or Lessor.	2%	<p>For Section 394(3):- (3) Where no collection of tax is to be made under sub-section (2), the person responsible for collecting tax shall deliver, one copy of the declaration referred to in that sub-section <b>to the prescribed authority in the manner prescribed,</b> <del>to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner</del></p>	<p>With the transition to digital platforms, the declarations are submitted online only to prescribed authority in the manner prescribed.</p> <p>It is not clear as to the point of time when the declaration should be obtained from the buyer, which may be</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public sector company (hereafter in this section referred to as "licensee or lessee") for the use of such parking lot or toll plaza or mine or quarry for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the	(3) Where no collection of tax is to be made under sub-section (2), the person responsible for collecting tax shall deliver, one copy of the declaration referred to in that sub-section, to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month of receipt of that declaration.  (4) The collection of tax shall not be made by the authorised dealer in respect of receipt specified in serial number 7 of the Table in sub-section (1) on such amount on which tax has been collected by the seller referred to in serial number 8 of the Table in sub-section (1).  (5) The collection of tax shall not be made by the authorised dealer or seller, in respect of receipt specified in sub-section (1) (Table: Sl. No. 7 and 8), if the buyer is liable to deduct tax at source under any other provisions of this Act and he has deducted such tax.  (6) For the purposes of this sub-section, "forest produce" shall have the same meaning as defined in any	<del>or Commissioner,</del> on or before the seventh day of the month following the month of receipt of that declaration. <b>The person responsible for collecting shall obtain such declaration from the buyer at the time of each sale transaction or at the time of receipt or debit of first amount in respect of any such sale, whichever is earlier.</b>	incorporated in the section.



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change								
		<p>corresponding entry in column (3) of the said Table, of such amount as income-tax:</p> <table border="1" data-bbox="374 762 775 1109"> <thead> <tr> <th data-bbox="374 762 555 911">Nature of contract or licence or lease, etc.</th> <th data-bbox="555 762 775 911">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="374 911 555 971">Parking lot</td> <td data-bbox="555 911 775 971">Two per cent</td> </tr> <tr> <td data-bbox="374 971 555 1032">Toll plaza</td> <td data-bbox="555 971 775 1032">Two per cent</td> </tr> <tr> <td data-bbox="374 1032 555 1109">Mining and quarrying</td> <td data-bbox="555 1032 775 1109">Two per cent</td> </tr> </tbody> </table> <p>Explanation 1.—For the purposes of this sub-section, "mining and quarrying" shall not include mining and quarrying of mineral oil.</p> <p>Explanation 2.—For the purposes of Explanation 1, "mineral oil" includes petroleum and natural gas.</p>	Nature of contract or licence or lease, etc.	Percentage	Parking lot	Two per cent	Toll plaza	Two per cent	Mining and quarrying	Two per cent	State Act for the time being in force, or in the Indian Forest Act, 1927.		
Nature of contract or licence or lease, etc.	Percentage												
Parking lot	Two per cent												
Toll plaza	Two per cent												
Mining and quarrying	Two per cent												



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(1F) Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax.</p> <p>(1F) Every person, being a seller, who receives any amount as consideration for sale of—</p> <p>(i) a motor vehicle; or</p> <p>(ii) any other goods, as may be specified by the Central Government by notification in the Official Gazette,</p> <p>of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer,</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>a sum equal to one per cent of the sale consideration as income-tax.</p> <p>(1G) Every person,—</p> <p>(a) being an authorised dealer, who receives an amount, for remittance 23[***] from a buyer, being a person remitting such amount under the Liberalised Remittance Scheme of the Reserve Bank of India;</p> <p>(b) being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>buyer, a sum equal to 24[five] per cent of such amount as income-tax:</p> <p>Provided that the authorised dealer shall not collect the sum, if the amount or aggregate of the amounts being remitted by a buyer is less than ten lakh rupees in a financial year</p> <p>Provided further that the sum to be collected by an authorised dealer from the buyer shall be equal to [twenty] per cent of the amount or aggregate of the amounts in excess of ten lakh rupees remitted by the buyer in a financial year, where the amount being remitted [is for purposes other than] education or medical treatment]:</p> <p>Provided also that the authorised dealer shall not collect the sum if the amount being remitted out is a loan obtained from any financial</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>institution as defined in clause (b) of sub-section (3) of section 80E, for the purpose of pursuing any education [Provided also that the seller of an overseas tour programme package shall collect a sum of twenty per cent of the amount or aggregate of amounts in excess of ten lakh rupees received from the buyer in a financial year:]</p> <p>Provided also that the authorised dealer shall not collect the sum on an amount in respect of which the sum has been collected by the seller:</p> <p>Provided also that the provisions of this sub-section shall not apply, if the buyer is,—</p> <p>(i) liable to deduct tax at source under any other provision of this Act and has deducted such amount;</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein:</p> <p>[Provided also that the sum to be collected under this sub-section on or after the 1st day of July, 2023 and before the 1st day of October, 2023, shall be collected in accordance with the provisions of this sub-section as they stood on the 1st day of April, 2023.]</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) "authorised dealer" means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) to deal in foreign exchange or foreign security;</p> <p>(ii) "overseas tour programme package" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.</p> <p>(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:</p> <p>Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:</p> <p>Provided further that the provisions of this sub-section shall not apply, if</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.</p> <p>Provided also that nothing contained in the provisions of this sub-section shall apply from the 1st day of April, 2025</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(a) "buyer" means a person who purchases any goods, but does not include,—</p> <p>(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(B) a local authority as defined in the Explanation to clause (20) of section 10; or</p> <p>(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;</p> <p>(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>purpose, subject to such conditions as may be specified therein.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "accountant" shall have the meaning assigned to it in the Explanation to sub-section (2) of section 288;</p> <p>(aa) "buyer" with respect to—</p> <p>(i) sub-section (1) means a person who obtains in any sale, by way of auction, tender or any other mode, goods of the nature specified in the Table in sub-section (1) or the right to receive any such goods but does not include,—</p> <p>(A) a public sector company, the Central Government, a State Government, and an embassy, a High Commission, legation,</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>commission, consulate and the trade representation, of a foreign State and a club; or</p> <p>(B) a buyer in the retail sale of such goods purchased by him for personal consumption;</p> <p>(ii) [***]</p> <p>(iii) sub-section (1F) means a person who obtains in any sale, goods of the nature specified in the said sub-section, but does not include,—</p> <p>(A) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(B) a local authority as defined in Explanation to clause (20) of section 10; or</p> <p>(C) a public sector company which is engaged in the business of carrying passengers.</p> <p>(b) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;</p> <p>(c) "seller" with respect to sub-section (1) and sub-section (1F) means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an</p>			



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		individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) are sold.			



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395	197, 203, 206C	197 Certificate for deduction at lower rate, 203 Certificate for tax deducted, 206C Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	395 Certificates.		
		<p><b>Section 197- Certificate for deduction at lower rate</b></p> <p>(1) Subject to rules made under sub-section (2A), where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, [194LBA,]</p>	<p>(1) Where tax is required to be deducted on any income or sum under this Chapter, then subject to the rules made under this Act,—</p> <p>(a) the payee may make an application before the Assessing Officer for deduction of tax at a lower rate; and</p> <p>(b) the Assessing Officer on being satisfied that the total income of the payee justifies a lower deduction, shall issue a certificate as appropriate; and</p> <p>(c) when a certificate is issued under clause (b), the person responsible for paying the income or amount</p>	<p>(i) Considering the decision of the Supreme Court in Transmission Corporation of A.P. Ltd.'s case, <b>a report of a chartered accountant in the prescribed form certifying the sum chargeable to tax be obtained.</b> Tax@12.5% to be deductible where the sum chargeable to tax represents capital gains on transfer of a long-term</p>	<p>In Transmission Corporation of A.P. Ltd. vs. Commissioner of Income Tax (1999) 239 ITR 587, the Supreme Court has held that the obligation of the assessee to deduct tax at source under section 195 of the Income-tax Act, 1961 is limited only</p>



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		<p>194LBB, 194LBC, 194M, 194-O [194Q] and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.</p> <p>(2) Where any such certificate is given, the person responsible for paying the income shall, until such certificate is cancelled by the Assessing Officer, deduct income-tax at the rates specified in such certificate or deduct no tax, as the case may be.</p> <p>(2A) The Board may, having regard to the convenience of assesseees and</p>	<p>shall deduct the tax at the rate specified in such certificate till its validity.</p> <p>(2) (a) The person responsible for paying to a non-resident any sum chargeable under this Act (other than salary), may make an application to the Assessing Officer in such form and manner as prescribed, where he considers that the whole of such sum would not be chargeable in the case of the recipient;</p> <p>(b) the application under clause (a) shall be for determination of the appropriate proportion of the sum chargeable to tax, by the Assessing Officer in the manner as prescribed; and</p> <p>(c) when the determination is made by the Assessing Officer as per clause (b), the tax shall be deducted under section 393(2)(Table: Sl. No. 17) only on that proportion of sum which is chargeable to tax under the Act.</p> <p>(3) Where tax is required to be collected on any amount under this Chapter, then subject to the rules made under this Act,—</p>	<p>capital asset and tax@ 30% to be deductible where the sum chargeable to tax represents capital gains from transfer of a short-term capital asset. This would alleviate the requirement of having to obtain certificate for lower deduction of tax at source.</p> <p>(ii) The transferee responsible for paying to a non-resident transferor may be exempted from the requirement to obtain TAN.</p>	<p>to the appropriate proportion of income chargeable under the Act. Accordingly, the deductee may not be made to undergo such a cumbersome process for obtaining lower tax deduction certificate, if tax at the applicable rate is deducted on the sum chargeable to tax and not the entire consideration. Also, drawing a parallel reference to section 194-IA (which applies to resident</p>



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		<p>the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (1) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p><b>Section 203- Certificate for tax deducted</b></p> <p>(1) Every person deducting tax in accordance with the foregoing provisions of this Chapter shall, within such period as may be prescribed from the time of credit or payment of the sum, or, as the case may be, from the time of issue of a cheque or warrant for payment of</p>	<p>(a) the buyer or licensee or lessee may make an application before the Assessing Officer for collection of tax at a lower rate; and;</p> <p>(b) the Assessing Officer on being satisfied that the total income of the buyer or licensee or lessee justifies a lower collection, shall issue a certificate as may be appropriate; and</p> <p>(c) when a certificate is issued under clause (b), the person responsible for collecting tax shall collect it at the rates specified in such certificate till its validity.</p> <p>(4) (a) Every person deducting or collecting tax shall issue a certificate to the deductee or collectee, as the case may be, specifying—</p> <p>(i) the amount of tax that has been deducted or collected;</p> <p>(ii) the rate at which tax has been deducted or collected; and</p> <p>(iii) any other particulars, as prescribed, within such period as prescribed.</p>		<p>transferors), where a transferee responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property is required to deduct tax@1% on actual consideration or stamp duty value of the property, whichever is higher, without the requirement to obtain a TAN. A similar provision may be introduced where a transferee</p>



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		<p>any dividend to a shareholder, furnish to the person to whose account such credit is given or to whom such payment is made or the cheque or warrant is issued, a certificate to the effect that tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted and such other particulars as may be prescribed.</p> <p>(2) Every person, being an employer, referred to in sub-section (1A) of section 192 shall, within such period, as may be prescribed, furnish to the person in respect of whose income such payment of tax has been made, a certificate to the effect that tax has been paid to the Central Government, and specify the amount so paid, the rate at which the</p>	<p>(b) An employer referred to in section 392(2)(a) shall issue a certificate to the employee, in respect of whose income payment of tax has been made by the employer, that the tax has been paid to the Central Government, and specify—</p> <p>(i) the amount of tax so paid;</p> <p>(ii) the rate at which tax has been paid; and</p> <p>(iii) any other particulars, as prescribed, within such period, as prescribed.</p> <p>(5) The assessing officer may cancel the certificate granted under subsection (1) or (3) after giving reasonable opportunity to the applicant.</p>		<p>is responsible for paying to a non-resident transferor any sum by way of consideration for transfer of any immovable property. In such cases, the resident transferee may be allowed to deduct tax at source on payments made to a non-resident seller at the applicable rate without obtaining a TAN.</p>



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1	2	3	4	5	6
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		<p>tax has been paid and such other particulars as may be prescribed.</p> <p><b>Section 206C- Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc Relevant Extracts</b></p> <p>(9)Where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in [sub-section (1), sub-section (1C)], the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in</p>			



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		<p>35[sub-section (1), sub-section (1C)].</p> <p>(10) Where a certificate under sub-section (9) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.</p> <p>(10A) In case the provisions of sub-section (1) [except the goods referred at serial number (i) in the TABLE], (1C), (1F) require collection of tax at source during the period commencing from the 14th day of May, 2020 to the 31st day of March, 2021, then, notwithstanding anything contained in these sub-sections the collection of tax shall be made at the rate being the three-</p>			



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		<p>fourth of the rate specified in these sub-sections.</p> <p>(11) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (9) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p><i>[(12) Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including</i></p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<i>institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.]</i>			
400	206C	<b>206C (Relevant extracts)</b>	<b>400 Power of Central Government to relax provisions of this Chapter.</b>		
		<b>Section 206C</b> (1-I) If any difficulty arises in giving effect to the provisions of sub-section (1G) or sub-section (1H), the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.  (1J) Every guideline issued by the Board under sub-section (1-I) shall be laid before each House of Parliament, and shall be binding on	(1) The Central Government may, by notification provide that deduction or collection of tax shall not be made or is to be made at such lower rate, from such payment or receipt and in respect of such person or class of persons.  (2) The Board may issue guidelines with the previous approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of this Chapter and these guidelines shall be laid before each House of Parliament.  (3) The Board may notify, a class of person, or cases, where the person responsible for paying to a non-	This is a welcome provision which empowers the Central Government to relax provisions in relation to the deduction or collection of tax by issue of notification	



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		<p>the income-tax authorities and on the person liable to collect the sum.</p> <p>(2) The power to recover tax by collection under this section shall be without prejudice to any other mode of recovery.</p>	<p>resident, not being a company, or to a foreign company, any sum, to make an application in such form and manner as prescribed to the Assessing Officer, to determine the appropriate proportion of sum chargeable in the manner as prescribed, and accordingly tax shall be deducted under section 393(2) (Table: Sl. No. 17) on that proportion of the sum which is so chargeable.</p> <p>(4) The Board may by notification, make rules specifying the cases in which, and the circumstances under which, an application may be made for grant of a certificate under section 395(1) to (3), and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p>		
401	205	<b>205 Bar against direct demand on assessee.</b>	<b>401 Bar against direct demand on assessee.</b>		
		Where tax is deductible at the source under the foregoing provisions of this Chapter, the assessee shall not be called upon to pay the tax himself	Where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax	This provision should appear in the beginning of Chapter XIX, preferably,	This is because in actual practice, many a times even where tax has been



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1 Section No. in the Income-tax Bill, 2025	2 Section no. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		to the extent to which tax has been deducted from that income.	himself to the extent to which tax has been deducted from that income.	as sub-section (6) of section 390.	deducted, the assessee is made to pay the tax himself. Therefore, this provision must be inserted in the beginning of the chapter itself.



## Interpretation [Section 402]

Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill 2025	Rationale for change
402(3)	200A(2)	<p>Explanation to Section 200A(2)</p> <p>For the purposes of this sub-section, "an incorrect claim apparent from any information in the statement" shall mean a claim, on the basis of an entry, in the statement— (i) of an item, which is inconsistent with another entry of the same or some other item in such statement; (ii) in respect of rate of deduction of tax at source, where such rate is not in accordance with the provisions of this Act</p>	<p>In this chapter,—</p> <p>(3) “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—</p> <p>(a) of an item, which is inconsistent with another entry of the same or some other item in such statement;</p> <p>(b) in respect of rate of deduction of tax at source, where such rate is not as per the provisions of the Act;</p>	<p>Section 402(3) to be worded as follows:</p> <p>(3) “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—</p> <p>(a) of an item, which is inconsistent with another entry of the same or some other item in such statement;</p> <p>(b) in respect of rate of deduction of tax at source, where such rate</p>	<p>Section 402(3) defines “an incorrect claim apparent from any information in the statement” only with reference to TDS statements and not TCS statements.</p> <p>This phrase was explained separately in the Income-tax Act, 1961 in section 200A and 206CB with reference to TDS and TCS, respectively.</p> <p>Accordingly, Section 402(3) has to be amended to include reference to TCS statements.</p> <p>In Section 402(3), there is no reference in respect of TCS as was in section 206CB of the Income-tax Act, 1961 for an incorrect claim,</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill 2025	Rationale for change
		<p>Explanation to Section 206CB(2)</p> <p>For the purposes of this sub-section, "an incorrect claim apparent from any information in the statement" shall mean a claim, on the basis of an entry, in the statement— (i) of an item, which is inconsistent with another entry of the same or some other item in such statement; (ii) in respect of rate of collection of tax at source, where such rate is not in accordance with the provisions of this Act.</p>		<p>is not as per the provisions of the Act;</p> <p><b>(c) in respect of rate of tax collection at source, where such rate is not as per the provisions of the Act;</b></p>	<p>apparent from any information in the statement under section 397(3)(d).</p>
402(18)	194C	"goods carriage" shall have the meaning assigned to it	"goods carriage" shall have the meaning as assigned to it in section 58(10)(d)	The words unladen weight may be	The section does not specify where the unladen weight is to be



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill 2025	Rationale for change
	<p>Clause (ii) of Explanation</p> <p>Clause (a) of Explanation to section 44AE</p>	<p>in the Explanation to sub-section (7) of section 44AE;</p> <p>The expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the respective meanings assigned to them in section 2 of the Motor Vehicles Act, 1988 (59 of 1988);</p>	<p>Section 58(10)(d)-</p> <p>the expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the same meaning as respectively assigned to them in section 2 of the Motor Vehicles Act, 1988;</p>	<p>removed from section 58(10)(d)</p>	<p>considered and where the gross vehicle weight is to be used, therefore, only "gross vehicle weight" will suffice. Alternatively, it may be clarified that unladen weight is to be applied only in case of road roller and tractors.</p>
402(31)	206C	<p>Explanation to section 206C</p> <p>(b) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage,</p>	<p>(31) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;</p>	<p>This definition may be removed in line with the suggestion for removal of Sl. No. 4 in the table in sub-section (1) of section 394.</p> <p>If TCS on scrap is to continue, then, the definition of scrap may</p>	<p>In line with the suggestion that there should be no TCS on scrap, this definition may be removed.</p> <p>If TCS is to continue on scrap and waste, then, the definition may be modified, so that all scrap and waste are covered and not only the scrap arising out of manufacturing industries. The definition as it stands at present is litigation prone.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill 2025	Rationale for change
		cutting up, wear and other reasons		be amended as follows - “Scrap” means waste and scrap sold by any seller during the course of business or otherwise.	Gujarat High Court and certain ITAT rulings have held that scrap arising out of manufacturing alone is covered, whereas Jaipur ITAT and Rajkot ITAT have held that waste and scrap would be covered even if not arising out of manufacturing. Presently, State and Central Government and charitable and religious trust and institutions are also collecting TCS on scrap, but actually they are not liable because it is not during the course of business. Therefore, the phrase “during the course of business or otherwise” may be added to cover all types of waste and scrap.



