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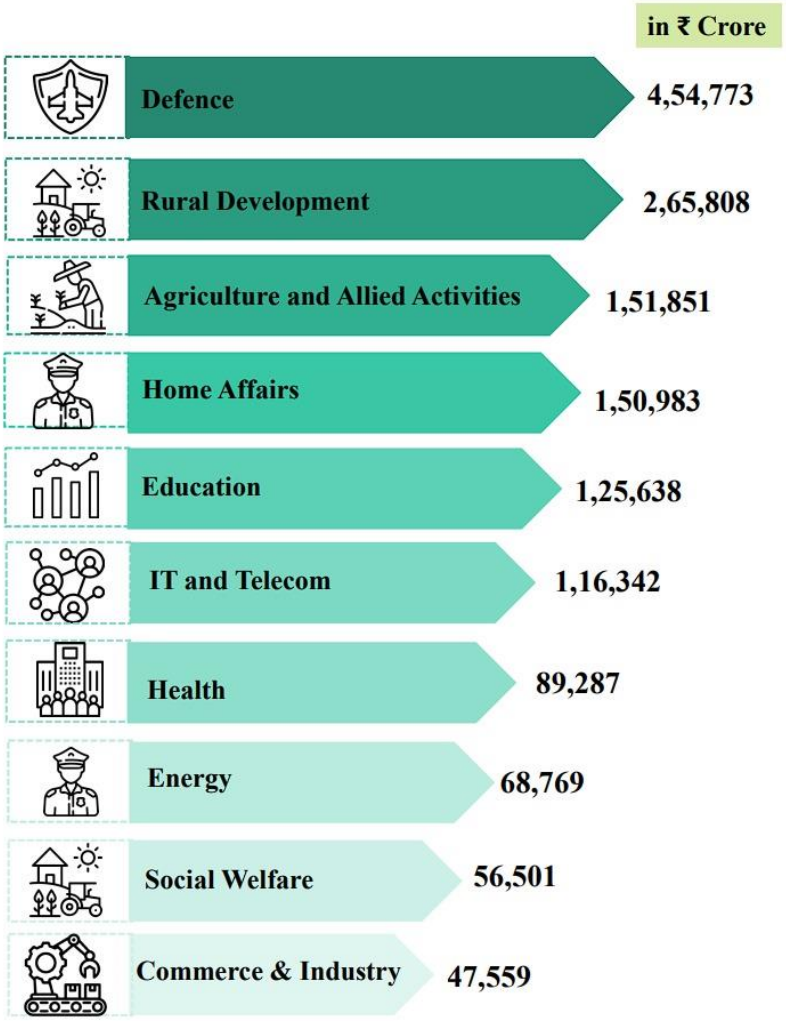
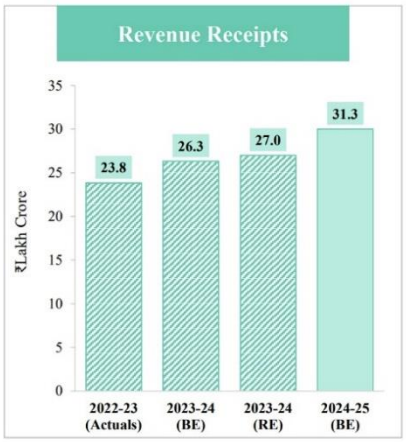
ANALYSIS OF UNION BUDGET 2024

