

# CA/CMA FINAL DIRECT TAX AMENDMENTS

***MAY/JUNE 2026***

***Finance Act, 2025***

***Circulars & Notifications***

***Updated up to 31.10.2025***



**CA Mayank Trivedi**

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## CHAPTER 1 – TDS &amp; TCS

## Part 1 TDS

Section	Nature	Threshold	Rate	Points
194B	Winnings from any lottery, crossword puzzle	Amount in respect of a single transaction > ₹ 10,000	30%	<ul style="list-style-type: none"> <li>➤ If winnings in nature of kind or partly cash and partly in kind in such cases payer shall ensure that payee has paid tax or recover the tax from payee before releasing the winnings</li> <li>➤ Assessee was a lottery ticket seller - Assessee won lottery from unsold tickets - Taxable @30%</li> </ul>
194D	Insurance Commission	Amount or aggregate amount > ₹ 20,000 in a F.Y.	<ul style="list-style-type: none"> <li>• 2%, if the payee is a non-corporate resident</li> <li>• 10%, if the payee is a domestic company</li> </ul>	<ul style="list-style-type: none"> <li>➤ At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.</li> <li>➤ Where income is credited to some other account, whether called "Suspense account" or by any other name, in the BOA of the person liable to pay such income, such crediting shall be deemed to be credit to the account of the payee</li> </ul>
194G	Commission on sale of lottery tickets	> ₹ 20,000 in a financial year	2%.	
194H	Commission or brokerage	> ₹ 20,000 in a financial year	2%.	<ul style="list-style-type: none"> <li>➤ Commission Or Brokerage is Paid by Specified Assessee</li> </ul>

194-I	Rent	> ₹ 50,000 for a month or part of a month	<ul style="list-style-type: none"> <li>• For P &amp; M or equipment 2%</li> <li>• For land or building, furniture 10%</li> </ul>	<ul style="list-style-type: none"> <li>➤ Rent is Paid by Specified Assessee</li> <li>➤ At the time of credit or at the time of payment, whichever is earlier.</li> </ul>
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<b>193</b>	<b>Interest on Securities</b>	<b>&gt; ₹10,000 per financial year</b>	<b>10%</b>	➤ At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.
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<u>Deductor</u>	<u>Threshold Limit</u>
Paid by Bank Post office <b>(Limit Bank wise not Branch wise)</b>	<ul style="list-style-type: none"> <li>➤ &gt; ₹ 1,00,000 – if Payee is Resident Senior Citizen</li> <li>➤ &gt; ₹ 50,000 – Other case</li> </ul>
Other Case	➤ > ₹ 10,000
Co-operative Society	T/O or G/R in last year of the Co-op Society or Co-op Bank is more than ₹50 Crores and interest paid/credited is more than ₹ 50,000 or in case of senior citizen ₹ 1,00,000. - then only TDS Otherwise, no TDS

<b>194LA</b>	<b>Compulsory Acquisition of Immovable Property</b>	<b>Amount or aggregate amount &gt; ₹ 5,00,000 in a F.Y</b>	<b>10%</b>	<ul style="list-style-type: none"> <li>➤ Non-Applicability - any agricultural land</li> <li>➤ At the time of payment</li> </ul>
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Points

<u>Nature of payment</u>	<u>TDS rate</u>	<u>Separate Limit</u>
Fees for <b>technical services</b>	<b>2%</b>	<b>&gt; ₹ 50,000</b>
Fees for <b>professional services</b>	<b>10%</b>	<b>&gt; ₹ 50,000</b>
<b>Royalty</b> in the nature of consideration for sale distribution or exhibition of <b>cinematographic films</b>	<b>2%</b>	<b>&gt; ₹ 30,000</b>
<b>Other royalty</b>	<b>10%</b>	<b>&gt; ₹ 50,000</b>
Payment of <b>Director other than Salary</b>	<b>10%</b>	<b>No threshold</b>
<b>Non-competee fees</b>	<b>10%</b>	<b>&gt; ₹ 50,000</b>
<b>In the case of a payee, engaged only in the business of operation of call centre</b>	<b>2%</b>	<b>&gt; ₹ 50,000</b>

Points

- ~~If Seller has collected tax u/s 206C(1H) before buyer could deduct tax, NO TDS under this section~~

<b>194</b>	<b>Dividend (including dividends on</b>	<b>• Amount or aggregate amount</b>	<b>10%</b>	➤ before making any distribution or payment of
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	preference shares) under Section 2(22)(a) to 2(22)(f).	> ₹ 10,000 in F.Y., in case of dividend paid to an individual shareholder by any mode other than cash • No threshold in other cases		dividend.
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194K	Income on units other than in the nature of capital gains	Amount or aggregate amount > ₹ 10,000 in a F.Y.	10%	➤ At the time of credit of such sum to the account of the payee or at the time of payment, whichever is earlier.
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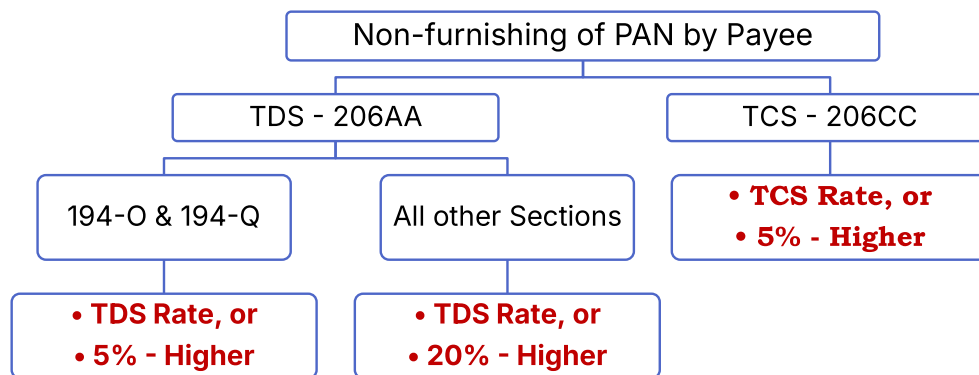
194J	Professional Fees (5 things)	-	-	➤ Paid by Specified Assessee
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Points

<u>Nature of payment</u>	<u>TDS rate</u>	<u>Separate Limit</u>
Fees for <b>technical services</b>	2%	> ₹ 50,000
Fees for <b>professional services</b>	10%	> ₹ 50,000
<b>Royalty</b> in the nature of consideration for sale distribution or exhibition of <b>cinematographic films</b>	2%	> ₹ 30,000
<b>Other royalty</b>	10%	> ₹ 50,000
Payment of <b>Director other than Salary</b>	10%	No threshold
<b>Non-compete fees</b>	10%	> ₹ 50,000
<b>In the case of a payee, engaged only in the business of operation of call centre</b>	2%	> ₹ 50,000

194T	Payments to partners of firms of salary, remuneration, commission, bonus or interest by Firm	> ₹ 20,000	10%	➤ At the time of credit of such sum to the account of the payee or at the time of payment, whichever is earlier.
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1. Section 206AA & Section 206CC



Section 206AB has been omitted

Part 2 TCS

Section	Particulars														
206C(1)	Every person, being a seller ( <b>Specified Person</b> ) shall, <b>at the time of receipt</b> of such <b>amount from the said buyer</b> , <b>collect from the buyer</b> , a sum equal to the following percentage of the purchase price, as income tax:														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Alcoholic liquor for human consumption</td> <td style="text-align: right; padding: 5px;"><b>1%</b></td> </tr> <tr> <td style="padding: 5px;">Tendu leaves</td> <td style="text-align: right; padding: 5px;"><b>5%</b></td> </tr> <tr> <td style="padding: 5px;"><b>Timber or any other forest produce (not being tendu leaves) obtained under a forest lease</b></td> <td style="text-align: right; padding: 5px;"><b>2%</b></td> </tr> <tr> <td style="padding: 5px;">Timber obtained by any mode other than under a forest lease</td> <td style="text-align: right; padding: 5px;"><b>2%</b></td> </tr> <tr> <td style="padding: 5px;"><b>Any other forest produces not being timber or tendu leaves</b></td> <td style="text-align: right; padding: 5px;"><b>2.5%</b></td> </tr> <tr> <td style="padding: 5px;">Scrap</td> <td style="text-align: right; padding: 5px;"><b>1%</b></td> </tr> <tr> <td style="padding: 5px;">Minerals being coal or Lignite or iron ore</td> <td style="text-align: right; padding: 5px;"><b>1%</b></td> </tr> </table>	Alcoholic liquor for human consumption	<b>1%</b>	Tendu leaves	<b>5%</b>	<b>Timber or any other forest produce (not being tendu leaves) obtained under a forest lease</b>	<b>2%</b>	Timber obtained by any mode other than under a forest lease	<b>2%</b>	<b>Any other forest produces not being timber or tendu leaves</b>	<b>2.5%</b>	Scrap	<b>1%</b>	Minerals being coal or Lignite or iron ore	<b>1%</b>
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	Scrap	<b>1%</b>													
	Minerals being coal or Lignite or iron ore	<b>1%</b>													
	<b>If used in manufacturing of other goods or generation of power then no TCS</b>														
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. As per the Indian Forest Act, 1927, forest-produce means															
Whether found in, or brought from, a forest or not	Timber, charcoal, caoutchouc, catechu, wood-oil, resin, natural varnish, bark, lac, mahua flowers, mahua seed, kuth and myrabolams														
When found in, or brought from, a forest, that is	<ul style="list-style-type: none"> <li>• Trees and leaves, flowers and fruits, and all other parts or produce not here-in-before mentioned, of trees</li> <li>• plants not being trees (including grass, creepers, reeds and moss), and all parts or produce of such plants</li> <li>• wild animals and skins, tusks, horns, bones, silk, cocoons, honey and wax,</li> </ul>														