## CHAPTER XIX

### C - Advance Payment of Tax

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<b>XVII C – Advance Estimated Payment of tax</b>	<b>XIX – C – Advance Estimated Payment of tax</b>	<b>The heading of Chapter XIX-C may be -  XIX-C- Estimated payment of tax</b>	The use of words “advance tax” is appropriate in the context of “assessment year” under the Income-tax Act 1961. However, in the context of the Income-tax Bill, 2025, since tax is being paid in the tax year itself, therefore, this is an estimated tax on current income. The heading and the provisions of this chapter may be appropriately modified.



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
403	207	<b>207 Liability for payment of advance tax.</b>	<b>403 Liability for payment of advance tax.</b>	<b>403 Liability for payment of <del>advance</del> estimated tax.</b>	
		<p>(1) Tax shall be payable in advance during any financial year, in accordance with the provisions of sections 208 to 219 (both inclusive), in respect of the total income of the assessee which would be chargeable to tax for the assessment year immediately following that financial year, such income being hereafter in this Chapter referred to as "current income".</p> <p>(2) The provisions of sub-section (1) shall not apply to an individual resident in India, who—</p>	<p>(1) Advance tax shall be payable during any tax year in respect of the current income of the assessee, as per the provisions of this Part.</p> <p>(2) For the purposes of this Part, "current income" means the total income of the assessee which would be chargeable to tax for that tax year.</p> <p>(3) The provisions of sub-section (1) shall not apply to an individual resident in India, who—</p> <p>(a) does not have any income chargeable under the head "Profits</p>	<p>(1) <del>Advance</del> <b>Estimated tax</b> shall be payable during any tax year in respect of the current income of the assessee, as per the provisions of this Part.</p>	Same rationale as given for the heading of the chapter. "Advance tax" to be substituted with "Estimated tax".



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) does not have any income chargeable under the head "Profits and gains of business or profession"; and  (b) is of the age of sixty years or more at any time during the previous year.	and gains of business or profession"; and  (b) is of the age of sixty years or more at any time during the tax year.		
404	208	<b>208 Conditions of liability to pay advance tax.</b>	<b>404 Conditions of liability to pay advance tax.</b>	<b>404 Conditions of liability to pay advance tax.</b>  <b>Estimated tax.</b>	
		Advance tax shall be payable during a financial year in every case where the amount of such tax payable by the assessee during that year, as computed in accordance with the provisions of this Chapter, is ten thousand rupees or more.	Advance tax shall be payable by the assessee during a tax year, where the amount of such tax during that year, as computed under this Part, is ten thousand rupees or more.	<del>Advance</del> <b>Estimated</b> tax shall be payable by the assessee during a tax year, where the amount of such tax during that year, as computed under this Part, is ten thousand rupees or more.	Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
405	209	<b>209 Computation of advance tax.</b>	<b>405 Computation of advance tax.</b>	<b>405 Computation of <del>advance</del> estimated tax.</b>	
		<p>(1) The amount of advance tax payable by an assessee in the financial year shall, subject to the provisions of sub-sections (2) and (3), be computed as follows, namely :—</p> <p>(a) where the calculation is made by the assessee for the purposes of payment of advance tax under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, he shall first estimate his current income and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(b) where the calculation is made by the Assessing Officer for the purpose of making an order under sub-section (3)</p>	<p>(1) The amount of advance tax payable by an assessee under section 404, on his own accord under section 406, or in pursuance of an order of an Assessing Officer under section 407, in the tax year shall, subject to the provisions of sub-section (2), be computed as under—</p> <p>A = B-C where,— A = the amount of advance tax payable in a tax year;</p>	<p>(1) The amount of <del>advance</del> <b>estimated</b> tax payable by an assessee under section 404, on his own accord under section 406, or in pursuance of an order of an Assessing Officer under section 407, in the tax year shall, subject to the provisions of sub-section (2), be computed as under—</p> <p>A = B-C where,— A = the amount of <del>advance</del> <b>estimated</b> tax payable in a tax year;</p>	<p>Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of section 210, the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment or the total income returned by the assessee in any return of income furnished by him for any subsequent previous year, whichever is higher, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(c) where the calculation is made by the Assessing Officer for the purpose of making an amended order under sub-section (4) of section 210, the total income declared in the return furnished by the assessee for the later previous year, or, as the case may be, the total income in respect of which the regular assessment, referred to in that sub-section has been</p>	<p>B = income-tax on the specified sum calculated at the rates in force in the tax year, where “specified sum” shall have the meaning assigned to it in section 406 or 407;</p> <p>C = amount of income-tax which would be deductible or collectible at source during the said tax year under any provision of this Act from any income subject to the following:—</p> <p>(a) such income is computed before allowing any deduction admissible under this Act and has been taken into account in computing the specified sum; and</p> <p>(b) the person responsible for deducting tax has paid or credited</p>	<p>B = income-tax on the specified sum calculated at the rates in force in the tax year, where “specified sum” shall have the meaning assigned to it in section 406 or 407;</p> <p>C = amount of income-tax which would be deductible or collectible at source during the said tax year under any provision of this Act from any income subject to the following:—</p> <p>(a) such income is computed before allowing any deduction admissible under this Act and has been taken into account in computing the specified sum; and</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>made, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(d) the income-tax calculated under clause (a) or clause (b) or clause (c) shall, in each case, be reduced by the amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income (as computed before allowing any deductions admissible under this Act) which has been taken into account in computing the current income or, as the case may be, the total income aforesaid; and the amount of income-tax as so reduced shall be the advance tax payable:</p> <p>Provided that for computing liability for advance tax, income-tax calculated under</p>	<p>such income after deduction of tax; or</p> <p>(c) the person responsible for collecting tax has received or debited such income after collection of tax.</p> <p>(2) In the case of any class of assessee, where the Finance Act of the relevant year provides that, net agricultural income shall be taken into account for the purposes of computing advance tax, then,—</p> <p>(a) for the purposes of order as mentioned in section 407(1) and (4), the net agricultural income shall be the amount that has been taken into account for the purposes of charging income-tax on the</p>	<p>(b) the person responsible for deducting tax has paid or credited such income after deduction of tax; or</p> <p>(c) the person responsible for collecting tax has received or debited such income after collection of tax.</p> <p>(2) In the case of any class of assessee, where the Finance Act of the relevant year provides that, net agricultural income shall be taken into account for the purposes of computing <del>advance</del> <b>estimated</b> tax, then,—</p> <p>(a) for the purposes of order as mentioned in section 407(1) and (4), the net agricultural</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the aforesaid amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income, if the person responsible for deducting tax has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collecting tax without collection of such tax.</p> <p>(2) Where the Finance Act of the relevant year provides that, in the case of any class of assessee, net agricultural income (as defined in that Act) shall be taken into account for the purposes of computing advance tax, then, the net agricultural income to be taken into account in the</p>	<p>specified sum as mentioned in sub-sections (3) and (6) of the said section; or</p> <p>(b) in any other situation, the net agricultural income as estimated by the assessee for the tax year.</p>	<p>income shall be the amount that has been taken into account for the purposes of charging income-tax on the specified sum as mentioned in sub-sections (3) and (6) of the said section; or</p> <p>(b) in any other situation, the net agricultural income as estimated by the assessee for the tax year.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>case of any assessee falling in that class, shall be—</p> <p>(a) in cases where the Assessing Officer makes an order under sub-section (3) or sub-section (4) of section 210,—</p> <p>(i) if the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment forms the basis of computation of advance tax payable by him, the net agricultural income which has been taken into account for the purposes of charging income-tax for the assessment year relevant to that previous year; or</p> <p>(ii) if the total income declared by the assessee for the later previous year referred to in sub-section (4) of section</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>210 forms the basis of computation of advance tax, the net agricultural income as returned by the assessee in the return of income for the assessment year relevant to such later previous year;</p> <p>(b) in cases where the advance tax is paid by the assessee on the basis of his estimate of his current income under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, the net agricultural income, as estimated by him, of the period which would be the previous year for the immediately following assessment year.</p> <p>(3) Where the Finance Act of the relevant year specifies any separate rate or rates for the purposes of computing advance tax in the case of every Hindu undivided family which has at least one member</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>whose total income of the previous year exceeds the maximum amount not chargeable to income-tax in his case, then, the Assessing Officer shall, for making an order under sub-section (3) or sub-section (4) of section 210 in the case of any such Hindu undivided family, compute (subject to the provisions of section 164) the advance tax at such rate or rates—</p> <p>(a) in a case where the total income of the latest previous year in respect of which the Hindu undivided family has been assessed by way of regular assessment forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such latest previous year</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>exceeds the maximum amount not chargeable to income-tax in his case;</p> <p>(b) in a case where the total income of the previous year in respect of which a return of income is furnished by the Hindu undivided family under section 139 or in response to a notice under sub-section (1) of section 142 forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such previous year exceeds the maximum amount not chargeable to income-tax in his case.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
406	210	<b>210 Payment of advance tax by the assessee of his own accord or in pursuance of order of Assessing Officer [relevant portion]</b>	<b>406 Payment of advance tax by assessee on his own accord.</b>	<b>406 Payment of <del>—advance</del> estimated tax by assessee on his own accord.</b>	
		<p>(1) Every person who is liable to pay advance tax under section 208 (whether or not he has been previously assessed by way of regular assessment) shall, of his own accord, pay, on or before each of the due dates specified in section 211, the appropriate percentage, specified in that section, of the advance tax on his current income, calculated in the manner laid down in section 209.</p> <p>(2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax payable in the</p>	<p>(1) Every person, who is liable to pay advance tax under section 404 (whether or not he has been previously assessed by way of regular assessment) shall, on his own accord, pay advance tax on the specified sum, calculated in the manner laid down in section 405, at the appropriate percentage, and on or before the due date of each instalment, as specified in section 408.</p>	<p>(1) Every person, who is liable to pay <del>—advance</del> <b>estimated</b> tax under section 404 (whether or not he has been previously assessed by way of regular assessment) shall, on his own accord, pay <b>advance</b> <b>estimated</b> tax on the specified sum, calculated in the manner laid down in section 405, at the appropriate percentage, and on or before the due date of each instalment, as specified in section 408.</p>	<p>Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		remaining instalment or instalments to accord with his estimate of his current income and the advance tax payable thereon, and make payment of the said amount in the remaining instalment or instalments accordingly.	(2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax to accord with specified sum and the advance tax payable thereon, and make payment of the said tax in the remaining instalment or instalments, accordingly.  (3) In this section, the expression “specified sum” means current income as estimated by the assessee.	(2) A person who pays any instalment or instalments of <b>advance estimated</b> tax under sub-section (1), may increase or reduce the amount of <b>advance estimated</b> tax to accord with specified sum and the <b>advance estimated</b> tax payable thereon, and make payment of the said tax in the remaining instalment or instalments, accordingly.  (3) In this section, the expression “specified sum” means current income as estimated by the assessee.	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
407	210	<b>210 Payment of advance tax by the assessee of his own accord or in pursuance of order of Assessing Officer [relevant portion]</b>	<b>407 Payment of advance tax by assessee in pursuance of order of Assessing Officer.</b>	<b>407 Payment of <del>advance</del> estimated tax by assessee in pursuance of order of Assessing Officer.</b>	
		(3) In the case of a person who has been already assessed by way of regular assessment in respect of the total income of any previous year, the Assessing Officer, if he is of opinion that such person is liable to pay advance tax, may, at any time during the financial year but not later than the last day of February, by order in writing, require such person to pay advance tax calculated in the manner laid down in section 209, and issue to such person a notice of demand under section 156 specifying the	(1) Where a person has already been assessed for the total income of any tax year by way of regular assessment and the Assessing Officer is of the opinion that such person is liable to pay advance tax, he may require such person to pay advance tax on the specified sum, calculated in the manner laid down in section 405, by an order in writing, and specifying the instalment or instalments in which such tax is to be paid, on or before	Sub-section (1) may be redrafted as follows -  (1) Where a person has already been assessed for the total income of any assessment year or tax year by way of regular assessment and the Assessing Officer is of the opinion that such person is liable to pay <del>advance</del> <b>estimated tax in the current tax year</b> , he may require such person to pay <del>advance</del> <b>estimated</b> tax on the specified sum, calculated in the manner laid down in section	Same rationale as given for the heading of the chapter. “Advance tax” to be substituted with “Estimated tax”.  Also, reference to “current tax year” needs to be added for the sake of clarity.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>instalment or instalments in which such tax is to be paid.</p> <p>(4) If, after the making of an order by the Assessing Officer under sub-section (3) and at any time before the 1st day of March, a return of income is furnished by the assessee under section 139 or in response to a notice under sub-section (1) of section 142, or a regular assessment of the assessee is made in respect of a previous year later than that referred to in sub-section (3), the Assessing Officer may make an amended order and issue to such assessee a notice of demand under section 156 requiring the assessee to pay, on or before the due date or each of the due dates specified in section 211 falling after the date of the amended order, the appropriate percentage,</p>	<p>the due date of each instalment specified in section 408.</p> <p>(2) The order referred to in sub-section (1) may be passed at any time during the tax year but not later than the last day of February of such tax year and it shall be followed by a notice of demand under section 289.</p> <p>(3) In sub-section (1), “specified sum” means a sum, being higher of,—</p> <p>(a) the total income of the latest tax year in respect of which the assessee has been assessed by way of regular assessment; or</p> <p>(b) total income returned by the assessee in any return of income</p>	<p>405, by an order in writing, and specifying the instalment or instalments in which such tax is to be paid, on or before the due date of each instalment specified in section 408.</p>	