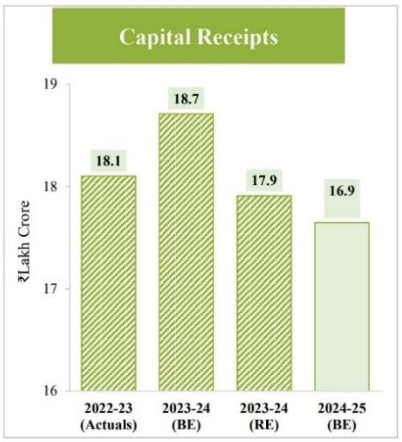
BUDGET AT A GLANCE

Expenditure of Major Items

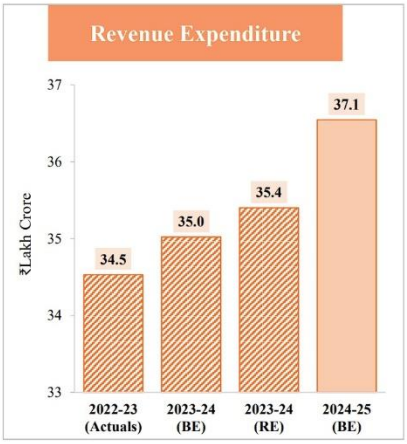


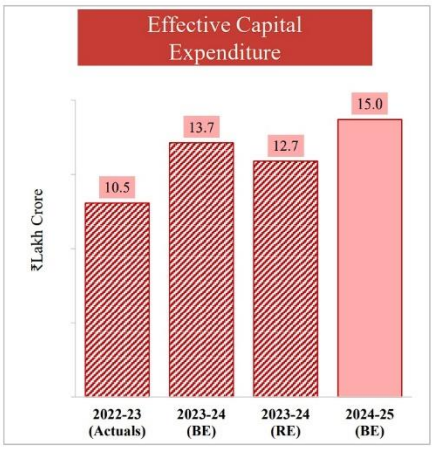
Receipts



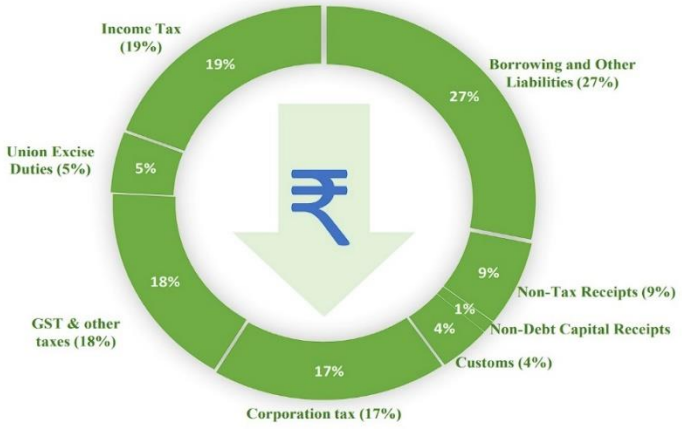


Expenditure

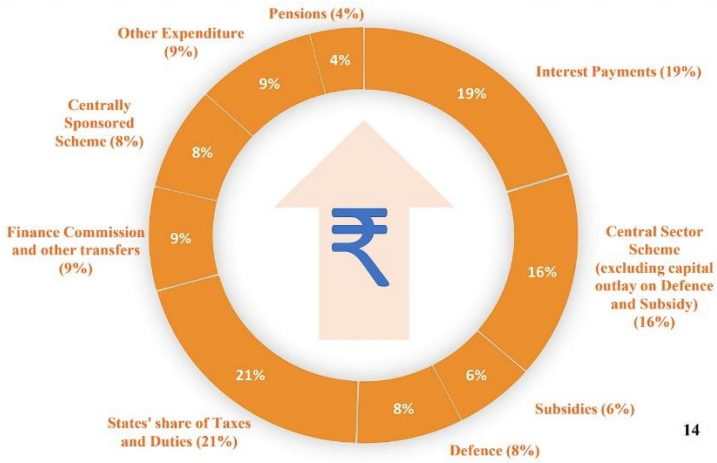




Rupee Comes From



Rupee Goes To



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A. RATES OF INCOME-TAX

1. <u>Individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person.</u>

- With effect from AY 2025-26, Hon'ble Finance Minister proposed new slab rates and the same are stated hereinafter:

Slab Rates u/s 115BAC for AY 2024-25		**New Slab Rates u/s 115BAC w.e.f. AY 2025-26**	
Total Income	**Rate of Taxes**	**Total Income**	**Rate of Taxes**
Up to Rs 3,00,000	Nil	Up to Rs 3,00,000	NIL
From Rs. 3,00,001 to Rs. 6,00,000	5 %	**From Rs. 3,00,001 to Rs. 7,00,000**	**5 %**
From Rs. 6,00,001 to Rs. 9,00,000	10 %	**From Rs. 7,00,001 to Rs. 10,00,000**	**10 %**
From Rs 9,00,001 to Rs 12,00,000	15 %	**From Rs 10,00,001 to Rs 12,00,000**	**15 %**
From Rs 12,00,001 to Rs 15,00,000	20 %	From Rs 12,00,001 to Rs 15,00,000	20 %
Above Rs 15,00,000	30 %	Above Rs 15,00,000	30 %