	<p>and all other parts or produce of animals, and</p> <ul style="list-style-type: none"> <li>• peat, surface soil, rock, and minerals (including limestone, laterite, mineral oils, and all products of mines or quarries)</li> </ul>
	<p align="center"><b><u>EXCLUDES, BUYER BEING</u></b></p> <ul style="list-style-type: none"> <li>➤ Public Sector Company,</li> <li>➤ Government or Govt agencies,</li> <li>➤ Any buyer who buys the goods for <b>personal consumption</b></li> </ul>

<b>206C(1F)</b>	<ol style="list-style-type: none"> <li>1. <b>Sale of Motor Vehicle or other notified goods (luxury goods)</b> of value <b>Exceeding ₹ 10 Lakhs (individually).</b></li> <li>2. TCS @ <b>1%</b></li> <li>3. Seller – <b>Specified Person</b></li> <li>4. Buyer – Any Person</li> <li>5. Only <b>applicable on Retail Sale</b> i.e., not applicable on sale by manufacturer to dealer/distributor</li> </ol> <p align="center"><b><u>EXCLUDES, BUYER BEING</u></b></p> <ul style="list-style-type: none"> <li>➤ The Central Government, a State Government, and an embassy, a high commission, legation, commission, consulate and the trade representation of a foreign State and a club, or</li> <li>➤ Public Sector Co. engaged in business of carrying passengers</li> </ul> <p><b>No TCS under this section on sale by manufacturer to dealer</b></p> <p>The following goods of the value exceeding ₹ 10,00,000 have been notified vide Notification No. 36/2025 dated 22-04-2025.</p> <table border="1"> <tr><td>Any wrist watch</td></tr> <tr><td>Any art piece such as antiques, paintings, sculptures</td></tr> <tr><td>Any collectibles such as coins or stamps</td></tr> <tr><td>Any yacht, rowing boat, canoe or helicopter</td></tr> <tr><td>Any pair of sunglasses</td></tr> <tr><td>Any bag such as handbag or purse</td></tr> <tr><td>Any pair of shoes</td></tr> <tr><td>Any sports equipment, e.g., golf kit, ski-wear</td></tr> <tr><td>Any home theatre system</td></tr> <tr><td>Any horse used for racing or polo</td></tr> </table>	Any wrist watch	Any art piece such as antiques, paintings, sculptures	Any collectibles such as coins or stamps	Any yacht, rowing boat, canoe or helicopter	Any pair of sunglasses	Any bag such as handbag or purse	Any pair of shoes	Any sports equipment, e.g., golf kit, ski-wear	Any home theatre system	Any horse used for racing or polo
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<b>206C(1G)</b>	<p>Remittance under LRS of RBI through an authorized dealer or purchase of an overseas tour package</p> <table border="1"> <thead> <tr> <th><u>Particulars</u></th> <th><u>Rate of TCS</u></th> </tr> </thead> <tbody> <tr> <td>Where the amount is for purchase of an <b>overseas tour programme package</b></td> <td><b>5% till ₹ 10 lakhs, 20% thereafter</b></td> </tr> </tbody> </table>	<u>Particulars</u>	<u>Rate of TCS</u>	Where the amount is for purchase of an <b>overseas tour programme package</b>	<b>5% till ₹ 10 lakhs, 20% thereafter</b>
<u>Particulars</u>	<u>Rate of TCS</u>				
Where the amount is for purchase of an <b>overseas tour programme package</b>	<b>5% till ₹ 10 lakhs, 20% thereafter</b>				

	Where the amount is remitted for the purpose of <b>education or medical treatment</b>	<b>5% of the amt or agg. of amts in excess of ₹ 10 lakh (Upto 10 Lacs - No TCS)</b>
	Where the amount is remitted for the purpose <b>other than above</b> (Upto 10 Lacs - No TCS)	<b>20% of the amt or agg. Of amts in excess of ₹ 10 lakh</b>
	Where the amount being remitted out is a loan from any financial institution as defined in <b>u/s 80E</b> , for the purpose of any education	<b>Nil</b>
<b>206C(1H)</b>	<del>1. Sale of Goods other than Export &amp; 206C(1)</del> <del>2. TCS - 0.1% of Sale Consideration exceeding Rs. 50 Lakh</del> <del>3. Seller - Any Person whose last Year T/O is more than 10 Crores</del> <b>If Transaction falls in both 206C(1H) &amp; 194Q - then 194Q will prevail over 206C(1H)</b>	

## CHAPTER 2 - CHARITABLE TRUST

### 1. Procedure for Registration – 12AB

<u>Section 12A(1)(ac)</u>	<u>Case</u>	<u>Time limit for making the application</u>	<u>Time limit for passing order by the PC/ Commissioner [Section 12AB(3)]</u>	<u>Validity Period</u>	<u>Registration granted is applicable from</u>
<b>Clause (i)</b>	Reregistration of the institutions or funds which were <b>already registered under section 12A/section 12AA</b> . prior to 1.4.2021	Within <b>three months from April 1, 2021</b> in Form No. 10A	<b>Order to be passed within 3 months from end of the month</b> when application was made.	Five years [Section 12AB(1)(a)]	A.Y. from which registration was earlier granted [Proviso to section 12A(2)]
<b>10 years where the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed ₹5 crores during each of the 2 PYs preceding the PY in which such application is made.</b>					
<b>Clause (ii)</b>	<b>Renewal</b> of registration for trust/ approval for trust wef 1/10/2024/	at least <b>six months prior to the expiry</b> of the five-year validity in Form No. 10AB.	<b>within 6 months from the end of the month/ quarter wef 1/10/2024</b> in which application	Five years (if approved) [Section 12AB(1)(b)]	A.Y. immediately following the F.Y. in which application is

	institution <b>already registered u/s 12AB or 10(23C)(iv)/(v)/(vi)/(via) and</b> whose period of 5/10 years is due to expire.		was received after satisfying himself about the genuineness of activities and compliance of other laws, as are material for the purpose of	made [Section 12A(2)]
<b>Clause (iii)</b>	<b>Final registration</b> where a trust/institution is <b>provisionally registered u/s 12AB or provisionally approved 10(23C)(iv)/(v)/(vi)/(via)</b>	At least <b>six months prior to the expiry</b> of the provisional registration <b>or provisional approval</b> or within <b>six months of commencement of activities</b> , which is <b>earlier</b> , in Form No. 10AB.	achieving its objects. For this purpose, the PC or C shall call for such documents or information and make inquiries as he thinks necessary. If not satisfied, pass an order in writing rejecting such application and also cancelling its registration after giving opportunity of being heard.	First of the A.Y. for which it was provisionally registered [Proviso to section 12A(2)]
<b>Clause (iv)</b>	To <b>revive inoperative registration</b> of trust/ institution on account of grant of approval u/s 10(23C) or 10(46) as provided in first proviso to section 11(7)	At least <b>six months prior to the commencement of the AY</b> from which the said registration is sought to be made operative in Form No. 10AB.		A.Y. immediately following the F.Y. in which application is made [Section 12A(2)]
<b>Clause (v)</b>	The trust or institution has adopted or undertaken	Within a period of <b>thirty days from the date of</b> the said adoption or		A.Y. immediately following the F.Y. in which

	<b>modifications</b> of the objects which do not conform to the conditions of registration.	<b>modification</b> , in Form No. 10AB			application is made [Section 12A(2)]
<b>10 years where the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed ₹5 crores during each of the 2 PYs preceding the PY in which such application is made.</b>					
<b>Clause (vi)</b>	In any <b>other case (for e.g., first time applications)</b> [See Note below]	At least <b>one month prior to the commencement of the previous year</b> relevant to the assessment year in which the registration is sought in Form No. 10A.	Within <b>one month from the end of the month</b> in which the application is made order to be passed for provisional registration without detailed enquiry.	Three years [Section 12AB(1)(c)]	the A.Y. for which registration is sought in Form 10A, where the application is filed within the stipulated time limit

**2. Incomes of a trust that are not exempt under section 11**

- **The persons referred to in section 13(3) include an**
  - ✓ author or trustee of the trust
  - ✓ **Any person whose total contribution to the trust or institution, during the relevant previous year exceeds ₹ 1 lakh, or in aggregate up to the end of the relevant previous year exceeds ₹ 10 lakh, as the case may be;**
  - ✓ where the author or trustee or person mentioned above is a HUF, a member of the HUF
  - ✓ Any trustee of the trust or the manager of the institution.
  - ✓ Any relative of any such author, founder, **person**, member, trustee or manager
  - ✓ **Any concern in which any of the person [other than (ii)] referred in above has substantial interest**

**CHAPTER 3 – PGBP**

**1. Section 37 – General Deduction**

- W.e.f. 23.4.2025, CG Via NN. 38/2025, notified that any expenditure incurred to settle proceedings initiated in relation to contravention or defaults under the following laws 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
  - the Securities and Exchange Board of India Act, 1992;
  - the Securities Contracts (Regulation) Act, 1956;

- the Depositories Act, 1996;
- the Competition Act, 2002.