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>specified in section 211, of the advance tax computed on the basis of the total income declared in such return or in respect of which the regular assessment aforesaid has been made.</p> <p>(5) A person who is served with an order of the Assessing Officer under sub-section (3) or an amended order under sub-section (4) may, if in his estimation the advance tax payable on his current income would be less than the amount of the advance tax specified in such order or amended order, send an intimation in the prescribed form to the Assessing Officer to that effect and pay such advance tax as accords with his estimate, calculated in the manner laid down in section 209, at the appropriate percentage thereof specified in section 211, on or before the</p>	<p>furnished by him for any subsequent tax year.</p> <p>(4) The Assessing Officer may amend the order referred to in sub-section (1), and may require such person to pay advance tax on the specified sum, calculated in the manner laid down in section 405, if after passing an order under sub-section (1),—</p> <p>(a) a return of income is furnished by the assessee, under section 263 or in response to a notice under section 268; or</p> <p>(b) a regular assessment of the income is made in respect of a tax year later than the assessment</p>	<p>Section 407(4) may be redrafted as follows –</p> <p>(4) The Assessing Officer may amend the order referred to in sub-section (1), and may require such person to pay <b>advance estimated</b> tax on the specified sum, calculated in the manner laid down in section 405, <b>in relation to the current tax year</b>, if after passing an order under sub-section (1),—</p> <p>(a) a return of income is furnished by the assessee, under section 263 or in response to a notice under section 268; or</p> <p>(b) a regular assessment of the income is made</p>	<p>The last part from “in respect of a tax year later than the assessment referred to in sub-section (1), on or before the due date of <b>any</b> instalment specified in section 408” is common for both (a) and (b). Hence it should be separated from (b). Further “each installment” to be substituted with “any installment” and “in relation to the current tax year” to be added for greater clarity.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>due date or each of the due dates specified in section 211 falling after the date of such intimation.</p> <p>(6) A person who is served with an order of the Assessing Officer under sub-section (3) or amended order under sub-section (4) shall, if in his estimation the advance tax payable on his current income would exceed the amount of advance tax specified in such order or amended order or intimated by him under sub-section (5), pay on or before the due date of the last instalment specified in section 211, the appropriate part or, as the case may be, the whole of such higher amount of advance tax as accords with his estimate, calculated in the manner laid down in section 209.</p>	<p>referred to in sub-section (1), on or before the due</p> <p>date of each instalment specified in section 408.</p> <p>(5) The order referred to in sub-section (4) may be passed at any time before the 1st March of that tax year and it shall be followed by issuance of a demand notice under section 289.</p> <p>(6) In sub-section (4), “specified sum” means the total income declared in the return of income or computed in regular assessment</p>	<p>in respect of a tax year later than the assessment referred to in sub-section (1), on or before the due date of <b>any</b> instalment specified in section 408.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>mentioned in sub-section (4) (a) and (b), respectively.</p> <p>(7) If the notice of demand issued under section 289, as referred in sub-sections (2) and (5), is served after any of the due dates specified in section 408, the appropriate part or, the whole of the amount of the advance tax specified in such notice, shall be payable on or before each of the due date falling after the date of service of the notice of demand.</p> <p>(8) Where a person, who is served with an order referred to in sub-sections (1) and (4), estimates the advance tax payable on his current income to be lower than the amount of advance tax specified in</p>	<p>For Section 407(8) may be redrafted as follows:-</p> <p>(8) Where a person, who is served with an order referred to in sub-sections (1) <del>and</del> or (4), <del>estimates</del> <b>expects</b> the <del>advance</del> <b>estimated</b> tax payable on his current income to be lower than the amount of <del>advance</del> <b>estimated</b> tax specified in the</p>	<p>Same rationale as given for the heading of the chapter. “Advance tax” to be substituted with “Estimated tax”.</p> <p>The order may be under sub-section (1) or sub-section (4). Therefore,</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>the said order, then, he may send an intimation in the prescribed form to the Assessing Officer to that effect, and pay such advance tax on the current income, calculated in the manner laid down in section 401 as accords with his estimate, at an appropriate percentage thereof on or before the due date of each instalment specified in section 408 falling after the date of such intimation.</p> <p>(9) Where a person, who is served with an order referred in sub-sections (1) and (4), estimates that advance tax payable on his current income would exceed the amount of advance tax specified in such</p>	<p>said order, then, he may send an intimation in the prescribed form to the Assessing Officer to that effect, and pay such <del>advance</del> <b>estimated</b> on the current income, calculated in the manner laid down in section 401 as accords with his estimate, at an appropriate percentage thereof on or before the due date of each instalment specified in section 408 falling after the date of such intimation.</p> <p>(9) Where a person, who is served with an order referred in sub-sections (1) <del>and or</del> (4), <del>estimates</del> <b>expects</b> that <del>advance</del> <b>estimated</b> tax payable on his current income would exceed</p>	<p>“and” to be replaced with “or”.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			order or intimated by him under sub-section (8), he shall pay such advance tax on the current income, calculated in the manner laid down in section 405 at the appropriate part or whole of such higher amount of advance tax as accords with his estimate, on or before the due date of the last instalment specified in section 408.	the amount of <del>advance</del> <b>estimated</b> tax specified in such order or intimated by him under sub-section (8), he shall pay such <del>advance</del> <b>estimated</b> tax on the current income, calculated in the manner laid down in section 405 at the appropriate part or whole of such higher amount of advance tax as accords with his estimate, on or before the due date of the last instalment specified in section 408.	
410	219	<b>219 Credit for advance tax.</b>	<b>410 Credit for advance tax.</b>	<b>410 Credit for <del>advance</del> estimated tax.</b>	
		Any sum, other than a penalty or interest, paid by or recovered from an assessee as	Any sum, other than a penalty or interest, paid by or recovered from	Any sum, other than a penalty or interest, paid by or recovered	The word “therefor” is to be replaced with “thereof”.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		advance tax in pursuance of this Chapter shall be treated as a payment of tax in respect of the income of the period which would be the previous year for an assessment for the assessment year next following the financial year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment.	an assessee as advance tax in pursuance of this Part shall be treated as a payment of tax in respect of the income of the tax year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment.	from an assessee as estimated tax in pursuance of this Part shall be treated as a payment of tax in respect of the income of the tax year in which it was payable, and credit <b>thereof</b> shall be given to the assessee in the regular assessment.	
2(4)	2(1)	<b>2(1) Advance Tax</b>	<b>2(4) Advance Tax</b>	<b>2(4) Estimated Advance Tax</b>	
		"advance tax" means the advance tax payable in accordance with the provisions of Chapter XVII-C	"advance tax" means the advance tax payable as per Chapter XIX-C	<del>"Advance</del> Estimated tax" means the <del>advance</del> <b>advance estimated</b> tax payable as per Chapter XIX-C	



**CHAPTER XIX**  
**D.—Collection and recovery**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<b>XVII D – Collection and Recovery</b>	<b>Chapter XIX-D - Collection and Recovery</b>		
411	220	<b>When tax payable and when assessee deemed in default.</b>	<b>When tax payable and when assessee deemed in default.</b>		
		<p>(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 156 shall be paid within thirty days of the service of the notice at the place and to the person mentioned in the notice :</p> <p><i>Provided</i> that, where the Assessing Officer has any reason to believe that it will be detrimental to revenue if the full</p>	<p>(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 289 <b>at the place and to the person mentioned in the notice</b> shall be paid within—</p> <p>(a) thirty days of the service of the notice; or</p> <p>(b) such lesser period, as specified in the notice with the previous approval of the Joint Commissioner, where the Assessing Officer has any reason to believe that it shall be detrimental to revenue if the full period of thirty days is allowed.</p>	<p>The opening portion of Section 411(1) may be reworded as follows:-</p> <p>(1) Any amount, otherwise, than by way of advance tax, specified as payable in a notice of demand under section 289 <del>at the place and</del> to the person mentioned in the notice shall be paid within -</p>	<p>The words, “at the place, may be removed because tax is not paid at a place but mostly paid online or in bank.</p> <p>Section 411(11) also to be amended similar to Section 411(1).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>period of thirty days aforesaid is allowed, he may, with the previous approval of the Joint Commissioner, direct that the sum specified in the notice of demand shall be paid within such period being a period less than the period of thirty days aforesaid, as may be specified by him in the notice of demand.</p> <p>(1A) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal</p>	<p>(2) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then—</p> <p>(a) such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings; and</p> <p>(b) any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.</p> <p>(3) If the amount specified in any notice of demand under section 289 is not paid within the period limited under sub-section (1),—</p> <p>(a) the assessee shall be liable to pay simple interest at 1% for every month or part of a month; and</p> <p>(b) such period shall commence from the day immediately following the end of the period</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964 (11 of 1964).</p> <p>(2) If the amount specified in any notice of demand under section 156 is not paid within the period limited under sub-section (1), the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the</p>	<p>mentioned in sub-section (1) and end with the day on which the amount is paid.</p> <p>(4) No interest shall be charged under sub-section (3) on any amount for any period, where interest is charged on the same amount for the same period under section 398(3) on the amount of tax specified in the intimation issued under section 399.</p> <p>(5) Nothing contained in sub-section (3) shall prevent the Assessing Officer, where an application is made by the assessee before the expiry of the due date under sub-section (1), to extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.</p> <p>(6) Where as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 378 or</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>day on which the amount is paid:</p> <p><i>Provided</i> that, where as a result of an order under section 154, or section 155, or section 250, or section 254, or section 260, or section 262, or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded :</p> <p>Provided further that where as a result of an order under sections specified in the first proviso, the amount on which interest was payable under this section had</p>	<p>an order of the Settlement Commission under section 245D (4) of the Income-tax Act, 1961,—</p> <p>(a) the amount on which interest was payable under sub-section (3) had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded; and</p> <p>(b) if subsequent to such reduction, as a result of an order under said sections or section 377, the amount on which interest was payable is increased,</p> <p>the assessee shall be liable to pay interest under sub-section (3),—</p> <p>(i) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1); and</p> <p>(ii) ending with the day on which the amount is paid.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under this section is increased, the assessee shall be liable to pay interest under sub-section (2) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1) and ending with the day on which the amount is paid:</p> <p><i>Provided also</i> that in respect of any period commencing on or before the 31st day of March, 1989 and ending after that date, such interest shall, in respect of so much of such period as falls after that date, be calculated at</p>	<p>(7) In respect of any period commencing on or before the 31st March, 1989 and ending after that date, interest under sub-section (3) shall, in respect of so much of such period as falls after that date, be calculated at the rate of 1.5% for every month or part of a month.</p> <p>(8) Irrespective of the provisions contained in sub-section (3), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner</p> <p>may, on an application by the assessee, reduce or waive the amount of interest paid or payable by an assessee under sub-section (3) if he is satisfied that—</p> <p>(a) payment of such amount has caused or would cause genuine hardship to the assessee;</p> <p>(b) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the rate of one and one-half per cent for every month or part of a month.</p> <p>(2A) Notwithstanding anything contained in sub-section (2), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may reduce or waive the amount of interest paid or payable by an assessee under the said sub-section if he is satisfied that—</p> <p>(i) payment of such amount has caused or would cause genuine hardship to the assessee ;</p> <p>(ii) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was</p>	<p>(c) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.</p> <p>(9) The order under sub-section (8) accepting or rejecting the application of the assessee, either in full or in part, shall be passed within twelve months from the end of the month in which the application is received.</p> <p>(10) No order under sub-section (8) rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard.</p> <p>(11) If the amount is not paid within the specified time under sub-section (1) or extended under sub-section (5), at the place and to the person mentioned in the said notice, the assessee shall be deemed to be in default.</p> <p>(12) If, in a case where payment by instalments is allowed under sub-section (5), the assessee</p>	<p>(11) If the amount is not paid within the specified time under</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>due to circumstances beyond the control of the assessee ; and</p> <p>(iii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him:</p> <p><i>Provided</i> that the order accepting or rejecting the application of the assessee, either in full or in part, shall be passed within a period of twelve months from the end of the month in which the application is received:</p> <p><i>Provided further</i> that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been</p>	<p>commits defaults in paying any one of the instalments within the time fixed under that sub-section,—</p> <p>(a) the assessee shall be deemed to be in default as to the whole of the amount then outstanding; and</p> <p>(b) the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.</p> <p>(13) Where an assessee has presented an appeal under section 356 or 357 the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, till the time such appeal remains undisposed of.</p> <p>(14) Where an assessee has been assessed in respect of income arising outside India in a country the laws of which prohibit or restrict the</p>	<p>sub-section (1) or extended under sub-section (5), <del>at the place and</del> to the person mentioned in the said notice, the assessee shall be deemed to be in default.</p>	<p>Section 411(11) also to be amended similar to Section 411(1).</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>given an opportunity of being heard:</p> <p><i>Provided also</i> that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.</p> <p>(2B) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (1A) of section 201 on the amount of tax specified in the intimation issued under sub-section (1) of section 200A for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.</p>	<p>remittance of money to India, the Assessing Officer shall—</p> <p>(a) not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India; and</p> <p>(b) continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.</p> <p>(15) For the purposes of sub-section (14), income shall be deemed to have been brought into India, if—</p> <p>(a) it has been utilised or could have been utilised for the purposes of any expenditure actually incurred by the assessee outside India; or</p> <p>(b) the income, whether capitalised or not, has been brought into India in any form.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2C) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (7) of section 206C on the amount of tax specified in the intimation issued under sub-section (1) of section 206CB for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.</p> <p>(3) Without prejudice to the provisions contained in sub-section (2), on an application made by the assessee before the expiry of the due date under sub-section (1), the Assessing Officer may extend the time for payment or allow payment by instalments, subject to such</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>conditions as he may think fit to impose in the circumstances of the case.</p> <p>(4) If the amount is not paid within the time limited under sub-section (1) or extended under sub-section (3), as the case may be, at the place and to the person mentioned in the said notice the assessee shall be deemed to be in default.</p> <p>(5) If, in a case where payment by instalments is allowed under sub-section (3), the assessee commits defaults in paying any one of the instalments within the time fixed under that sub-section, the assessee shall be deemed to be in default as to the whole of the amount then outstanding, and the other</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.</p> <p>(6) Where an assessee has presented an appeal under section 246 or section 246A the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, as long as such appeal remains undisposed of.</p> <p>(7) Where an assessee has been assessed in respect of income arising outside India in a</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>country the laws of which prohibit or restrict the remittance of money to India, the Assessing Officer shall not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India, and shall continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.</p> <p>Explanation.—For the purposes of this section, income shall be deemed to have been brought into India if it has been utilised or could have been utilised for the purposes of any expenditure</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		actually incurred by the assessee outside India or if the income, whether capitalised or not, has been brought into India in any form.			
416	226	<b>226 Other modes of recovery.</b>	<b>416 Other modes of recovery.</b>		
		<p>(1) Where no certificate has been drawn up under section 222, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.</p> <p>(1A) Where a certificate has been drawn up under section 222, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.</p>	<p>(1) Where no certificate has been drawn up under section 413, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.</p> <p>(2) Where a certificate has been drawn up under section 413, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.</p> <p>(3) If any assessee is in receipt of any income chargeable under the head “Salaries”, the Assessing Officer or Tax Recovery Officer may require any person paying the same to deduct from any payment subsequent to the date of such</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) If any assessee is in receipt of any income chargeable under the head "Salaries", the Assessing Officer or Tax Recovery Officer may require any person paying the same to deduct from any payment subsequent to the date of such requisition any arrears of tax due from such assessee, and such person shall comply with any such requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs:</p> <p><i>Provided</i> that any part of the salary exempt from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure,</p>	<p>requisition any arrears of tax due from such assessee and such person shall comply with the said requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs.</p> <p>(4) Nothing contained in sub-section (3) shall apply to any part of the salary exempted from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure, 1908.</p> <p>5. (a) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, by notice in writing require any person—</p> <p>(i) from whom money is due or may become due to the assessee; or</p> <p>(ii) who holds or may subsequently hold money for or on account of the assessee, to pay to the Assessing Officer or Tax Recovery Officer—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>1908 (5 of 1908), shall be exempt from any requisition made under this sub-section.</p> <p>(3) (i) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, by notice in writing require any person from whom money is due or may become due to the assessee or any person who holds or may subsequently hold money for or on account of the assessee to pay to the Assessing Officer or Tax Recovery Officer either forthwith upon the money becoming due or being held or at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due</p>	<p>(I) either forthwith upon the money becoming due or being held; or</p> <p>(II) at or within the time specified in the notice (not being before the money becomes due or is held), so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount;</p> <p>(b) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person;</p> <p>(c) For the purposes of this sub-section, the shares of the joint holders in the account, as referred in clause (b), shall be presumed, until the contrary is proved, to be equal;</p> <p>(d) A copy of the notice under this sub-section shall be forwarded to—</p> <p>(i) the assessee; and</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount.</p> <p>(ii) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person and for the purposes of this sub-section, the shares of the joint holders in such account shall be presumed, until the contrary is proved, to be equal.</p> <p>(iii) A copy of the notice shall be forwarded to the assessee at his last address known to the Assessing Officer or Tax Recovery Officer, and in the case of a joint account to all the</p>	<p>(ii) in the case of a joint account to all the joint holders, at his or their last addresses known to the Assessing Officer or Tax Recovery Officer;</p> <p>(e) Save as otherwise provided in this sub-section, every person to whom a notice is issued under that sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, irrespective of any rule, practice or requirement to the contrary;</p> <p>(f) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>joint holders at their last addresses known to the Assessing Officer or Tax Recovery Officer.</p> <p>(iv) Save as otherwise provided in this sub-section, every person to whom a notice is issued under this sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary.</p>	<p>against any demand contained in the notice;</p> <p>(g) Where a person, to whom a notice under this sub-section is issued, objects to it by a statement on oath that—</p> <p>(a) the sum demanded or any part thereof is not due to the assessee; or</p> <p>(b) he does not hold any money for or on account of the assessee, then nothing contained in that sub-section shall be deemed to require such person to pay any such sum or part thereof;</p> <p>(h) Where it is discovered that the statement under was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee’s liability for any sum due under this Act, whichever is less;</p> <p>(i) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, amend or revoke any notice issued under this sub-section or</p>	<p>Sub-section (5)(h) may be reworded as given below -</p> <p>(h) Where it is discovered that the statement under (g) above was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee’s liability for any sum due under this Act, whichever is less;</p>	<p>In sub-section (5)(h), reference to statement under “(g) above” is missing and needs to be included.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(v) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as against any demand contained in the notice.</p> <p>(vi) Where a person to whom a notice under this sub-section is sent objects to it by a statement on oath that the sum demanded or any part thereof is not due to the assessee or that he does not hold any money for or on account of the assessee, then nothing contained in this sub-section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, but if it is discovered that such statement</p>	<p>extend the time for making any payment in pursuance of a notice issued under the said sub-section;</p> <p>(j) The Assessing Officer or Tax Recovery Officer shall grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid;</p> <p>(k) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the Assessing Officer or the Tax Recovery Officer—</p> <p>(i) to the extent of his own liability to the assessee so discharged; or</p> <p>(ii) to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(l) If the person to whom a notice under this sub-section is issued fails to make</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(vii) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, amend or revoke any notice issued under this sub-section or extend the time for making any payment in pursuance of such notice.</p> <p>(viii) The Assessing Officer or Tax Recovery Officer shall</p>	<p>payment in pursuance thereof to the Assessing Officer or Tax Recovery Officer,—</p> <p>(i) he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 413 to 415; and</p> <p>(ii) the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 413.</p> <p>(6) The Assessing Officer or Tax Recovery Officer may apply to the court in whose custody there is money belonging to the assessee—</p> <p>(a) for payment to him of the entire amount of such money; or</p> <p>(b) if it is more than the tax due, an amount sufficient to discharge the tax.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.</p> <p>(ix) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee so discharged or to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(x) If the person to whom a notice under this sub-section is sent fails to make payment in</p>	<p>(7) The Assessing Officer or Tax Recovery Officer may, if so authorised by an income-tax authority not below the rank of commissioner by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner as prescribed.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>pursuance thereof to the Assessing Officer or Tax Recovery Officer, he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 222 to 225 and the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 222.</p> <p>(4) The Assessing Officer or Tax Recovery Officer may apply to the court in whose custody there is money belonging to the</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>assessee for payment to him of the entire amount of such money, or, if it is more than the tax due, an amount sufficient to discharge the tax.</p> <p>(5) The Assessing Officer or Tax Recovery Officer may, if so authorised by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner laid down in the Third Schedule.</p>			



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
419	229	<b>229 Recovery of penalties, fine, interest and other sums.</b>	<b>419 Recovery of penalties, fine, interest and other sums.</b>		
		Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Chapter for the recovery of arrears of tax.	Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Part for the recovery of arrears of tax.	Any sum imposed by way of interest, fine, <b>fee</b> , penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Part for the recovery of arrears of tax	Recovery of fee may also be specifically included.