  - The above tax rates would be applicable on all individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, unless an option is exercised under sub-section (6) of section 115BAC.
  - No Exemption or deduction would be available except the following:
    i. Standard Deduction u/s 16(ia) of the act.
    ii. Deduction in respect of income in the nature of family pension as provided under clause (iia) of section 57 of the act.
    iii. Deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund as to be provided under subsection (2) section 80CCH of the act.

Example -
Ms. Kajal, a female resident aged 40 years, have total income is Rs 3,00,50,000 under the head Profits and Gains of Business and Profession comprising of business income. Ms Kajal opts for the provisions of Section 115BAC.

Tax Liability as per Old Slab Rates u/s 115BAC:

Particulars	Amount (Rs)
Tax on Rs 3,00,50,000 as per concessional slabs given u/s 115BAC ➢ First Rs 3,00,000 – Nil ➢ Next Rs 3,00,000 – Rs 15,000 (5%) ➢ Next Rs 3,00,000 – Rs 30,000 (10%) ➢ Next Rs 3,00,000 – Rs 45,000 (15%) ➢ Next Rs 3,00,000 – Rs 60,000 (20%) ➢ Balance Rs 2,85,50,000 – Rs 85,65,000 (30%) Add: Surcharge @ 25% Tax Before Health & Education Cess Add: Health & Education Cess @ 4%	87,15,000 21,78,750 1,08,93,750 435750
Tax Liability	1,13,29,500

Tax Liability as per New Slab Rates u/s 115BAC as applicable from AY 2025-26:

Particulars	Amount (Rs)
Tax on Rs 3,00,50,000 as per new slabs given u/s 115BAC ➢ First Rs 3,00,000 – Nil ➢ Next Rs 4,00,000 – Rs 20,000 (5%) ➢ Next Rs 3,00,000 – Rs 30,000 (10%) ➢ Next Rs 2,00,000 – Rs 30,000 (15%) ➢ Next Rs 3,00,000 – Rs 60,000 (20%) ➢ Balance Rs 2,85,50,000 – Rs 85,65,000 (30%)	87,05,000
Add: Surcharge @ 25%	21,76,250
Tax Before Health & Education Cess	1,08,81,250
Add: Health & Education Cess @ 4%	4,35,250
Tax Liability	1,13,16,500

- The slab rates of the old tax regime remains same, which are as follows:

Total Income	Existing Tax Rates	New Tax Rates
Up to Rs. 2,50,000	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%	5%
Rs. 5,00,001 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

- The amount of income-tax computed (in accordance with the Provisions of the Income Tax & provisions of the Section 115BAC) shall be increased by a surcharge at the following rates which remain unchanged after Finance Act, 2024 (No. 2).

Old Tax Regime		**New Tax Regime**	
Particulars	**Surcharge**	**Particulars**	**Surcharge**
Taxable Total Income < INR 50 lacs	-	Taxable Total Income < INR 50 lacs	-
INR 50 lacs < Taxable Income < INR 1 crore	10%	INR 50 lacs < Taxable Income < INR 1 crore	10%*****
INR 1 crore < Taxable Income < INR 2 crore	15%	INR 1 crore < Taxable Income < INR 2 crore	15%*****
INR 2 crore < Taxable Income < INR 5 crore	25%	Taxable Income > INR 2 crore	25%******
Taxable Income > INR 5 crore	37%		

**For A.Y. 2025-26, the total income of the Assessee includes the income earned by way of Dividends or income in accordance with the Provisions of the section 111A, 112 and 112A of the Act.*

***The above surcharge rate is applicable only if the total income of the assessee excluding the income in accordance with the provision of the section 111A, 112 and 112A of the Act. But if the total income of the Assessee (included income earned by way of the Dividend or the income in accordance with section 111A, 112 and 112A) of the income tax Act exceeds Rs.2 crore, the rate of the surcharge computed on the dividend income or income chargeable under section 111A, 112 and 112A shall not exceed 15% on that part of the income.*

If the association of person consisting of only company as its members, the rate of surcharge shall not be exceeds 15%.

