

**CA/CMA INTER  
MAY/JUNE/SEPT/DEC26 AND JAN 27**

# **DIRECT TAX AMENDMENTS**



**CA VIJAY SARDA**

**Dear Students,**

**1. WHO MUST DO THIS AMENDMENTS?**

1. Those Who are shifting from Dec 25 or Jan 26 to May/June 26 & Onwards
2. Who has taken our Regular Batch for May 26 & Onwards [ While Most of the amendment are covered already, few has been added.]
3. Who has taken our EO Fast Track [ While Most of the amendment are covered already few has been added]

**2. DO WE NEED TO LEARN ANY OTHER THING APART FROM THIS ?**

Yes , Judicial Updates which shall be uploaded separately.

**3. ARE THESE AMENEMENTS ALSO COVERED IN CHART REVISIONS UPLOADING ON YT?**

Yes, Statutory and Judicial Updates if any, will be uploaded separately on our YT .

**4. WHAT ALL AMENDMENT I HAVE TO LEARN**

1. Amendment by Finance Act 2025
2. Amendment by Taxation amendment Act 2025
3. Notifcations 6m before exams
4. Circularsr 6m before exams
5. Judicial updates applicable for relevant attempt.

**5. IF I WISH TO PRACTISE SUMS AS WELL**

1. Suggestion : Go for Exam oriented Fast Trak
2. You can practise from our latest MRP and Chart Book

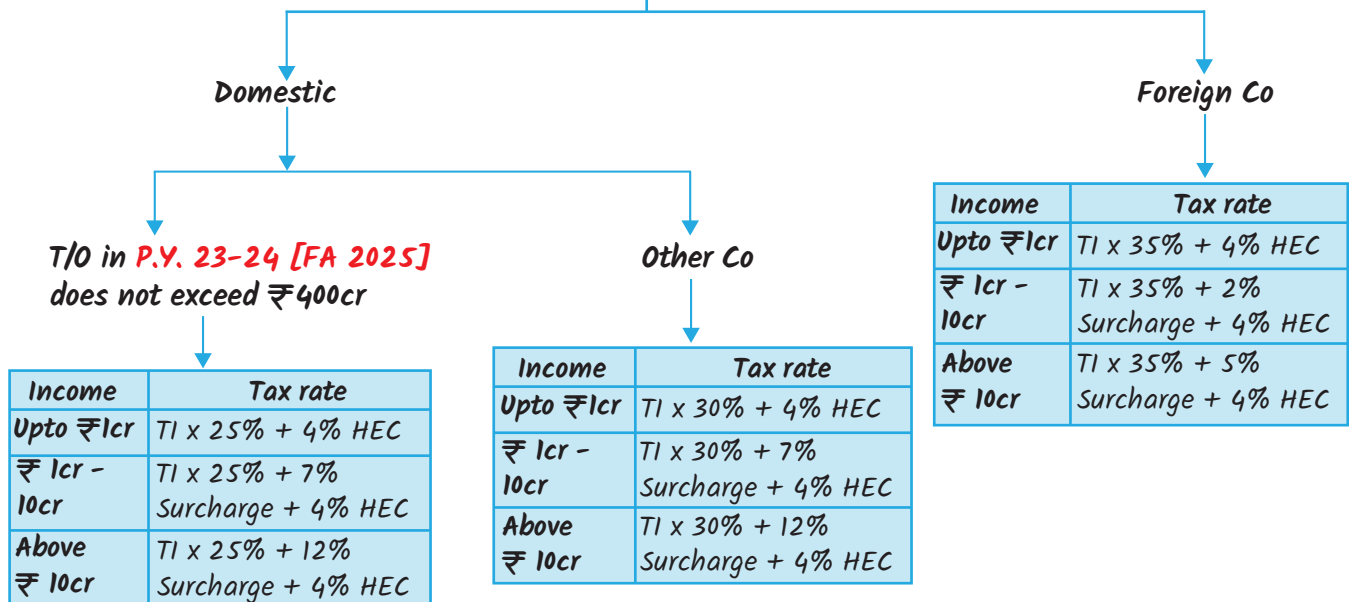
**THANK YOU**

**CA VIJAY SARDA**

# Basics of Income Tax

## Tax rate for Companies

### General Rates for Companies



## Sec 115BAC Tax Incentive for Individual & HUF

1. Applicable to : Individual/HUF/AOP/BOI/AJP. (Resident/Non Resident)

2. Tax Rate : Sec 115BAC(1A) [FA 2025]

Total Income	Rate (%)	Shortcut(₹)
Upto ₹4,00,000	Nil	-
₹ 4L to 8L	5%	20,000
₹ 8L to 12L	10%	60,000
₹ 12L to 16L	15%	1,20,000
₹ 16L to 20L	20%	2,00,000
₹ 20L to 24L	25%	3,00,000
Above ₹ 24L	30%	-

