

**CA/CMA FINAL  
MAY/JUNE/SEPT/DEC 26 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

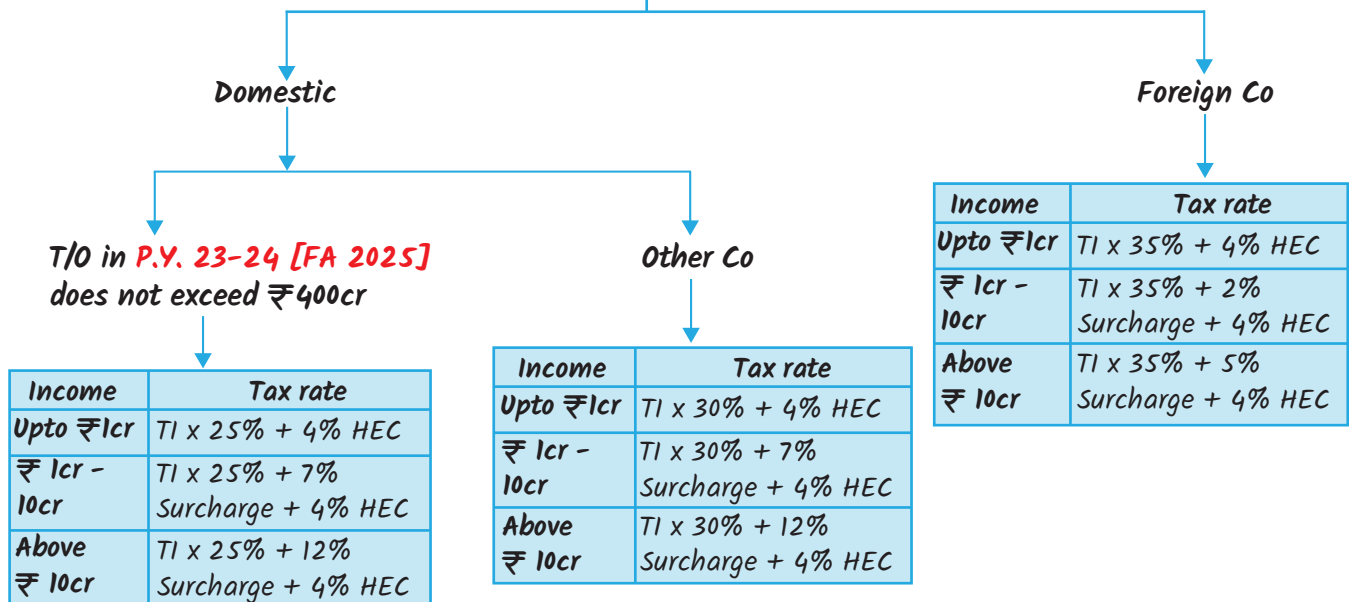
**THANK YOU**

**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

# 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)</b><br/>Employee Contribution</p>   | <p>The assessee is an Individual, who is :</p> <p>a) Employed by CG/SG or any other employer; or<br/>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.<br/>&gt; Atal Pension Yojna is also Eligible.</p> <p><b>Deduction :</b></p> <p>&gt; CG/SG/Employer/Employee : 10% of salary<br/>&gt; Any other individual : 20% of Gross Total Income</p>  |  |
| <p><b>Sec 80CCD(1B)</b><br/>Employee Contribution</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)<br/>Balance deduction = ₹28,000 u/s 80CCD(1B)</p>  |  |
| <p><b>Sec 80CCD(2)</b><br/>ER's contribution<br/>[Allowed even if opted for default scheme u/s 115BAC]</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<br/>&gt; If assessee is paying tax as per default regime u/s 115BAC(1A)</p>  | <p>14% of salary</p> <p>10% of salary</p> <p>14% of salary</p> |
| <p><b>Sec 80CCD(3A)</b><br/>The Taxation law Amendment Act, 2025</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 :