- Standard Deduction u/s 16(ia) has been increased from **Rs. 50,000/- to Rs. 75,000**/- where the taxpayer computes tax under the default new tax regime u/s 115BAC(1A) of the act, whereas it continues to be Rs. 50,000/- where the taxpayer choose to opt for old tax regime.

- New Proviso to Section 57(iia) of the act is inserted whereby it is proposed to increase deduction in respect of income in the nature of family pension from **Rs. 15,000/- to Rs. 25,000/-** where the taxpayer opts to computes tax under the default new tax regime u/s 115BAC(1A) of the act, whereas it continues to be Rs. 15,000/- where the taxpayer choose to opt for old tax regime.

- Clause (iva) of sub-section (1) of section 36 of the Act has been amended, to increase the amount of employer contribution allowed as deduction to the employer, **from the extent of 10% to the extent of 14%** of the salary of the employee in the previous year.

- Sub-section (2) of section 80CCD of the Act, to provide that where such contribution has been made by any other employer (not being Central Government or State Government), the employee shall be allowed as a deduction an amount **not exceeding 14% of the employee's salary**. This is being increased only in the case where the employee's salary is chargeable to tax under sub-section (1A) of section 115BAC of the Act.

2. <u>Co – operative Society (Unchanged)</u>

- The rates of income-tax will continue to be the same as those specified for Assessment Year 2023-24

Total Income	**Tax Rates**
Up to Rs. 10,000	10%
Rs. 10,001 to Rs. 20,000	20%
Above Rs. 20,001	30%

- Surcharge of 12% would applicable where the total income of resident Co-operative Society (except resident co-operative society opting u.s 115BAD) exceeds Rs 10.00 Crore. [Subject to Marginal Relief]. Health & Education cess as applicable. But if the total income of the corporative society exceeds Rs. 1 Crore but not exceeding Rs 10 Crore the rate of surcharge is 7% on such income.
- If the corporative society is liable to pay tax in accordance with the provisions of section 115JC(AMT), then income tax rate is 15%.
- A co-operative society resident in India has the option to pay tax in accordance with the provisions of the section 115 BAD at the rate of income tax is 22 percent for assessment year 2021-22 or onwards.
- A new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15%. The surcharge would be paid at 10% on such tax.

3. <u>Partnership Firms (Unchanged)</u>

- The rates of income-tax will continue to be the same as those specified for Assessment Year 2024-25 i.e. a partnership firm (including LLP) is taxable at 30%.

  Add:

  I. Surcharge of 12% would continue to be applicable where the total income of firm exceeds Rs 1.00 Crore. [Subject to Marginal Relief*]

  II. Health & Education cess as applicable.

  *However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

4. **Local Authorities (Unchanged)**

- The rates of income-tax will continue to be the same as those specified for Assessment year 2024-25 i.e. a local authority is taxable at 30%.

  Add:

  I. Surcharge of 12% would continue to be applicable where the total income of Local Authority exceeds Rs. 1.00 Crore **[Subject to Marginal Relief*]**

  II. Health & Education cess as applicable.

  *However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

5. **Domestic Companies (Unchanged)**

- **Paragraph E of Part III to the First Schedule:** In the case of domestic companies the rate of income-tax shall be @ 25% (plus applicable surcharge and health & education cess) of the total income **where the total turnover or gross receipts of previous year 2022-23 does not exceed Rs. 400.00** crore and in all other cases the rate of income-tax shall be 30% (plus applicable surcharge and health & education cess) of the total income (Unchanged).