1. Surcharge : As may be applicable

2. HEC : 4%.

3. Special Income : Taxable at special rate (12.50% / 20%) as the case may be)

4. These rates are applicable to normal & senior citizens

3. Rebate u/s 87A :

a) Assessee is **Individual**.

b) He is **Resident** in India.

c) Whose total income (From All Heads after Deduction) (Normal + Special excluding Agriculture Income and Exempt Income) does not exceed ₹12 lakh.

Rebate = ₹60,000 or 100% of tax payable, whichever is lower.

# From AY 2026-27, Rebate u/s 87A is not available on tax on incomes chargeable at special rates under any provision (e.g Tax on capital gains u/s 111A, 112, 112A, tax on lottery winnings u/s 115BB etc.) [FA 2025]

#

4. Marginal relief incase of income slightly exceed ₹ 12L : Rebate u/s 87A is subject to marginal relief, if net income exceed ₹ 12 Lakhs, Income tax on such income cannot exceed the amount by which net income exceed ₹ 12 lakhs.

Eg 1 : Total Income ₹ 11,92,000

Solution :

Particulars	Tax rate	₹
Upto First ₹ 4,00,000	-	NIL
Next ₹4,00,000 - 8,00,000	5%	20,000
Bal ₹8,00,000 - 11,92,000	10%	39,200
Total tax		59,200
(-) Rebate u/s 87A		(59,200)
Tax		NIL

Eg 2 : Total Income ₹ 12,20,000 with marginal relief

Solution :

Particulars	Tax rate	₹
Upto First ₹4,00,000	-	NIL
Next ₹4,00,000 - 8,00,000	5%	20,000
Next ₹8,00,000 - 12,00,000	10%	40,000
Bal 20,000	15%	3,000
Total tax		63,000
<b>Marginal Relief :</b>		
= (Tax on ₹ 12 lakh) + (TI - ₹ 12 lakh)		
= Nil + 20,000		
= 20,000 (+ HEC @ 4%)		
= 20,800		
i.e Tax cannot exceed ₹20,800		

Eg 3 : Total Income ₹ 12,30,000 with marginal relief

Solution :

Particulars	Tax rate	₹
Upto First ₹4,00,000	-	NIL
Next ₹4,00,000 - 8,00,000	5%	20,000
Next ₹ 8,00,000 - 12,00,000	10%	40,000
Bal ₹ 30,000	15%	4,500
Total tax		64,500
<b>Marginal Relief :</b>		
= (Tax on ₹12 lakh) + (TI - ₹12 lakh)		
= Nil + 30,000		
= 30,000 (+ HEC @ 4%)		
= 31,200		
i.e Tax cannot exceed ₹31,200		

### 5. Income Chargeable at Special rate :

Income	Rates
STCG referred to in sec 111A (Securities)	20%
LTCG referred to in sec 112	12.50%
LTCG u/s 112A Beyond 1.25 Lakh	12.5%
Casual income (e.g. Lottery, Horse winnings, etc.)(Sec 115BB)	30%
MMR	39% [30% + 25% + 4%]

### 6. Surcharge : I / HUF/ AOP/ BOI/ AJP as :

Sr No.	Income	u/s 111A,112,112A, Dividend Income	Other
1.	TI [including Income u/s 111A,112,112A & dividend income does not Exceed ₹50L]	Nil	Nil
2.	TI [including Income u/s 111A,112,112A & dividend income exceed ₹50L but does not exceed ₹1cr]	10%	10%
3.	TI [including Income u/s 111A,112,112A & dividend income exceed ₹1cr but does not exceed ₹2cr]	15%	15%
4.	TI [excluding Income u/s 111A,112,112A & dividend income exceed ₹2cr but does not exceed ₹5cr]	15%	25%
5.	TI [excluding Income u/s 111A,112,112A & dividend income exceed ₹5cr]	15%	25%
6.	TI [including Income u/s 111A,112,112A & dividend income exceed ₹2cr but not covered by situation 4 & 5]	15%	15%