## CHAPTER XIX

### F. Levy of Fee in certain cases

A consolidated section is suggested for levy of fee in certain cases covering sections 427 to 430. The section has been numbered as section 427.

#### Consolidated Section for levy of fee in certain cases covering sections 427 to 430

**427** Where a person referred to in column B of Table 427 fails to comply with the requirement contained in column C thereof, such person shall be liable to pay by way of fee, a sum specified in Column D, which shall not exceed the maximum limit specified therein within the time stipulated in Column E thereof.

**Table 427**

Sl. No.	Person	Requirement	Quantum of Fee	Time of payment
A	B	C	D	E
1	Any Person	To deliver or cause to be delivered a statement within the time prescribed in section 393(3)(b)	A sum of Rs. 200 per day during which the failure continues. The amount of fee shall not exceed the amount of tax deductible or collectible.	Before delivering or causing to be delivered the statement
2	Any Person required to furnish a return of income under section 263	To furnish a return of income u/s 263 within the time prescribed in section 263(1)	(a) A sum of Rs. 5,000, if the total income of such person exceeds five lakh rupees; (b) A sum not exceeding Rs. 1,000 in any other case.	

Sl. No.	Person	Requirement	Quantum of Fee	Time of payment	
A	B	C	D	E	
3	(a)	Research association, University, college or other institution referred to in section 45(3)(a) or the company referred to in section 45(3)(b)	To deliver or cause to be delivered the documents as prescribed in section 45(4)(a) within the time as prescribed therein or furnish a certificate as prescribed under section 45(4)(a);	A sum of Rs. 200 for every day during which the failure continues.  The amount of fee shall not exceed the amount in respect of which the failure referred to therein has occurred.	Before delivering or causing to be delivered the statement or before furnishing the certificate
	(b)	An Institution or fund			
4	Any person who is required to intimate his Aadhar number	To intimate his Aadhaar number u/s 262(6) on or before the prescribed date	Upto Rs. 1,000	At the time of making intimation after the prescribed date	



## CHAPTER XX REFUNDS

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
432	238	Person entitled to claim refund in certain special cases.	Person entitled to claim refund in certain special cases.		
433	239	Form of claim for refund and limitation.	Form of claim for refund and limitation		
		(1) Every claim for refund under this Chapter shall be made by furnishing return in accordance with the provisions of section 139.	Every claim for refund under this Part shall be made by furnishing return as per section 263.	This section may be substituted as follows:  Every claim for refund under this <del>Part</del> <b>Chapter</b> shall be made by furnishing return as per section 263.	In the Income-tax Bill, 2025, Chapter XX has no 'Parts'. Thus, in place of the word "part word chapter to be used.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
434	239A	<b>Refund for denying liability to deduct tax in certain cases.</b>	<b>Refund for denying liability to deduct tax in certain cases.</b>		
		(1) Where under an agreement or other arrangement, in writing, the tax deductible on any income, other than interest, under section 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income, may, within a period of thirty days from the date of payment of such tax, file an application before the Assessing Officer for refund of such tax in such form and such manner as may be prescribed.	(1) Where,—  (a) under an agreement or other arrangement, in writing, the tax deductible on any income, other than interest in section 393(2) (Table: Sl. No. 17), is to be borne by the person by whom the income is payable; and  (b) such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income,  he may, within thirty days from the date of payment of such tax, file an application	Clause (b) of sub-section (1) may be substituted as follows:  (b) such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income <b>or tax</b>	Refund may also arise under other circumstances such as deduction of TDS at higher rate though lower rate is applicable. To cover these cases, reference is to be made to Circular



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			before the Assessing Officer for refund of such tax in such form and such manner, as prescribed.	<b>is required to be deducted at lower rate but deducted at higher rate</b> , he may, within thirty days from the date of payment of such tax, file an application before the Assessing Officer for refund of such tax in such form and such manner, as prescribed.	No. 7/2011 dated 27.9.2011 and Circular No. 7/2007 dated 23.10.2007.  Inserting these words would cover some more genuine cases of refund.
436	242	<b>Correctness of assessment not to be questioned.</b>	<b>Correctness of assessment not to be questioned</b>		
		In a claim under this Chapter, it shall not be open to the assessee to question the correctness of any assessment or other matter decided which has become final and conclusive or ask for a review of	In a claim under this part, it shall not be open to the assessee to question the correctness of any assessment, or other matter decided which has become final and	Instead of the words “this part” words “this	In the Income-tax Bill, 2025, Chapter XX has no ‘Parts’.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the same, and the assessee shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.	conclusive, or ask for a review of the aforesaid assessment or matter; and the assessee shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.	chapter” may be substituted.	
437	244A	<b>Interest on refunds.</b>	<b>Interest on refunds.</b>		
		(2) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, <b>as the case may be</b> , whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable under sub-section (1) or (1A) or (1B), and where any question arises as to the period to be excluded, it shall be decided by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or	(7) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable under this section.  (8) Where any question arises as to the period to be excluded under sub-section (7), it shall be decided by the Principal	Sub-section (7) may be redrafted as follows:  (7) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, <b>as the case may be</b> , whether wholly or in part, the	To eliminate interpretational issues, the words “as the case may be” may be inserted.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Commissioner whose decision thereon shall be final.	Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner whose decision thereon shall be final.	period of the delay so attributable to him shall be excluded from the period for which interest is payable under this section.	
		(3) Where, as a result of an order under sub-section (3) of section 115WE or section 115WF or section 115WG or sub-section (3) of section 143 or section 144 or section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and in a case where the interest is reduced, the Assessing Officer shall serve on the assessee a notice of demand in	(9) Where, as a result of an order under section 270(10) or 271 or 279 or 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378, the amount on which interest was payable under sub-section (1) has been increased or reduced, the interest shall be increased or reduced accordingly.	In sub-section (9) after the words “sub-section (1)” the word “ or (3)” may be inserted.  Sub-section (9) may be redrafted as follows –  (9) Where, as a result of an order under section 270(10) or 271 or 279 or 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378,	Reference of sub-section (3) seems to be an inadvertent omission in sub-section (9).



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the prescribed form specifying the amount of the excess interest paid and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly.	(10) In a case where the interest is reduced under sub-section (9), the Assessing Officer shall serve on the assessee a notice of demand in the form as prescribed specifying the amount of the excess interest paid and requiring him to pay such amount.  (11) The notice of demand under sub-section (10) shall be deemed to be a notice under section 289 and the provisions of this Act shall apply accordingly.	the amount on which interest was payable under sub-section (1) <b>or (3)</b> has been increased or reduced, the interest shall be increased or reduced accordingly.	



**CHAPTER XXI**  
**PENALTIES**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
439	270A	<b>Penalty for under-reporting and misreporting of income.</b>	<b>Penalty for under-reporting and misreporting of income.</b>		
		<p>(1) The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Principal Commissioner or Commissioner may, during the course of any proceedings under this Act, direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income.</p> <p>(2) A person shall be considered to have under-reported his income, if—</p>	<p>(1) The Competent Authority may, during the course of any proceedings under this Act, impose penalty on any person who has under-reported his income and such penalty shall be payable in addition to tax, if any.</p> <p>(2) A person shall be deemed to have under-reported his income, if—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) the income assessed is greater than the income determined in the return processed under clause (a) of sub-section (1) of section 143;</p> <p>(b) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 148;</p> <p>(c) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment;</p> <p>(d) the amount of deemed total income assessed or reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income determined in the return processed under clause (a) of sub-section (1) of section 143;</p> <p>(e) the amount of deemed total income assessed as per the provisions of section 115JB or section</p>	<p>(a) the income assessed is greater than the income determined in the return processed under section 270(1)(a);</p> <p>(b) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 280;</p> <p>(c) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment;</p> <p>(d) the amount of deemed total income assessed or reassessed as per section 206, is greater than the deemed total income determined in the return processed under section 270(1)(a);</p> <p>(e) the amount of deemed total income assessed as per section 206, is greater than</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>115JC is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 148;</p> <p>(f) the amount of deemed total income reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income assessed or reassessed immediately before such reassessment;</p> <p>(g) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.</p>	<p>the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 280;</p> <p>(f) the amount of deemed total income reassessed as per section 206, is greater than the total income assessed or reassessed under the said sections immediately before such reassessment;</p> <p>(g) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.</p>		
		<p>(3) The amount of under-reported income shall be,—</p> <p>(i) in a case where income has been assessed for the first time,—</p>	<p>(3) The amount of under-reported income shall be,—</p> <p>(a) if income has been assessed for the first time,—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) if return has been furnished, the difference between the amount of income assessed and the amount of income determined under clause (a) of sub-section (1) of section 143;</p> <p>(b) in a case where no return of income has been furnished or where return has been furnished for the first time under section 148,—</p> <p>(A) the amount of income assessed, in the case of a company, firm or local authority; and</p> <p>(B) the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (A);</p> <p>(ii) in any other case, the difference between the amount of income reassessed or recomputed and the amount of income assessed, reassessed or recomputed in a preceding order:</p>	<p>(i) Where return has been furnished, the difference between the amount of income assessed and the amount of income determined under section 270(1)(a);</p> <p>(ii) Where no return of income has been furnished or if return has been furnished for the first time under section 280,—</p> <p>(A) the amount of income assessed, in the case of a company, firm or local authority; and</p> <p>(B) the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (A);</p> <p>(b) in any other case, the difference between the amount of income reassessed or recomputed and the amount of income</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			assessed, reassessed or recomputed in a preceding order.		
		<p>Provided that where under-reported income arises out of determination of deemed total income in accordance with the provisions of section 115JB or section 115JC, the amount of total under-reported income shall be determined in accordance with the following formula—</p> $(A - B) + (C - D)$ <p>where,</p> <p>A = the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (herein called general provisions);</p> <p>B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported income;</p>	<p>(4) If under-reported income arises out of determination of deemed total income as per section 206, the amount of total under-reported income shall be determined as under—</p> $(A-B) + (C-D)$ <p>where,—</p> <p>A = the total income assessed as per the provisions other than the provisions contained in section 206 (herein referred to as “general provisions”);</p> <p>B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported income;</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>C = the total income assessed as per the provisions contained in section 115JB or section 115JC;</p> <p>D = the total income that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of under-reported income:</p> <p>Provided further that where the amount of under-reported income on any issue is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "preceding order" means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated;</p>	<p>C = the total income assessed as per section 206;</p> <p>D = the total income that would have been chargeable had the total income assessed as per section 206 been reduced by the amount of under-reported income.</p> <p>(5) (a) If the amount of under-reported income on any issue is considered both under section 206 and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under D referred to in sub-section (4);</p> <p>(b) in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(b) in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference between the loss claimed and the income or loss, as the case may be, assessed or reassessed.	between the loss claimed and the income or loss, assessed or reassessed.		
		(4) Subject to the provisions of sub-section (6), where the source of any receipt, deposit or investment in any assessment year is claimed to be an amount added to income or deducted while computing loss, as the case may be, in the assessment of such person in any year prior to the assessment year in which such receipt, deposit or investment appears (hereinafter referred to as "preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.	(6) Subject to sub-section (8), where the source of any receipt, deposit or investment in any tax year is claimed to be an amount added to income or deducted while computing loss, in the assessment of such person in any year prior to the tax year in which such receipt, deposit or investment appears (herein referred to as "the preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(5) The amount referred to in sub-section (4) shall be deemed to be amount of income under-reported for the preceding year in the following order—</p> <p>(a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and</p> <p>(b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.</p> <p>(6) The under-reported income, for the purposes of this section, shall not include the following, namely:—</p>	<p>(7) The amount referred to in sub-section (6) shall be deemed to be income under-reported for the preceding year in the following order—</p> <p>(a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and</p> <p>(b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.</p> <p>(8) The under-reported income, for the purposes of this section, shall not include the following:—</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) the amount of income in respect of which the assessee offers an explanation and the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, is satisfied that the explanation is bona fide and the assessee has disclosed all the material facts to substantiate the explanation offered;</p> <p>(b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer or 96[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, but the method employed is such that the income cannot properly be deducted therefrom;</p> <p>(c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount</p>	<p>(a) the amount of income in respect of which the assessee offers an explanation and the Competent Authority, is satisfied that the explanation is <i>bona fide</i> and the assessee has disclosed all the material facts to substantiate the explanation offered;</p> <p>(b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Competent Authority, but the method employed is such that the income cannot properly be deducted therefrom;</p> <p>(c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount of addition or disallowance on the same issue, has included such amount in the computation of his income</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of addition or disallowance on the same issue, has included such amount in the computation of his income and has disclosed all the facts material to the addition or disallowance;</p> <p>(d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 92D, declared the international transaction under Chapter X, and, disclosed all the material facts relating to the transaction; and</p> <p>(e) the amount of undisclosed income referred to in section 271AAB.</p> <p>(7) The penalty referred to in sub-section (1) shall be a sum equal to fifty per cent of the amount of tax payable on under-reported income.</p>	<p>and has disclosed all the facts material to the addition or disallowance; and</p> <p>(d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 171, declared the international transaction under Chapter X and disclosed all the material facts relating to the transaction.</p> <p>(9) The penalty referred to in sub-section (1) shall be 50% of the tax payable on under-reported income.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(8) Notwithstanding anything contained in sub-section (6) or sub-section (7), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be equal to two hundred per cent of the amount of tax payable on under-reported income.	(10) Irrespective of anything contained in sub-section (8) or (9), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be 200% of the tax payable on under-reported income.		
		(9) The cases of misreporting of income referred to in sub-section (8) shall be the following, namely:— (a) misrepresentation or suppression of facts; (b) failure to record investments in the books of account; (c) claim of expenditure not substantiated by any evidence; (d) recording of any false entry in the books of account;	(11) The cases of misreporting of income referred to in sub-section (10) shall be the following:— (a) misrepresentation or suppression of facts; (b) failure to record investments in the books of account; (c) claim of expenditure not substantiated by any evidence;	Dual penalty to be removed.  <b>Please refer detailed note and table prepared for penalties specified u/s 441 to 468.</b>	For recording of any false entry in the books of account, penalty @200% of the tax payable on under-reported income is leviable u/s 439 and penalty equal to the aggregate amount of false entry is leviable