- **For a domestic company having total turnover/ gross receipts in the previous year (2022-23) not exceeding INR 400 Crores:**

Particulars	Taxable income < INR 1 crore	Taxable income >INR 1 crore and < INR 10 crore	Taxable income > INR 10 crore
Corporate tax	25%	25%	25%
Surcharge	-	7%	12%
Corporate tax + surcharge	25%	26.75%	28%
Health & Education cess	4%	4%	4%
Effective tax rate	26%	27.82%	29.12%

- **For a domestic company having total turnover/ gross receipts in the previous year (2022-23) exceeding INR 400 Crores:**

Particulars	Taxable income < INR 1 crore	Taxable income >INR 1 crore and < INR 10 crore	Taxable income > INR 10 crore
Corporate tax	30%	30%	30%
Surcharge	-	7%	12%
Corporate tax + surcharge	30%	32.10%	33.60%
Health & Education cess	4%	4%	4%
Effective tax rate	31.20%	33.38%	34.94%

- However, if the Domestic company opted to pay tax in accordance with the provisions of section 115BAA (rate of tax 22%)or Section 115BAB (rate of tax 15%) of the income tax Act, then Surcharge is 10 % in both cases.

6. **Foreign Company**

The rates of income-tax is reduced from 40% to 35% i.e. **a foreign company is taxable at 35%** *[Health & Education cess and surcharge as applicable].*

Particulars	Taxable income < INR 10 million	INR 10 million < taxable income < INR 100 million	Taxable income > INR 100 million
Corporate tax	35%	35%	35%
Surcharge	-	2%	5%
Corporate tax + surcharge	35%	35.7%	36.75%
Health & Education cess	4%	4%	4%
Effective tax rate	36.40%	37.128%	38.22%
Earlier Effective Rate	41.60%	42.43%	43.68%

7. Rates for deduction of income-tax at source during the financial year (FY) 2024-25 from certain incomes other than "Salaries"

In every case in which under the provisions of sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

S. No.	Type of Income	Old Rates	New Rates applicable w.e.f. 23.07.2024
1.	Long Term Capital Gain u/s 115E	10	12.5
2.	Long Term Capital Gain u/s 112(1)(c)(iii) i.e., on transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested	10	Clause ceases to exist
3.	Long Term Capital Gains u/s 112A exceeding Rs. 125000/-.	10	12.5
4.	Long Term Capital Gains [not being Long Term Capital Gains referred to in clauses (33) and (36) of section 10 which relates to unit of unit scheme referred to in Schedule I to the Unit Trust of India Act, 2002 and transfer of certain equity shares]	20	12.5
5.	Short Term Capital Gains u/s 111A	15	20
Other rates provided in the Act remains same			

On detailed analysis of the above new rates, the tax rates effective on certain items after today's budget are

Listed Assets

	Old STCG	New STCG	Old LTCG	New LTCG
Stocks	15	20	10	12.50
Equity Mutual Funds	15	20	10	12.50
Debt and non – equity MFs	Slab Rate	Slab Rate	Slab Rate	Slab Rate
Bonds (Listed)	Slab Rate	20	10	12.50
REITs/InVITs	15	20	10	12.50
Equity FoFs (other than those investing in 90% in equity ETFs)	Slab Rate	20	Slab Rate	12.50
Gold/ Silver ETF	Slab Rate	20	Slab Rate (other than those investing in 90% in equity ETFs)	12.50
Overseas FoFs	Slab Rate	Slab Rate	Slab Rate	12.50
Gold Funds	Slab Rate	Slab Rate	Slab Rate	12.50

Unlisted Assets

	Old STCG	New STCG	Old LTCG	New LTCG
Real Estate (Physical)	Slab Rate	Slab Rate	20 (with indexation)	12.50
Bonds (Unlisted)	Slab Rate	Slab Rate	Slab Rate	Slab Rate
Physical Gold	Slab Rate	Slab Rate	20 (with indexation)	12.50
Stocks (Unlisted)	Slab Rate	Slab Rate	20 (with indexation)	12.50
Foreign equities/debt	Slab Rate	Slab Rate	20**	12.50

8. **No surcharge is applicable on advance tax / tax computed on income of specified fund (referred to in clause (c) of the Explanation to clause (4D) of section 10) that is chargeable under clause (a) of sub-section (1) of section 115AD of the Act**.

