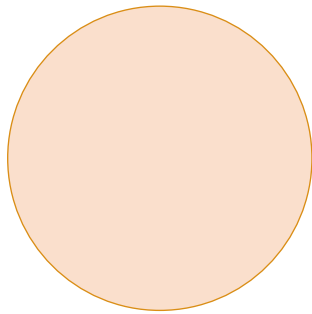


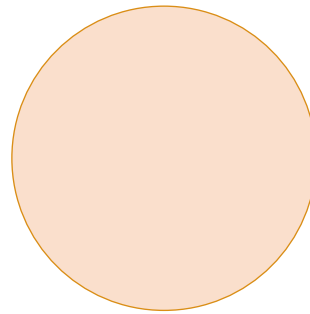
OVERVIEW OF INCOME TAX ACT 2025

CA SUBODH V. SHAH

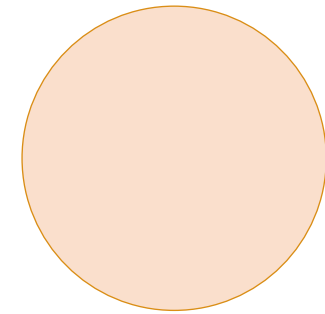
PRINCIPAL OBJECTIVES



Textual and structural simplification for improved clarity and coherence.



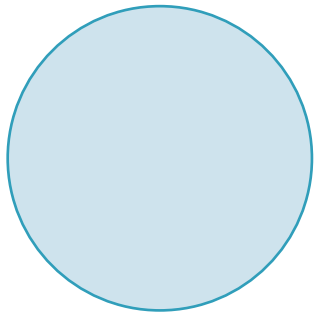
No major tax policy changes to ensure continuity and certainty.



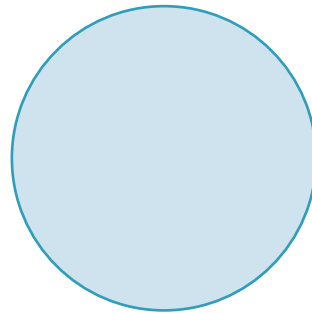
No modifications of tax rates, preserving predictability for taxpayers.



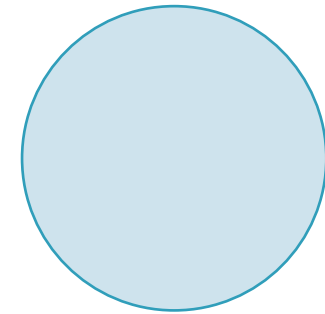
APPROACH



Eliminating intricate language to enhance readability.



Removing redundant and repetitive provisions for better navigation.



Reorganizing sections logically to facilitate ease of reference.



VOLUME REDUCTION

Item	Income Tax Act 1961	Income Tax Act 2025
Words	5,12,535	2,59,676
Chapters	47	23
Sections	819	536
Tables	18	57
Formulae	6	46
Schedules	14	16

WHY ?????

Confusion Hi Confusion Hai Solution Kuch Pata Nahi
Solution Jo Mila To Sala Question Kya Tha Pata Nahi



CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
I	PRELIMINARY	1-3
II	BASIS OF CHARGE	4-10
III	INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME	11-12
IV	COMPUTATION OF TOTAL INCOME	13-95
	A: HEADS OF INCOME	13-14
	B: SALARIES	15-19
	C: INCOME FROM HOUSE PROPERTY	20-25
	D: PROFITS AND GAINS OF BUSINESS / PROFESSION	26-66
	E: CAPITAL GAINS	67-91
	F: INCOME FROM OTHER SOURCES	92-95

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
V	INCOME OF OTHER PERSONS INCLUDED IN TOTAL INCOME OF ASSESSEE	96-100
VI	AGGREGATION OF INCOME	101-107
VII	SET OFF OR CARRY FORWARD OF LOSSES	108-121
VIII	DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME	122-154
	A: GENERAL	122
	B: DEDUCTIONS IN RESPECT OF CERTAIN PAYMENTS	123-137
	C: DEDUCTIONS IN RESPECT OF CERTAIN INCOMES	138-152
	D: DEDUCTIONS IN RESPECT OF OTHER INCOMES	153
	E: OTHER DEDUCTIONS	154

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
IX	A: REBATES	155-158
	B: DOUBLE TAXATION RELIEF	159-160
X	SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX (TP)	161-177
XI	GENERAL ANTI AVOIDANCE RULE	178-184
XII	MODE OF PAYMENT IN CERTAIN CASES, ETC	185-189
XIII	DETERMINATION OF TAX IN SPECIAL CASES	
	A: DETERMINATION OF TAX IN CERTAIN SPECIAL CASES	190-195
	B: SPECIAL PROVISIONS RELATING TO TAX OF CAPITAL GAINS	196-198
	C: NEW TAX REGIME	199-205
	D: SPECIAL PROVISIONS RELATING TO MAT AND AMT	206

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
XIII	E: SPECIAL PROVISIONS RELATING TO NON RESIDENTS AND FOREIGN COMPANY	207-220
	F: SPECIAL PROVISIONS RELATING TO PASS THROUGH ENTITIES	221-224
	G: SPECIAL PROVISIONS RELATING TO INCOME OF SHIPPING COMPANIES	225-235
XIV	TAX ADMINISTRATION	
	A: AUTHORITIES, JURISDICTION AND FUNCTIONS	236-245
	B: POWERS	246-261
XV	RETURN OF INCOME	
	A: PERMANENT ACCOUNT NUMBER	262
	B: FILING OF RETURN AND PROCESSING	263-267

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
XVI	PROCEDURE FOR ASSESSMENT	
	A: PROCEDURE FOR ASSESSMENT	268-291
	B: SPECIAL PROCEDURE FOR ASSESSMENT OF SEARCH CASES	292-301
XVII	SPECIAL PROVISIONS RELATING TO CERTAIN PERSONS	
	A: AOP, FIRM, HUF ETC	302-331
	B: SPECIAL PROVISIONS FOR REGISTERED NON PROFIT ORGANISATION	332-355
XVIII	APPEALS, REVISION AND ALTERNATE DISPUTE RESOLUTIONS	
	A: APPEALS	356-374
	B: SPECIAL PROVISIONS FOR AVOIDING REPETITIVE APPEALS	375-378
		10

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
XVIII	C: REVISION BY PRINCIPAL CIT OR CIT	377-378
	D: ALTERNATE DISPUTE RESOLUTIONS	379-389
XIX	COLLECTION AND RECOVERY OF TAX	
	A: GENERAL	390-391
	B: DEDUCTION AND COLLECTION AT SOURCE	392-402
	C: ADVANCE PAYMENT OF TAX	403-410
	D: COLLECTION AND RECOVERY	411-422
	E: INTEREST CHARGEABLE IN CERTAIN CASES	423-426
	F: LEVY OF FEES IN CERTAIN CASES	427-430
XX	REFUNDS	431-438

CHAPTERS

CHAPTER NO	CONTENT	SECTION NOS
XXI	PENALTIES	439-472
XXII	OFFENCES AND PROSECUTION	473-498
XXIII	MISCELLANEOUS	499-536

SCHEDULES

SCH NO	CONTENT
I	CONDITIONS FOR CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS CONNECTION IN INDIA (INVESTMENT FUNDS / FUND MANAGERS)
II	INCOMES NOT TO BE INCLUDED IN TOTAL INCOME OF EVERYONE
III	INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF ELIGIBLE PERSONS
IV	INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF ELIGIBLE NON RESIDENTS, FOREIGN COMPANIES AND OTHER SUCH PERSONS
V	INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF CERTAIN ELIGIBLE PERSONS INCLUDING INVESTMENT FUNDS, BUSINESS TRUSTS AND THEIR UNIT HOLDERS
VI	INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF PERSONS IN IFSC OR HAVING INCOME THEREFROM
VII	PERSONS EXEMPT FROM TAX

SCHEDULES

SCH NO	CONTENT
VIII	INCOME NOT INCLUDED IN CASE OF POLITICAL PARTIES AND ELECTORAL TRUSTS
IX	DEDUCTION FOR TEA / COFFEE / RUBBER DEVELOPMENT ACCOUNT
X	DEDUCTION FOR SITE RESTORATION FUND
XI	A: RECOGNISED PROVIDENT FUND
	B: APPROVED GRATUITY FUND AND SUPERANNUATION FUNDS
	C: POWER TO MAKE RULES
XII	MINERALS (FOR CLAIMING AMORTISATION OF COST OF PROSPECTING FOR MINERALS)

SCHEDULES

SCH NO	CONTENT
XIII	LIST OF ARTICLES OR THINGS (Negative list for scientific research deduction)
XIV	INSURANCE BUSINESS
	A: LIFE INSURANCE
	B: OTHER INSURANCE
XV	DEDUCTIONS FOR LIP, PF, ETC (Old 80C list)
XVI	PERMITTED MODES OF INVESTMENTS OR DEPOSITS BY CHARITABLE OR RELIGIOUS TRUST OR INSTITUTION

IMPACT



KEY DEFINITIONS



PREVIOUS YEAR / TAX YEAR

Earlier

- Assessment year
- Previous year

Now Sec 3

- Tax Year

Assessment Sec 2(13)

Assessment includes reassessment and recomputation.

Removes ambiguity.

In line with various judicial precedents

Assistant Director 2(15)

Old Law : Asst CIT included Deputy CIT but Asst DIT did not include Deputy DIT.

New : Assistant Director means a person appointed to be an Asst Director of Income Tax or a Deputy Director of Income Tax.