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

## Sec 80LA Offshore Banking Unit

|   |   |
|---|---|
| <b>Assessee</b>                                 | 1. Scheduled bank having an offshore banking unit in SEZ.<br>2. Foreign bank having an offshore banking unit in SEZ.<br>3. Unit of an International Financial Services Centre.  |
| <b>Eligible income Qualifying for Deduction</b> | 1. Income from Off-shore Banking Unit in SEZ<br><b>2. Income from Banking Business</b> : An Undertaking located in SEZ or any other undertaking which develops, operates and or maintains a SEZ.<br>3. Income from any unit of the IFSC from its business for which it has been approved for setting up in such a centre of SEZ.<br>4. Income arising from the transfer of an asset, being an aircraft or a helicopter or an engine of an aircraft or a helicopter, or any part thereof, which was leased by <u>a unit of an IFSC</u> , subject to the condition that the unit has commenced operation on or before the <b>31.03.2030. [w.e.f. 1/04/2025]</b> |
| <b>Deduction</b>                                | For Sch. Bank/Foreign Bank having offshore unit :<br>a) 100% for first 5 AY<br>b) <del>50% for next 5 AY</del> <b>w.e.f AY 2023-24, such deduction of 50% available for next 5 consecutive assesment years has been enhanced to 100% of such income.</b><br>For Unit of IFSC : 100% for any 10 out of 15 consecutive AYs at option of assessee  |

# 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 |

# 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

# Assesment Procedure

## Sec 143(1) Summary Assessment

While processing the return following adjustment can also be done.  
Any such inconsistency in the return w.r.t information in the return of any PPY as may be prescribed.

# Search & Seizure

## Sec 158B Definition of Block period

Definition of undisclosed income now includes “virtual digital asset” apart from Money, Bullion, Jewellery, Other valuable articles and expenditure or income based on entry in the books of accounts, documents or transaction.

## Sec 158BA Assessment of Total undisclosed Income

Earlier, it was assessment of total income of block period. Now, it is assessment of total **undisclosed income** of block period.

## Sec 158BB Computation of total undisclosed income of block period

Computation of total undisclosed income redefined as follows:

|   |     |
|---|-----|
| Undisclosed income declared by the assessee in the return furnished u/s 158BC                             | XXX |
| Undisclosed income determined by the A.O. on the basis of evidence or information available with the A.O. | XXX |
| Total Undisclosed Income of the Block Period  | XXX |

Following incomes are **excluded** in the above computation:

- 1) Income **already assessed** before the search
- 2) Income **already declared** in the return filed before the search
- 3) Income properly\* computed by the assessee and **recorded** in the books of accounts in respect of:

- PY for which due date of filing the return has not expired before the search
- Period from 1st April up to the date of initiation of search
- Period from the date of initiation of search up to the last authorisation date.

- 4) Income of NR for which filing of **return is not required** and **pension income** in respect of which tax u/s 194P is deducted and filing of **return is not required**.

Losses and unabsorbed depreciation brought forward from the year preceding the block period shall not be set off against the undisclosed income determined in the block assessment.

However, they can be carried forward for the remaining period after the block period, as per the applicable provisions of the Act.

\* if not properly computed then AO will recompute.

## Sec 158BC Procedure for Block Assessment

After the search is conducted, the A.O. shall issue a notice to the assessee requiring him to furnish the **return of undisclosed income** for the block period within the time specified in such notice (**maximum 60 days** can be specified).

### New provision:

An additional period of **30 days** may be granted for filing the return if all the following **4 conditions** are satisfied:

- i) The **search** must be initiated **before the due date** for filing the return of the immediately PPY.
- ii) The assessee is **liable to get his accounts audited** u/s 44AB for that previous year.
- iii) The accounts for that previous year have **not been audited** as of the date of issuing the notice u/s 158BC.
- iv) The assessee **requests in writing** for an extension of time to furnish the return in order to get the accounts audited.

## Sec 158BD Assessment of 'Other Person'

**Block period of "other person"** is defined:

If there is **only one searched person** relevant to the other person then the block period for such other person shall be the same as that of the **searched person**.

If there are **more than one searched persons** relevant to the other person, the block period for such other person shall be the same as that of the **searched person whose block period ends on the latest date** among all such searched persons.

## Sec 158BE Time limit for block Assessment

Block assessment should be completed i.e. the order u/s 158BC should be passed within **12\*** months from the **end of the quarter** in which search is completed (i.e. the date on which last search authorization is executed).

**\*13 months**, if the time allowed for filing the return u/s 158BC is extended by 30 days.

## Sec 132 Search and seizure

The time limit for retaining the seize BOA is now **1 month** from the end of the quarter in which the order of assessment or reassessment is passed.

## Sec 158BI Chapter not to apply in certain circumstances

Removed by FA 2025.

# Appeals

## Sec 246/246A Appeals to CIT (Appeals)/JC Appeal

Appeal can be filled to CIT(A)/ JC(A) for Penalty order including order u/s 275(2).