Section 115AD(1)(a) pertains to the tax treatment of income from securities or capital gains arising from their transfer, which is earned by Foreign Institutional Investors (FIIs) or Foreign Portfolio Investors (FPIs). The proposal suggests that the surcharge will not apply to the advance tax or tax computed on the income of specified funds, which is chargeable under Section 115AD(1)(a). Overall, the proposal aims to provide tax relief to specified funds by excluding them from the surcharge on advance tax or tax computed under Section 115AD, potentially fostering greater investment in the Indian market.

B. MEASURES TO PROMOTE INVESTMENT AND EMPLOYMENT

Clause No	Relevant Section/ Amendment	Provision	Brief Impact
28	94B We.f. 1st April, 2025 [Limitation on interest deduction in certain cases.]	(3) Nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance **or a Finance Company located in any International Financial Services Centre [***or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf***]** (5) For the purposes of this section, the expressions— **'(iv) "Finance Company" means a finance company as defined in clause (e) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 and which satisfies such conditions and carries on such activities, as may be prescribed;** **(v) "International Financial Services Centre" shall have the meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.'.**	1) The amendment exempts Indian companies and permanent establishments of foreign companies engaged in banking, insurance, or operating as finance companies in International Financial Services Centres (IFSCs) from the limitations on the deductibility of interest expenses. This broadens the scope of businesses that can fully deduct interest expenses, promoting financial activities within IFSCs. 2) The inclusion of definitions such as "Finance Company" and "International Financial Services Centre," as detailed in respective regulations and acts, provides clarity and helps ensure that entities operating within these frameworks are correctly identified and can avail themselves of the intended tax benefits. 3) These amendments are designed to align with global practices for preventing base erosion while supporting the growth and operational flexibility of financial and insurance sectors within specialized economic zones like IFSCs .
4	Section-10 (23FB)	(*23FB*) any income of a venture capital company or venture capital fund from investment in a venture capital undertaking : (b) "venture capital fund" means a fund—	1) Finance Act, 2023 amended the provisions of section 68 so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the

		(A) operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908), which— (I) has been granted a certificate of registration, before the 21st day of May, 2012, as a Venture Capital Fund and is regulated under the Venture Capital Funds Regulations; or (II) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund under the Alternative Investment Funds Regulations **or as referred to in sub-regulation (2) of regulation 18 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019** and which fulfils the following conditions, namely:— (i) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking; (ii) it has not invested in any venture capital undertaking in which its trustee or the settler holds, either individually or collectively, equity shares in excess of fifteen per cent of the paid-up equity share capital of such venture capital undertaking; ~~**and**~~ (iii) the units, if any, issued by it are not listed in any recognised stock exchange; ~~**or**~~ **and** **(iv) any other condition as may be prescribed; or**;	source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund (VCF) or Venture Capital Company (VCC) registered with SEBI. Section 68 accordingly makes a reference to the definition of VCF/VCC in the Explanation to clause (23FB) of section 10. 2) The provision exempts well-regulated entities like Venture Capital Funds (VCFs) and Venture Capital Companies (VCCs) registered with SEBI or regulated by IFSCA from the stringent requirements of proving the source of funds. This facilitates smoother financial operations and encourages venture capital investments by reducing administrative burdens on these entities. 3) Extending the exemption to VCFs regulated by the International Financial Services Centres Authority (IFSCA) aligns with global financial standards and promotes the growth of venture capital ecosystems within India's IFSCs, attracting more foreign and domestic investments. 4)By easing the tax compliance for VCFs and VCCs and clearly defining their operational guidelines, the amendment promotes a healthy venture capital ecosystem. This is crucial for fostering innovation and entrepreneurship, which are key drivers of economic growth.