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(e) failure to record any receipt in books of account having a bearing on total income; and</p> <p>(f) failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply.</p>	<p><b>(d) recording of any false entry in the books of account;</b></p> <p>(e) failure to record any receipt in books of account having a bearing on total income; and</p> <p><b>(f) failure to report any international transaction or any transaction considered to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply.</b></p>		<p>u/s 444. This is an example of dual penalty.</p> <p>Additionally, for failure to report any international transaction or any specified domestic transaction in addition to penalty u/s 439, penalty @2% of the value of each international transaction is leviable u/s 442. This is another example of dual penalty.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					It should, therefore, be excluded from one section.
		(10) The tax payable in respect of the under-reported income shall be—  (a) where no return of income has been furnished or where return has been furnished for the first time under section 148 and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income;  (b) where the total income determined under clause (a) of sub-section (1) of section 143 or assessed, reassessed or recomputed in a preceding order is a	(12) The tax payable in respect of the under-reported income shall be—  (a) where no return of income has been furnished or where return has been furnished for the first time under section 280 and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income;  (b) if the total income determined under section 270(1)(a) or assessed, reassessed or recomputed in a preceding order is a		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>loss, the amount of tax calculated on the under-reported income as if it were the total income;</p> <p>(c) in any other case, determined in accordance with the formula—</p> <p>(X-Y)</p> <p>where,</p> <p>X = the amount of tax calculated on the under-reported income as increased by the total income determined under clause (a) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and</p> <p>Y = the amount of tax calculated on the total income determined under clause (a) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order.</p>	<p>loss, the amount of tax calculated on the under-reported income as if it were the total income;</p> <p>(c) in any other case, determined as follows—</p> <p>(X-Y)</p> <p>where,—</p> <p>X = the amount of tax calculated on the under-reported income as increased by the total income determined under section 270(1)(a) or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and</p> <p>Y = the amount of tax calculated on the total income determined under section 270(1)(a) or total income assessed, reassessed or recomputed in a preceding order.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(11) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year.	(13) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has already formed the basis for penalty in the case of the person for the same or any other tax year.	<b>New sub-section to be inserted after section 439(13) to provide that: -</b> <b>The competent authority shall record a satisfaction in the order with reference to the addition made as to whether penalty proceedings are initiated for –</b> <b>(a) underreporting of income for which penalty is leviable under sub-section (9) or</b> <b>(b) underreporting consequent to cases of misreporting as per</b>	There are number of litigations where the Assessing Officer does not record his satisfaction whether the addition made by him is underreporting of income or misreporting of income. <b>Therefore, to avoid litigation this amendment is suggested.</b>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				sub-section (11), for which penalty is leviable under sub-section (10).	
		<p>(12) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by the Assessing Officer, the Joint Commissioner (Appeals) or] the Commissioner (Appeals), the Commissioner or the Principal Commissioner, as the case may be.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "preceding order" means an order immediately preceding the order during the course of which</p>	<p>14) The penalty referred to in sub-section (1) shall be imposed, by an order in writing by the Competent Authority.</p> <p>(15) In this section,—</p> <p>(a) "Competent Authority" means the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner; and</p> <p>(b) "preceding order" means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated.</p>		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the penalty under sub-section (1) has been initiated;			
440	270AA	<b>Immunity from imposition of penalty, etc.</b>	<b>Immunity from imposition of penalty, etc.</b>		
		(3) The Assessing Officer shall, subject to 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 of penalty under section 270A and initiation of proceedings under section 276C or section 276CC, where the proceedings for penalty under section 270A has not been initiated under the circumstances referred to in sub-section (9) of the said section 270A.	(3) The Assessing Officer, 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), shall grant immunity from penalty under section 439 and initiation of proceedings under section 478 or 479.  (4) No immunity under sub-section (3) shall be granted if penalty has been initiated under circumstances referred to in sub-section 439(11).	Sub-section (4) may be substituted with the following sub-section:  (4) Immunity under sub-section 3 shall be	In case of misreporting of income, penalty @ 200% of tax payable on under-reported income is



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(4) The Assessing Officer shall, within a period of three months from the end of the month in which the application under sub-section (1) is received, pass an order accepting or rejecting such application:	(5) The Assessing Officer shall pass an order accepting or rejecting the application as referred to in sub-section (1) within three months from the end of the month of its receipt.	granted in cases falling under sub-section 439(11), if along with tax and interest, penalty equal to tax payable on under-reported income is paid within the period specified in the notice of demand and no appeal against the order has been filed. Consequential changes be made in sub-section 5.	levied. To reduce litigation, immunity from penalty for misreporting of income on payment of lower penalty may be allowed.
441	271A	<b>Failure to keep, maintain or retain books of account, documents, etc.</b>	<b>Failure to keep, maintain or retain books of account, documents, etc.</b>		
		Without prejudice to the provisions of section 270A or section 271, if any person fails to keep and maintain any such books of account and other documents as required by section 44AA or the rules	A penalty of twenty-five thousand rupees <b>shall</b> be imposed on a person by the Assessing Officer or the Joint	A penalty of twenty-five thousand rupees <del>shall</del> <b>may</b> be imposed on a person by the Assessing	As per section 470, no penalty shall be imposed on a person or assessee,



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		made thereunder, in respect of any previous year or to retain such books of account and other documents for the period specified in the said rules, the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum of twenty-five thousand rupees.	Commissioner (Appeals) or the Commissioner (Appeals), if he fails to— (a) keep and maintain the books of account and other documents as per section 62 or the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.	Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), if he fails to— (a) keep and maintain the books of account and other documents as per section 62 or the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.	if he proves that there was reasonable cause for the said failure.  On proving reasonable cause no penalty would be levied; thus, the word “may” be used in place of “shall”.  The effect of same has been given in the consolidation section for penalties specified u/s 441 to section 468 presented in the form of a table.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
442	271AA	<p><b>Penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.</b></p>	<p><b>Penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.</b></p>		
		<p>(1) Without prejudice to the provisions of section 270A or section 271 or section 271BA, if any person in respect of an international transaction or specified domestic transaction,—</p> <p>(i) fails to keep and maintain any such information and document as required by sub-section (1) or sub-section (2) of section 92D;</p> <p>(ii) fails to report such transaction which he is required to do so; or</p> <p>(iii) maintains or furnishes an incorrect information or document,</p> <p>the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of</p>	<p>(1) The Assessing Officer or Commissioner (Appeals) may impose a penalty of 2% of the value of each international transaction or specified domestic transaction entered into by a person, if in respect of such transaction he,—</p> <p>(a) fails to keep and maintain any such information and document as required by section 171(1);</p> <p>(b) fails to report such transaction as he is required to do so; or</p> <p>(c) maintains or furnishes an incorrect information or document.</p>	<p>(1) The Assessing Officer or Commissioner (Appeals) may impose a penalty of 2% of the value of each international transaction or specified domestic transaction entered into by a person, if in respect of such transaction he -</p> <p>(a) fails to keep and maintain any such information and</p>	<p>Dual penalty is leviable in respect of failure to report such transaction as he is required to do so. This needs to be addressed.</p> <p>This has also been indicated in the consolidated section covering penalties specified u/s 441 to section 468, presented in the form of a table.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		penalty, a sum equal to two per cent of the value of each international transaction or specified domestic transaction entered into by such person.		document as required by section 171(1); <del>(b) fails to report such transaction as he is required to do so; or</del> (c) maintains or furnishes an incorrect information or document. Further, new sub-section (2) to be inserted after section 442(1) to provide that - <b>The amount of penalty in sub-section (1) shall not exceed Rs. 25 lakhs.</b>	The penalty in this case is very high. Therefore, it is suggested to put maximum ceiling on the amount of penalty so as to avoid undue hardship.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) If any person fails to furnish the information and the document as required under sub-section (4) of section 92D, the prescribed income-tax authority referred to in the said sub-section may direct that such person shall pay, by way of penalty, a sum of five hundred thousand rupees.	(2) The prescribed income-tax authority referred to in section 171(4) may impose a penalty of five lakh rupees on a person, if he fails to furnish the information and document required under the said section.	For Example, in respect of sub-clauses of clause 171 and 172, penalty is leviable u/s 442, 447, 457. Sections 442, 447 and 457 can be placed in sequence as given in the consolidated section on penalties at the end of this comparative table. In the said table, the penalties are placed in Sl. No.2, 3 and 4 in a sequence.	In order to reduce the number of sections in the new Act the penalties u/s 441 to 468 can be consolidated in a single section and presented in the form of a table. Penalties for related defaults can be placed one after the other in a sequence for simplification and for easy reference.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
443	271AAC	<b>Penalty in respect of certain income.</b>	<b>Penalty in respect of certain income.</b>		
		(3) The provisions of sections 274 and 275 shall, as far as may be, apply in relation to the penalty referred to in this section.	(5) The provisions of sections 471 and 472 shall as far as may be, apply in relation to the penalty referred to in this section.	Sub-section (5) may be omitted.	Section 471 [Procedure (including giving reasonable opportunity of being heard)] and 472 [Time limit for imposing penalties] is applicable for all penalties under this chapter. Thus, inclusion of specific sub-section (5) may not be required.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
444	271AA D	Penalty for false entry, etc., in books of account.	Penalty for false entry, etc., in books of account.		
			<b>444.</b> The Assessing Officer -----	<b>444. (1)</b> The Assessing Officer -----	The numbering of Sub-section (1) has been inadvertently omitted, the same may be included.  In sub-section (2) reference of sub-section (1) has been made but presently there is no numbering of sub-section (1) to Section 444 due to this inadvertent omission.



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		<p>(1) Without prejudice to any other provisions of this Act, if during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(i) a false entry; or</p> <p>(ii) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability,</p> <p>the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may direct that such person shall pay by way of penalty a sum equal to the aggregate amount of such false or omitted entry.</p>	<p>The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may impose a penalty equal to the aggregate amount of false or omitted entry, where during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(a) a false entry; or</p> <p>(b) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability.</p> <p>(2) Without prejudice to sub-section (1), the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may impose a penalty equal to the aggregated amount of false or omitted entry, on any other person, who causes the person referred to in the said sub-section in any manner to make a false entry or omits or causes to omit any entry referred to in that sub-section.</p>	<p>(1) The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may impose a penalty equal to the aggregate amount of false or omitted entry, where during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(a) a false entry; or</p> <p>(b) an omission of any entry</p> <p>which is relevant for computation of total income of such person, to evade tax liability.</p> <p><b>Dual penalty to be removed.</b></p> <p>Sub-section (2A) may be inserted to provide that no penalty would be levied under this section</p>	<p>For false entry, penalty is levied under section 439 for misreporting of income. Accordingly for same failure, penalty is attracted both u/s 439 and section 444.</p> <p>There is a possibility of a false entry emanating later due to recasting of books and/or errors/ omissions. Since the definition of ‘false entry’ under section 444(3) is an inclusive one, there is a possibility that the penalty may be invoked in respect of cases not specifically listed in clauses (a) to (c) thereunder.</p>
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		<p>Explanation.—For the purposes of this section, "false entry" includes use or intention to use—</p> <p>(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or</p> <p>(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or</p> <p>(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.</p>	<p>(3) In this section, "false entry" includes use or intention to use—</p> <p>(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or</p> <p>(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or</p> <p>(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.</p>	<p>if penalty is levied u/s 439.</p> <p>The opening sentence should read "(3) In this section, "false entry" <del>includes</del> <b>means</b> use or intention to use –"</p>	<p>Therefore, the definition must be an exhaustive one and penalty should be attracted only when such entry has been made with an intent to evade tax liability.</p> <p>The portion "which is relevant for computation of total income of such person, to evade tax liability" must be common for both (a) and (b).</p>
				<p>New sub-section (4) to be inserted after section 444(3) to provide that:-</p> <p><b>The amount of penalty under sub-section (1) and sub-section (2) should be restricted to the tax impact on the false entry.</b></p>	<p>The penalty in this case is very high. Therefore, it is suggested to put maximum ceiling on the amount of penalty so as to avoid undue hardship.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
447	271BA	<b>Penalty for failure to furnish report under section 92E.</b>	<b>Penalty for failure to furnish report under section 172.</b>		
		If any person fails to furnish a report from an accountant as required by section 92E, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one hundred thousand rupees.	If any person fails to furnish a report from an accountant as required by section 172, the Assessing Officer may impose a penalty of one lakh rupees on such person.	Penalty provisions in sections 442, 447 and 457 be placed in a sequence in Sl. No.2, 3 and 4 as shown in the consolidated section for penalties at the end of this comparative table.	For Example, in respect of sub-clauses of clause 171 and 172, penalty is levied u/s 442, 447, 457. Section 447 and 457, can be placed immediately after section 442 and included in sequence.  The grouping of similar provisions will provide greater clarity and ease of comprehension.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
448	271C	<b>Penalty for failure to deduct tax at source.</b>	<b>Penalty for failure to deduct tax at source.</b>		
		<p>(1) If any person fails to—</p> <p>(a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or</p> <p>(b) pay or ensure payment of, the whole or any part of the tax as required by or under—</p> <p>(i) sub-section (2) of section 115-O;</p> <p>(ii) the proviso to section 194B;</p> <p>(iii) the first proviso to sub-section (1) of section 194R; or</p> <p>(iv) the proviso to sub-section (1) of section 194S; or</p> <p>(v) sub-section (2) of section 194BA,</p>	<p>(1) If any person fails to—</p> <p>(a) deduct the whole or in part, the tax as required under Chapter XIX-B; or</p> <p>(b) pay or ensure the payment of, the whole or any part of the tax as required by or under—</p> <p>(i) Note 3 in Table in section 393(3); or</p> <p>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</p> <p>[This note is in respect of benefit of perquisite in cash or in kind and for VDA]</p>	<p>There should be no prosecution for cases covered in (1)(b), since there is no unjust enrichment in such cases.</p>	<p>Reference to “Note 3 in section 393(3)” is not correct. At present there is no note 3 in Table in section 393(3) though 393(3) provides TDS in respect of winnings from casual incomes and online winnings.</p> <p>In respect of winnings and VDA, penalty and prosecution are</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay or ensure payment of, as aforesaid.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”</p>	<p>then, the Assessing Officer may impose on him, a penalty equal to the tax which such person failed to deduct or pay or ensure payment of, as aforesaid.</p>		<p>both attracted, where payment is made in kind. Penalty is attracted by virtue of clause (b). Prosecution is attracted for non-deposit.</p> <p>For TDS obligations other than in kind, failure to deduct TDS results in a penalty, while non-deposit cases attract prosecution.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
449	271CA	<b>Penalty for failure to collect tax at source.</b>	<b>Penalty for failure to collect tax at source.</b>		
		<p>(1) If any person fails to collect the whole or any part of the tax as required by or under the provisions of Chapter XVII-BB, then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to collect as aforesaid.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>(1) If any person fails to collect the whole or in part, the tax as required under Chapter XIX-B, the Assessing Officer may impose on him, a penalty equal to the tax which such person failed to collect.</p>	<p>The number (1) may be removed since there is no other sub-section in this section.</p>	<p>There is no sub-section in this section, still number (1) is written, which can be removed.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
450	271D	<p><b>Penalty for failure to comply with the provisions of section 269SS.</b></p>	<p><b>Penalty for failure to comply with provisions of section 185.</b></p>		
		<p>(1) If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 269SS, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified sum so taken or accepted.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 185, the Assessing Officer may impose on him, a penalty equal to the amount of the loan or deposit or specified sum so taken or accepted.</p>	<p>If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 185, the Assessing Officer may impose on him, a penalty equal to <b>30% of</b> the amount of the loan or deposit or specified sum so taken or accepted.</p>	<p>The quantum of penalty is too high vis-à-vis the nature of default. The same may be restricted to 30% of the sum received in contravention (considering the highest rate of income-tax@30%</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
451	271DA	<b>Penalty for failure to comply with provisions of section 269ST</b>	<b>Penalty for failure to comply with provisions of section 186.</b>		and also the disallowance of 30% of expenditure in case payment is made without deduction of tax at source.
		<p>(1) If a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt:</p> <p>Provided that no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>The Assessing Officer may impose on a person, a penalty equal to the sum received by him in contravention of the provisions of section 186 except where he proves that there were good and sufficient reasons for the said contravention.</p>	<p>This section may be substituted as follows:</p> <p>The Assessing Officer may impose on a person, a penalty equal <b>to 30%</b> the sum received by him in contravention of the provisions of section 186 except where he proves that there were good and sufficient reasons for the said contravention.</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
452	271DB	<b>Penalty for failure to comply with provisions of section 269SU.</b>	<b>Penalty for failure to comply with provisions of section 187.</b>		
		<p>(1) If a person who is required to provide facility for accepting payment through the prescribed electronic modes of payment referred to in section 269SU, fails to provide such facility, he shall be liable to pay, by way of penalty, a sum of five thousand rupees, for every day during which such failure continues:</p> <p>Provided that no such penalty shall be imposable if such person proves that there were good and sufficient reasons for such failure.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner of Income-tax.</p>	<p>The Assessing Officer may impose on a person, a penalty of five thousand rupees for every day of the duration of failure where he fails to provide a facility for accepting payments through the prescribed electronic modes of payment, as referred to in section 187 except when he proves that there were good and sufficient reason for such failure.</p>	<p>Section 452 may be rephrased as given below-</p> <p>The Assessing Officer may impose on a person, a penalty of five <b>hundred thousand</b> rupees for every day of the duration of failure where he fails to provide a facility for accepting payments through the prescribed electronic</p>	<p>The quantum of penalty is very high vis-à-vis the nature of default. It needs to be rationalized. Penalty may be imposed - Rs.500 per day of default instead of Rs.5,000 per day of default.</p> <p>As per section 470, no penalty shall be</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				modes of payment, as referred to in section 187 except when he proves that there were good and sufficient reason for such failure.	imposed on a person or assessee, if he proves that there was reasonable cause for the said failure. Section 452 is not included in the list of sections in section 470. It is suggested that section 452 be included in the said list.
453	271E	<b>Penalty for failure to comply with the provisions of section 269T.</b>	<b>Penalty for failure to comply with provisions of section 188.</b>		
		(1) If a person repays any loan or deposit or specified advance referred to in section 269T otherwise than in accordance with the provisions of	If a person repays any loan or deposit or specified advance referred to in section 188 otherwise than in accordance with the	If a person repays any loan or deposit or specified advance	This penalty is very high vis-à-vis