## 7. Rounding off :

<b>Sec 288A</b>	Round off of Total Income	R/o to nearest multiple of ₹10
<b>Sec 288B</b>	Round off of Total Tax	R/o to nearest multiple of ₹10

If the last figure in that Amount is five or more, the amount shall be increased to the next higher amount which is a multiple of ten and if the last Figure is less than five, the amount shall be reduced to next lower amount which is a multiple of Ten.

## Tax Rate for AOP/BOI

### Old scheme

Particulars	Rate of Income Tax
	A.Y. 2025-26
Up to ₹2,50,000	-
₹ 2,50,001 - ₹5,00,000	5%
₹ 5,00,001 - ₹10,00,000	20%
Above ₹ 10,00,000	30%

### Default Scheme IISBAC(IA) [FA 2025]

Net Income Range	Tax rate
Upto ₹ 4,00,000	Nil
From ₹ 4,00,001 to ₹ 8,00,000	5%
From ₹ 8,00,001 to ₹ 12,00,000	10%
From ₹ 12,00,001 to ₹ 16,00,000	15%
From ₹ 16,00,001 to ₹ 20,00,000	20%
From ₹ 20,00,000 to ₹ 24,00,000	25%
Above ₹ 24,00,000	30%

### Surcharge

If AOP consist only company as member

1. Income upto ₹50L : No Surcharge
2. ₹50L - 1cr : 10%
3. Above ₹1cr : 15%

Other AOP/BOI

As applicable to Individual

# Income from salary

## 1. Amendment in Definition of Specified Employee - Notification No. 133/2025

1. Director
2. Employee having Substantial Interest [20% of voting Right]
3. Employee earning aggregate salary of ~~₹50,000~~ ₹ 4,00,000 in a FY  
(Following Perquisite will be impacted : Car, Personal servant, Gas, Electricity, Educational facility)

## 2. Medical Facility - Notification No. 133/2025

The perquisite in respect of medical facility is generally taxable only in case of 'Specified Employees'. Where however, bills are issued in the name of the employee & the employer makes payment there of, then it is a perquisite taxable in the hands of all employees.

In India	Exempt	1. Treatment in Hospital Maintained by Employer 2. Government Hospital 3. Approved Hospital 4. Any health Insurance/Group Insurance
	Taxable	Reimbursement in Private Hospital is Fully Taxable



Outside India	Medical Treatment	Exempt upto an amount specified by RBI	
	Stay Abroad	Exempt upto an amount specified by RBI	
	Travel	Gross total Income upto ₹2L ₹ 8,00,000	Nil
Gross total Income beyond ₹2L ₹ 8,00,000		Total taxable	

# Income from house property

## Sec 23(2) Self occupied property

Assessee can treat any 2 Houses a SOP & Annual value of such two Houses shall be taken as Nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. [Earlier exemption was available only if the house was vacant because of the reason of employment]

# Capital Gains

## 1. Rebate u/s 87A - in Sec 115BAC

Rebate u/s 87A is not available on tax on incomes chargeable at special rates (E.g. STCG u/s 111A, LTCG u/s 112, 112A) if, Assessee opted for 115BAC. [FA 2025]

## 2. Sec 2(14) Capital Assets

Capital asset includes ULIP to which exemption under 10(10D) does not apply:  
Conditions u/s 10(10D):

Any unit linked insurance Policy (From AY 26-27) :

- > Single Policy Premium Exceed ₹ 2.5L p.a.
- > Where aggregate premium for more than 1 ULIP exceed ₹ 2.5L p.a.
- > Where Premium exceed 10% of Sum Assured.