Books of Account Sec 2(19)

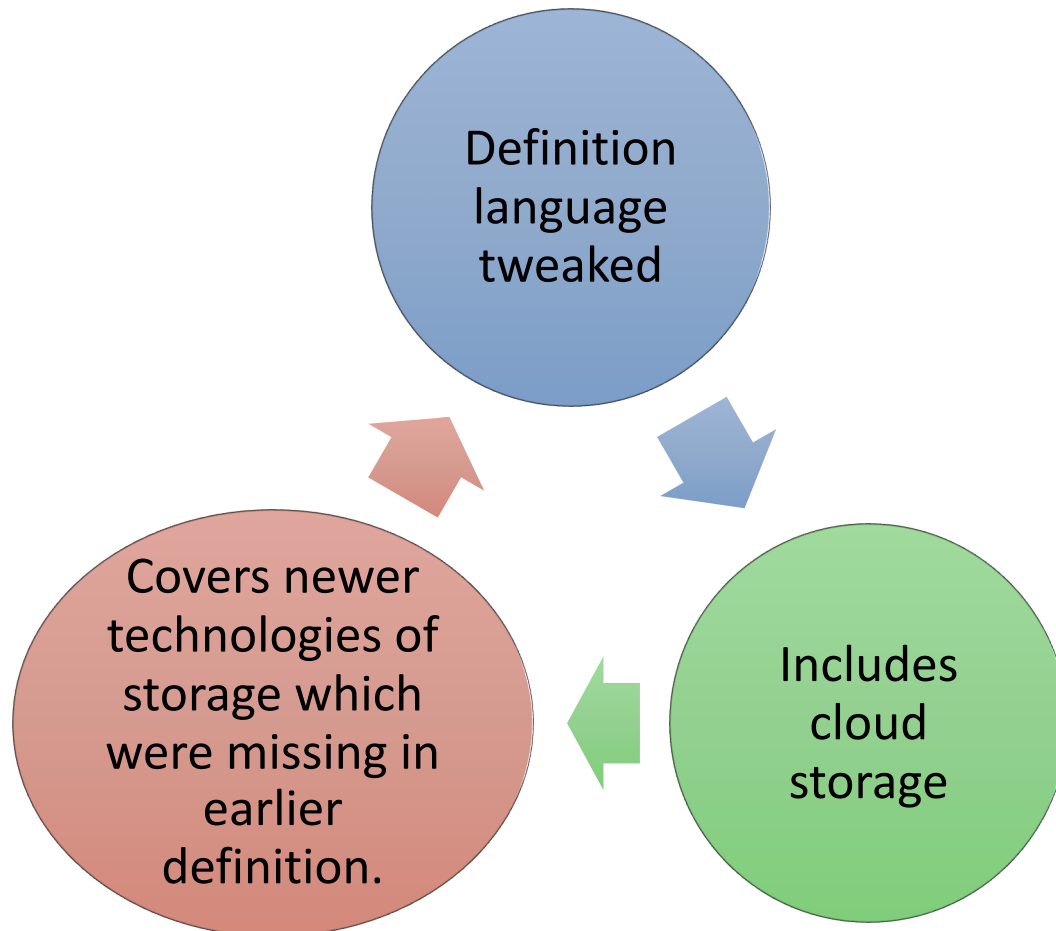
“books or books of account” includes ledgers, day-books, cash books, account-books and other books, whether kept—

(a) in written form; or

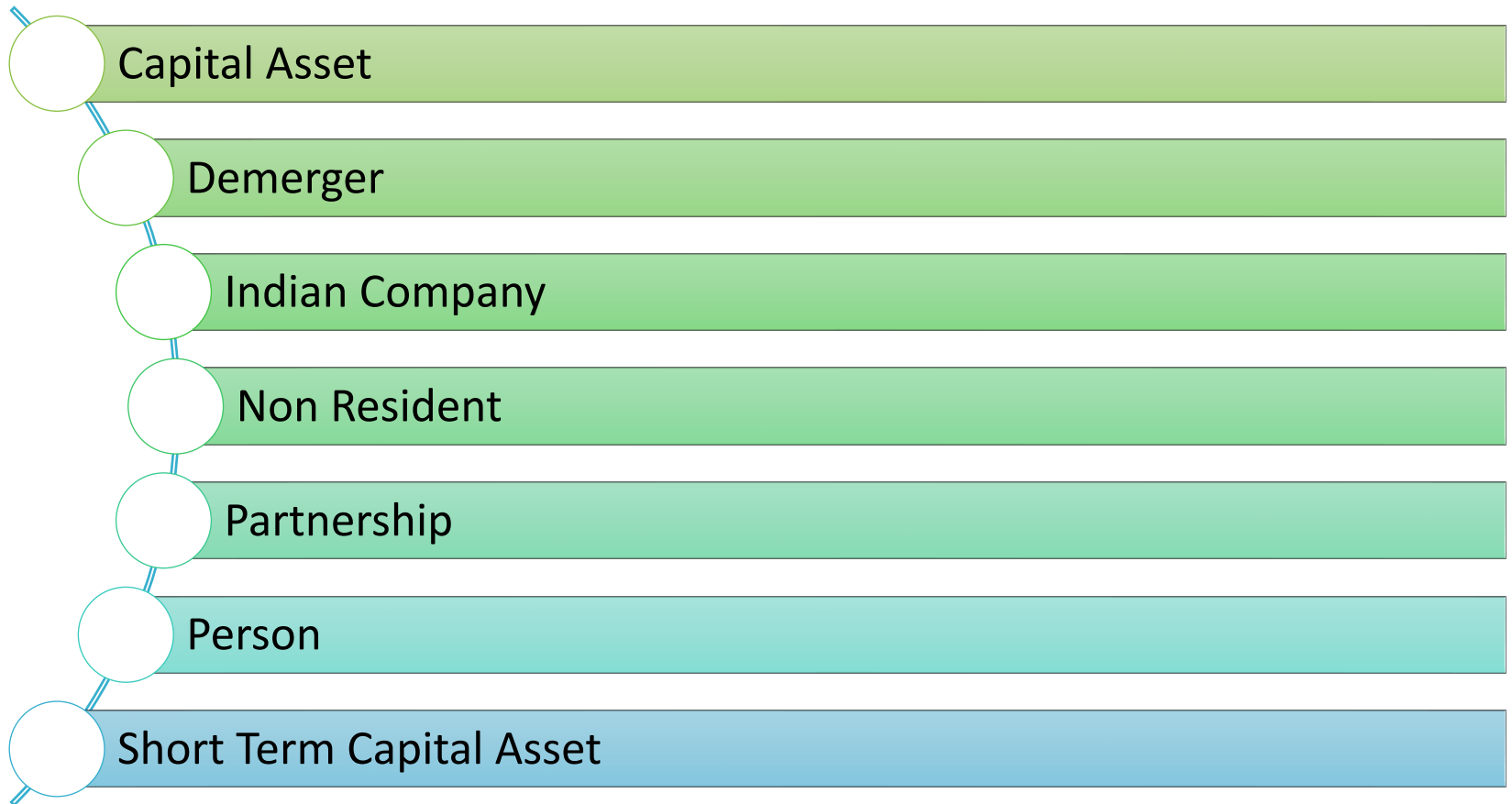
(b) in **electronic or any digital form, or on cloud based storage**, or on any electromagnetic data storage device, such as floppy, disc, tape, portable data storage device, external hard drives, or memory cards; or

(c) as print-outs of data stored in electronic or digital form or on storage devices mentioned in sub-clause (b);

Books of Account Sec 2(19)



No Change



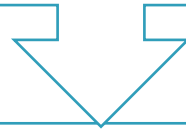
Charge of Income Tax Sec 4

Earlier law only covered charging of TDS and advance tax. TCS was missed out.

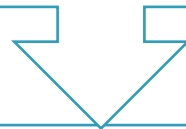
Error of omission has been rectified by including TCS also.

Significant Economic Presence Sec 9(9)(f)

Earlier Section 9 stated that if the NR had a SEP in India then income as attributable to the operations carried out in India shall be deemed to accrue or arise in India.



Now wording is changed to “only the income which is **reasonably** attributable to”



Makes the attribution reasonable. More liberal interpretation.

Royalty Section 9(6)

Earlier : Royalty includes the **transfer of all or any rights** (including granting of a licence) in respect of a patent, model

New : Royalty includes the **transfer or grant** of all or any rights

Intention : To nullify SC judgement in the case of Engineering Analysis Centre of Excellence

Impact : Negligible since primarily DTAA will prevail

DTAA meaning of words Sec 159(7)

	IT Act 1961	IT Act 2025
Term used in DTAA but not defined in DTAA but defined in IT Act	Same meaning as in IT Act	Same meaning as in IT Act
Term used in DTAA but not defined in DTAA but defined in IT Act but done in a notification	Meaning as given in the notification	Meaning as given in the notification
Term used in DTAA but not defined in DTAA or IT Act or in a notification	Silent on this	Same meaning as assigned to it under any Central Act related or taxes and In any other case any other Central Act

HEADS OF INCOME



Income from Salary

Deduction for entertainment allowance which was available for Government employee u/s 16(ii) is now deleted in the new Act.