# The order of Imposing enhancing or reducing penalty as introduced by FA 2025.

# Revision

## Sec 263 Revision by CIT

1. CIT shall pass order within 2 yrs from the end of FY in which order was passed. [While counting the period of 2 yrs the period for which stay order passed by the court (From the date of stay order to the date on which certified copy of vacating the stay is received) shall be excluded] [FA 25]

## Sec 264 Other Revision

Limit to pass order :

Own Motion within 1 year  
from date of Order

Application by Assessee within 1 year from end  
of FY in which application was made by Assessee

While counting the period of 2 years the period for which stay order passed by the court (From the date of stay order to the date on which certified copy of vacating the stay is received) shall be excluded. [FA 2025]

# Exemptions

| Section  | Particulars   | Who are entitled to | Condition |
|----------|---|---------------------|-----------|
| 10(12BA) | Any payment from the NPS Trust to an assessee (being the parent or guardian of a minor) under NPS on partial withdrawal made out of the account of the minor under NPS Vatsalya scheme shall be exempt to the extent it does not exceed 25% of the amount of contributions made by such guardian. [FA 2025] | Parent or guardian  |           |

# Amalgamation

## Sec 72A C/f & setoff of losses & unabsorbed depreciation in amalgamation

**Amendment [FA 2025] :** [Earlier Fresh period of 8 years was given]

If Amalgamation / Conversion takes places on or after 01.04.2025 Business Loss cannot be C/f for more than 8 Years from the Immediately succeeding AY for which the loss was first computed for Amalgamating / Predecessor Entity. [This is not applicable to Demerger & Inheritance]

## Sec 72AA C/f & set off scheme of Amalgamation in certain cases

**Amendment [FA 2025] :** [Earlier Fresh period of 8 years was given]

If Amalgamation takes places on or after 01.04.2025 Business Loss cannot be C/f for more than 8 Years from the Immediately succeeding AY for which the loss was first computed for Amalgamating / Predecessor Entity. [This is not applicable to Demerger & Inheritance]

# Securitization Trust

## Summary

**Sec 11STCA :** All income from ST is taxable in the same proportion as it is Earned by ST.

If ST do not distribute or credit to the investor still it shall be deemed as income to investor.

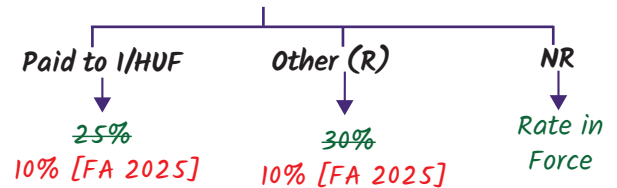
Unit Holder



> **Sec 10(23DA) :** Any income of ST from activity of Securitization is Exempt

> Provide Statement to UH by 30 June every year

> Deduct TDS u/s 194LBC



## Sec 194LBC TDS by securitization trust

**Sec 194LBC(1) :** Where any income is payable to an investor, the person responsible for making the payment shall at the time of credit or at the time of payment whichever is earlier deduct TDS as under :

- Payee is Resident Individual & HUF @ 25% 10% [FA 2025]
- Payee is resident Other Person @ 30% 10% [FA 2025]
- Payee is NR/FC @ rate in force.

# Public Charitable & Religious Trust

## Sec 12AB Registration

1. If a trust or institution applies for registration, and its total income (before exemption u/s 11 & 12) is ₹5 cr or less in each of the two years before the year of application, then the approval it gets will last 10 years instead of 5 years.
2. In cancellation of registration, point of application not complete is removed – now only false/incorrect information in application will lead to cancellation.

**Explanation :** An incomplete application for the registration of trust or institution will not be regarded as of “Specified violation”, nor will it serve as grounds for the cancellation of registration. [FA 2025]

## Sec 13(3) Specified Person

For the purposes of section 13 the following are specified persons :

- a) The author of the trust or the founder of the institution;
- b) Any person whose total contribution to the trust during the relevant PY exceeds ₹ 1 lakh, or in aggregate upto the end of the relevant PY exceeds ₹ 10 Lakh [FA 2025]
- c) Where such author, founder or person is a HUF, a member of the family;
- cca) Any trustee of the trust or manager (by whatever name called) of institution;
- d) Relatives of the aforesaid substantial contributor shall not be included as persons specified in this section
- e) Any concern in which any substantial contributor has a substantial interest, shall not be included as person specified in this section [FA 2025]

# Penalties

## Sec 270AA Immunity from imposition of penalty & prosecution

**Sec 270AA(4) :** The AO shall pass an order accepting/rejecting the application for immunity within ~~1 month~~ 3 months [FA 2025] from the end of the month in which such application is received. (OOBH is must)

## Penalty u/s 271C/CA/D/DA/DB/E

Earlier, these penalties were imposed by Joint commissioner. Now, it shall be imposed by an A.O [Refer Misc. Provisions from Concise].