## 3. Sec 50AA Computation of capital gains in case of market linked debenture

1. Where a unit of a Specified Mutual Fund acquired and transfer on or after 1/4/2023.
2. Market Linked Debenture transfer after 1/4/23, irrespective of date of acquisition.
3. Unlisted bond which is transferred or redeemed or matured on or after 23/7/24. (Irrespective of date of acquisition)
4. Unlisted debenture which is transferred or redeemed or matures on or after 23/7/2024. (Irrespective of date of acquisition)

**Specified Mutual Funds Means :**

- a) A Mutual Fund which invests more than 65% of its total proceeds in debt or money market instruments; or
- b) A fund which invests 65% or more of its total proceeds in debt/money market instrument.  
# Provided that the % of investment shall be computed with reference to the annual average of the daily closing Figure.

**Debt and Money Market instrument :** It includes any securities classified or regulated as debt or money market instrument

## 4. Cost Inflation Index

For FY 2025-2026 CII is 376.

## 5. Sec 45(1B) Taxation of ULIP

Any other ULIP where exemption is not available not because premium exceed 2.5L, but because of premium exceed 10% of sum assured - Now will be Treated as Capital Assets Hence capital gains shall be computed under 111A or 112A specifically

Upto (AY 25-26) - Taxable u/s 45(1) In case of LTCG tax to be computed u/s 112 (Indexation Benefit was available, if transaction takes place prior to 23/7/2024.

W.e.f. (AY 26-27) taxable u/s 45(1B) tax to be calculated u/s 111A or 112A. Hence no Indexation. Further owing to this there is amendment in 111A/ 112A also.

# Income from other sources

## 1. Sec 2(22)(e) Loans or Advances by Closely held Company

*Following will not be treated as deemed dividend:*

1. Loan Granted in ordinary course of business
2. Dividend paid is set off against deemed dividend
3. If loan & advance is received from an Entity where :
  - > 1 of the group entity is a finance company or a finance unit operating in IFSC setup as global or regional corporate treasury centre for undertaking treasury activities or treasury services.
  - > The parent entity or principal entity of such a group is listed on stock exchange in a foreign country (other than a country/ territory outside India as may specified by CBDT)

## 2. Sec 10(10D) Amount received under LIP

Amount received under LIP/ULIP on maturity (where the premium exceed 2.5 lakh /5 Lakh ) shall be exempt if LIP/ULIP is issued by the IFSC insurance office.

# Deduction

## Sec 80CCD Contribution to Pension Funds

<p><b>Sec 80CCD(1) Employee Contribution</b></p>	<p>The assessee is an Individual, who is :</p> <p>a) Employed by CG/SG or any other employer; or b) Any self employed person.</p> <p>The assessee has, during the previous year, paid or deposited any amount in his account under a pension scheme notified :</p> <p>&gt; Central Government or State Govt/Employer/Assessee. &gt; Atal Pension Yojna is also Eligible.</p> <p><b>Deduction :</b></p> <p>&gt; CG/SG/Employer/Employee : 10% of salary &gt; Any other individual : 20% of Gross Total Income</p>	
<p><b>Sec 80CCD(1B) Employee Contribution</b></p>	<p>Additional deduction for amount deposited in Notified pension scheme upto ₹50,000 shall be allowed other than contribution covered u/s 80CCD(1).</p> <p><b>NPS Vatsalya Account :</b> Deduction shall also be allowed to Parent/ Guardian's income in respect of amount paid or deposited in the account of any minor under the NPS Vatsalya account. [But subject to a maximum of ₹50,000 overall as mandated under this section] [FA 2025]</p> <p>Eg : Assessee contribution ₹1,40,000 towards NPS &amp; GTI is ₹5,60,000 in this case deduction shall be 20% of GTI = ₹1,12,000 u/s 80CCD(1) Balance deduction = ₹28,000 u/s 80CCD(1B)</p>	
<p><b>Sec 80CCD(2) ER's contribution [Allowed even if opted for default scheme u/s IISBAC]</b></p>	<p>Contribution by the CG/SG to NPS A/c of its employees</p> <p>Contribution by any other employer to NPS a/c of its employees :</p> <p>&gt; If assessee is paying tax as per Old tax regime</p> <p>&gt; If assessee is paying tax as per default regime u/s IISBAC(1A)</p>	<p>14% of salary</p> <p>10% of salary</p> <p>14% of salary</p>
<p><b>Sec 80CCD(3A) The Taxation law Amendment Act, 2025</b></p>	<p>The Unified Pension Scheme (UPS) Has been introduced as an option under the National Pension System (NPS) by the Central Government for the Central Government employees covered under NPS so that they may receive an assured payout after their retirement.</p> <p>It is a 'fund-based' payout system which relies on the regular and timely accumulation and investment of applicable contributions (from both the employee and the employer (the Central Government) for grant of monthly payout to the retiree.</p> <p>Section 80CCD(3A) provides that the amount standing to the credit of the assessee, being a subscriber to the UPS, in his account (for which deduction has already been claimed by him under this section) and accretions to such account, received by the assessee or his nominee, in whole or in part in any previous year on account of his superannuation or voluntary retirement or retirement under Rule 56(j) of the Fundamental Rules (not treated as penalty shall be deemed to be the income of the his nominee and taxed in the year in which such amount is received.</p> <p>However, the assessee shall be deemed not to have received any amount in the previous year if such amount is transferred to the pool corpus from individual corpus on account of his superannuation, voluntary retirement or retirement. [Section 80CCD(6)].</p>	