Profits in Lieu of Salary

Exclusions from Profits in Lieu of Salary	IT Act 1961	IT Act 2025
1	Gratuity	Included
2	Commutation of Pension	Included
3	Retrenchment Compensation	Included
4	Amt received from PPF	
5	Amt received from RPF	
6	Payment from approved Superannuation fund	
7	HRA	

Profits in Lieu of Salary

Earlier these receipts were exempt u/s 10 hence they were not included in salary

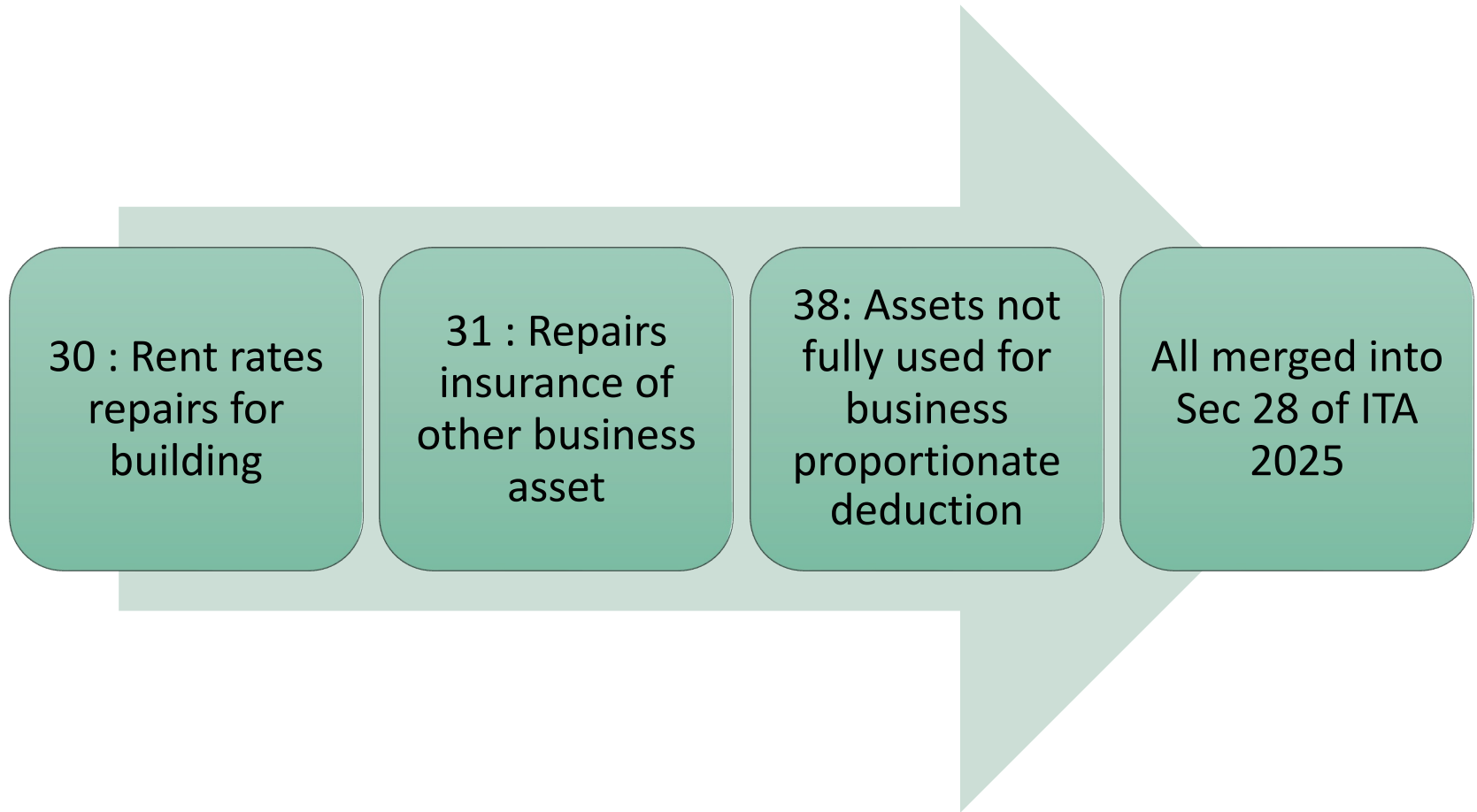
Now gratuity, commuted pension and retrenchment compensation are included in gross salary and then deduction will be allowed under section 19 (similar to limits u/s 10 earlier)

Business Profession

Under ITA 1961, the scope of business income covers specific types of export incentives under specified Acts/Schemes.

The ITA 2025 expands the scope to cover “any other export incentives” as well. This may curtail litigation on the taxability of such incentives.

PGBP: Section 28



Research related Deductions

Section 35, Section 35(2AA), Section 35(2AB) of the Old Act deal with deductions for research. The procedural aspects relating to grant of approval, reporting etc were mentioned in the Act itself.

In ITA 2025, the procedural aspects have been delegated to the CBDT who will frame rules for the procedure.

Employee related payments Sec 29

Earlier the deductions for various payments made to employees were covered by Section 36(1)(iv), (v), (va), Section 40A(7), 40A(9).

All the deductions are now consolidated in a single provision of Section 29. No change in the deductions.

Salary to NR : Section 35(c)

In Section 40(a)(iii) in case of Salary paid outside India or to a NR the entire salary was disallowed if **both** the following conditions were satisfied

- A. If tax has not been paid there on **and**
- B. If tax has not been deducted therefrom

ITA 2025 : The disallowance will now take place if **any one** of the foll 2 conditions is satisfied.

- A. If Tax is not deducted thereon or
- B. Once deducted the same has not been paid.

PGBP : Actual Cost of Assets Sec 39

Special cases added / changed

1. GST paid shall be excluded from the cost if the assessee has claimed ITC

2. If subsidy is not directly linked to an asset then cost will be reduced by following formula

Total Subsidy recd x Cost of the specified asset

Total cost of all assets linked to subsidy

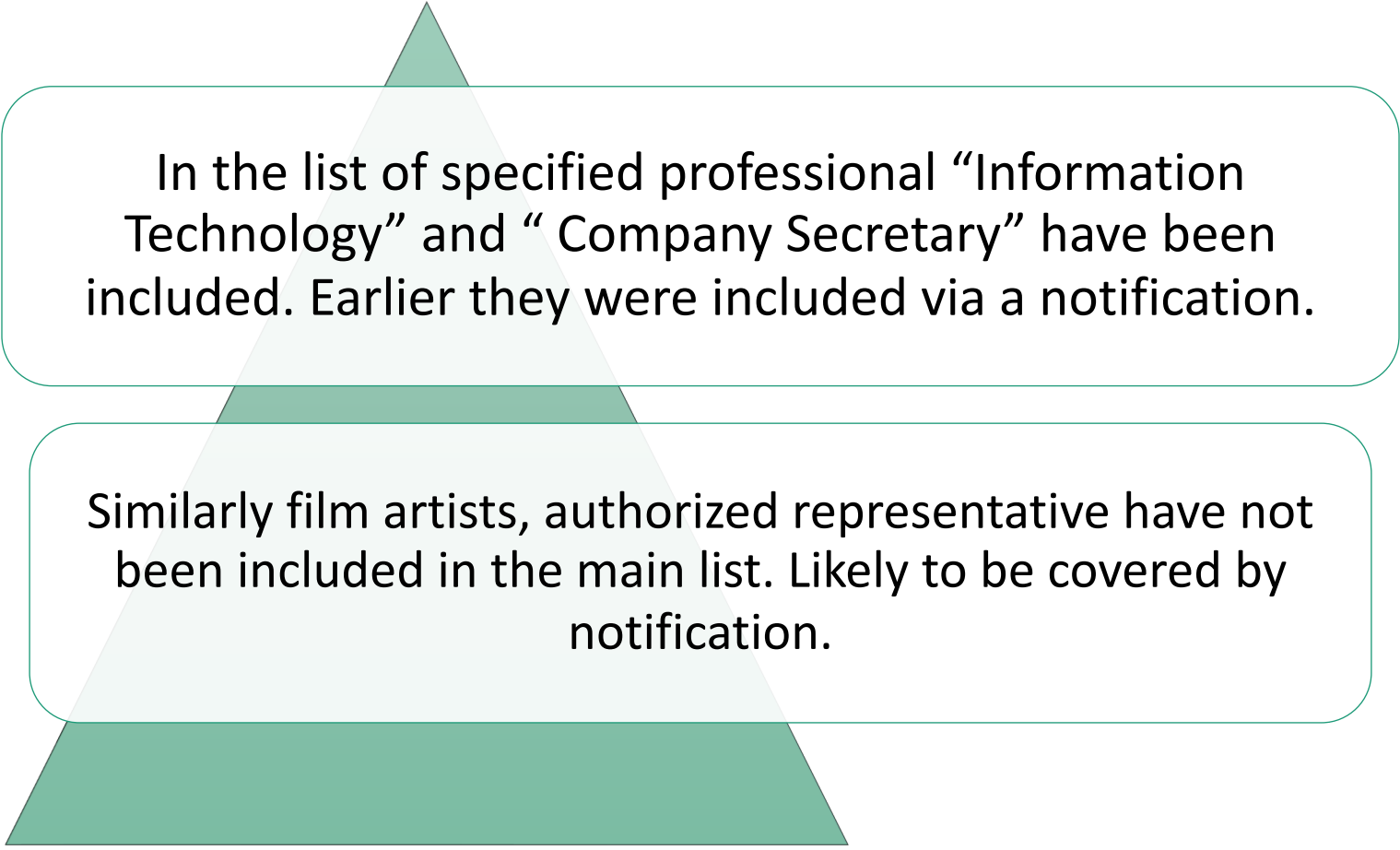
Old Sec 40a(ii) ITA 2025 Sec 35(a)

Presently, under ITA 1961, any tax which is levied on the “profits or gains of any business or profession” or is assessed basis such profits or gains is not allowed as a deduction under the head PGBP.

There exists ambiguity as to whether taxes paid on income other than profits or gains from business or profession would be allowed as deduction.