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified advance so repaid.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>provisions of that section, the Assessing Officer may impose on him, a penalty equal to the loan or deposit or specified advance so repaid.</p>	<p>referred to in section 188 otherwise than in accordance with the provisions of that section, the Assessing Officer may impose on him, a penalty equal to <b>30% of</b> the loan or deposit or specified advance so repaid.</p>	<p>the nature of default.</p> <p>The quantum of penalty has to be in line with the nature of default and not to exceed the tax sought to be evaded.</p>
456	271FA B	<p><b>Penalty for failure to furnish statement or information or document by an eligible investment fund.</b></p>	<p><b>Penalty for failure to furnish statement or information or document by an eligible investment fund.</b></p>		
		<p>If any eligible investment fund which is required to furnish a statement or any information or document, as required under sub-section (5) of section 9A fails to furnish such statement or information or document within the time prescribed under that sub-section, the income-tax authority prescribed under</p>	<p>If any eligible investment fund required to furnish a statement or any information or document under section 9(12)(e) [section 9A(5)], fails to do so within the time prescribed under that section, the income-tax authority prescribed under the said</p>	<p>Reference to be given to sub-paragraph (4) of para 1 of Schedule I and reference to section 9A(5) to be removed.</p>	<p>Reference is to the provision in the Income-tax Act, 1961, which is not required.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the said sub-section may direct that such fund shall pay, by way of penalty, a sum of five hundred thousand rupees.	section may direct that such fund shall pay, by way of penalty, a sum of five lakh rupees.	If any eligible investment fund required to furnish a statement or any information or document under section 9(12)(e) [ <del>section 9A(5)</del> ], fails to do so within the time prescribed under <del>that section</del> <b>sub-paragraph (4) of para 1 of Schedule I</b> , the income-tax authority prescribed under the said section may direct that such fund shall pay, by way of penalty, a sum of five lakh rupees.	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
461	271H	<b>Penalty for failure to furnish statements, etc.</b>	<b>Penalty for failure to furnish statements, etc.</b>		
		<p>(1) Without prejudice to the provisions of the Act, the Assessing Officer may direct that a person shall pay by way of penalty, if, he—</p> <p>(a) fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C; or</p> <p>(b) furnishes incorrect information in the statement which is required to be delivered or caused to be delivered under sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.</p> <p>(2) The penalty referred to in sub-section (1) shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.</p>	<p>(1) Where a person, who is required to deliver or causes to be delivered a statement prescribed in section 397(3)(b), fails to do so within the time prescribed in the said section, or furnishes incorrect information in the said statement, the Assessing Officer may impose on such person, a penalty of a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.</p>	<p>It is suggested that suitable clarification be incorporated in the law as to what constitutes incorrect information.</p>	<p>Mistakes in name, PAN etc. do not constitute incorrect information for levy of penalty as it does not lead to any tax evasion. Also, an incorrect claim which is apparent from any information in the statement, for which adjustment is made while processing the statement under</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					section 399 should not constitute incorrect information for levy of penalty. These clarifications may be incorporated in the new law so that the deductors/collectors are not put to any hardship
462	271-I	<b>Penalty for failure to furnish information or furnishing inaccurate information under section 195.</b>	<b>Penalty for failure to furnish information or furnishing inaccurate information under section 397(3)(d).</b>		
		If a person, who is required to furnish information under sub-section (6) of section 195, fails to furnish such information, or furnishes inaccurate information, the Assessing Officer may direct that	If a person, who is required to furnish information under section 397(3)(d), fails to furnish such information, or furnishes inaccurate information, the Assessing	For failure to furnish information, the penalty	The quantum of penalty has to be in line with the nature of default and not



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		such person shall pay, by way of penalty, a sum of one lakh rupees.	Officer may impose a penalty of one lakh rupees.	may be restricted to Rs.10,000.	to exceed the tax sought to be evaded.  A very high penalty is being imposed for failure to furnish information relating to a sum whether or not the same is chargeable to tax.  The penalty is very high vis-à-vis the nature of default.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
470	273B	<b>Penalty not to be imposed in certain cases.</b>	<b>Penalty not to be imposed in certain cases.</b>		
		Notwithstanding anything contained in the provisions of clause (b) of sub-section (1) of section 271, section 271A, section 271AA, section 271B, section 271BA, section 271BB, section 271C, section 271CA, section 271D, section 271E, section 271F, section 271FA, 25[section 271FAA,] section 271FAB, section 271FB, section 271G, section 271GA, section 271GB, section 271GC, section 271H, section 271-I, section 271J, clause (c) or clause (d) of sub-section (1) or sub-section (2) of section 272A, sub-section (1) of section 272AA or section 272B or sub-section (1) or sub-section (1A) of section 272BB or sub-section (1) of section 272BBB or clause (b) of sub-section (1) or clause (b) or clause (c) of sub-section (2) of section 273, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred	Irrespective of anything contained in the provisions of section 441 or 442 or 446 or 447 or 448 or 449 or 450 or 451 or 454 or 455 or 456 or 457 or 458 or 459 or 460 or 461 or 462 or 463 or 465(1)(c) or 465(1)(d) or 465(2)(c) or 465(2)(d) or 466 or 467 or 468(1) or 468(2), no penalty shall be imposed on a person or assessee for any failure referred to in the said provisions, if he proves that there was reasonable cause for the said failure.	Irrespective of anything contained in the provisions of <b>this Chapter</b> , no penalty shall be imposed on a person or assessee for any failure referred to in the said provisions, if he proves that there was a reasonable cause for the said failure.	If a reasonable cause is proved for any failure for which penalty is leviable under this Chapter, then no penalty shall be imposed.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		to in the said provisions if he proves that there was reasonable cause for the said failure.			

**Consolidated Section for Penalties covered in sections 441 to 468**

There can be a single section for penalties contained in sections 441 to 468, wherein the penalties can be detailed in a Table serial number wise with appropriate Notes. This would further reduce the number of sections in this Bill.

441. The authority referred to in Column D of Table 441 below may impose penalty at the percentage of, or of an amount equal to, as the case may be, referred to in column C in respect of default of the nature specified in column B.

**Table 441**

Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note
A	B	C	D	E
1	Failure to— (a) keep and maintain the books of account and other documents as per section 62 or	Rs.25,000	Assessing Officer or Joint Commissioner (Appeals) or Commissioner (Appeals)	-

<b>ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.</b>



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note
A	B		C	D	E
	the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.				
2	(a)	In respect of an international transaction or specified domestic transaction, (a) Failure to keep and maintain any such information and document as required by section 171(1); <del>(b) Failure to report such transaction as he is required to do so;</del> or (c) Maintaining or furnishing an incorrect information or document.	2% of the value of each international transaction or specified domestic transaction entered into by a person.  <b>The amount of penalty shall not exceed Rs. 25 lakhs.</b>	Assessing Officer or Commissioner (Appeals)	-
	(b)	Failure to furnish the information and document required under section 171(4).	Rs.5,00,000	The prescribed income-tax authority referred to in section 171(4)	-
3	Failure to furnish report from an accountant as required by section 172		Rs.1,00,000	Assessing Officer	

**ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.**

Failure to report such transaction as he is required to do so is considered as misreporting u/s 439(11) and penalty is levied @200% of the tax payable. Thus, dual penalty is leviable in respect of same default, which needs to be addressed by removing clause (b) of Sl. No.2 or alternatively, removing clause (f) in sub-section (11) of section 439.

It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.2 (a).



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
4	Failure to furnish information or document as required by section 171(2)	2% of the value of such transaction (or) Rs.25 lakhs Whichever is lower.	Assessing Officer or the Transfer Pricing Officer or the Commissioner (Appeals)		It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.4.
5	Where the income determined in an assessee's case for any tax year includes any income referred to in section 102, 103, 104, 105 or 106	10% of the tax payable under section 195(1)(i)	The Assessing Officer or the Joint Commissioner (Appeals) or Commissioner (Appeals)	<b>Note 1</b>	
6	(a) False entry in the books of account or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability.	A Sum equal to the aggregate amount of false or omitted entry <b>The amount of penalty to be restricted to the tax impact on the false entry.</b>	The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals),	<b>Note 2</b>	Recording of false entry is also considered as misreporting u/s 439(11) and penalty @200% of the tax payable is levied in respect of the said default. Thus, dual penalty is leviable in respect of same default. Hence, removal of "False entry in the books of account or" is suggested in this section.  Also, penalty should be restricted to the tax impact on the false entry.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	(b)	Causing the person referred to in above Sl. No. 4(a) in any manner to make a false entry or omits or causes to omit any entry.	A sum equal to the aggregate amount of false or omitted entry	The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals)		
7	If during any proceedings under this Act, it is found that a registered non-profit organisation has any specified income which is chargeable to tax as per section 337 (Table: Sl. No. 2)		Sum equal to aggregate amount of income so applied, directly or indirectly by such person, for the benefit of any related person referred to in section 355(i) - (i) 100% where the violation is noticed for the first time during any previous year; and (ii) 200% where violation is noticed again in any subsequent previous year.	Assessing Officer		
8	Failure to get accounts audited for any tax year or years or furnish the audit report as required under section 63		Lesser of- (a) 0.5% of the total sales, turnover, or gross	Assessing Officer		



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
		receipts in business, or the gross receipts in profession for such tax year or years; or (b) Rs.1,50,000			
9	Failure to— (a) deduct the whole or in part, the tax as required under Chapter XIX-B; or (b) pay or ensure the payment of, the whole or any part of the tax as required by or under— (i) Note 3 in Table in section 393(3); or (ii) Note 6 to section 393(1) (Table: Sl. No. 8)	A sum equal to the amount of tax which such person failed to deduct or pay or ensure payment of, said tax at source.	Assessing Officer		Reference to Note 3 in Table in section 393(2) in Sl. No.9 is not correct, since there is no note in that table.
10	Failure to collect the whole or in part, the tax as required under Chapter XIX-B,	A sum equal to the amount of tax which he failed to collect	Assessing Officer		
11	Failure to comply with provisions of section 185	A sum equal to <b>30% of</b> the amount of the loan or deposit or specified sum so taken or accepted.	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
12	Failure to comply with provisions of section 186 except where he proves that there were good and sufficient reasons for the said failure.	A sum equal to <b>30% of</b> the amount received by him in contravention of the provisions of section 186	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.
13	Failure to comply with provisions of section 187 except when he proves that there were good and sufficient reason for such failure.	<b>Rs.500</b> <del>5,000</del> per day of continuing default, if the person who is required to provide facility for accepting payment through the prescribed electronic modes of payment referred to in section 187, fails to provide such facility	Assessing Officer		Penalty to be restricted to Rs.500 per day of continuing default.
14	Failure to comply with provisions of section 188	A sum equal to <b>30% of</b> the amount of loan or deposit or specified advance repaid otherwise than by an account payee cheque/bank draft or	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
			use of ECS through a bank A/c.			
15	(a)	Failure to furnish Statement of financial transaction or reportable account within the time prescribed u/s 508(2).	A sum of Rs. 500 Per day during which failure continues.	Income-tax Authority		
	(b)	Failure to furnish Statement of Financial Transaction or Reportable Account within the time prescribed u/s 508(7).	A sum of Rs. 1,000 per day during which failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the statement expires.	Income-tax Authority		
16	(a)	Furnishing of inaccurate information in the statement or fails to furnish correct information within the period specified u/s 508(8) or fails to comply with due diligence u/s 508(9)	Rs. 50,000	Income-tax authority		



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
	<p><b>(b)</b> Furnishing inaccurate reportable account by reporting financial institution if –</p> <p>(a) the said institution provides inaccurate information in the statement required to be furnished under section 508(1); and</p> <p>(b) the inaccuracy in the said statement is due to false or inaccurate information furnished by the holder or holders of the relevant reportable account or accounts.</p>	Rs. 5,000	Income-tax authority	<b>Note 3</b>	
<b>17</b>	Failure to furnish within the time prescribed under <del>that section</del> <b>sub-paragraph (4) of para 1 of Schedule I</b> , a statement or any information or document as required u/s <del>9A(5)</del> 9(12)(e) by an eligible investment fund	Rs. 5,00,000	Income-tax Authority		
<b>18</b>	Failure to furnish information or document by an Indian concern under section 506.	(a) 2% of the value of the transaction in respect of which such failure has taken place, if such transaction has	Income-tax Authority		It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.18.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
			the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern.  (or) Rs.25 lakhs, whichever is lower  (b)In any other case : 5,00,000.			
19	(a)	Failure to furnish report or for furnishing inaccurate report under section 511.	(a) Rs. 5,000 per day if period of failure does not exceed one month, or  (b) Rs. 15,000 per day if period of failure exceed one month	Prescribed Authority		
	(b)	Failure to produce the information and documents within the period allowed u/s 511(7)	Rs. 5,000 per day of continuing failure, beginning from the day immediately following	Prescribed Authority		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.	
A	B		C	D	E		
			the day on which the period for furnishing the information and document expires				
	(c)	Continuing default even after service of penalty order	Rs. 50,000 per day for the period of default beyond the date of service of penalty order.	Prescribed Authority			
	(d)	Providing inaccurate information in the report furnished u/s 511(2) by the reporting entity referred to in section 511	Rs. 5,00,000	Prescribed Authority	Note 4		
20	Failure to submit statement under section 505.		(a) Rs. 1,000 per day for the period of default, if the period of default does not exceed three months; or (b) one lakh rupees in any other case.	Assessing Officer			



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note
A	B	C	D	E
21	Failure to deliver or causes to be delivered a statement prescribed in section 397(3)(b) or furnish incorrect information in the said statement	Rs. 10,000 to 1,00,000	Assessing Officer	Note 5
22	Failure to furnish information or furnishing inaccurate information under section 397(3)(d).	Rs. 1,00,000 [For failure to furnish information, maximum penalty imposable is Rs.10,000]	Assessing Officer	
23	Furnishing incorrect information in reports or certificates furnished by an accountant, merchant banker or a registered valuer	Rs. 10,000 for each such report or certificate	Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals)	Note 6
24	Failure to deliver or furnish the documents as prescribed under section 45(4)(a) by research association, university, college or other institution referred to in section 45; or Failure to deliver or cause to be delivered a statement within the time prescribed under section 354(1)(e) or (f) or furnish a	Rs. 10,000 to 1,00,000	Assessing Officer	

**ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.**

A note may be inserted to specify as to what constitutes inaccurate information in order provide clarity and reduce litigation.

A very high penalty is being imposed for failure to furnish information relating to a sum whether or not the same is chargeable to tax. The same can be rationalized and fixed at Rs.10,000.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	certificate prescribed under section 354(1)(g) by an institution or a fund.					
25	(a)	<p>(a) Refusal to answer questions put by income tax authority</p> <p>(b) Refusal to sign statements made in the course of income tax proceedings.</p> <p>(c) Non-compliance with summons issued u/s 246(1) to give evidence or to produce books of accounts or other documents at a certain place and time omits to attend or produce books of account or documents at the place or time</p> <p>(d) Failure to comply with a notice issued u/s 268(1) or (2) or 270(8) or failure to comply with a direction issued u/s 268(5)</p>	10,000 for each such default or failure	<p>- Joint Director or the Joint Commissioner</p> <p>- However, where the contravention, failure or default occurs in the course of any proceeding before an income-tax authority not below the rank of Joint Director or a Joint Commissioner, by such income-tax authority;</p> <p>- Income-tax Authority in case of (d) .</p>	Note 7	
	(b)	<p>Failure:</p> <p>(a) To comply with notice u/s</p>	Rs. 500 for every day during which default continues.	- Joint Director or the Joint Commissioner		



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
	<p>175(7)</p> <p>(b) To give notice of discontinuance of his business/ profession u/s 320(3)</p> <p>(c) To furnish in due time any of the returns, statements or particular mentioned in section 252 or section 397(3) or 507; or</p> <p>(d) To allow inspection of register referred in section 255 or of any entry in such register or to allow copies of such register or of any entry therein to be taken</p> <p>(e) To furnish return of income u/s 263(1)(a)(iii) or (iv) or to furnish it within the time allowed and, in the manner, required u/s 263(1) and (2); or</p> <p>(f) To deliver or cause to be delivered in due time a copy of the declaration mentioned in section 393(6); or</p> <p>(g) To furnish a certificate u/s 395(4)</p> <p>(h) To deduct and pay tax u/s</p>	<p>However, the amount of penalty shall not exceed the amount of tax deductible or collectible for failures in relation to the following:—</p> <p>(a) a declaration mentioned in section 393(6);</p> <p>(b) a certificate as required by section 395(4); and</p> <p>(c) statements u/s 397(3)(b) or (e).</p>	<p>- However, where the contravention, failure or default occurs in the course of any proceeding before an income-tax authority not below the rank of Joint Director or a Joint Commissioner, by such income-tax authority;</p> <p>- The Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in case of (f)</p>		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
		416(3); or (i) To furnish a statement u/s 389(5)(a); or (j) To deliver or cause to be delivered in due time a copy of the declaration referred to in section 394(2); or (k) To deliver or cause to be delivered the statement within the time specified in section 397(3)(g); or (l) To deliver or cause to be delivered a statement within the time as prescribed under section 397(3)(e)				
26	Failure to comply with the provisions of section 254		Any amount upto Rs.1,000	The Joint Commissioner, Deputy Director or Assistant Director or the Assessing Officer		
27	(a)	Failure to comply with the provisions of section 262	Rs.10,000	Assessing Officer		
	(b)	Failure to quote/intimate PAN/Aadhaar No. in any document	Rs.10,000	Assessing Officer		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
		referred to in section 262(9)(a) or to intimate a number which is false, knowing or believing it to be false				
	(c)	Failure to quote or authenticate his permanent account number or Aadhaar number in any document referred to in section 262(9)(a),	Rs.10,000	Assessing Officer		
	(d)	Failure to quote or authenticate PAN/ Aadhaar No. in documents relating to transactions prescribed under section 262(9)(a)	Rs. 10,000	Assessing Officer		
28	(a)	Failure to comply with the provisions of section 397	Rs. 10,000	Assessing Officer		
	(b)	Quoting false TAN willfully in challans/certificates/statements/other documents referred to in section 397(1)(b).				



