

PAPER 3: TAXATION
SECTION A: INCOME TAX LAW
STATUTORY UPDATE FOR JANUARY 2026
EXAMINATION

The **October 2024 edition** of the Study Material, based on the provisions of the Income-tax Act, 1961, as amended by the **Finance (No. 2) Act, 2024** and significant notifications/circulars issued upto 30th June 2025 are relevant for January 2026 examination. The relevant assessment year for January 2026 examination is **A.Y.2025-26**. The following **significant notifications/circulars issued upto 30th June, 2025**, but not covered in the October 2024 edition of the Study Material, are also relevant for January 2026:

Chapter No.	Chapter Name	Details of Notifications/Circulars
3	Unit 4: Capital Gains	Bonds issued by HUDCO notified as "Long-Term Specified Asset" for section 54EC exemption [Notification No. 31/2025 dated 7.4.2025]
8.	Provisions for filing Return of Income and Self Assessment	Notified date for intimation of Aadhaar Number by person who has been allotted PAN before 1.10.2024 on the basis of Aadhaar Enrolment ID [Notification No. 25 and 26/2025 dated 3.4.2025]

The above notifications and circulars are discussed hereunder:

Chapter 3 - Unit 4: Capital Gains

Bonds issued by HUDCO notified as "Long-Term Specified Asset" for section 54EC exemption [Notification No. 31/2025 dated 7.4.2025]

Section 54EC provides an exemption in respect of capital gains arising from transfer of long-term capital asset being land or building or both on investing such capital gain in a long-term specified asset within 6 months from the date of transfer.

Long-term specified asset means specified bonds, redeemable after 5 years, issued on or after 1.4.2018 by the National Highways Authority of India (NHAI) or the Rural Electrification Corporation Limited (RECL) or any other bond notified by the Central Government in this behalf. Bonds of Power Finance Corporation (PFC) and Indian Railways Finance Corporation (IRFC) has also notified for this purpose.

Accordingly, the Central Government has, vide this notification, notified bonds, issued on or after 1.4.2025 by Housing and Urban Development Corporation Limited (HUDCO) redeemable after 5 years as a "long-term specified asset" for the purposes of section 54EC.

The maximum investment which can be made in notified bonds, out of capital gains arising from transfer of one or more assets, during the previous year in which the original asset is transferred and in the subsequent financial year cannot exceed ₹ 50 lakhs.

Chapter 8 - Provisions for filing Return of Income and Self Assessment

Notified date for intimation of Aadhaar Number by person who has been allotted PAN before 1.10.2024 on the basis of Aadhaar Enrolment ID [Notification No. 25 and 26/2025 dated 3.4.2025]

Section 139AA mandates that every person who is eligible to obtain Aadhaar Number is required to mandatorily quote Aadhaar Number:

- (a) in the application form for allotment of Permanent Account Number (PAN)
- (b) in the return of income.

If a person does not have Aadhaar Number, he is required to quote Enrolment ID of Aadhaar application form issued to him at the time of enrolment in the application form for allotment of Permanent Account Number (PAN) or in the return of income furnished by him.

However, w.e.f. 1st October, 2024, the option of quoting Enrolment ID of Aadhaar application for allotment of Permanent Account Number (PAN) or in the return of income furnished is discontinued.

Every person who has been allotted Permanent Account Number (PAN) as on 1st July, 2017, and who is eligible to obtain Aadhaar Number, has to intimate his Aadhaar Number to prescribed authority.

Further, a person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed before 1st October, 2024 has to intimate his Aadhaar Number, on or before a notified date, to the prescribed authority in the prescribed manner.

Accordingly, the Central Government has, vide this notification, notified that every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed before 1st October, 2024 has to intimate his Aadhaar Number to the prescribed authority in the prescribed manner, **on or before 31st December, 2025** or such date as may be specified by the CBDT.