**Exemption on payment from NPS Trust to an assessee, being a subscriber to the UPS, at the time of his superannuation or voluntary retirement or retirement [Section 10(12AA)]**

Any payments from the NPS Trust to an assessee, being a subscriber to the UPS, at the time of superannuation, voluntary retirement or retirement, to the extent it does not exceed 60% of the individual's corpus, shall be exempt from income tax.

**Exemption on lumpsum amount received by an assessee, being a subscriber to the UPS [Sec 12AB]**

Any lump sum amount received by any assessee being a subscriber to the Unified Pension Scheme shall Exempt.

A lump sum payment will be allowed on superannuation at the rate of 10% of monthly emoluments (Basic Pay + Dearness Allowance) for every completed 6 months of qualifying service.

## Sec 80IAC Eligible Startups

**Eligible start-up" means a company or a LLP engaged in eligible business & following conditions, namely :**

- a) It should be incorporated on or after the 01.04.2016 but before the ~~01.04.2025~~ 2030
- b) The total turnover does not exceed ₹100 cr in the PY relevant to the AY for which deduction under sub-sec(1) is claimed; &
- c) It holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the CG.

# Tax Deducted & Collected at Source

## Sec 206AB TDS to be Deducted at higher rate for non-filer of ROI

# The provision of this sec has been omitted by FA 2025.

## Sec-200(3) TDS Revised Return

Filing a revised TDS/TCS return :

A TDS return can be revised for :

- Rectification of any mistake; or
- To add, delete or update info in return already filed w.e.f 1.4.2025, TDS return can be revised within 6yrs from the end of FY in which the original return was filed.

## Penalty u/s 271H

For Non Furnishing TDS/TCS return shall be between 10,000 - 1,00,000 as levied by JGH AO no penalty shall be Levied u/s 271H if return is furnished within 1m (prior to 1/4/25 it was 1 yr) of the prescribed due date after payment of tax + Int + Fees. (after 1yr both Int + Fees Apply).

## Sec 200 Consequences of Non deduction of TDS

- AO can pass the order treating assessee as AID within 6yrs from the end of relevant FY or 2yrs from the end of FY in which rectified TDS return is delivered - whichever is later.
- Penalty u/s 271C :** To be levied by JGH AO (AO shall take prior approval of JC before passing penalty order where penalty amount exceed 10,000)

## Sec 200A Processing of TDS & other statements

The Board may make a scheme for processing of statements made by any other person, not being a deductor. [w.e.f. 1/4/2025]

## Sec 194B / BB TDS on Casual Income & Horse Race Winning

TDS to be deducted if the amount is exceeding ₹10,000 p.a. in a single transaction.

## Sec 194D/194G/194H TDS on Commission

TDS in case of insurance commission/ lottery selling commission/ other commission if exceed ₹5,000 p.a- 20,000 p.a. TDS shall be @ ~~5%~~ @ 2%.

TDS rate on Insurance Commission is 10% if receiver is domestic company.

## Sec 194/194K TDS on Dividend

TDS in case of Dividend paid by domestic company or UTI/Mutual fund if exceed ₹5,000 p.a. 10,000 p.a.