4	Section-10(4D) We.f. 1st April, 2025	(4D) any income accrued or arisen to, or received by a specified fund as a result of transfer of capital asset referred to in clause (viiab) of section 47, on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange or as a result of transfer of securities (other than shares in a company resident in India) or any income from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India or any income from a securitisation trust which is chargeable under the head "Profits and gains of business or profession", to the extent such income accrued or arisen to, or is received, is attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) [or is attributable to the investment division of offshore banking unit, as the case may be,] computed in the prescribed manner. Explanation.— For the purposes of this clause, the expression— [(c) "specified fund" means,— (i) a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate,— (I)(**a**) which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the	1) The amendment expands tax exemptions for income accrued from specified transactions by funds located in IFSCs. This includes income from the transfer of capital assets on recognized stock exchanges in IFSCs, income from securities issued by non-residents, and income from securitization trusts. Such exemptions aim to enhance the attractiveness of IFSCs as global financial hubs. 2) The amendment provides a detailed definition of what constitutes a "specified fund," including requirements for registration and regulation under specific financial regulatory frameworks. This clarification helps in ensuring that only qualified funds benefit from the tax exemptions, maintaining a high standard of financial activity within IFSCs. 3) The inclusion of specific conditions and the extension of tax exemptions until specified future dates align with strategic efforts to develop the financial services industry in India, particularly in enhancing the global appeal and operational scope of IFSCs.

		Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or 39[regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the] International Financial Services Centres Authority Act, 2019 (50 of 2019); **(b) which has been granted a certificate as a retail scheme or an Exchange Traded Fund, and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 and satisfies such conditions, as may be prescribed**	
4	Section-10(23EE) We.f. 1st April, 2025	(23EE) any specified income of such Core Settlement Guarantee Fund, set up by a recognised clearing corporation in accordance with the regulations, as the Central Government may, by notification in the Official Gazette, specify in this behalf: Provided that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part with the specified person, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall, accordingly, be chargeable to income-tax.	1) The amendment broadens the definition of "recognized clearing corporation" to include those regulated not only under the Securities and Exchange Board of India (SEBI) but also those under the International Financial Services Centres Authority (IFSCA). This expansion facilitates a more inclusive regulatory framework that accommodates clearing corporations operating within both national and international financial services centers 2) The amendment clarifies that the specified income of the CSGF may include contributions from specified persons, penalties imposed by the clearing corporation, and income from investments made by the fund. This explicit definition helps in categorizing

		Explanation.—For the purposes of this clause,— (i) "recognised clearing corporation" shall have the same meaning as assigned to it in clause (o) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 20124a made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the Securities Contracts (Regulation) Act, 1956 (42 of 1956) **or clause (n) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019)** (ii) "regulations" means the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012* made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the Securities Contracts (Regulation) Act, 1956 (42 of 1956); **or the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019" (50 of 2019)**	fund income for better tax clarity and financial reporting. 3) The CSGF is critical in managing settlement risks in the financial markets. By ensuring a clear tax and regulatory framework for the management and distribution of these funds, the amendment supports financial stability and confidence in the clearing and settlement processes. 4) Overall, this amendment is a significant step towards enhancing the regulatory framework for financial market infrastructures, particularly in the context of settlement guarantee funds, aligning them with international standards and practices, and ensuring robust financial market operations.
23	56(2) applicable w.e.f 1st April, 2025 and from AY 2025-26	**Insertion of third proviso to S. 56(2)(viib)** (viib) where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of	**That S. 56(2)(viib) made inoperative from 01.04.2024:** **Thus, wef AY 2025-26 any consideration received by a private company / closely held companies for the issuance of shares that exceeds their face value will no longer be subject to tax under the "Income**

		shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares: **Provided** that this clause shall not apply where the consideration for issue of shares is received— (i) by a venture capital undertaking from a venture capital company or a venture capital fund or a specified fund; or (ii) by a company from a class or classes of persons as may be notified by the Central Government in this behalf: **Provided** further that where the provisions of this clause have not been applied to a company on account of fulfilment of conditions specified in the notification issued under clause (ii) of the first proviso and such company fails to comply with any of those conditions, then, any consideration received for issue of share that exceeds the fair market value of such share shall be deemed to be the income of that company chargeable to income-tax for the previous year in which such failure has taken place and, it shall also be deemed that the company has under reported the said income in consequence of the misreporting referred to in sub-section (8) and sub-section (9) of section 270A for the said previous year. **Provided also that the provisions of this clause shall not apply on or after the 1st day of April, 2025.**	**from other sources" as previously stipulated**. The amendment will encourage more investment into companies, particularly those not publicly traded. This could lead to increased funding for startups and growth-stage companies from both domestic and international investors. In the Budget Speech it was stated that the "Angel Tax" is sought to be abolished for all classes. This is evident from the following para 153 of the budget speech which is as under: *"153. First of all, to bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation, I propose to abolish the so called angel tax for all classes of investors."* It appears that the entire section pertaining to taxation of excessive share premium has been made inoperative. However, it appears that in the absence of any charging section to tax excessive share premium (in the hands of non-angel recipients).
4,16 & 17	44BBC applicable w.e.f. 1st April, 2024 and will apply in relation	(15B) any income of a foreign company from lease rentals, by whatever name called, of cruise ships,	1) Section 44BBC sets up a presumptive taxation regime for non-residents involved in the cruise ship industry, alongwith