**2. Section 43B – Expense allowed on Payment Basis**

1. 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 Enterprises Development Act, 2006 would be allowed as deduction only in that previous year in which such sum is actually paid
  - ✓ Section 15 of the Micro, Small and Medium Enterprises Development Act, 2006 stipulates that buyers must make payments within the date agreed upon in writing. The **agreed-upon date cannot exceed 45 days from the acceptance** or deemed acceptance of the goods or services.
  - ✓ In cases where there is no written agreement, buyers **has to make payments within 15 days** from the acceptance or deemed acceptance of the goods or service.
  - ✓ **Micro Enterprise**
    - Investment in Plant and Machinery or Equipment ≤ ₹ 2.5 crore & Turnover ≤ ₹ 10 crore
  - ✓ **Small Enterprise**
    - Investment in Plant and Machinery or Equipment ≤ ₹ 25 crore & Turnover ≤ ₹ 100 crore [Section 43B(h)]

**CHAPTER 7 – MINIMUM ALTERNATE TAX**

**1. Applicability**

Applicable to all Company, including foreign company having PE or place of business in India.

Company pays - TAX- Higher of

- 1) Normal Provision
- 2) 15% of Book Profit

**IFSC - 9% of Book Profit**  
*(Income of Co. must be in Convertible Foreign Exchange)*

TAX RATE(Normal)	Domestic co.	Foreign co.
T/O of PY 2023 -2024 upto ₹ 400 cr	25%	35%
Otherwise	30%	
<b>Surcharge (SC)</b>		
BP/NTI > 1cr upto 10cr	7%	2%
BP/NTI > 10cr	12%	5%
HEC	4%	4%

**CHAPTER II – CAPITAL GAIN**

**1. Section 45 - Basics**

1. Such Gain is **not Exempt u/s 54 & 10**  
**Capital Asset Includes [Section 2(14)]**
  1. **Property of any kind**
    - Movable, immovable
    - Tangible, intangible
    - Whether or not connected to business
  2. Any **securities held by a FII** which has invested in such securities as per SEBI Regulations

3. An investment fund specified in Explanation 1 (a) to section 115UB which has invested such securities in accordance with the provisions of the regulations made under the SEBI Act, 1992 or under the IFSC Authority Act, 2019;
4. **Rights of Control & management in respect of Indian Co.**
5. Any unit linked insurance policy (**ULIP**) to which exemption u/s 10(10D) does not apply & LIP (Refer ULIP Chapter)

## 2. Exemptions

	54EC
Assessee	Any Assessee
Nature	LTCA
Asset T/f	L&B or both <i>Such asset can also be a depreciable asset – Sec 50</i>
Asset purchased	<b>Bonds of NHAI or RECL or Power Finance Corp. (PFC) or Railway Finance Corp (RFC) Redeemable after 5 yrs., issued on or after 01-04-2018.</b> Bonds, redeemable after 5 years, issued on or after 1.4.2025 by Housing and Urban Development Corporation Limited (HUDCO) and bonds, redeemable after 5 years, issued on or after 9.7.2025 by the Indian Renewable Energy Development Agency (IREDA) are also specified by the Central Government for this purpose,
Time limit	<b>Purchase: Within 6 months from date of transfer</b> Capital Asset converted into stock in trade, <b>6 months shall be reckoned from the date of sale of stock in trade</b>
Exemption	<b>Lower of CG or CNA [Max. 50 Lakh]</b>
T/f New Asset	Should not Transfer/Convert/avail loan/advance on security <b>within 5 yrs. from the date of purchase of bonds</b>
Consequences on Violation	<b>CG exempted earlier shall be taxed in the year of violation</b>

## 1. Long-term capital gains in certain cases [Section 112]

### ❖ Tax Rates

Points	Details
Resident Individuals/HUFs	Tax @ <b>12.5%</b> .
Land/Building – Only for I/HUF (acquired before 23-07-2024)	If LTCG arises from the <b>transfer of land/building (acquired before 23-07-2024)</b> by Resident <b>Individuals/HUFs</b> Tax is the <b>lower of</b> <ul style="list-style-type: none"> <li>• <b>12.5%</b> of gross capital gains (<b>no indexation</b>)</li> <li>• <b>20%</b> of <b>indexed capital gains</b>.</li> </ul> <i>It may be noted that this <b>benefit</b> to a resident individual or HUF is to be <b>given only while computing tax on LTCG under section 112</b> on transfer of land or building or both and <b>not while computing Income under the head "Capital</b></i>

	<i><b>Gains</b></i> ” which would form part of gross total income/total income. Thus, for computing income under the head “Capital Gains” to be included in gross total income, indexation benefit is not to be given even in case of resident individual/HUF transferring land or building or both on or after 23.7.2024 which was acquired before 23.7.2024.
<b>Domestic Companies</b>	Tax @ <b>12.5%</b> .
<b>Non-residents or Foreign Company</b>	Tax @ <b>12.5%</b> .
<b>Other Cases</b>	Tax @ <b>12.5%</b> .
<b>Points</b>	<ul style="list-style-type: none"> <li>• No deduction under Chapter VI-A on LTCG</li> <li>• <b>In case the assessee is paying tax under default tax regime, rebate u/s 87A is not available in respect of tax payable on LTCG taxable u/s 112 or 112A or STCG taxable u/s 111A. However, in case the assessee opts out of the default tax regime, rebate u/s 87A is available in respect of tax payable on LTCG u/s 112 or STCG u/s 111A but not against LTCG u/s 112A</b></li> </ul>

## CHAPTER 12 – TAXATION OF ULIP

### 1. Section 10(10D)

- If any person receives any amount (including bonus allocation) under a **ULIP not eligible for exemption u/s 10(10D)**, then profit/gain on such receipt is taxable under “Capital Gains” and is deemed income of the PY of receipt.
- **Exemption shall also be available under a life insurance policy issued by the International Financial Services Centre insurance office, including the sum allocated by way of bonus on such policy.**

## CHAPTER 13 – TAXATION OF VDA

### 1. Virtual Digital Asset – Section 2(47A)

<u>Clause</u>	<u>Description</u>
(g)	<b>Includes any crypto-asset which is a digital representation of value secured by cryptography or similar technology, even if not specifically listed above - w.e.f. 01-04-2026</b>

## CHAPTER 15 – DIVIDEND

### 1. Exceptions:

The following payments or loan given would **not be deemed as dividend**:

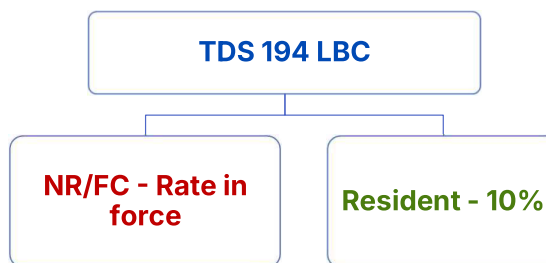
- ❖ Section 2(22)(e) is **Not Applicable** in case of
  - **trade advances** means advance which is in the nature of commercial transaction
  - Any Advance or **Loans given by Company in the ordinary course of its business** of money lending.
  - Where money lending is substantial part of the business
  - Dividend paid is set off against the deemed dividend

- ❖ Any distribution of shares on demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company).
- ❖ Any advance or loan between two group entities, where,-
  - (i) one of the group entity is a "Finance Company" or a "Finance Unit"; and
  - (ii) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf
- Provided that such Finance Company or Finance Unit, is set up as a global or regional
- corporate treasury centre for undertaking treasury activities or treasury services as per the relevant regulations made by the International Financial Services Centres Authority established under section 4 of the said Act;
- "Group entity", "Parent entity" and "Principal entity" shall be such entities which satisfy such conditions as prescribed in this behalf. [Amended by the Finance Act, 2025 w.e.f. 01-04-2025]

## CHAPTER 24 – SECURITISATION TRUST

### 1. Securitisation Trust

S.T is Required to deduct  
When distributing income to UH



## CHAPTER 25 – SETOFF & C/F

### 1. Section 72A(6B) – Carry Forward of Accumulated Loss in Case of Amalgamation / Business Reorganisation

<u>Particulars</u>	<u>Details</u>
<b>Applicable From</b>	Amalgamation or business reorganisation on or after 01-04-2025
<b>Applicable To</b>	(a) Amalgamating Company (b) Firm / Proprietary Concern (c) Private or Unlisted Public Company
<b>Successor Entity</b>	(i) Amalgamated Company (ii) Successor Company (iii) Successor LLP
<b>Nature of Loss Covered</b>	Accumulated loss of predecessor entity
<b>Treatment of Loss</b>	Deemed to be the loss of the successor entity
<b>Carry Forward Period</b>	Balance period out of 8 assessment years, calculated from the year in which loss was first incurred by the original predecessor entity
<b>Meaning of Original Predecessor Entity</b>	Entity in which loss first arose under Section 72A(1), 72A(6) or 72A(6A)

<b>Key Condition</b>	Loss should be of the nature eligible under Section 72 (i.e., business loss, not speculation loss)
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## 2. Section 72AA – Carry Forward of Accumulated Loss & Unabsorbed Depreciation