## Sec 194I TDS on Rent

If Rent paid exceed ~~2,40,000 p.a.~~ 50,000 p.m. or part there off, TDS shall be applicable @ 2% for rent of Plant & Machinery & 10% in case of other asset.

## Sec 194J TDS on Fees for professional/ Technical Services

If Payment of Professional/ Technical fees exceeds ~~₹30,000~~ ₹50,000 p.a.  
Director fees - is subject to TDS without any limit.

## Sec 194A TDS on Interest other than on securities

TDS is deductible if interest payable other than securities:

For Others : If payment exceeds ~~₹5,000~~ ₹10,000

For Bank/ PO/ co-operative society : If payment exceeds ~~₹40,000~~ ₹50,000 however for senior citizen if payment exceed ~~₹50,000~~ ₹1,00,000 [FA 2025]

## Sec 194Q TDS for purchase of goods

TDS will be deducted in 194Q and No TCS will be collected u/s 206C(1H), because 206(1H) has been removed.

## Sec 194IB TDS on Rent by certain Individuals/HUF

TDS in case of Rent paid by Individual or HUF if exceed 50,000 p.m or part thereof TDS shall be ~~@ 5%~~ @ 2%

## Sec 194DA TDS on Maturity Proceeds of LIP incl Bonus

TDS in case of Maturity Proceeds of LIP is 1 lakh or more TDS shall be ~~@ 5%~~ @ 2%.

## Sec 194M TDS on Payment by individuals/HUF (Personal Payments)

TDS in case of Personal Payments not covered u/s 194C/194J/194H TDS shall be ~~@ 5%~~ @ 2%.

## Sec 206CCA TCS from Non Filers of ITR

This section is deleted from [FA 2025]

## Sec 194M TDS on Payment by individuals/HUF (Personal Payments)

TDS in case of Personal Payments not covered u/s 194C/194J/194H TDS shall be ~~@ 5%~~ @ 2%.

## Sec 193 TDS on Interest on Securities

No TDS if aggregate amount of Interest does not exceed 10,000 .

## Sec 194LA TDS on Compulsory Acquisition

No TDS if aggregate amount of compensation exceed ~~240000 p.a.~~ 500000.

## Sec 194T TDS on payment to Partner

If Amount paid by Firm to Partner in the nature of Remuneration , Interest , Bonus or Commission in aggregate exceed 20000 p.a. TDS @ 10% .

## Sec 206C(1) TDS on certain Goods

In case Timber obtain from forest or Timber obtain from other than forest or any other forest produce (Not being Tendu Leaves) - TCS shall be ~~@ 2.5%~~ @ 2%

1. Forest Produce means :

a) Whether found in, or brought from a forest or not:

Timber, charcoal, caoutchouc, catechu, wood-oil, resin, natural varnish, bark, lac, mahua flowers, mahua seeds, [kuth] and myrabolams,

b) Whether found in, or brought from a forest that is :

i) Trees and leaves, flowers and fruits and all other parts or produce not herein before mentioned, of trees;

ii) Plants not being trees (including grass, creepers, reeds and moss), & all parts or produce of such plants;

iii) produce of animals; and Wild animals and skin, tusks, horns, bones, silk, cocoons, honey & wax, & all other parts or Produce of animals; and

iv) Peat, surface soil, raw, rock and minerals (including limestone, laterite, mineral oils and all products of mine or quarries).

2. Forest produce traders : To provide relief to traders of forest produce, only such other forest produce (not being timber or tendu leaves) which is obtained under a forest lease, will be covered under TCS, Traders of other forest produce will not be subject to TCS

## Sec 206C(1C) TDS on Parking lot, toll plaza or mine or quarry

TCS @ of 2%

**Note:** Mining and quarrying exclude mining quarrying of mineral oil. Mineral oil includes petroleum and natural gas thus, Mining and quarrying exclude mining and quarrying of natural gas.