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**Notes:**

Sl. No.	Particulars	
1	(i)	The penalty referred to in Sl.5. shall be payable in addition to the tax payable under section 195
	(ii)	No penalty shall be levied on income referred to in section 102, 103, 104, 105 or 106 to the extent such income has been included by the assessee in the return of income furnished under section 263 and the tax as per section 195(1)(i) has been paid on or before the end of the relevant tax year.
	(iii)	No penalty under section 439 shall be imposed upon the assessee in respect of income referred to in Sl.5.
	(iv)	<del>The provisions of sections 471 and 472 shall, as far as may be, apply in relation to the penalty referred to in Sl.5.</del>
2	“false entry” <del>includes</del> <b>means</b> use or intention to use— (a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or (b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or (c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.	
3	The reporting financial institution shall be entitled to — (a) recover the amount paid under sub-section (2) on behalf of the reportable account holder; or (b) retain an amount equal to the sum so paid out of any moneys that may be in its possession, or may come to it from every such account holder.	



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Sl. No.	Particulars				
4	<p>Penalty is leviable if –</p> <p>(a) the entity has knowledge of the inaccuracy at the time of furnishing the report but fails to inform the prescribed authority; or</p> <p>(b) the entity discovers the inaccuracy after the report is furnished and fails to inform the prescribed authority and furnish correct report within fifteen days of such discovery; or</p> <p>(c) the entity furnishes inaccurate information or document in response to the notice issued under section 511(7).</p>				
5	<p>No penalty shall be levied for delay in filing or non-filing of statement referred therein, if the person proves that—</p> <p>(a) tax deducted or collected along with the fee and interest, if any, was paid to the credit of the Central Government; and</p> <p>(b) the said statement was also delivered before the expiry of one month from the time prescribed in section 397(3)(b)</p>				
6	<table border="1"><tr><td data-bbox="253 979 365 1082">(i)</td><td data-bbox="365 979 1563 1082">“merchant banker” means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992;</td></tr><tr><td data-bbox="253 1082 365 1150">(ii)</td><td data-bbox="365 1082 1563 1150">“registered valuer” means a person registered as a valuer under section 514</td></tr></table>	(i)	“merchant banker” means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992;	(ii)	“registered valuer” means a person registered as a valuer under section 514
(i)	“merchant banker” means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992;				
(ii)	“registered valuer” means a person registered as a valuer under section 514				
7	<p>“income-tax authority” includes a Principal Director General or Director General, Principal Director or Director, Joint Director and an Assistant Director or Deputy Director while exercising the powers vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the matters specified in section 246(1).</p>				



**CHAPTER XXII**  
**OFFENCES AND PROSECUTION**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
476	276B	<b>Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B.</b>	<b>Failure to pay tax to credit of Central Government under Chapter XIX-B.</b>		
		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—	(1) 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 XIX-B; or  (b) pay tax or ensure payment of tax to the credit of the Central Government, as required under—	The section may be redrafted to include “willfully” and exclude the case where assessee “fails to ensure payment of tax to the credit of Central Government”.  The section to read as follows:	The essential requirement of <i>mens rea</i> is missing in clause 476 which may be included by inserting the word “willfully” before the words “fails to”. It needs to be rationalized for providing relief in genuine cases.  At present, TDS compliance is classified in two parts: (a) Tax not deducted at source. (b) Tax



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) sub-section (2) of section 115-O;</p> <p>(ii) the proviso to section 194B;</p> <p>(iii) the first proviso to sub-section (1) of section 194R;</p> <p>(iv) the proviso to sub-section (1) of section 194S; or</p> <p>(v) sub-section (2) of section 194BA,]</p> <p>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:</p>	<p>(i) Note 3 in Table in section 393(3); or</p> <p>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</p> <p>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 shall also be liable to fine.</p>	<p>(1) If a person <b>willfully</b> fails to—</p> <p><del>(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 XIX-B ; or</del></p> <p><del>(b) pay tax or ensure payment of tax to the credit of the Central Government, as required under—</del></p> <p><del>(i) Note 3 in Table in section 393(3); or</del></p> <p><del>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</del></p>	<p>deducted but not deposited at source.</p> <p>For failure to deduct tax, penalty is attracted u/s 448 and for failure to deposit tax after deducting prosecution is attracted under this section. However, prosecution provisions are being attracted even for failure to ensure payment of tax by the deductee where consideration or benefit or perquisite arising from business or profession is wholly or partly in kind in certain cases. In such cases, both penalty under clause 448 and prosecution under clause 476 are attracted. The prosecution provision in clause 476 may be removed, since this</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				<p>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 shall also be liable to fine.</p>	<p>is not a case of unjust enrichment.</p> <p>Further the reference of Note no. 3 in Section 476(1)(b)(i) is erroneous. There does not exist “Note 3 in Table in section 393(3)”</p>
		<p>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.]</p>	<p>(2) The provisions of this section shall not apply if the payment referred to in sub-section (1)(a) has been credited to the Central Government on or before the time prescribed for filing the statement for such payment under section 397(3)(b).</p>	<p>Sub-section (2) may be substituted as follows:</p> <p>(2) The provisions of this section shall not apply if the payment referred to in sub-section (1)(a) has been credited to the Central Government on or before <del>the time prescribed for filing the statement for such payment under</del></p>	<p>Relief from prosecution provisions be extended to deductors who have paid tax to the credit of the Central Government after the prescribed time limit but voluntarily at any time before service of any notice.</p> <p>Also, many of the TDS provisions get triggered at the time of payment or credit, whichever is earlier. In cases</p>



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
				<p><del>section—397(3)(b)</del> the service of notice.</p>	<p>where a credit entry is passed in the name a party / payee at the end of a financial year but no payment is actually made, then, prosecution provisions should not be attracted for non-deposit.</p> <p>In such cases, a delayed payment may be made by the assessee before the date of filing of tax audit report or before the due date of filing ITR but still assessee may be treated as the one who has deducted tax at source at the end of the year but not deposited the same on time.</p> <p>In such cases, consequent prosecution notices are issued by the department (which may be based on the data extracted from TDS returns filed by the</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				<b>Further, new sub-section (3) may be inserted to provide that the provisions of this section shall not apply, where the tax has been deducted at source from the amount credited to the account of the payee, but actual payment of the said amount has not been made to the deductee.</b>	assessee). This causes injustice to the assessee who has already paid such tax suo-moto along with interest, to either face prosecution proceedings or to agree for compounding proceedings.  To provide relief, it may be provided that no prosecution proceedings may be attracted till the due date of filing return of income.



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
477	276BB	<b>Failure to pay the tax collected at source.</b>	<b>Failure to pay tax collected at source.</b>		
		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.	(1) Where a person fails to pay to the credit of the Central Government the tax collected by him as required under section 394, 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 shall also be liable to fine.	Sub-section (1) may be redrafted to include “wilfully”  (1) Where a person <b>wilfully</b> fails to pay to the credit of the Central Government the tax collected by him as required under section 394, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven	Same rationale will apply here as stated in section 476 for inclusion of term ‘wilfully’.  This section can be combined with section 476. The same have been grouped in the same Sl. No. in the table in the consolidated section for offences and prosecution given at the end.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				years and shall also be liable to fine.	
		<b>“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.”.</b>	(2) 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 section 397(3)(b) in respect of such payment.	Sub-section (2) may be substituted as follows:  (2) 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 <del>the time prescribed for filing the statement for such payment under section 397(3)(b)</del> <b>the service of notice.</b>	Same rationale will apply here as stated in section 476.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
478	276C	<b>Wilful attempt to evade tax, etc.</b>	<b>Wilful attempt to evade tax, etc.</b>		
		<p>(1) 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,—</p> <p>(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;</p> <p>(ii) in any other case, with rigorous imprisonment for a term which shall not be</p>	<p>(1) If a person wilfully attempts in any manner to evade payment of any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable,—</p> <p>(a) 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 shall also be liable to fine;</p>		<p>Title of the section: ‘Wilful attempt to evade tax etc.’</p> <p>This section attracts prosecution proceedings on wilful default in terms of any evasion of payment of tax, interest, penalty etc. by the assessee. Imprisonment of 6 months to 7 years and fine is attracted, where tax on under-reported income exceeds Rs.25 lakh. The imprisonment would be 3 months to 2 years in other cases.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		less than three months but which may extend to two 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 shall also be liable to fine,  and shall also be liable for penalty that may be imposable on him under any other provision of this Act.	Clause (b) of sub-section (1) may be substituted as follows:  (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 shall also be liable to fine.	In addition to prosecution provision, penalty is also attracted.  Since the present chapter is dealing with prosecution provision, hence, levy of penalty under a prosecution related section and Chapter may be removed.
		(2) 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	(2) 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		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		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.	two years and shall, in the discretion of the court, also be liable to fine.	Also, sub-section (3) providing for liability for penalty to be deleted.	
			(3) In addition to the punishment referred to in sub-section (2), the person referred to in the said sub-section shall also be liable for penalty that may be imposable on him under any other provision of this Act.		
		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—	(4) For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act, or the		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(i) 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</p> <p>(ii) makes or causes to be made any false entry or statement in such books of account or other documents; or</p> <p>(iii) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or</p> <p>(iv) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.</p>	<p>payment thereof, shall include a case where any person—</p> <p>(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</p> <p>(b) makes or causes to be made any false entry or statement in such books of account or other documents; or</p> <p>(c) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or</p>		



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>(d) causes any other circumstance to exist which may have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.</p>	<p>In clause (d) word “may” should be replaced with the word “will”.</p> <p>d) causes any other circumstance to exist which <b>may will</b> have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.</p>	<p>In the Income-tax Act, 1961, in clause (iv) of the Explanation to section 276C the language is: “cause any other circumstance to exist which <b>will</b> have the effect of .....</p> <p>Whereas in the Income-tax Bill, 2025, the language of clause (d) uses the expression: “causes any other circumstances which <b>may</b> have the effect of enabling such person to .....</p> <p>Use of term ‘<b>may have the effect of</b>’ would further increase the scope of prosecution provision, even based on mere remote possibility, which would be too harsh.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
479	276CC	<b>Failure to furnish returns of income.</b>	<b>Failure to furnish returns of income.</b>		
		<p>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,—</p> <p>(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</p>	<p>(1) 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,—</p> <p>(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</p>	<p>Prosecution proceedings under clause (b) not to be initiated in cases where there is no tax evasion.</p>	<p>Prosecution proceedings under clause (b) i.e., imprisonment for 3 months to two years and fine not to be attracted for failure to furnish return of income if there is no evasion of tax.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>less than six months but which may extend to seven years and with fine;</p> <p>(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:</p>	<p>which may extend to seven years and shall also be liable to fine;</p> <p>(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 shall also be liable to fine.</p>		
481	276D	<b>Failure to produce accounts and documents.</b>	<b>Failure to produce accounts and documents</b>		
		<p>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</p>	<p>If 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, or wilfully fails to comply</p>	This section to be removed	<p>Failure to produce accounts and documents is not an offence warranting initiation of prosecution proceedings. Best Judgement Assessment can be done even if a person does not produce books of account and</p>



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		(2A) of that section, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.	with a direction issued to him under section 268(5) of, he shall be punishable with rigorous imprisonment for a term which may extend to one year and shall also be liable to fine.		there are different provisions in which case penalty can be levied.
486	278AA	<b>Punishment not to be imposed in certain cases.</b>	<b>Punishment not to be imposed in certain cases.</b>		
		Notwithstanding anything contained in the provisions of section 276A, section 276AB, or section 276B, or section 276BB no person shall be punishable for any failure referred to in the said provisions if he proves that there was reasonable cause for such failure.	No person shall be punishable for any failure referred to in section 476 or 477, irrespective of anything contained in that section, if he proves that there was reasonable cause for such failure.	No person shall be punishable for any failure referred to in <b>any section in this Chapter</b> , irrespective of anything contained in that section, if he proves that there was reasonable cause for such failure.	In line with the objective of decriminalisation under the Jan Vishwas Act, a person should be allowed to prove if there is a reasonable cause for failure referred to in any provision in this chapter so that punishment is not imposed. This will enhance trust based governance.
491	279	<b>Prosecution to be at instance of Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.</b>	<b>Prosecution to be at instance of Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.</b>		
		(1) A person shall not be proceeded against for an offence under section 275A, section	(1) A person shall not be proceeded against for an offence under section	(1) A person shall not be proceeded against for an	As per the hierarchy, Commissioner (Appeals) to be



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	275B, section 276, section 276A, section 276B, section 276BB, section 276C, section 276CC, section 276D, section 277, section 277A or section 278 except with the previous sanction of the Principal Commissioner or Commissioner [or Joint Commissioner (Appeals)] or Commissioner (Appeals) or the appropriate authority:	473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, or 484 except with the previous sanction of the Principal Commissioner or Commissioner or Joint Commissioner (Appeals) or Commissioner (Appeals).	offence under section 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, or 484 except with the previous sanction of the Principal Commissioner or Commissioner or <b>Commissioner (Appeals) or Joint Commissioner (Appeals).</b>	mentioned before Joint Commissioner (Appeals).
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**Consolidated Section for Offences and Prosecution covered in sections 473 to 484 of the Income-tax Bill, 2025**

**473.** Where a person commits an offence of the nature referred to in column (B) of Table 473, he shall be punishable with rigorous imprisonment for a term specified in corresponding row of column (C) of the table.

**Table 473**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Sl. No.</b>	<b>Nature of default/failure/ contravention</b>	<b>Rigorous imprisonment</b>	<b>Note</b>
1	Contravenes any order referred to in section 247(1)(viii) or (4).	Upto 2 Years and liable to fine	
2	Fails to afford authorised officer with the necessary facility to inspect the books of account or other documents under section 247(1)(b)(ii)	Upto 2 years and liable to fine	



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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
3	Fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, with the intent to prevent such property or interest from being taken in execution of a certificate as prescribed		Upto 2 years and liable to fine	
4	(a)	<b>Wilfully fails</b> to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XIX-B or tax collected by him as required under section 394;	From 3 months upto 7 years and liable to fine	Note 1
	(b)	<del>Failure to pay tax or ensure payment of tax to the credit of the Central Government, as required under—</del> (i) <del>Note 3 in Table in section 393(3); or</del> (ii) <del>Note 6 to section 393(1) (Table: Sl. No. 8).</del>	<del>From 3 months upto 7 years and liable to fine</del>	
5	(a)	Wilfully attempts in any manner to evade payment of any tax, penalty or interest chargeable or imposable, or under-reports his income under this Act –		
		(i) Where the amount sought to be evaded or tax on under-reported income exceeds Rs.25 lakh	From 6 months to 7 years and fine	
		(ii) In any other case	From 3 months to 2 years and liable to fine	Note 2



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<b>A</b>	<b>B</b>		<b>C</b>	<b>D</b>
<b>Sl. No.</b>	<b>Nature of default/failure/ contravention</b>		<b>Rigorous imprisonment</b>	<b>Note</b>
	(b)	Wilfully attempts to evade the payment of any tax, penalty or interest under this Act	3 months to 2 years and, at the discretion of the court, liable to fine.	
6	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			Note 3 & 4
	(i)	Where the amount of tax sought to be evaded or tax on under-reported income exceeds Rs.25 lakh	6 months to 7 years and liable to fine	
	(ii)	In any other case	3 months to 2 years and liable to fine.	
7	Wilfully fails to furnish in due time the return of total income which is required to be furnished by notice given under section 294 (1)(a)		3 months to 3 years and liable to fine	
8	<del>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, or wilfully fails to comply with a direction issued to him under section 268(5)</del>		Upto 1 year and liable to fine	



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<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Sl. No.</b>	<b>Nature of default/failure/ contravention</b>	<b>Rigorous imprisonment</b>	<b>Note</b>
9	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 -		
	(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 Rs.25 lakh	6 months to 7 years and liable to fine	
	(b) In any other case	3 months to 2 years and liable to fine.	
10	<p>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 in the circumstances referred to below, the first person shall be punishable.</p> <p>Where the first person 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.</p>	3 months to 2 years and liable to fine	Note 5
11	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 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 section 478(1)		



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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
	(i)	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 Rs.25 lakh	6 months to 7 years and liable to fine.	
	(ii)	In any other case	3 months to 2 years and liable to fine.	