<u>Particulars</u>	<u>Details</u>
<b>Nature of Reorganisation</b>	Amalgamation of <ul style="list-style-type: none"> <li>• Banking companies</li> <li>• Corresponding new banks</li> <li>• Government companies</li> </ul>
<b>Eligible Amalgamations</b>	<ul style="list-style-type: none"> <li>• Banking company with another banking institution (Sec 45 of Banking Regulation Act)</li> <li>• Corresponding new bank with another corresponding new bank</li> <li>• Government company with another Government company under approved scheme</li> </ul>
<b>Effective From</b>	Applicable where amalgamation is effective on or after 01-04-2025
<b>Loss Covered</b>	Accumulated business loss (excluding speculation loss) and unabsorbed depreciation
<b>Treatment of Loss</b>	Deemed to be the loss of the successor entity
<b>Carry Forward Period</b>	Balance period out of 8 assessment years from the year in which loss was originally incurred by predecessor
<b>Who can carry forward</b>	Successor entity (amalgamated company / bank / government company)
<b>Condition for Carry Forward</b>	Loss must have been eligible for carry forward in the hands of predecessor entity
<b>Meaning of Accumulated Loss</b>	Unabsorbed business loss (excluding speculation loss) of the predecessor entity
<b>Meaning of Unabsorbed Depreciation</b>	Depreciation which could have been carried forward by predecessor entity if amalgamation had not taken place
<b>Original Predecessor Entity</b>	The entity in which the loss first arose before amalgamation
<b>Effect of Amalgamation</b>	Loss and depreciation continue seamlessly in hands of successor as if originally incurred by it

## CHAPTER 29 – TRANSFER PRICING

### 1. Section 92CA – Reference to Transfer Pricing Officer (TPO).

- ❖ No reference shall be made if the assessee has exercised the option u/s 92CA(3B) and such option has been declared valid by the TPO for that transaction.
- ❖ Multi-year ALP Option [Sec 92CA(3B)]
  - Assessee may opt that ALP determined for one year shall apply to two succeeding previous years, subject to conditions and approval by TPO.
  - Option to be exercised in prescribed form & time; TPO to validate option within 1 month.

- c. ALP determined applies to current year + next two years for same transaction. [Section 92CA(4A)]
- d. the Assessing Officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of Section 155(21)
- e. However, the above provisions shall not apply to any proceedings under Chapter XIV-B i.e. Assessment in search cases.

❖ Guidelines for Multi-Year Determination of ALP

- a. CBDT may issue guidelines to remove difficulties in implementing provisions relating to multi-year determination of Arm’s Length Price (ALP) under Sections 92CA(3B) and 92CA(4A).
- b. Such guidelines can be issued only with prior approval of the Central Government.
- c. The power to issue guidelines is available only up to 2 years from 1st April 2026.
- d. Every guideline issued must be laid before both Houses of Parliament for a total period of 30 days (in one or more sessions).
- e. Every guideline issued must be laid before both Houses of Parliament for a total period of 30 days (in one or more sessions).
- f. Any action already taken under such guideline remains valid, even if the guideline is later modified or annulled.

## CHAPTER 31 – SCOPE OF TOTAL INCOME

### 1. Section 9A – certain activities not to constitute business connection

<u>Particulars</u>	<u>Provisions / Conditions</u>
Basic Rule	Fund management activity carried out through an eligible fund manager shall not constitute business connection in India for the eligible investment fund.
Location of Fund Manager	Mere presence of fund manager in India shall not make the fund resident in India.
Eligible Investment Fund – Conditions	<ul style="list-style-type: none"> <li>• Fund must not be resident in India.</li> <li>• Fund must be resident of a country with which India has DTAA or notified country.</li> <li>• Aggregate participation of Indian residents ≤ 5% (checked on 1st April &amp; 1st October of FY).</li> <li>• Contribution by fund manager during first 3 years ≤ ₹ 25 crore (excluded for 5% test).</li> <li>• Where the said aggregate participation or investment in the fund exceeds 5% on the 1st day of April or the 1st day of October of the previous year, the condition mentioned above shall be deemed to be satisfied, if it is satisfied within 4 months of the 1st day of April or the 1st day of October of such previous year, as the case may be.</li> <li>• Minimum 25 investors, none being connected persons.</li> <li>• No investor (with connected persons) to hold &gt;10% interest.</li> </ul>

	<ul style="list-style-type: none"> <li>• Aggregate holding of 10 or fewer persons <math>\leq</math> 50%.</li> <li>• Fund shall not invest more than 20% in a single entity.</li> <li>• Fund shall not invest in its associate entity.</li> <li>• Monthly average of the corpus of the fund shall not be less than ₹ 100 crore.</li> <li>• If the fund has been established in the PY - Minimum corpus ₹100 crore (within 12 months of formation).</li> <li>• Fund shall not carry on any business in India other than through fund manager.</li> <li>• Remuneration to fund manager must be at arm's length.</li> </ul>
Relaxation for Sovereign / Govt Funds	Conditions relating to minimum investors, 10% limit and 50% aggregate holding not applicable to sovereign funds, government funds or notified funds.
Eligible Fund Manager – Conditions	<ol style="list-style-type: none"> <li>1. Not an employee or connected person of fund.</li> <li>2. Registered as fund manager / investment advisor.</li> <li>3. Acts in ordinary course of business.</li> <li>4. Share in profits not exceeding 20%.</li> </ol>
Statement Filing Requirement	Eligible fund must file prescribed statement within 90 days from end of financial year.
Penalty for Non-compliance	Penalty of ₹5,00,000 for failure to furnish statement (no penalty if reasonable cause shown – Sec 273B).
Non-applicability Clause	Section does not exclude income otherwise taxable in India; only removes business connection exposure.
CBDT Powers	CBDT may issue rules/guidelines for implementation.
IFSC Relaxation	Certain conditions of Sec 9A(3) & 9A(4) may be relaxed for eligible funds located in IFSC, if such fund manager is located in an International Financial Services Centre and has commenced its operations on or before 31-03-2030.

## CHAPTER 32 – NON-RESIDENT TAXATION

### 1. Others

<u>Section</u>	<u>Income</u>	<u>Available to</u>
<b>10(4F)</b>	<ul style="list-style-type: none"> <li>• Any income of a non-resident by way of royalty or interest, on account of lease of an aircraft or a ship in a previous year, paid by a unit of an IFSC referred to in section 80LA(1A), <b>if the unit has commenced its operation on or before 31.3.2025.</b></li> <li>• "Aircraft", here, means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof.</li> <li>• "Ship" means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof.</li> </ul>	Non-resident
<b>10(15B)</b>	Any income of a foreign company from lease rentals of cruise ships, received from a specified company which operates ships in India, where	"Specified company" means any company,

	such foreign company and the specified company are subsidiaries of the same holding company, and such income is received or accrues or arises in India for any relevant assessment year beginning on or before the 01-04-2030.	other than a domestic company which operates cruise ships in India and opts to pay tax in accordance with the provisions of section 44BBC
<b>10(23FE)</b>	<p>Dividend, interest, any sum referred to in section 56(2)(xii) or long-term capital gains arising to specified person from an investment made by it in India, whether in the form of debt or share capital or unit, if such investment</p> <p>(i) is made <b>between 1.4.2020 and 31.3.2025</b>;</p> <p>(ii) is held for at least 3 years</p> <p>(iii) is in a business trust, a company/ enterprise/entity in developing/ operating/maintaining an infrastructure facility or</p> <p>(iv) a SEBI Category I or II AIF having not less than 50% investment in one or more of the company or enterprise or entity referred to in (iii) or in (v) or in (vi) or in an Infrastructure Investment Trust or</p> <p>(v) a domestic company, set up and registered on or after 1.4.2021, having minimum 75% investments in one or more of the companies or enterprises or entities referred to in (iii) or (vi)</p> <p>(vi) a NBFC registered as an Infrastructure Finance Company or in an Infrastructure Debt Fund, having minimum 90% lending to one or more of the companies or enterprises or entities.</p> <p><b>LTCC shall include LTCC which is deemed as STCC u/s 50AA.</b></p>	

#### **A specified fund (10(4D))**

- ❖ a **fund established or incorporated in India** in the form of a trust or a company or a LLP or a body corporate –
  - which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulation, 2012, made under the SEBI Act, 1992 or regulated under the IFSC Authority (Fund Management) Regulations, 2022 made under the IFSC Authority Act, 2019;
  - **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;**
  - which is located in any IFSC
  - of which all the units are held by nonresidents other than units held by a sponsor or manager.
  - However, this condition would not apply where any unit holder or holders, being non resident during the previous year when such unit or units were issued, becomes resident u/s 6(1)/(1A) in any previous year subsequent to that year, if the aggregate value and number of the units held by such resident unit holder or holders do not exceed 5% of the total units issued and fulfill such other conditions as may be prescribed;

- ❖ **Investment division** of an offshore banking unit, which has been granted a certificate of registration as a Category-I foreign portfolio investor under the SEBI (FPI) Regulations, 2019 made under the SEBI Act, 1992 and which has commenced its operations **on or before the 31-03-2030**;

**2. Income of Specified Fund or Foreign Institutional Investors from securities or capital gains arising from their transfer [Section 115AD]**

<u>Income</u>	<u>Rate of Tax</u>
Income long-term capital gains arising from the transfer of securities (other than units referred to in Section 115AB)	12.5%