## Sec 276BB Non- Deposit of TCS

Prosecution of Min. 3 m to Max 7 yrs if not deposited till the due date of filing TCS return

# Virtual Digital Transaction

## Sec 2(47A) Meaning of VDA

"Virtual digital asset" means :

1. Any information or code or number or token (Not being Indian currency or foreign currency), generated through cryptographic means or otherwise, and can be transferred, stored or traded electronically.
2. A non-fungible token (NFT) or any other token of similar nature.
3. Any other digital asset, as the CG may notify.
4. Any Crypto-asset being a digital transaction of value that relies on cryptographically secured distributed ledger or a similar technology to validate & secure transaction whether or not such asset is included in any of the above. [FA 2025]

## Sec 285BAA Reporting of Crypto Assets

New section requiring reporting of transactions in crypto assets. This is similar to section 285BA. Section 285BA is for reporting of financial transactions and section 285BAA is for reporting of transactions in cryptocurrencies.

## Equalization Levy

The Provisions of Equalization levy are not Applicable.

# Tonnage Taxation

## Operating Ship Sec 115VB

The tonnage tax scheme, which currently applies only to ocean going ships, will also apply to inland vessels registered under Inland Vessels Act, 2021 (like those used on rivers and canals).

## Time limit to pass order

Order granting or refusing the approval of the option for tonnage tax scheme was required to be passed within 1 month from the end of the month in which the application was received. Now, for applications received on or after 1/4/2025, order shall be passed within 3 months from the end of the quarter in which such application was received.

# International Tax

## Non resident Taxation

### Sec 9(1) Income from Business Connection

*Activities of NR in India which are confined to purchase of goods in India for Purchase of export shall not constitute Significance economic presence of such NR in India.*

### Sec 9A Presence of Eligible Fund Manager in India not to constitute Business Connection (BC) in India

#### Sec 9A(3) Conditions to be fulfilled by an Eligible Investment Fund :

1. *The aggregate participation or investment in the fund by persons resident in India does not exceed 5% of the corpus of the fund as on 1st april and 1st oct of PY . However for the purpose of calculation of aggregate participation or investment in the fund any contibution made by the eligible fund manager during the 1st 3 years of opertion of the fund not exceeding rs. 25 cr will not be taken into account*

*further if the aggregate [participation or investment in the fund exceeds 5% as on 1<sup>st</sup> april and 1<sup>st</sup> oct of PY the condition mentioned above will be deemed to be satisfied if the fund reduces its aggregate participation or investment to 5% or less within 4 months from 1<sup>st</sup> april or 1<sup>st</sup> oct of such PY as the case may be [Only direct participation or investment by persons resident in India will be considered for determining the 5% ceiling.] [Word Indirect participation Removed]*

2. *The validity for this section has now been extended to 31/03/2030.*

### Sec 10(23FE) Exemption of Dividend, Interest or LTCG of specified person from Investment in India

1. *The validity for this section has now been extended to 31/03/2030.*

2. *As per this section, interest/dividend/LTCG earned by Sovereign wealth fund of foreign Govt. by investing in infrastructure business of India is exempt. As per the amendment, LTCG for this purpose shall also include LTCG which is deemed as STCG u/s 50AA.*