ITA 2025 addresses this ambiguity by providing that any tax paid on “income” shall not be allowed as a deduction while computing income under the head PGBP.

Sec 62: Maintenance of accounts



In the list of specified professional “Information Technology” and “ Company Secretary” have been included. Earlier they were included via a notification.

Similarly film artists, authorized representative have not been included in the main list. Likely to be covered by notification.

Presumptive Taxation Section 58

**44AD,
44ADA, 44AE
: No Change**

- However provisions of old section 43CA will no longer apply in presumptive taxation cases.

**In all cases
tax audit is
mandatory if**

- Taxpayer claims that the profits are lower than the deemed profits AND
- Total income exceeds the maximum amount which is not chargeable to tax.

Sec 61 Presumptive income of NR

Old Sec 44B: NR engaged in operation of ships other than cruise ships.

Earlier provisions of Section 28 to 43A did not apply in this case

Now even provisions of old section 43B, 43CA will not apply to this presumptive taxation.

Capital Gains Exemptions

Section 54 / Section 82

Section 54EC / Section 85

Wording changed “ capital gain arising from transfer of long term capital asset” to “long term capital gains arising from transfer of ...”

Effectively overrules Ace Builders (SC.)

Capital Gains Exemptions

Section 54F / Section 86

Wording remains intact : capital gains arising from the transfer of any long term capital asset

Ace Builders ratio will still continue

Other Sources : Gifts

Major clarificatory amendment in definition of relative

- (E) any lineal ascendant or descendant (maternal as well as paternal);
- (F) any lineal ascendant (maternal as well as paternal) or descendant (maternal as well as paternal) of the spouse;

Disallowance 94(2) (Old Sec 58)

While computing income from other sources certain expenses to be disallowed were mentioned in earlier section 58.

This list has been expanded to also cover employee related payments if the conditions mentioned in section 29 are not satisfied.

- Employers contributions to RPF, approved superannuation funds and gratuity funds
- Contributions to NPS for employees
- Other payments relating to employee welfare

Deemed incomes

IT Act 1961	IT Act 2025	
68	102	Unexplained Cash Credits
69	103	Unexplained Investment
69A	104	Unexplained money etc.
69B	103 / 104	Partly explained investment, money etc.
69C	105	Unexplained expenditure

Old act stated that “if the explanation is not given or explanation is found unsatisfactory then AO **may** treat the amount as income

New act states that once there is no explanation or explanation is found unsatisfactory then the AO **shall** treat the amount as income.

Discretionary to mandatory

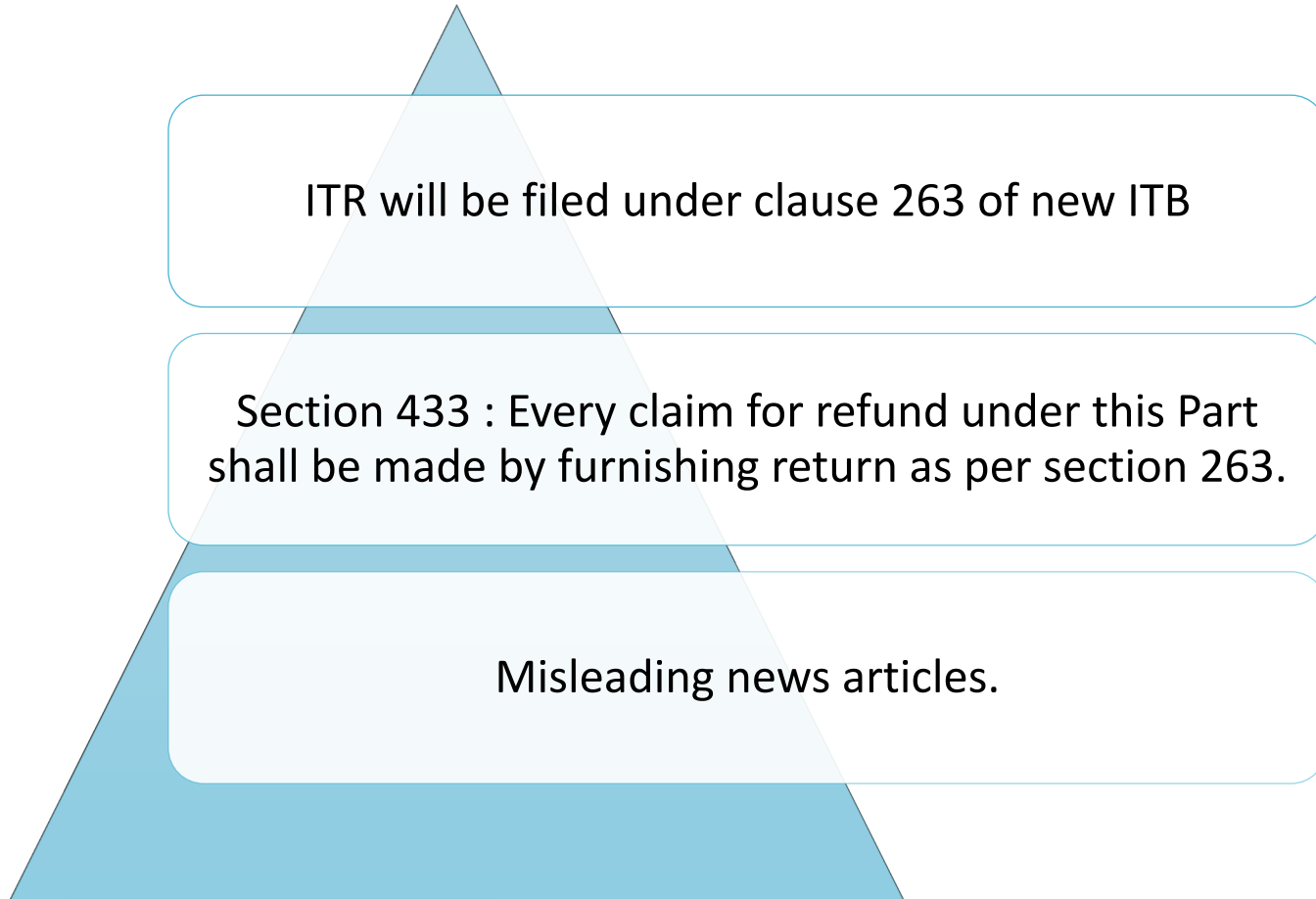
Special Rate Sections 115BA...

IT Act 1961	IT Act 2025	
115BA	199	Tax on income of certain manufacturing domestic companies
115BAA	200	Tax on income of certain domestic companies
115BAB	201	Tax on Income of new manufacturing domestic companies
115BAD	203	Tax on income of certain resident co-operative societies
115BAE	204	Tax on income of certain new manufacturing co-operative societies.
	205	Conditions common to all the above entities for eligibility to claim concessional tax rates.

Assessment Procedures



Return of income and refund



Updated return 263(6) Old 139(8A)

U/s 139(8A) updated return could not be filed if “the Assessing Officer **has information in respect of such person** for the relevant assessment year in his possession under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (13 of 1976) or the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988) or the Prevention of Money-laundering Act, 2002 (15 of 2003) or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015) and the same has been communicated to him, prior to the date of furnishing of return under this sub-section;”

Updated return 263(6) Old 139(8A)

The word information was read broadly to mean any information relating to the assessee whether or not it represented any default of the assessee.

Hence even if tax authorities had any data, report about the assessee then whether or not it pointed to a violation could disqualify him from filing an updated return

Updated return 263(6) Old 139(8A)

New law states *“If the AO is in the possession of information in respect of such person for the said tax year **regarding violation of specified laws** and the same has been communicated to him prior to the date of furnishing of updated return.”*

So only if AO possesses information specifically indicating a violation of certain laws then assessee would be barred from filing updated returns.

Time limit to furnish special audit report or inventory valuation report Sec 268(10) Old 142(2C)

142(2C) Time limit for furnishing the special audit report or inventory valuation report was as prescribed by AO

AO could extend the time but maximum within 180 days from the date on which direction was received by the assessee.

Time limit to furnish special audit report or inventory valuation report Sec 268(10) Old 142(2C)

268(8) Time limit for furnishing the special audit report or inventory valuation report is still as prescribed by AO.

268(1) AO can extend the time but maximum within 6 months from the on of the month in which the direction was received by the assessee.

Subtle increase in the time limit.

Valuation Officer Sec 269/ Old 142A

Earlier the references to and powers of Valuation Officer relied on Section 2(r) and 38A of Wealth Tax Act.

Now the definition and powers of VO have been defined and listed and section 2(110) and 269(3).

VO has to give at least 2 days notice before entering any building or place or inspect an asset

Consent of person in charge is also required.

Summary Assessment Sec 270 / Old 143(1)

U/s 89A (old) rebate from tax on income from a retirement benefit account maintained in a notified country was available but not considered in the summary assessment intimation.