**Presumptive Provisions Applicable to Non Residents**

**Section 44BBD – Special Provision for Computing Profits of Non-Residents (Electronics Manufacturing)**

<u>Particulars</u>	<u>Details</u>
Applicable To	Non-resident engaged in providing services or technology in connection with setting up or manufacturing electronic goods in India
Eligible Recipient	Services/technology provided to a resident company which is: <ul style="list-style-type: none"> <li>• Establishing or operating an electronics manufacturing facility</li> <li>• Covered under a scheme notified by the Central Government (MeitY)</li> </ul>
Nature of Business Covered	Services or technology for manufacturing or producing electronic goods, articles or things in India
Deemed Profit Rate	25% of the aggregate of amounts received or receivable
Amount on which 25% is computed	(a) Amount paid or payable to the non-resident for services or technology (b) Amount received or deemed to be received on behalf of the non-resident
Taxability Basis	Deemed profits taxable under Presumptive Taxation
Non-Applicability of Other Sections	Sections 44DA and 115A shall not apply
Set-off of Losses	Not allowed – No set-off of brought forward loss or unabsorbed depreciation
Effective From	Assessment Year 2026-27 onwards (Inserted by Finance Act, 2025)

**CHAPTER 33 – NON-RESIDENT TDS RATE**

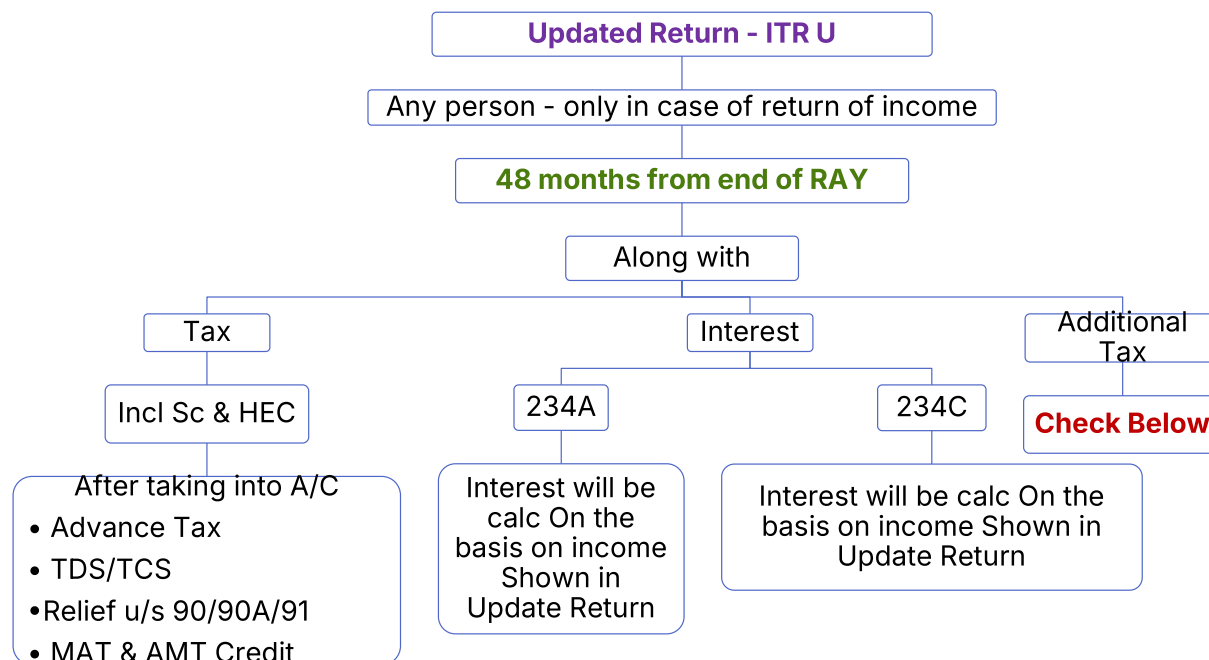
<u>Section</u>	<u>Nature of payment</u>	<u>Rate of TDS</u>
194LBC (2)	Income in respect of investment made in a <b>Securitisation Trust</b> <u>[In case of residents: 10%]</u>	<b>At the rates in force</b>

**CHAPTER 34 - RETURN FILING**

**1. Updated Return of Income [Section 139(8A)]**

No updated return shall be furnished in the following scenarios

- ❖ No updated return shall be furnished by any person where any notice to show-cause u/s 148A has been issued in his case after 36 months from the end of the relevant assessment year.
- ❖ However, the above provision shall not apply where an order is passed u/s 148A(3) determining that it is not a fit case to issue notice u/s 148.



#If the loss or unabsorbed depreciation carried forward is to be reduced for any subsequent previous year as a result of furnishing of updated return of income for a previous year, an updated return is required to be furnished for each such subsequent previous year

**Additional Income-tax payable**

<u>Time of filing Return of Income (ROI)</u>	<u>Additional Income-tax payable</u>
Within 12 months from end of relevant Assessment Year	25% of the aggregate of tax + interest
After 12 months but within 24 months from end of relevant A.Y.	50% of the aggregate of tax + interest
After 24 months but within 36 months from end of relevant A.Y.	60% of the aggregate of tax + interest
After 36 months but within 48 months from end of relevant A.Y.	70% of the aggregate of tax + interest

**CHAPTER 35 – ASSESSMENT PROCEDURES****1. Sec 143(1) - Processing of Returns**

<u>Points</u>	<u>Details</u>
<b>Adjustments to Returned Income</b>	<ul style="list-style-type: none"> <li>Total income or loss is computed after making adjustments to the returned income.</li> <li>❖ <b>Adjustments include.</b> <ul style="list-style-type: none"> <li>Correcting arithmetical errors,</li> <li>Correcting incorrect claims,</li> <li>Disallowance of loss claimed beyond the due date,</li> <li>Disallowance of deduction claimed under section 10AA ROI filled beyond the due date,</li> <li>Disallowance indicated in the audit report but not taken into account in ROI</li> <li><b>any such inconsistency in the return, with respect to the information in the return of any preceding previous year, as may be prescribed</b></li> </ul> </li> </ul>

**CHAPTER 36 – INCOME ESCAPING ASS****1. Section 154 - Rectification**

Section 155 supplements Section 154 and provides for recomputation of income in cases involving Transfer Pricing adjustments.

Where the Transfer Pricing Officer (TPO) determines the arm's length price (ALP) for an international or specified domestic transaction under section 92CA(3), and also accepts the option exercised by the assessee under section 92CA(3B) for two subsequent assessment years, the Assessing Officer (AO) is required to recompute the total income of the assessee for those two years.

Such recomputation must:

- Be in accordance with the ALP determined under section 92CA(4A), and
- Follow the directions of the Dispute Resolution Panel (DRP), if any, under section 144C(5).

Time limit:

- The AO must pass the recomputation order within 3 months from the end of the month in which the original assessment order is passed for that year.
- If the original assessment or intimation under section 143(1) is passed later, the recomputation can be made within 3 months from the end of the month of such order.
- In short, Section 155 enables automatic and time-bound modification of past assessments to align them with transfer pricing determinations made for subsequent years.

**CHAPTER 37 – INCOME TAX AUTHORITIES****1. Points**

- ❖ The books of account and other documents seized during search proceedings cannot be retained by the income-tax authorities beyond a period of 30 days from the end of the quarter in which the assessment, reassessment or recomputation is completed, unless specific conditions are fulfilled.

Such retention beyond the prescribed period is permitted only if the authorised officer records reasons in writing and obtains prior approval from the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner, Commissioner, Principal Director General, Director General, Principal Director or Director, as the case may be. However, even with such approval, the documents cannot be retained beyond 30 days after the completion of all proceedings relating to the relevant assessment years. Further, if the person from whom the books or documents have been seized objects to their continued retention, he may apply to the Board, which, after providing an opportunity of being heard, may pass appropriate orders.

## Block Assessment in Search & Requisition Cases

### 1. Key Definitions [Section 158B]

<u>Term</u>	<u>Definition</u>
<b>Block Period</b>	<ul style="list-style-type: none"> <li>• <b>Period covering 6 previous years preceding the year of search/requisition, plus</b> the period from the <b>start of the financial year of search until the date of last</b> authorization.</li> <li>• <b>Example</b> - Search initiated on 10.12.2024 and concluded on 18.12.2024. Block Period: 6 preceding AYs: 2018-19 to 2023-24. Additional period: 01.04.2024 to 18.12.2024.</li> </ul>
<b>Undisclosed Income</b>	<p><b><u>Includes:</u></b></p> <ul style="list-style-type: none"> <li>• Unreported money, bullion, jewelry, assets, <b>VDA</b> or income.</li> <li>• Incorrectly claimed expenses, exemptions, or deductions.</li> <li>• Income not disclosed for taxation.</li> </ul> <p><b><u>Undisclosed income means income:</u></b></p> <ul style="list-style-type: none"> <li>• Found as a result of search or requisition,</li> <li>• Based on material, documents or evidence found during search,</li> <li>• Which was not recorded in books of accounts or not disclosed to the tax authorities before the date of search.</li> </ul>
<b>Income from International or Specified Domestic Transactions</b>	<p><b><u>Income relating to:</u></b></p> <ul style="list-style-type: none"> <li>• International transactions, or</li> <li>• Specified domestic transactions (covered u/s 92CA),</li> </ul> <p><b><u>shall not be included in undisclosed income if:</u></b></p> <ul style="list-style-type: none"> <li>• It relates to a period falling within the block period, and</li> <li>• Such income is determinable from books maintained before the date of search.</li> </ul> <p><b><u>Such income will be assessed separately under transfer pricing provisions, not under block assessment.</u></b></p>