## Exempt Income to NR

| Sec      | Particulars  | Exemption & Condition   |
|----------|--|---|
| 10[4E]   | Any income accrued as a result of :<br>i) Transfer of non-deliverable forward contracts or offshore derivative instruments or over the counter derivatives; or<br>ii) Distribution of income on offshore derivative instruments or over the counter derivatives entered into with offshore Banking unit of IFSC or Foreign Portfolio Investor being unit of IFSC [FA 2025]   | Income exempt to Non Resident   |
| 10[4F]   | Royalty or Interest on account of lease of an aircraft or ship in a PY, paid by a unit of an IFSC u/s 80LA(1A), if the unit has commenced its operations on or before 31.03.2030. [FA 2025]  | Exemption to Non resident   |
| 10[4H]   | CG arising from transfer of equity shares of domestic co. (Unit of an IFSC) engaged primarily in the business of lease of an aircraft which has commenced operations upto 31/03/30 [FA 2025]. Provided that this clause shall apply for CG from transfer of equity shares of such domestic Co. in a PY relevant to AY falling within the :<br>a) Period of 10 AY's beginning with AY relevant to the PY in which the domestic company has commenced operations; or | Non Residents or Unit of IFSC engaged in the business of leasing of Aircraft/ ship leasing [FA 2025]<br><b>Notes :</b><br>1. 'Ship' for this purpose means a ship or an ocean vessel, engine of a ship or ocean vessel or any part thereof. [FA 2025]<br>2. 'Aircraft' means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof. |
| 10 [34B] | Dividend from a Co. being unit of IFSC primarily engaged in the business of leasing of Aircraft.   | Unit of IFSC engaged in the business of leasing of an aircraft/ ship leasing. [FA 2025]   |

## Sec 115AD Income of FII

| Type of income  | Rate of tax            |
|---|------------------------|
| a) Income in respect of securities (other than units u/s 115AB) received by a Specified Fund / FII as specified by GOVT | FII - 20%,<br>SF - 10% |
| b) STCG other than on shares  | 30%                    |
| c) STCG u/s 111A  | 20% (w.e.f 23/7/24)    |
| d) LTCG u/s 112A (exceeding ₹1,25,000 lakh)   | 12.50% (w.e.f 23/7/24) |
| e) LTCG other than u/s 112A   | 10%                    |
| f) Other Income of Specified Fund/FII (Other than specified above)  | Normal rate            |

### Notes :

- Only the Portion of Income that arise in India is Taxable.
- Where the specified fund is investment division of an offshore banking unit (OBU) (which has commenced his operation on or before 31.03.25), this sec shall apply to the extent of income that is attributable to the investment division of such OBU & such Income shall be calculated in such manner as prescribed (Not yet Prescribed).
- Where the total income of a "Specified fund" [As referred to sec 10(4D)] includes any income in respect of securities [as given u/s 115AD(1)(A)], the rate of surcharge & HEC is Nil. [FA 25]

## **Sec 44BBD Presumptive Income of NR engaged in Services or Technology in India**

*In case of a NR, engaged in the business of providing services or technology in India: -  
for setting up an electronics manufacturing facility or for manufacturing electronic goods in India,*

*Taxable PGBP = 25% of the Gross Receipts from such services/technology*

- 1. if such services/technology is provided to a resident company which is establishing or operating electronics manufacturing facility or*
- 2. A connected facility for manufacturing electronic goods in India, under a scheme notified by the CG in the Ministry of Electronics and Information Technology; and*
- 3. The resident company satisfies the conditions prescribed in this behalf.*

*Note:*

- A. The provisions of section 44DA or section 115A shall not apply in respect of the amounts referred to in this section.*
- B. No set off of unabsorbed depreciation or brought forward loss shall be available*

# Transfer Pricing

## Sec 92CA Reference is made to TPO

### **Sec 92CA(3B): Same ALP for Next 2 years :**

ALP determined for International transaction or specified domestic transaction for any PY shall apply to similar transactions for the 2 consecutive years immediately following such PY if following conditions are satisfied :

- a) The assessee exercises in such form & manner & within such time as prescribe, an option for the said 2 consecutive PY;
- b) TPO shall, within 1 month from the end of the month in which such option are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed.

### **Imp Notes :**

1. The provisions of this sub-section shall not apply in case of Search & seizure.
2. For such 2 PY, No reference for computation of ALP shall be made.
3. **However** if any reference is made in such scenario , before or after the above declaration by TPO it shall be assumed that no reference is made for such transaction.

### **Sec 92CA(4A) : AO's responsibility upon receiving Order :** Upon receiving the

TPO's order the Ao shall compute the total income of the assessee for such consecutive PY's.

Further Sec 155 has been amended to Provide Ao shall amend the order assessment or intimation

1. In conformity with the ALP so determined by the TPO u/s 92CA(4A) in respect of such transactions.

2. Tacking into account the directions issued u/s 144C(5) if any for such PY.

# Such re computation shall be done within 3 months from the end of the months in which the Assessment is completed in the case of the assessee for such PY.

### **Sec 92CA(11) : Power to remove difficulties :** If any difficulty arises the Board

may, with the previous approval of CG issue guidelines for the purpose of removing such difficulty, but no such guideline shall be made after the expiration of 2 years from the 1st April, 2026.

[FA 2025]