Now section 270(1)(c) – intimation clearly mentions all rebates Chapter IX to be adjusted which includes rebate u/s 89A (Now sec 158)

DRP Sec 275(6) Old 144C(6)

Section 144C(6) stated that DRP will issue directions after considering a list of items

Now Sec 275(6) does not enumerate a list but states that DRP shall issue the directions stating the points of determination, the decision thereon and the reason for the decision

Brings more efficiency and transparency

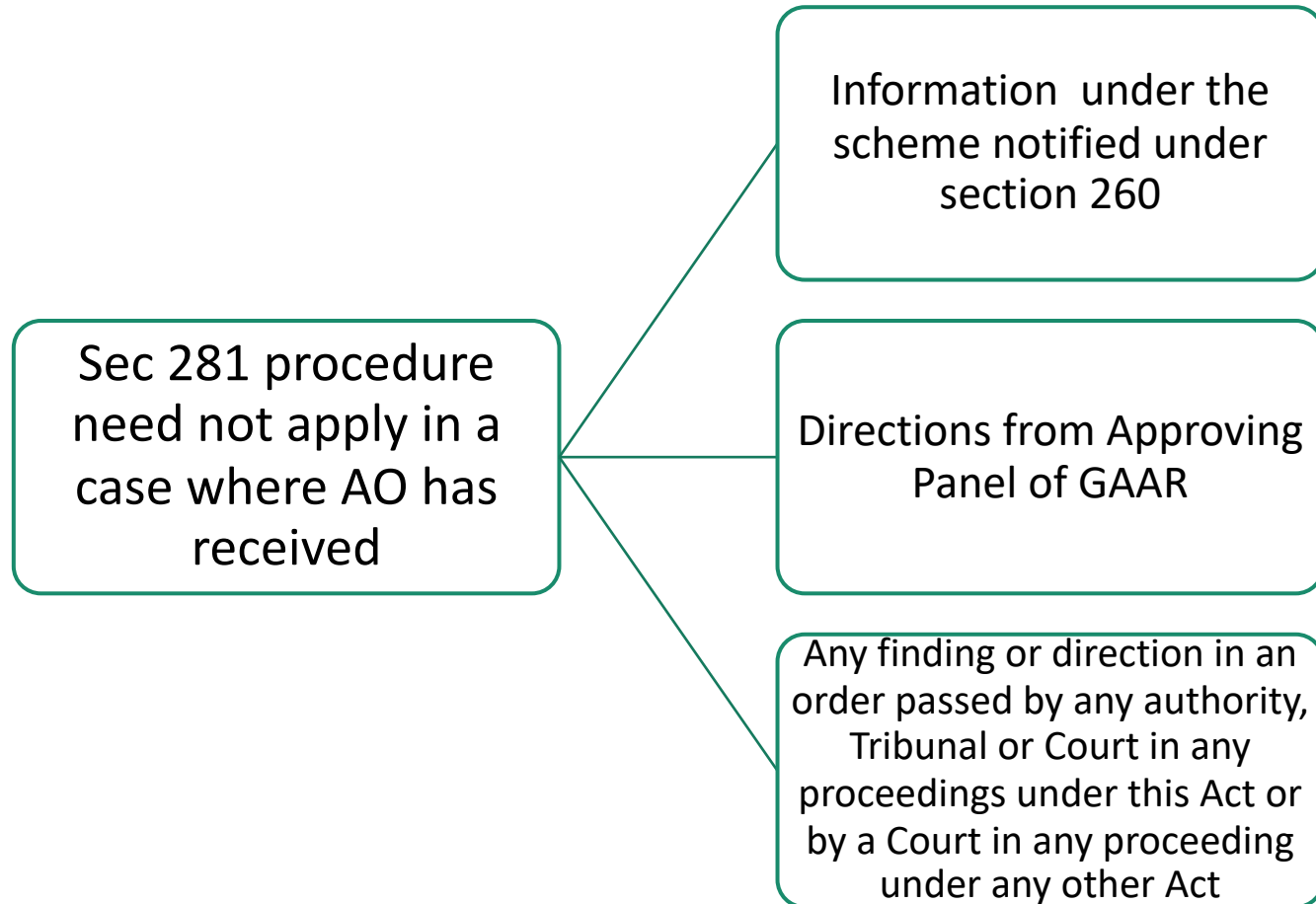
Reassessment Sec 280(6)

Information to initiate the reassessment is expanded. Now includes

Any direction given by the Approving Panel declaring the arrangement as an impermissible avoidance arrangement

Any finding or direction contained in an order passed by any authority in any proceeding under this Act by way of appeal, reference or revision or by a Court in any proceeding under any other law

Reassessment Sec 281 (Old 148A)



Reassessment : Time limit

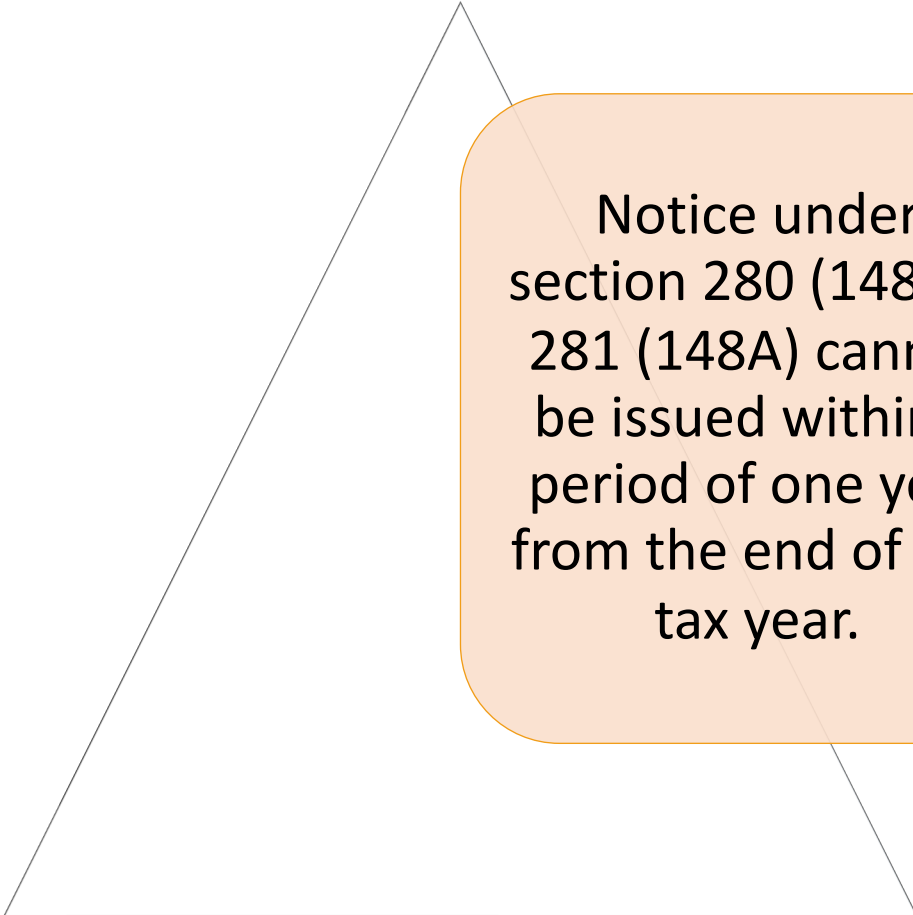
The limitation period to issue a show cause notice for reassessment under clause 281 (old 148A) has been increased from

A. 3 years & 3 months to 4 years & 3 months from end of relevant tax year.

B. 5 years & 3 months to 6 years & 3 months from end of relevant tax year.

**Actual Impact:
Nil**

Issue of notice



Notice under section 280 (148) or 281 (148A) cannot be issued within a period of one year from the end of any tax year.

Time limits to complete assessments Sec 286 (Old 153)

Earlier section used the wording “12 months from...”

New section uses the wording “1 year from ...” in most cases

Order Giving Effect Sec 286/ Old 153(5)

Earlier order giving effect had to be passed within 3 months from the end of the month in

Such period was extendable by PCIT or CIT by another 6 months.

In most cases it was difficult to pass the OGE within the 3 months limitation

Regular application for extension was required.

Order Giving Effect Sec 286/ Old 153(5)

Now order giving effect has to be passed within 6 months from the end of the month in

Such period is extendable by PCIT or CIT by another 3 months.

In most cases it will be possible to pass the OGE within the 6 months period

Application for extension will mostly not be required.

Appeals to ITAT Sec 362 (old 253)

Earlier section 253 allowed appeal against order of CIT(A) or JCIT(A) only against sections specifically listed. Thus appeal was not possible against those sections not mentioned like 271AA, 271G.

New section 362 allows appeal to ITAT against any order passed by the CIT(A) or JCIT(A) without listing out any specific sections.

TDS / TCS



TDS / TCS

All TDS provisions from section 193 to 196D have been merged into a single section in ITB namely section 393.

All TDS provisions are categorized into three broad heads as follows:

- TDS on payments to resident
- TDS on payments to non-resident and
- TDS on payments to any person (viz. resident or non-residents, both)

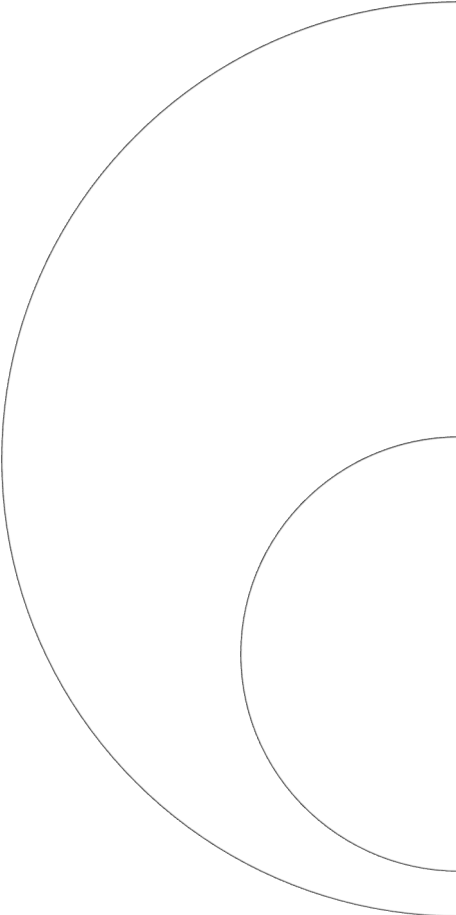
TDS / TCS

For each category, TDS provisions are consolidated into a single table, for ease of identification of the applicable rates, thresholds, payee, and the nature of payment on which TDS will get attracted.