### 2. Applicability of Block Assessment [Section 158BA]

- ❖ Applicable when:
  - Search initiated under Section **132**.
  - Requisition made under Section **132A**.

on or after 01-09-2024,

- ❖ AO shall proceed to assess or reassess the total **undisclosed income** of the block period and tax on such **total undisclosed income** shall be charged @ **60%**. **[No basic exemption limit or slab benefit allowed.]**
- ❖ Where a search is initiated under section 132 or a requisition is made under section 132A, all pending assessments, reassessments or recomputations relating to any assessment year falling within the block period shall stand abated on the date of initiation of such search or requisition. This includes cases where notices have already been issued but the assessment is not yet completed.
- ❖ Further, if any assessment or reassessment proceedings are pending under any other provision of the Act for those years, such proceedings shall also abate automatically.
- ❖ Additionally, where a reference has been made to the Transfer Pricing Officer under section 92CA or an order has already been passed by the TPO, such proceedings shall also abate upon initiation of search or requisition.
- ❖ Thus, once search proceedings commence, all ongoing assessment-related proceedings for the relevant years cease, and the assessment is thereafter governed exclusively by the special provisions applicable to search cases
- ❖ Where any search **assessment is pending** in the case of an assessee in whose case a **subsequent search is initiated**, or a requisition is made, **such assessment shall be duly completed**, and thereafter, the assessment in respect of such subsequent search or requisition shall and where the **period of completing the assessment in respect of subsequent search is less than 3 months** such period shall be **extended to 3 months from the end of the month** in which the assessment in respect of the earlier search was completed.
- ❖ Where the search was **initiated before but concluded on or after 01-09-2024**, the **assessment shall be done as per the other provisions of this Act**.
- ❖ If **any proceeding initiated** under this Chapter or any order of assessment or reassessment made u/s 158BC(1)(c) has been **annulled in appeal** or any other legal proceeding, then, **the the assessment or reassessment or recomputation or reference or order relating to any assessment year which has abated, shall revive** with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner. **Such revival shall cease to have effect, if such order of annulment is set aside.**
- ❖ The total income (other than undisclosed income) of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made shall be assessed separately in accordance with the other provisions of this Act. Thereby, **only undisclosed income of the block period of six years shall be subject to the provisions of this chapter.**

### 3. Meaning of Total Undisclosed Income (Section 158BB(1))

- ❖ The total undisclosed income of the block period shall be the aggregate of:
  - Undisclosed income disclosed by the assessee in the return filed u/s 158BC &
  - Undisclosed income determined by the Assessing Officer under Section 158BB(2)

### 4. Income NOT to be Included in Block Assessment [Section 158BB(1A)]

- ❖ Income already assessed or assessed earlier prior to the date of search or requisition under:

- Section 143(1), 143(3), 144, 147, 153A, 153C or 158BC(1)(c) 245D(4).
- ❖ Income declared in the return of income filed:
  - u/s 139 or
  - u/s 142(1), before the date of search or requisition.
- ❖ the total income referred to in:
  - Section 115A
  - Section 115G
  - Section 194P
- ❖ Income Not Treated as Undisclosed

<u>Situation</u>	<u>Explanation</u>
<b>Previous year ended but return due date not expired</b>	Income relating to a previous year where the due date for filing return has not expired before the date of search, and such income is recorded in regular books before the date of search.
<b>Part of current year before search</b>	Income relating to the period from 1st April of the relevant year up to the date immediately preceding the date of search/requisition, provided it is recorded in regular books before the search.
<b>Period between search initiation and last authorisation</b>	Income relating to the period from the date of search till the date of execution of the last authorisation, if recorded in regular books maintained in the normal course before such date.

### 5. Manner of Determination of Undisclosed Income(Section 158BB)

- ❖ For firms, income shall be computed before deduction of partner’s salary, interest, commission, etc.
- ❖ For the purpose of determining undisclosed income:
  - Sections 68 (Cash credits), 69, 69A, 69B and 69C shall apply.
  - References to “financial year” in these sections shall be construed as references to the relevant previous year within the block period.
- ❖ Provisions of **Section 92CA (Transfer Pricing)** shall apply for determining undisclosed income.
- ❖ The term “previous year” in section 92CA shall mean the relevant previous year falling within the **block period**, excluding the period referred to in section 158BB(3).
- ❖ The undisclosed income so computed shall be charged to tax **at the rate specified under Section 158BA(7)**, i.e., **60%**, irrespective of the year to which such income relates.
- ❖ **Brought forward business losses or unabsorbed depreciation** from years prior to the block period **cannot be set off** against undisclosed income. However, such losses can be carried forward and set off in future years as per normal provisions.

### 6. Procedure for Assessment of Undisclosed Income [Section 158BC]

<u>Particulars</u>	<u>Provisions / Explanation</u>
<b>Applicability</b>	Applicable where <b>search u/s 132</b> or <b>requisition u/s 132A</b> is initiated on or after <b>01-09-2024</b> .

<b>Issue of Notice</b>	AO shall issue notice to the assessee requiring him to file a <b>return of undisclosed income</b> for the <b>block period</b> .
<b>Time limit to file return</b>	Return to be filed <b>within the period specified in notice</b> , not exceeding <b>60 days</b> .
<b>Nature of Return</b>	Return shall be furnished in prescribed form and verified in prescribed manner.
<b>Return deemed as u/s 139</b>	Such return shall be treated as a return furnished under <b>section 139</b> .
<b>Issue of Notice u/s 143(2)</b>	AO shall issue notice under <b>section 143(2)</b> for scrutiny of the return.
<b>Belated Return</b>	Return filed after the specified time <b>shall not be treated as a valid return</b> under section 139.
<b>No Notice u/s 148</b>	No notice under section <b>148</b> shall be issued for income covered under block assessment.
<b>Extension of Time to File Return</b>	AO may grant <b>one-time extension of up to 30 days</b> if: <ul style="list-style-type: none"> <li>• Due date of return for previous year not expired</li> <li>• Assessee liable to audit u/s 44AB</li> <li>• Accounts not audited till date of notice</li> <li>• Written request made by assessee</li> </ul>
<b>Manner of Assessment</b>	AO shall determine total undisclosed income as per <b>Section 158BB</b> , applying sections <b>142, 143(2), 143(3), 144, 145, 145A, 145B</b> , as applicable.
<b>Assessment Order</b>	AO shall pass an order determining total undisclosed income and tax payable thereon.
<b>Non-applicability of Section 144C</b>	Provisions relating to <b>Draft Assessment Order (DRP)</b> shall <b>not apply</b> .
<b>Treatment of Seized Assets</b>	Assets seized under section 132 or requisitioned under 132A shall be dealt with as per <b>Section 132B</b> .
<b>Non-applicability of 143(1)</b>	<b>Intimation u/s 143(1)</b> shall <b>not apply</b> to returns filed under this section.
<b>Prior Approval Requirement</b>	Before issuing notice, AO must obtain <b>prior approval</b> of <b>Addl. CIT / Joint CIT / Addl. Director / Joint Director</b> , as applicable.

### 7. Time Limits for Block Assessment [Section 158BE]

<i>Particulars</i>	<i>Provision / Time Limit</i>
<b>Applicability</b>	Applies where search is initiated u/s 132 or requisition is made u/s 132A
<b>Normal Time Limit (Assessee)</b>	<b>12 months</b> from the end of the quarter in which the <b>last authorisation for search/requisition</b> is executed
<b>Extended Time (if return time extended u/s 158BC)</b>	<b>13 months</b> from end of quarter in which last authorization was executed
<b>Extension due to Reference to TPO (u/s 92CA)</b>	Additional <b>12 months</b> shall be allowed for completion of assessment

<b>Time Limit – Other Person (Sec 158BD)</b>	12 months (or 13 months if extended) from end of quarter in which <b>notice u/s 158BC</b> is issued to such other person
<b>Extension for Other Person (TPO reference)</b>	Additional <b>12 months</b> if reference made to TPO
<b>Exclusion of Time Period (Not counted in limitation)</b>	<ul style="list-style-type: none"> <li>• 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 certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner</li> <li>• Period of stay by Court</li> <li>• Time taken for reference to foreign authorities u/s 90 / 90A</li> <li>• Period of audit directed u/s 142(2A)</li> <li>• Period of valuation reference u/s 142A</li> <li>• Period for proceedings before Advance Ruling Authority</li> <li>• Period for approval under sections 10(23C), 12AB, etc</li> </ul> <p>If after exclusions, remaining period is <b>less than 60 days</b>, it shall be <b>extended to 60 days</b></p> <p>If limitation expires before end of month, then deemed extended till end of that month</p>

### 8. Assessment for Other Persons [Section 158BD]

<u>Particulars</u>	<u>Explanation</u>
<b>Applicability</b>	Applies where <b>undisclosed income belongs to a person other than the person searched</b> under section 132 or 132A.
<b>Person Covered</b>	The person whose premises were searched → <b>Specified Person</b> The person to whom undisclosed income actually belongs → <b>Other Person</b>
<b>Trigger Point</b>	AO of the searched person is <b>satisfied</b> that undisclosed income belongs to another person.
<b>Transfer of Material</b>	AO of the searched person shall <b>hand over seized material / documents / assets</b> relating to such undisclosed income to the AO having jurisdiction over the <i>other person</i> .
<b>Proceedings against Other Person</b>	The AO having jurisdiction over such other person shall <b>proceed under Section 158BC</b> as if a search was conducted on that person.
<b>Block Period – General Rule</b>	Block period of the <i>other person</i> shall be <b>same as the block period of the specified person</b> .
<b>Multiple Specified Persons</b>	If more than one specified person exists, the block period of the other person shall be <b>the one ending later</b> .
<b>Abatement of Proceedings</b>	For the “other person”, the <b>date of initiation of search</b> shall be deemed to be the <b>date on which the seized material is received</b> by the AO having jurisdiction over such other person.