Notes:	
1	The provisions of Sl. No.4 of Table 473 would not apply, if -
(a)	If the payment of tax deducted at source by him as required by or under the provisions of Chapter XIX-B or tax collected at source by him as required under section 394, has been made to the credit of the Central Government on or before <del>the time prescribed for filing the statement for such payment under section 397(3)(b)</del> <b>the service of notice,</b>
(b)	<b>The tax has been deducted at source from the amount credited to the account of the payee, but actual payment of the said amount credited has not been made to the deductee.</b>
2	For the purpose of Sl. No. 5(a) and 5(b)- 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



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	(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 <del>may</del> <b>will</b> have the effect of enabling such person to evade any tax, penalty
3	A person shall not be proceeded against for failure to furnish in due time the return of income under section 263(1) for any tax year, if f the return is furnished by him before the expiry of one year from the end of the tax year or a return is furnished by him under section 263(6) within the time provided in that section; or 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 one year from the end of the tax year, and any tax deducted or collected at source, does not exceed ten thousand rupees.
4	<b>Prosecution under clause (b) i.e., imprisonment for 3 months to two years and fine not to be attracted for failure to furnish return of income if there is no evasion of tax.</b>
5	In relation to Sl. No.10, it shall not be necessary to prove that the second person has actually evaded any tax, penalty or interest chargeable or imposable under this Act.



**CHAPTER XXIII**  
**MISCELLANEOUS PROVISIONS**

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
499	281	<b>Certain transfers to be void.</b>	<b>Certain transfers to be void.</b>		
		Explanation.—In this section, "assets" means land, building, machinery, plant, shares, securities and fixed deposits in banks, to the extent to which any of the assets aforesaid does not form part of the stock-in-trade of the business of the assessee.	(4) In this section,— (a) “assets” means land, building, machinery, plant, shares, securities and fixed deposits in banks, virtual digital asset, to the extent to which any of the said assets does not form part of the stock-in-trade of the business of the assessee; and (b) the modes of creating a charge on or parting with the possession of such assets shall include sale, mortgage, gift, exchange or any other mode of transfer.	Definition of the term “asset” may be reworded as follows: “assets” means land, building, machinery, plant, shares, securities, fixed deposits in banks, <b>and virtual digital assets</b> , to the extent to which any of the said assets	This revision ensures: Consistent use of plurals ("virtual digital assets" instead of singular "virtual digital asset"); •Consistent structuring by adding "and" before the last item.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				does not form part of the stock-in-trade of the business of the assessee.	
500	281B	<b>Provisional attachment to protect revenue in certain cases.</b>	<b>Provisional attachment to protect revenue in certain cases.</b>		
		(1) Where, during the pendency of any proceeding for the assessment of any income or for the assessment or reassessment of any income which has escaped assessment or for imposition of penalty under section 271AAD where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner,	(1) Where, during the pendency of any proceeding for - (a) the assessment of any income or for the assessment or reassessment of any income, which has escaped assessment; or (b) imposition of penalty under section 444, where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for protecting the interests of the revenue it is	Clause (a) of section 500(1) may be redrafted as given below - (a) the assessment of any income or for the assessment or reassessment of any income which has escaped assessment; or”	The consequence of the placement of comma in clause (a) of section 500(1) is that the phrase “which has escaped assessment” would become relevant for both the category (i) assessment of any income and (ii) assessment or



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.	necessary so to do, he may, with the previous approval of the Competent Authority by order in writing, attach provisionally any property belonging to the assessee in the manner prescribed in section 413.		reassessment of any income. In such a case, the implication may be that only in cases where income has escaped assessment, can provisional attachment be made, which is not correct. Therefore, the comma is to be removed to convey that the phrase “income which has escaped assessment” is in continuation of and relevant to part (ii) assessment or reassessment of any income.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(1) Where, during the pendency of any proceeding for the assessment of any income or for the assessment or reassessment of any income which has escaped assessment or for imposition of penalty under section 271AAD where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.</p>	<p>(1) Where, during the pendency of any proceeding for—</p> <p>(a) the assessment of any income or for the assessment or reassessment of any income, which has escaped assessment; or</p> <p>(b) imposition of penalty under section 444, where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees,</p> <p>the Assessing Officer is of the opinion that for protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Competent Authority by order in writing, attach provisionally <b>any property</b> belonging to the assessee in the manner prescribed in section 413.</p>	<p>The term “property” may be defined as follows:</p> <p>'property' connotes everything which is subject of ownership, corporeal or incorporeal, movable or immovable, tangible or intangible, visible or invisible, real or personal; everything that has an exchangeable value or which goes to make up wealth or estate or status.</p>	<p>The term “property” may be defined to reduce litigation.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
501	282	<b>Service of notice generally.</b>	<b>Service of notice, generally.</b>		
		<p>(1) The service of a notice or summon or requisition or order or any other communication under this Act (<b>hereafter in this section referred to as "communication"</b>) may be made by delivering or transmitting a copy thereof, to the person therein named,—</p> <p>(a) by post or by such courier services as may be approved by the Board; or</p> <p>(b) in such manner as provided under the Code of Civil Procedure, 1908 (5 of 1908) for the purposes of service of summons; or</p> <p>(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000 (21 of 2000); or</p> <p>(d) by any other means of transmission of documents as provided by rules made by the Board in this behalf.</p>	<p>(1) The service of a notice, or summon, or requisition, or order, or any other communication, under this Act may be made by delivering or transmitting a copy thereof, to the person therein named—</p> <p>(a) by post or by such courier services as may be approved by the Board; or</p> <p>(b) as provided under the Code of Civil Procedure, 1908 for the purposes of service of summons; or</p> <p>(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000; or</p> <p>(d) by any other means of transmission of documents, as prescribed.</p>	<p>The opening para of section 501(1) may be modified as follows -</p> <p>“(1) The service of a notice, or summon, or requisition, or order, or any other communication, under this Act (<b>hereafter in this section referred to as "communication"</b>) may be made by delivering or transmitting a copy thereof, to the</p>	<p>Under section 282 of the Income-Tax Act 1961, “The service of a notice, or summon, or requisition, or order, or any other communication” was referred to as communication under the section. Since the bracketed portion is missing in section 501 of the Income-tax Bill, 2025, the use of the word communication” under 501(2) may not serve the intended purpose. Accordingly,</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				person therein named –	section 501(1) has to be redrafted to include the bracketed portion.
		Explanation.—For the purposes of this section, the expressions "electronic mail" and "electronic mail message" shall have the meanings as assigned to them in Explanation to section 66A of the Information Technology Act, 2000 (21 of 2000).	(3) In this section, “electronic mail” and “electronic mail message” means a message or information created or transmitted or received on a <b>computer, computer system, computer resource or communication device</b> including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message.	The terms - computer, computer system, computer resource or communication device may be defined in section 2 itself.  Reference to the meaning of these terms in the Information Technology Act, 2000 may be given.	Under the Income-tax Act, 1961, the meaning of the expressions "electronic mail" and "electronic mail message" were to be taken from the Information Technology Act, 2000. In the Income-tax Bill, 2025, the referencing has been removed in section 501 and the definition makes reference to computer, computer



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
					system, computer resource, computer device, which have not been defined thereunder. Therefore, there is no specific meaning attributed to the terms – Computer; Computer resource; computer system, e-record in this Chapter. All these terms can be defined in Section 2. They may be defined to have the same meaning as in Information Technology Act, 2000. The definitions which



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					have been given for Computer Resource, Computer system in other chapters may be removed.
506	285A	<b>Furnishing of information or documents by an Indian concern in certain cases.</b>	<b>Furnishing of information or documents by an Indian concern in certain cases.</b>		
		Where any share of, or interest in, a company or an entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India, as referred to in Explanation 5 to clause (i) of subsection (1) of section 9, and such company or, as the case may be, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern, then, such Indian concern shall, for the purposes of determination of any income accruing or arising in India under clause (i) of	Where,— (a) any share of, or interest in, a company or an entity registered or incorporated outside India, derives, directly or indirectly, its value substantially from the assets located in India, as referred to in <b>section 9(9)(a)</b> ; and (b) such company or, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern,	This section may be reworded as follows: Where, - (a) any share of, or interest in, a company or an entity registered or incorporated outside India, derives,	There is mentioning of “under the said clause” in the latter part of the section, without any clause being referred to earlier in the section. Section 9(9)(a) in clause (a) of Section 506 may be written as



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p><b>sub-section (1) of section 9, furnish</b> within the prescribed period to the prescribed income-tax authority the information or documents, in such manner, as may be prescribed.</p>	<p>then, such Indian concern shall, for the determination of any income accruing or arising in India <b>under the said clause</b>, furnish within such period, the information or documents in such manner, as prescribed, to the prescribed income-tax authority.</p>	<p>directly or indirectly, its value substantially from the assets located in India, as referred to in <b>clause (a) of section 9(9)(a)</b>; and then, such Indian concern shall, for the determination of any income accruing or arising in India under the said clause, furnish within such period, the information or documents in such manner, as prescribed, to the</p>	<p>clause (a) of section 9(9). Then, the usage of “under the said clause” in the latter part would be correct.</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				prescribed income-tax authority.	
511	286	<b>Furnishing of report in respect of international group.</b>	<b>Furnishing of report in respect of international group.</b>		
		<p>(4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period as may be prescribed, if the parent entity is resident of a country or territory,—</p> <p>(a) where the parent entity is not obligated to file the report of the nature referred to in sub-section (2);</p> <p>(aa) with which India does not have an agreement providing for exchange of the report of the nature referred to in sub-section (2); or</p>	<p>(4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period, as prescribed, if the parent entity is resident of a country or territory,—</p> <p>(a) where the parent entity is not obligated to file the report of the nature referred to in the said sub-section;</p> <p>(b) with which India does not have an agreement providing for exchange of the</p>	<p>Clause (c) of sub-section (4) may be substituted with the following:</p>	<p>The removal of “of the country or territory” after systemic failure makes the sentence</p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(b) there has been a <b>systemic failure of the country or territory</b> and the said failure has been intimated by the prescribed authority to such constituent entity:	report of the nature referred to in the said sub-section;  (c) where there has been a <b>systemic failure</b> and such failure has been intimated by the prescribed income-tax authority to such constituent entity.	(c) where there has been a <b>systemic failure of the country or territory</b> , and such failure has been intimated by the prescribed income-tax authority to such constituent entity	incomplete and may create a disconnect between this paragraph and the definition of “systemic failure” provided under 511(10).
514		NEW	<b>Registration of valuers.</b>		
			(1) The Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, shall maintain a register of valuers in which the names and addresses of persons registered under sub-section (2) shall be entered.  (2) Any person, possessing such qualification for valuing such class of assets, may apply to	The term “Competent Authority” may be used in place of the different authorities. Accordingly, sub-sections (1) and (2)	Including the authorities within the meaning of “Competent Authority” will help avoid repetition at different places.



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
			<p>the Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, for getting registered as a valuer, in such form, verified in such manner and accompanied by such fee, as prescribed, along with a declaration stating that the applicant will—</p> <p>(a) conduct an impartial and true valuation of any asset required to be valued;</p> <p>(b) furnish a valuation report in the prescribed form;</p> <p>(c) charge fees not exceeding the prescribed rate or rates; and</p> <p>(d) refrain from undertaking the valuation of any asset in which such person has a direct or indirect interest.</p> <p>(3) The valuation report prepared by a registered valuer for any asset shall be in such</p>	<p>may be substituted as follows:</p> <p>(1) The Competent Authority shall maintain a register of valuers in which the names and addresses of persons registered under sub-section (2) shall be entered.</p> <p>(2) Any person, possessing such qualification for valuing such class of assets, may apply to the Competent Authority, for getting registered as a valuer,.....</p>	



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			form and verified in such manner, as prescribed.	Further, the following sub-section (4) may be inserted -  (4) In this section “The Competent Authority” means the Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General.	
515	288	<b>Appearance by authorised representative.</b>	<b>Appearance by authorised representative.</b>		
		(4) No person—	(4) No person,— (a) who has been dismissed or removed from Government service; or	(4) No person,— (a) who has been dismissed or	<b>There is no Clause (ii) under 275(1) of</b>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) who has been dismissed or removed from Government service after the 1st day of April, 1938; or</p> <p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, other than a penalty imposed on him under clause (ii) of sub-section (1) of section 271 or clause (d) of sub-section (1) of section 272A; or</p> <p>(c) who has become an insolvent; or</p> <p>(d) who has been convicted by a court for an offence involving fraud,</p> <p>shall be qualified to represent an assessee under sub-section (1),</p> <p>for all times in the case of a person referred to in clause (a),</p> <p>for such time as the Principal Chief Commissioner or Chief Commissioner or</p>	<p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, except a penalty imposed under section 275(1)(ii) of the Income-tax Act, 1961 or section 465(1)(d); or</p> <p>(c) who has become an insolvent; or</p> <p>(d) who has been convicted by a court for an offence involving fraud,</p> <p>shall be qualified to represent an assessee under sub-section (1), for—</p> <p>(i) all times, in case of a person referred to in clause (a);</p> <p>(ii) for such time as the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner</p>	<p>removed from Government service; or</p> <p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, except a penalty imposed under <del>section 275(1)(ii)</del> <b>271(1)(ii)</b> of the Income-tax Act, 1961 or section 465(1)(d); or</p>	<p><b>the Income-tax Act, 1961</b></p> <p><b>In clause (b), the reference to Section 275(1)(ii) to be corrected as 271(1)(ii).</b></p>



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Principal Commissioner or Commissioner may by order determine in the case of a person referred to in clause (b), for the period during which the insolvency continues in the case of a person referred to in clause (c), and for a period of ten years from the date of conviction in the case of a person referred to in clause (d).	may by order determine, in case of a person referred to in clause (b); (iii) for the period during which the insolvency continues, in case of a person referred to in clause (c); and (iv) for ten years from the date of conviction, in case of a person referred to in clause (d).		
530	294	<b>Act to have effect pending legislative provision for charge of tax.</b>	<b>Act to have effect pending legislative provision for charge of tax.</b>		
		If on the 1st day of April in any assessment year provision has not yet been made by a Central Act for the charging of income-tax for that assessment year, this Act shall nevertheless have effect until such provision is so made as if the provision in force in the preceding assessment year or the provision proposed in the Bill then	If on the 1st April in any tax year, provision has not yet been made by a Central Act for the charging of income-tax for that tax year, this Act shall nevertheless have effect until such provision is so made, as if the provision in force in the preceding tax year or the provision proposed in the Bill then before	If on the 1st April in any tax year, provision has not yet been made by a Central Act for the charging of income-tax for that tax year,	Since this provision is with respect to the pending legislative provision for charge of tax, reference to the term assessment year as referred under the



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
		before Parliament, whichever is more favourable to the assessee, were actually in force.	Parliament, whichever is more favourable to the assessee, were actually in force.	this Act shall nevertheless have effect until such provision is so made, as if the provision in force in the preceding tax year or <b>assessment year referred under section 2(8) of the Income-tax Act, 1961</b> or the provision proposed in the Bill then before Parliament, whichever is more favourable to the assessee, were actually in force.  The term “assessment year”	Income-tax Act, 1961 is necessary to be included for the period upto which Income-tax Bill, 2025 becomes effective.



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1	2	3	4	5	6
<b>Section No. in the Income-tax Bill, 2025</b>	<b>Section No. in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Act, 1961</b>	<b>Provision in the Income-tax Bill, 2025</b>	<b>Suggested change in the Income-tax Bill, 2025</b>	<b>Rationale for change</b>
				referred u/s 2(8) of the Income-tax Act, 1961 is as follows:  Assessment year means the period of twelve months commencing on the 1 <sup>st</sup> day of April of every year.	
536			536. (1) The Income-tax Act, 1961 is hereby repealed.  (2) Irrespective of the repeal of the Income-tax Act, 1961 (hereinafter referred to as the repealed Income-tax Act), and subject to subsection (3)—  (a) affect the previous operation of the repealed Act and orders or anything duly done or suffered thereunder; or	Sections 108(2)(a) and 111(2)(a) may be aligned with the provisions of clause 536(2)(n) permitting set-off of brought forward long-term capital loss from the Income-tax Act, 1961 against any capital gain of a tax	Clause (n) of section 536(2) permits set-off of brought forward long-term capital loss from the Income-tax Act, 1961 against both long-term and short-term capital gains of tax year beginning on or after 1.4.2026 under the Income-tax



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(b) affect any right, privilege, obligation or liability acquired, accrued or incurred under the repealed Act or orders under such repealed Act; (c)... (d)... (e) .... (f) .... (g).... (h).... (i).... (j).... (k).... (l).... (m)....	year beginning on or after 1.4.2026. Further, as suggested in Chapter VII, inter-head set-off may be permitted without restriction, with the exception in cases of certain losses, like losses from speculation business or losses from the activity of owning and maintaining race horses or online gaming, which may be spelt out as exceptions. This would be in line	Bill, 2025. However, clause (a) of section 108(2) of the Income-tax Bill 2025 provides that long-term capital loss can be set-off only against long-term capital gains. Further clause (a) of section 111(2) provides that unabsorbed capital loss from transfer of long-term capital asset can be set-off only against capital gains from transfer of any other long-term capital asset during the subsequent tax year and so on.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(n) any amount of loss under the head capital gains, whether related to a long-term capital asset or a short term capital asset, referred to in section 74 of the repealed Income-tax Act, brought forward from the tax year beginning before the 1st April, 2026 had the Income-tax Act, 1961 not been repealed, shall be set off and carried forward against the income under the head “Capital gains” computed under this Act for any tax year beginning on or after the 1st April, 2026 upto eight financial years immediately succeeding the financial year in which such loss was first computed under the repealed Income-tax Act;	with the principle of taxation of real income after set-off of losses and would relieve the burden of the taxpayers.	