The ITA 2025 also introduces a dedicated table, which comprehensively lists all exclusions in the respective TDS provisions.

TCS provisions are also consolidated into a single table for easy readability.

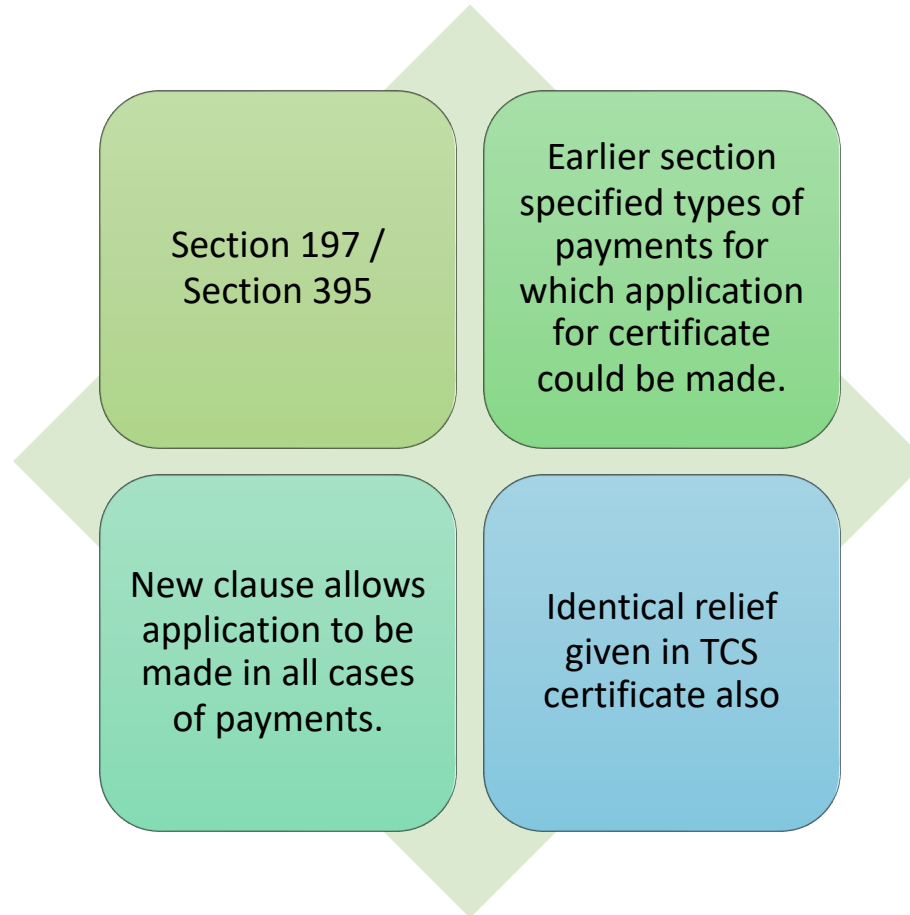
Deeming fiction for TDS on credit to suspense account



Presently in ITA 1961, few provisions which mandated TDS at the time of payment or credit, whichever is earlier, also contain a clause to provide that credits to suspense or any other account will be deemed as credit of income to the payee's account. This is to plug loophole of avoiding TDS by crediting to any other account head like suspense account instead of payee's account.

The ITA 2025 extends such deeming fiction to all TDS provisions, which provide for TDS at the time of payment or credit whichever is earlier.

Lower deduction certificate



CBDT's power enhanced Sec 400

Presently, CBDT is empowered to issue guidelines (subject to approval of Central Government and laying before both Houses of Parliament) to the tax authorities for removing any difficulty that arises in giving effect to certain specific TDS and TCS provisions.

The ITA 2025 seeks to broaden this power for the entire TDS/TCS chapter. This will facilitate a more cohesive and efficient approach to resolving difficulties in TDS/TCS related compliances.

Life Insurance Policy Sec 393(1) Old 194DA

Earlier TDS was required is payment of life insurance had income component of Rs. 1,00,000 or more @ 2%

Now TDS is required only if income component exceeds Rs. 1,00,000.

Rent meaning Sec 402(29)/ Old 194(IB)

U/s 194-IB Rent means payment for use or any land or building or both

New definition u/s 402(29) Payment for use of

- Land or
- Building **(including factory building)** or
- **Land appurtenant to a building (including a factory building)**

Expanded definition

TDS on cash withdrawal Table 3 Entry 5 Old 194N

Earlier provisions put TDS @ 2% if withdrawals exceeded 1 crore but @ 5% if ITR was not filed.

Condition of ITR removed. Single rate of TDS 2% is notified.

Operational difficulties of banks removed.

Time limit to furnish correction statement Sec 393(7) Old 200(3)

Time limit to file TDS / TCS correction statement was prescribed as latest by 6 years from end of the FY in which the original TDS/ TCS statement was filed.

Time limit reduced to 2 years from the end of the tax year in which the original statement was due.

Miscellaneous



Penalties (Without prejudice)

1961 Act	2025 Act	Provision
271A	440	Penalty for failure to keep, maintain or retain books of accounts
271AA	441	Penalty for failure to keep information in respect of an International Transaction
271AAD	443	Penalty for False or Omission of entry
271AAE	444	Penalty on Charitable Trust for providing benefits to related persons
271H	460	Penalty for failure to file TDS/ TCS Statements
271J	462	Penalty for furnishing incorrect information in reports or certificates
271K	463	Penalty for failure to furnish a statement or certificate of donation

Penalties (Without prejudice)

In earlier law all these sections began with the wording “Without Prejudice”. This clearly meant that this penalty could be levied in addition to the other penalties for same offence.

Now these words are missing. Creates ambiguity

Definition of AE Sec 162 (Old 92A)

Earlier Associated Enterprise was defined in Section 92A in 2 parts. Sub section 1 covered general conditions and sub section 2 covered specific situations.

Litigation on whether both to be satisfied or any one. Case in favour and against

Now everything is covered in one part only so either the general or specific conditions may be satisfied.

Charitable Trusts



Charitable Trusts & Institutions

Scattered provisions earlier

Uniform terminology. Instead of trust, institution, university, educational institution, hospital common term used now is “registered non profit organisation”

Tables introduced to bring clarity.

NPOs Sections 332 to 355

Section	Coverage
332 to 333	Registration
334 to 343	Income
344 to 346	Commercial Activities
347 to 350	Compliance Requirements
351 to 353	Violations and Penalties
354	Approval for Donations
355	Interpretations

Fundamental Change

Earlier the taxation of charitable and religious trusts was covered by Chapter III – Income which do not form part of total income. Thus these incomes were exceptions to the charge of tax.

Now the provisions are moved to Chapter XVII special provisions relating to certain persons.

Thus charity provisions will be under a special regime of taxation subject to the satisfaction of conditions laid down.

Complete code hence strict interpretation may follow

Cessation of registration on migration to exemption regime

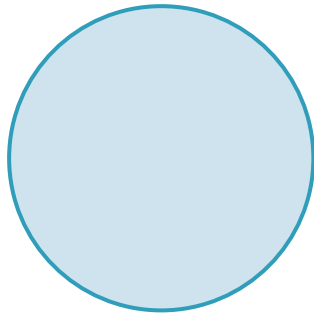
If a registered NPO is notified under the provisions of

- Schedule III (Sr No. 27,28,29 or 36)
- Schedule VII (Sr No. 42,43,44,45)

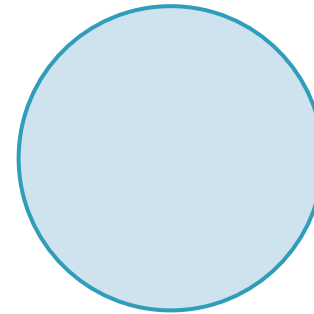
Then registration shall automatically cease.

Object is to avoid overlapping of special exemption regime and NPO taxation regime.

Re Entry into NPO Regime



In case NPO's registration has ceased due to migration to special exemption regime but later the notification in the Schedule III or VII ceases to be in force.



The NPO can apply for re-registration under the registered NPO regime.