<b>Applicable Provisions</b>	Entire provisions of <b>Chapter XIV-B</b> (Block Assessment) apply to such other person.
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### 9. Interest and Penalty Provisions [Sections 158BFA, 158BF]

<u>Particulars</u>	<u>Provisions / Explanation</u>
<b>Section 158BF – No Interest / Penalty</b>	No interest under <b>Sections 234A, 234B, 234C</b> and no penalty under <b>Section 270A</b> shall be levied on undisclosed income assessed for the block period.
<b>Section 158BFA(1) – Interest for Delay in Filing Return</b>	If return of undisclosed income is <b>not filed within time</b> specified in notice u/s 158BC(1), interest @ <b>1.5% per month or part thereof</b> shall be payable.
<b>Period for Interest Calculation</b>	From <b>day immediately after expiry of time allowed in notice till date of completion of assessment u/s 158BC(1)</b> .
<b>Base for Interest</b>	Interest is calculated on <b>tax payable on undisclosed income</b> determined u/s 158BC(1).
<b>Penalty – Section 158BFA(2)</b>	AO/CIT(A) may impose <b>penalty equal to 50% of tax</b> payable on undisclosed income determined u/s 158BC(1).
<b>Cases where penalty NOT leviable</b>	Penalty shall NOT be imposed if: <ul style="list-style-type: none"> <li>• Return u/s 158BC is filed</li> <li>• Tax payable is paid (or adjusted against seized assets)</li> <li>• Proof of payment is furnished</li> <li>• No appeal is filed against assessed undisclosed income</li> </ul>
<b>Penalty when assessed income &gt; returned income</b>	Penalty leviable <b>only on the excess undisclosed income</b> over and above income declared in return
<b>Authority to impose penalty</b>	AO / JCIT / DCIT / ACIT – but if penalty exceeds ₹2 lakh, <b>prior approval of JCIT/Addl. CIT</b> required
<b>Time Limit for Penalty Order</b>	<ul style="list-style-type: none"> <li>• If appeal pending then within <b>6 months</b> from end of FY in which appellate order received</li> <li>• In other cases within 6 months from end of FY in which penalty proceedings initiated</li> </ul>
<b>Exclusion of Time for Limitation</b>	<ul style="list-style-type: none"> <li>• Period of stay by Court</li> <li>• Period for rehearing under Sec 129</li> <li>• Time during which stay order was in force</li> </ul>
<b>Extension Rule</b>	If remaining limitation is <b>less than 60 days</b> , it shall be <b>extended to 60 days</b>
<b>Final Provision</b>	Copy of penalty order must be forwarded to AO immediately

### 10. Authority Competent to Make Block Assessment [Section 158BG]

<u>Particulars</u>	<u>Details</u>
<b>Who can pass assessment order?</b>	Assessment of block period shall be made <b>only by an Assessing Officer not below the rank of Deputy Commissioner / Assistant Commissioner / Deputy Director / Assistant Director</b>

<b>Mandatory Approval</b>	<b>Prior</b>	Prior approval of <b>Additional Commissioner / Additional Director / Joint Commissioner / Joint Director</b> is mandatory
<b>Applicable Cases</b>		Applies where search is initiated u/s <b>132</b> or requisition is made u/s <b>132A</b>
<b>Effective Date</b>		Applicable for searches or requisitions initiated <b>on or after 01-09-2024</b>

## CHAPTER 38 – APPEAL & REVISION

### 1. Appeal to ITAT

1. Within two months from the end of the month of Receipt of copy of order - Appeal to Appellate Tribunal [Section 253]

<u>Order passed by</u>	<u>Sections</u>	<u>Details</u>
PCC or CC or PDGIT or DGIT or PDIT or DIT	263	Revision of erroneous order passed by Assessing Officer
	272A	Order imposing penalty for failure to answer questions, sign statements, furnish information returns etc.
	154	Amending any of the orders passed by him
	275(2)	<b>An order of imposing or enhancing penalty u/s 275(2)</b>

### 2. 264- Revision of other order

- ❖ Time to be excluded in both cases
  - Exclusion of time : In computing the period of limitation, the time taken in giving an opportunity to the assessee to be reheard under proviso to section 129 and the period commencing on the date on which stay on any proceeding under this section 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 jurisdictional Principal Commissioner or Commissioner.

## CHAPTER 43 – TONNAGE TAXATION

- ❖ Tonnage taxation is a **presumptive taxation scheme** for qualifying shipping companies operating qualifying ships.
- ❖ **A qualifying ship or inland vessel as the case may be:**
  - Must be a **seagoing vessel or inland vessel as the case may be, with 15 net tonnages or more.**
  - Must be **registered** under the Merchant Shipping Act, 1958 **or an inland vessel registered under the Inland Vessels Act, 2021, as the case may be.**

### 1. Tonnage tax scheme – important additional points

<u>Particulars</u>	<u>Key Provisions / Explanation</u>
<b>Applicability Override</b>	Provisions of Sections 115VA to 115VZC override Sections 28 to 43C
<b>Operating of Ship – Meaning</b>	A company is treated as operating a ship if it operates a ship owned <b>or inland vessel as the case may be</b> or chartered, including slot charter, space charter or joint charter.

<b>When NOT treated as Operator</b>	If ship <b>or inland vessel as the case may be</b> , is chartered out on bareboat charter or bareboat charter-cum-demise for more than 3 years, the company is not regarded as operator.
<b>Bareboat Charter</b>	Hiring of a ship <b>or inland vessel</b> where possession, control and right to appoint master & crew is transferred to charterer.
<b>Bareboat Charter-cum-Demise</b>	A charter where ownership of ship <b>or inland vessel</b> is intended to be transferred to the charterer after a specified period.
<b>Net Tonnage Computation</b>	Net tonnage = Gross tonnage + deemed tonnage (slot charter / space charter / break-bulk arrangements), rounded off to nearest 100 tons.
<b>Joint Operation of Ships (Sec 115VH)</b>	If operated jointly: <ul style="list-style-type: none"> <li>• Where shares are definite then income taxed in proportion.</li> <li>• Where multiple operators exist then each treated as sole operator for tonnage computation.</li> </ul>
<b>MAT Applicability</b>	Book profit or loss from tonnage tax activities is excluded while computing MAT under Section 115JB.
<b>Income from Non-Qualifying Ships</b>	Income from non-qualifying ships is taxable under normal provisions, not under tonnage tax scheme.
<b>Common Expenses (Sec 115VJ)</b>	Common expenses and depreciation to be reasonably apportioned between tonnage and non-tonnage business.
<b>Option for Tonnage Scheme – Time Limit</b>	Application to be made within 3 months from incorporation / eligibility.
<b>Time limit for Order (Amended)</b>	<ul style="list-style-type: none"> <li>• Applications up to 31-03-2025 → Order within 1 month</li> <li>• <b>Applications on or after 01-04-2025 → Order within 3 months</b></li> </ul>
<b>Cessation of Option</b>	Option ceases if: <ul style="list-style-type: none"> <li>• Company ceases to be qualifying company</li> <li>• Default under Sections 115VT / 115VU / 115VV</li> <li>• Excluded under Section 115VZC</li> <li>• Voluntary withdrawal</li> </ul>

## CHAPTER 45 – BASIC CONCEPTS

### 1. **Default tax regime under section 115BAC of the Income-tax Act, 1961:**

**Individual/ Hindu Undivided Family (HUF)/ Association of Persons (AOP)/ Body of Individuals (BOI)/ Artificial Juridical Person** [Other than Income Chargeable at Special Rates e.g. 111A etc.]

❖ **Time Limit to Opt-Out of Default Regime**

<u>Points</u>	<u>Details</u>
<b>For non-business income</b>	Option exercised <b>annually</b> while filing returns (Section 139(1)).
<b>For business/professional income</b>	<ul style="list-style-type: none"> <li>• Once opted out, it applies to all future years.</li> <li>• Can withdraw the option only once.</li> <li>• If business income ceases, annual option applies.</li> </ul>

❖ Tax Rate

Total income (in ₹)	Rate of Tax
Upto ₹ 4,00,000	Nil
4,00,001 to 8,00,000	5%
8,00,001 to 12,00,000	10%
12,00,001 to 16,00,000	15%
16,00,001 to 20,00,000	20%
20,00,001 to 24,00,000	25%
Above 24,00,000	30%

❖ Losses not allowed to be Set Off

- Carried forward losses attributable to any deductions in the table given
- Loss under the head HP with any other head of Income
- ❖ BEL for Senior Citizen and Very Senior Citizen is also 3,00,000 i.e. **Not entitled for Higher BEL**
- ❖ Assessee exercising option u/s 115BAC is **not liable to AMT u/s 115JC**
- ❖ **Rebate 87A To Resident Individual** paying tax under **default tax regime u/s 115BAC**
  - **If total income of such individual does not exceed ₹ 12,00,000, the rebate shall be equal to the amount of income-tax payable on his total income for any assessment year or an amount of ₹ 60,000, whichever is less.**
  - **If total income of such individual exceeds ₹ 12,00,000 and income-tax payable on such total income exceeds (net total income minus ₹ 12,00,000) the rebate would be as follows.**
    - ✓ **Step 1** – Total income (-) ₹ 12 lakhs (A)
    - ✓ **Step 2** - Compute income-tax liability on total income (B)
    - ✓ **Step 3** - If B > A, rebate under section 87A would be a B – A.
    - ✓ The amount of rebate under section 87A shall not exceed the amount of income-tax (as computed before allowing such rebate) on the total income of the assessee.