## Sec 206C(1F) TDS on Motor vehicle and other notified goods

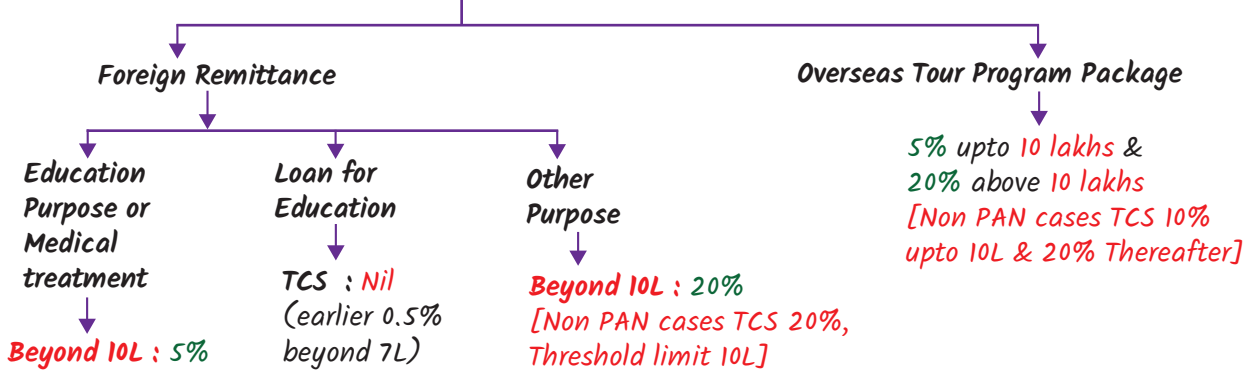
TCS @ of 1% if value of motor vehicle and other notified goods exceed 10 lakh.

Notification no. 36/2025 :

Sr No.	Nature of Goods
1.	Any Wrist watch
2.	Any art piece such as antiques, painting, sculpture
3.	Any collectibles such as coin, stamp
4.	Any yacht, rowing boat, canoe, helicopter
5.	Any pair of sunglasses
6.	Any bag such as handbag, purse
7.	Any pair of shoes
8.	Any sportswear and equipment such as golf kit, ski-wear
9.	Any home theatre system
10.	Any horse for horse racing in race clubs and horse for polo

## Sec 206C(1G) TCS on Foreign Remittance & Foreign Tour packages

Sec 206C(1G) TCS on Foreign Remittance & Foreign Tour package [FA 2025] :



## Sec 271CA Penalty for failure to Collect TCS

Penalty = 100% of the sum which he failed to collect shall be levied by JCH AO .

## Sec 206CCA TCS in case of Non-filers

Sec Deleted.

# Return of Income

## Sec 139(8A) Updated Return

**1. Time-limit :** Updated return can be submitted at any time within 24 48 months from the end of the relevant AY [FA 2025]. For instance, updated return for the AY 2025-26 can be submitted on or before March 31, 2030.

## Sec 140B How to calculate tax on updated return

# Computation of additional Tax - The additional tax payable shall be calculated as follows :

If updated return is furnished before completion of 12 m from the end of the relevant AY.	25% of aggregate of tax (+SC + HEC) and interest as computed.
If updated return is furnished after the expiry of 12 m but before completion of 24 m from the end of the relevant AY	25% of aggregate of tax (+SC + HEC) and interest as computed.
<b>W.e.f 1/04/2025 :</b> If updated return is furnished after the expiry of 24m but before completion of 36m from the end of Relevant AY. [FA 2025]	60% [FA 2025] of aggregate of tax (+SC + HEC) and interest as computed.
<b>W.e.f 1/04/2025 :</b> If updated return is furnished after the expiry of 36m but before completion of 48m from the end of Relevant AY. [FA 2025]	70% [FA 2025] of aggregate of tax (+SC + HEC) and interest as computed

**Note:** Updated return cannot be filled after 36m if show cause notice u/s 148A is issue to the assessee. However, if the AO subsequently passes an order that it is not a fit case for reopening then the assessee can file updated return upto 48M.

## Non Linkage of PAN and Aadhar -Cir 9/2025

If PAN not linked to Aadhar till 1.07.2023 there were 3 consequences:

1. No refund will be issued
2. No Interest on refund will be issued
3. TDS & TCS will be deducted @ higher rate - In order to provide relief

- A. IF Amount is paid or credited between 1-4-25 to 31-7-25 & PAN + Aadhar is linked to aadhar (Max till 30.9.25) no TDS & TCs shall be deducted at higher Rate (Just Apply Normal rates )
- B. w.e.f. 1/8/25 Pan become inoperative within 2m of transaction & normal rate after 2 months