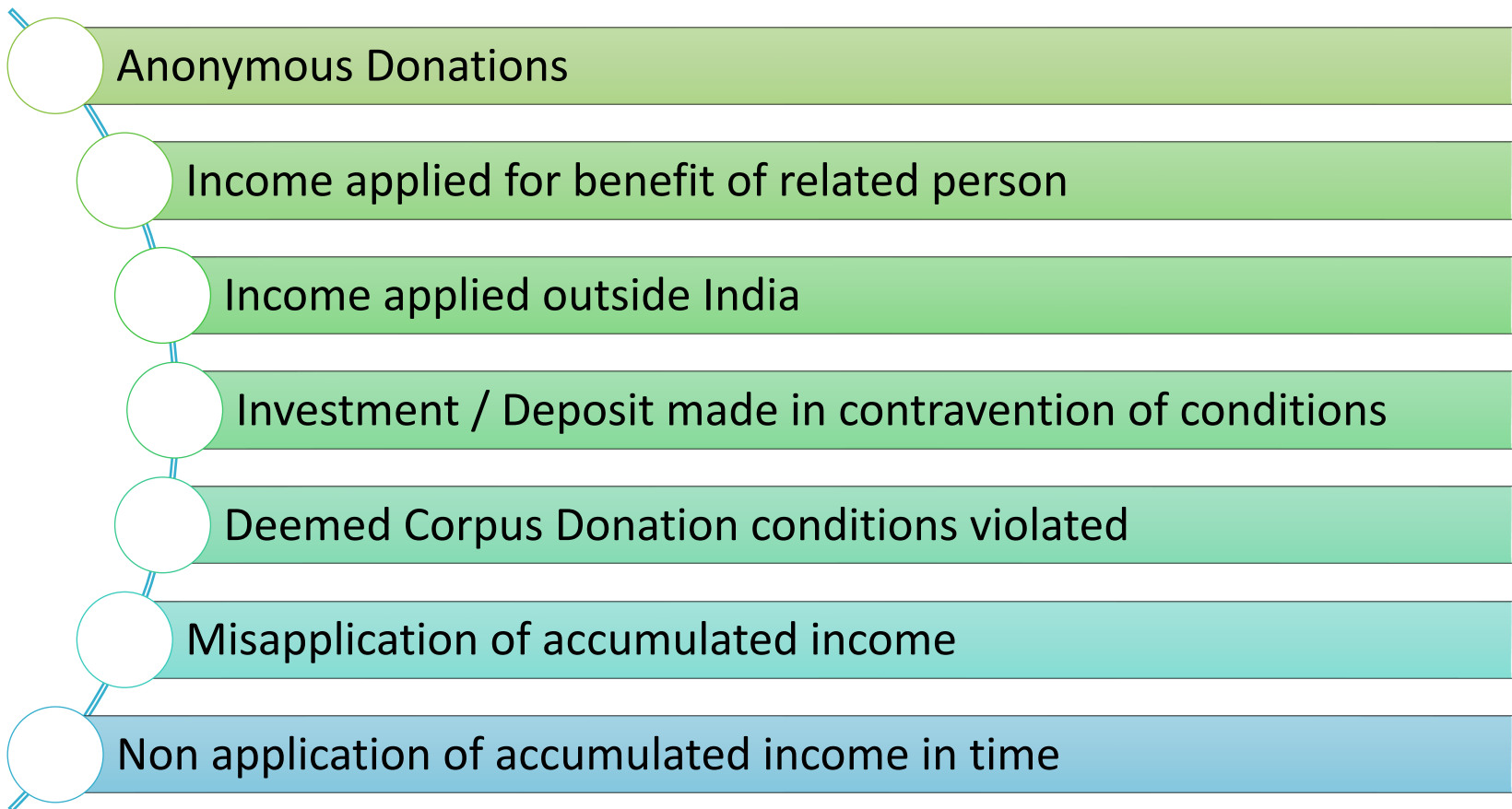
Tax on income of a Registered NPO Section 334

Specified
Income
taxable at flat
30%

Taxable
Regular
Income
taxable at
applicable
rate under
other
provisions of
the Act
(normal rates)

Residual
income
taxable at
applicable
rate under
other
provisions of
the Act
(normal rates)

Specified Income : Non compliances & Anonymous donations



Regular Income Sec 335

**New
concept.
It includes
5
separate
categories**

- Activity Income : Income from activity for which NPO has been registered
- Income from property, deposits or investments
- Income from property, deposits or investments (Partly held for Charitable / Religious Purposes)
- Voluntary Contributions
- Permissible Business Income

Residual Income Sec 355(j)

It is the total income computed without giving effect to the provisions of this Part, reduced by “regular income” and “specified income”

Deemed Accumulated Income Sec 343

- Sec 343 has introduced this new term deemed accumulated income.

Income of Trust	
Less: Income applied for charitable and religious purpose as per Sec 341	
Less: Income accumulated or set apart Sec 342	
Less: 15% Accumulation out of regular income (now known as deemed accumulated income)	

Commercial Activities Sec 345

All registered NPOs except those engaged in GPU care allowed to carry out commercial activity provided

Such commercial activity is incidental to the attainment of the of the NPOs objectives and

Separate books of accounts are maintained for such activity.

Thus GPU category NPOs are prohibited from undertaking any incidental commercial activity.

Commercial Activities Sec 346

GPU category NPOs can carry on commercial activities if

The commercial activity is undertaken in the course of actual carrying out of objects of GPU.

Aggregate receipts from such commercial activities do not exceed 20% of the total receipts of the NPO.

Separate books of accounts are maintained in respect of such activities.

AMENDMENTS BY FA 2026

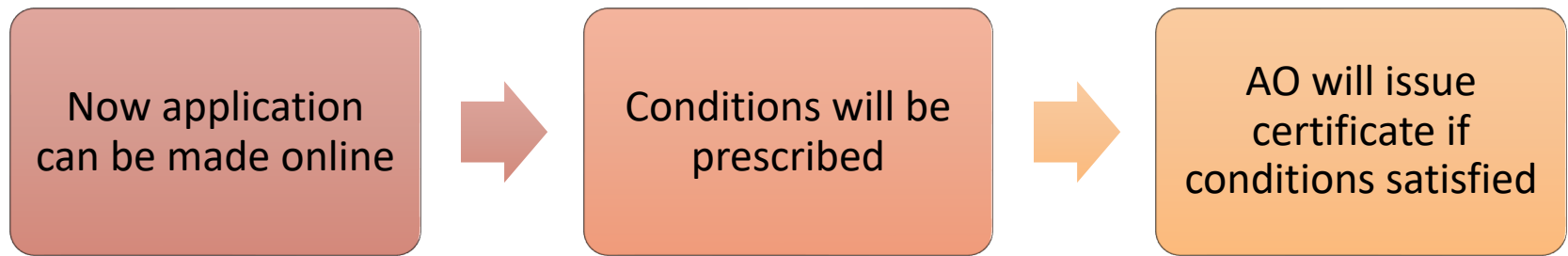
EPF payment due date Old 36(1)(va) New 29

Earlier employee's contribution to PF etc had to be paid by the due date under the respective Act else permanent disallowance.

From 1-4-2026 Due date means due date of filing ITR.

Huge benefit

Lower / Nil rate TDS certificate Sec 395



No TAN in certain cases.

Purchase of property from NR

Buyer is resident individual or HUF

Will deduct tax and pay tax

Earlier buyer needed a TAN and had to file TDS return

Now buyer does not need TAN but can pay challan cum return .

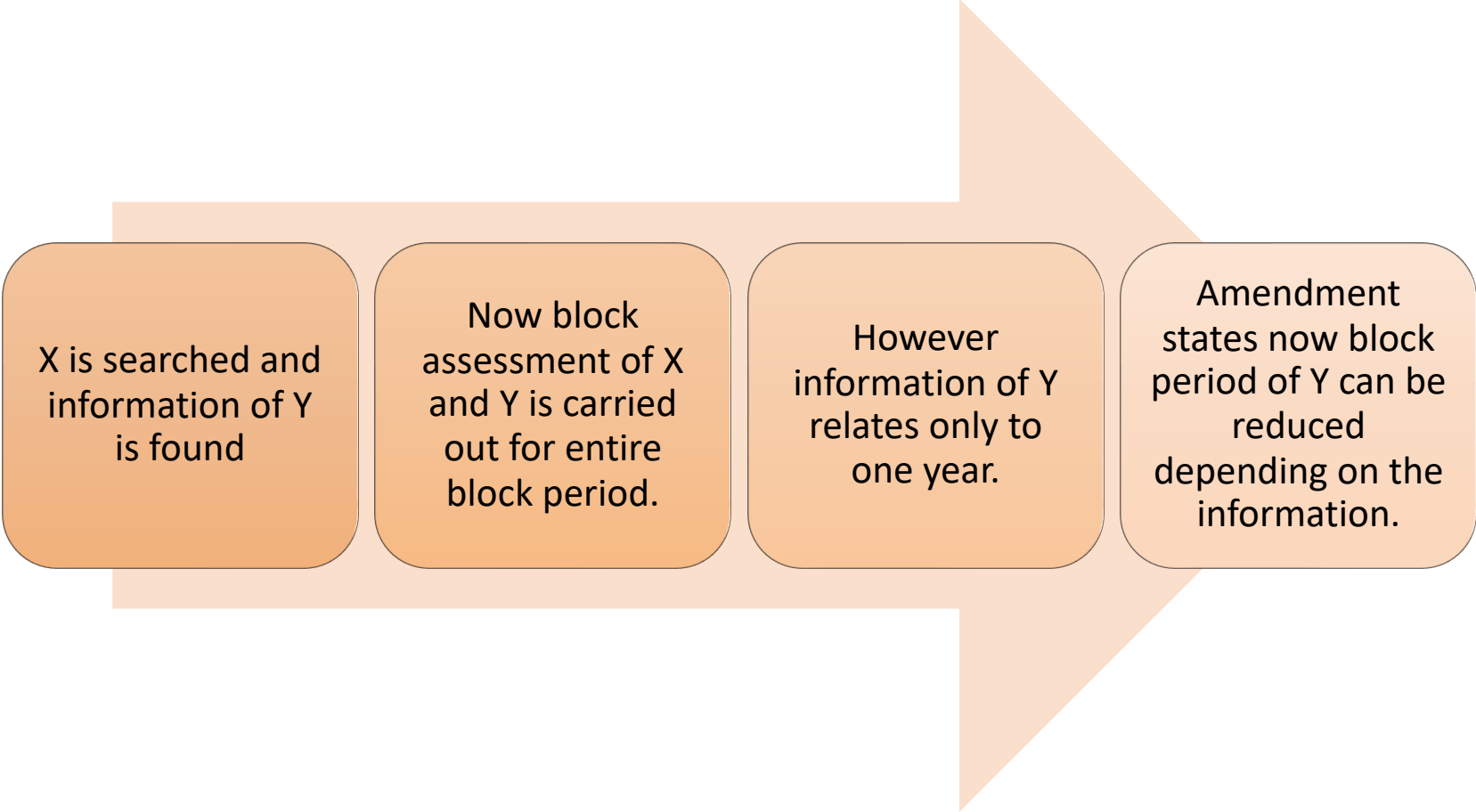
Due dates of Filing ITR

Transfer Pricing Cases	30 th November
Company Accounts are audited under any law Partner of audited firm	31 st Oct
Business / Professional income but no audit Partner in unaudited firm	31 st Aug
All others	31 st July

Revised Return 263(5)

- ITR can be revised within 12 months from the end of the tax year.
- Subject to additional fees.