**1. Company (not opting for the provisions of section 115BAA/115BAB)**

<b>Domestic Company</b>	
Total turnover or gross receipts in the P.Y. 2023-24 ≤ ₹ 400 crore	<b>25%</b>
Other domestic companies	<b>30%</b>
<b>Foreign Company</b>	
<b>35%</b>	
<b>Surcharge</b>	
<b>Domestic Companies</b>	
Total Income > 1 Cr. but ≤ 10 Cr.	<b>7% of Income Tax</b>
Total Income > 10 Cr	<b>12% of Income Tax</b>
<b>Foreign Companies</b>	
Total Income > 1 Cr. but ≤ 10 Cr	<b>2% of Income Tax</b>
Total Income > 10 Cr	<b>5% of Income Tax</b>

**CHAPTER 46 – PENALTIES & PROSECUTION****Penalties**

<b>Section</b>	<b>Nature of default</b>	<b>Quantum of Penalty</b>
<b>271C</b>	<b>TDS</b> Failure to – <ul style="list-style-type: none"> <li>• Deduct the whole or any part of TDS</li> <li>• Pay Tax as required <ul style="list-style-type: none"> <li>✓ u/s 194B (Second Proviso)</li> <li>✓ the first proviso to section 194R</li> <li>✓ the proviso to section 194S</li> <li>✓ as per section 194BA(2)</li> </ul> </li> </ul>	<b>Amount of tax which such person failed to deduct or pay.</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]
<b>271CA</b>	<b>TCS</b> Failure to collect tax at source	<b>Amount of tax which such person failed to collect.</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]
<b>271H</b>	<b>TDS/TCS Return</b> (i) Failure to deliver or cause to be delivered a statement within the time prescribed in <b>Section 200(3)</b> or the proviso to <b>Section 206C(3)</b>  (ii) Furnishes incorrect information in the statement which is required to be delivered or cause to be delivered under section 200(3) or the proviso to Section 206C(3).	<b>₹10,000 to ₹ 1,00,000</b> [No penalty shall be levied for such failure if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered the statement referred to in Section 200(3) or the proviso to section 206C(3) before the expiry of a period of one year ( <b>w.e.f. 1.4.2025, one month</b> ) from the time prescribed for delivering or causing to be delivered such statement.]
<b>271D</b>	Loan or deposit or specified sum taken or accepted in accepted in contravention of the provisions of <b>Section 269SS</b> .	<b>Amount of the loan or deposit</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]
<b>271DA</b>	If a person receives any sum in contravention of the provisions of <b>Section 269ST</b>	<b>A sum equal to the amount of such receipt.</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]

271DB	Failure to comply with the provisions of <b>Section 269SU</b>	<b>Penalty of ₹ 5,000 per day of continuing default.</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]
271E	Loan or deposit or specified advance referred to in <b>Section 269T</b> repaid otherwise than in accordance with the provisions of that section .	<b>Amount of the loan or deposit or specified advance so repaid.</b> [Penalty on or after the 01-04-2025 shall be imposed by the Assessing Officer.]

### 1. Immunity from Imposition of Penalty and Prosecution [Section 270AA]

- Immunity will **not be granted** if penalty proceedings under Section 270A are **due to misreporting of income.**
- **AO must pass an order within 3 months from the end of the month in which the application is received.**

### 2. Section 275 – Time Limit for Imposition of Penalty

<u>Situation / Case</u>	<u>Time Limit for Passing Penalty Order</u>
Where assessment order is NOT subject to appeal	Within 6 months from the end of the quarter in which the proceedings for imposition of penalty are completed
Where assessment order is subject to revision u/s 263 or 264	Within 6 months from the end of the quarter in which the revision order is passed
Where assessment order is appealable before CIT(A)	Within 6 months from the end of the quarter in which the order of CIT(A) is received by PCIT/CIT
Where assessment order is appealable before ITAT	Within 6 months from the end of the quarter in which the order of ITAT is received by PCIT/CIT
Revision of penalty order	Penalty may be imposed / enhanced / reduced / cancelled in consequence of appellate or revision order, within prescribed time limit
Opportunity of being heard	Mandatory before imposing or enhancing any penalty
Exclusion of time while computing limitation	(a) Period during which proceedings are stayed by court (b) Time taken for rehearing u/s 129
Applicability	Applies to all penalties under the Income-tax Act

### Prosecution

<u>Section</u>	<u>Nature of offences</u>	<u>Prosecution</u>
276BB	Failure to <b>pay tax collected at source</b> However, the provisions of this section shall not	<b>Rigorous imprisonment for a term which shall not be less than 3 months but</b>

<p>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 section 206C(3) in respect of such payment.</p>	<p>which may extend to 7 years and fine.</p>
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## CHAPTER 48 – MISCELLANEOUS CHAPTER

### **Section 285BAA – Obligation to Furnish Information on Crypto-Asset Transactions**

<u>Particulars</u>	<u>Provisions</u>
<b>Applicability</b>	Applicable to specified persons dealing in crypto-asset transactions
<b>Reporting Person</b>	Any reporting entity as may be prescribed under the Act
<b>Nature of Information</b>	Details of transactions relating to crypto-assets
<b>Form &amp; Manner</b>	To be furnished in prescribed form, manner, and time to the prescribed income-tax authority
<b>Defective Statement</b>	If statement is found defective, intimation will be issued to rectify defects
<b>Time to Rectify Defect</b>	30 days from date of intimation (extendable at discretion of authority)
<b>Failure to Rectify</b>	Statement shall be treated as inaccurate information
<b>Failure to Furnish Statement</b>	If statement not furnished, authority may issue notice requiring furnishing within 30 days
<b>Correction of Inaccurate Information</b>	If any inaccuracy is discovered later, the reporting entity must inform and correct the same within 10 days
<b>Rule-making Power</b>	Central Government may prescribe – <ul style="list-style-type: none"> <li>• Persons required to report</li> <li>• Nature &amp; manner of information</li> <li>• Due diligence procedures for identifying crypto-asset users</li> </ul>
<b>Effective Date</b>	Applicable from 01-04-2026 (Inserted by Finance Act, 2025)

## CHAPTER 49 – DEDUCTION

### **Deductions in respect of certain payments**

<u>Section</u>	<u>Eligible Assessee</u>	<u>Eligible Payments</u>	<u>Permissible Deduction</u>
<b>80CCD</b>	<b>Individuals employed by the Central Govt or any other employer; Any other individual</b>	An individual employed by the Central Government on or after 1.1.2004 or any other employer or any other assessee, being an individual, who has paid or deposited any amount in his account under a <b>notified pension</b>	<b>Employee's Contribution/ Individual Contribution</b> In case of a <b>salaried individual</b> , deduction of own contribution u/s 80CCD(1) is restricted to <b>10% of his salary</b> .

	<p>assessee.</p>	<p><b>scheme [to his individual pension account [Tier I A/c] under National Pension Scheme &amp; Atal Pension Yojana]</b></p>	<p>In any <b>other case</b>, deduction u/s 80CCD(1) is restricted to <b>20% of gross total income</b>.  <b>Further, additional deduction of upto ₹ 50,000 is available u/s 80CCD(1B).</b>  <b>[Deduction u/s 80CCD(1) and 80CCD(1B) would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</b></p>
			<p><b><u>Employer's Contribution</u></b>                  The entire employer's contribution would be included in the salary of the employee. The deduction of employer's contribution under section 80CCD(2) would be restricted to 14% of salary, where the employer is the Central Government or State Government; and 10%, in case of any other employer <b>(14% under default tax regime)</b>,  <b>[Deduction u/s 80CCD(2) would be available irrespective of the tax regime]</b></p>
		<p><b>Amount paid or deposited in the minor's account under the pension scheme by parents or guardian</b></p>	<p><b><i>In case of amount paid or deposited in minor's account, the deduction is available under section 80CCD(1B). However, the aggregate deduction under section 80CCD(1B) cannot exceed ₹50,000.</i></b></p>

Note - As per section 80CCE, **maximum permissible deduction U/S 80C, 80CCC & 80CCD(1) is ₹ 1,50,000**. However, the limit ₹ 1.50 lakh under section 80CCE does not apply to deduction under section 80CCD(2) and 80CCD(1B).

<p><b>80-IAC</b></p>	<p><b>A business carried out by an eligible start-up engaged in</b></p>	<p>The company or LLP is incorporated during the period 1.4.2016 - <b>31.3.2030</b></p>	<p>3 consecutive AYs out of 10 years beginning from the year in which</p>	<p>100% of the profits and gains derived</p>
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<p>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>company or LLP, incorporated.</p>	<p>from such business.</p>
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### **Section 10(12BA)**

Amount withdrawn by a parent/guardian from minor's NPS A/c is exempt up to 25% of the total contributions made by the parent/guardian.