Block Period of other person



X is searched and information of Y is found

Now block assessment of X and Y is carried out for entire block period.

However information of Y relates only to one year.

Amendment states now block period of Y can be reduced depending on the information.

Time limit for search assessment

Sec 296

Earlier limit was 12 months from the end of the quarter in which the last search authorisation was executed or requisition was made.

Now uniform limit of 18 months from the end of the quarter in which the search was initiated or requisition was made.

Penalty converted to fee

Sec 446 Failure to get accounts audited and furnish tax audit report in time	Delay upto 1 month 75000 and beyond that 150000
Sec 447 Failure to obtain and furnish TP report in time	Delay upto 1 month 50000 and beyond that 100000

Common Order and Integrated Assessment and Penalty Proceedings

To reduce multiplicity of proceedings, the assessment and penalty proceedings will be integrated, and a common order shall be passed for both.

Rules and forms for filing appeal in case of such consolidated order is awaited.

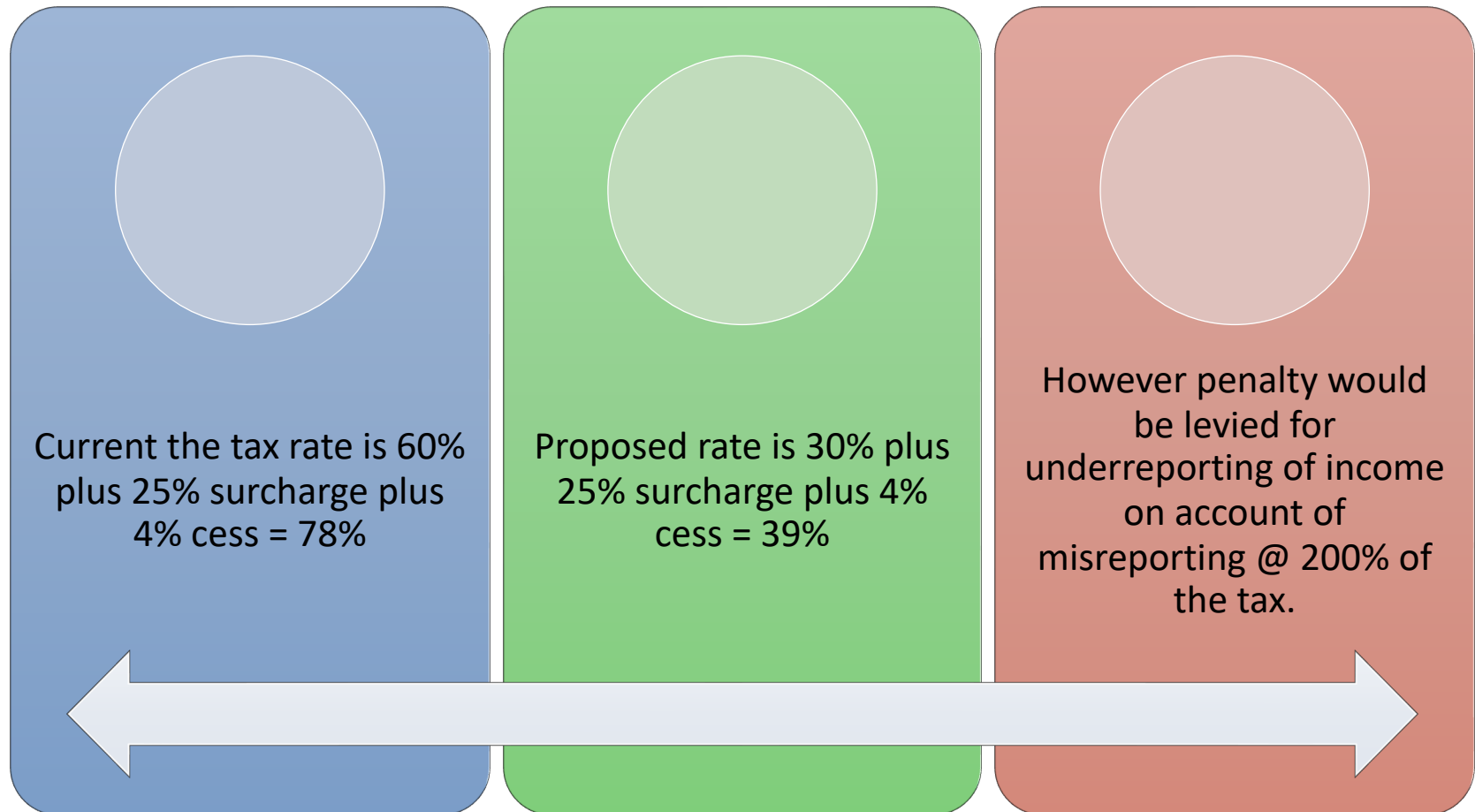
No interest shall be levied on the component of penalty demand in an integrated order until the disposal of appeal by the authority.

Common Order and Integrated Assessment and Penalty Proceedings

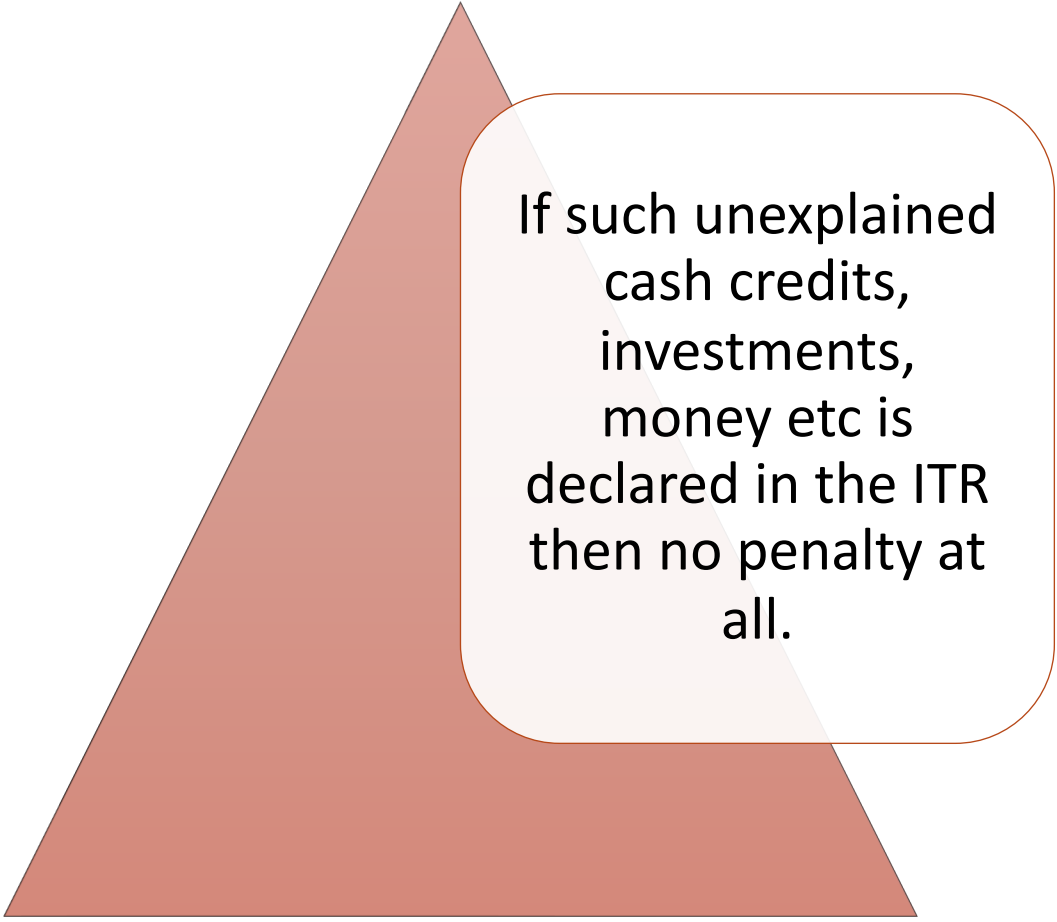
The quantum of pre-deposit for appeal has been reduced from 20% to 10% of the value of core tax demand;

An administrative circular is required to preserve discretion for recovery of less than 10% of the penalty demand in justifiable cases.

Tax on Unexplained cash credits, investments, expenditure etc



Tax on Unexplained cash credits, investments, expenditure etc



If such unexplained cash credits, investments, money etc is declared in the ITR then no penalty at all.

Retrospective Amendments

JAO vs FAO wef 1-4-2021

Period of limitation in 144C cases (DRP cases)

- Wef 1-4-2009 for Sec 153 and 1-10-2009 for Sec 153B
- Period of limitation u/s 153 and 153B is applicable on for draft order
- Further proceedings u/s 144C are governed by the time limits given in that section

Mistake / defect / omission in quoting DIN

- Will not invalidate assessment. (wef 1-10-2019)

Thank You



THANK YOU

CA SUBODH V. SHAH