	to AY 2025-26 and subsequent year.	received from a specified company which operates such ship or ships in India, where such foreign company and the specified company are subsidiaries of the same holding company, and such income is received or accrues or arises in India for any relevant assessment year beginning on or before the 1st day of April, 2030. Explanation.—For the purposes of this clause,— (a) "specified company" means any company, other than a domestic company which operates cruise ships in India and opts to pay tax in accordance with the provisions of section 44BBC; (b) "holding company", in relation to a foreign company or a specified company, means a company of which such companies are subsidiary companies; (c) "subsidiary company" or "subsidiary", in relation to a holding company, means a company in which the holding company exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.'; 16. In section 44B of the Income-tax Act, with effect from the 1st day of April, 2025,— (a) for the marginal heading, the following marginal heading shall be substituted, namely:— "Special provision for computing profits and gains of shipping business other than cruise shipping in case of non-residents"; (b) in sub-section (1), after the words "business of operation of ships,", the words, figures and letters "other 33 than	exemption to income of a foreign company from lease rentals, if such foreign company and the non-resident cruise ship operator have the same holding company. 2) a new section 44BBC, which deems twenty per cent of the of specified revenues will be deemed as the taxable profits. 3) This approach simplifies tax calculations by avoiding the complexity of determining actual profits and allows for more straightforward compliance. 4) The taxable income under this section includes amounts paid or payable to the assessee, or on their behalf, related to the carriage of passengers. It also encompasses amounts received or deemed received on account of passenger carriage. This comprehensive inclusion ensures that various forms of revenue from cruise operations are covered under the tax net. 5) By providing a clear and stable tax regime, the new section could encourage more international cruise operators to include India.

		cruise ships referred to in section 17. After section 44BBB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2025, namely: — '44BBC. (1) Notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of cruise ships subject to such conditions as may be prescribed, a sum equal to twenty per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession". (2) The amounts referred to in sub-section (1) shall be the following, namely:— (a) the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and (b) the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.'	

C. SIMPLIFICATION AND RATIONALISATION

Clause No	Relevant Section/ Amendment	Provision	Brief Impact
32	113 [W.e.f 01.09.2024 - **Tax in the case of block assessment of search cases.]**	**Amendment in S. 113** The total income of the block period, determined under section 158BC, shall be chargeable to tax at the rate of sixty per cent: **Provided** that the tax chargeable under this section shall be increased by a surcharge, if any, levied by any Central Act.	The scheme of block assessment for the cases in which search under section 132 or requisition under section 132A has been initiated or made has been provided under newly inserted chapter XIV-B of the Act. There were interpretation disputes pertaining to the charging of surcharge in the earlier avator of these provisions. Under the old law, the Supreme Court had stated that the surcharge under Section 113 proviso was res integra with the decision of Commissioner of Income Tax (Central)- I, New Delhi v Vatika Township Pvt. Ltd. (2015) 1 SCC 1 which was in favour of the assessee and against the revenue. Thus, to remove any future anomaly, the Expression Surcharge has been stated. But how it will be levied and at what rate, it is yet to be clarified.
43	144C [W.e.f 01.09.2024 -No reference can be made to Dispute resolution panel in case of Search Assessment]	**Insertion of New sub section and new proviso in S. 144C** (15) For the purposes of this section,— (a) "Dispute Resolution Panel" means a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose; (b) "eligible assessee" means,—	The provisions of section 144C of the Act shall not apply to Search Assessments.

		(i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer Pricing Officer passed under sub-section (3) of section 92CA; and (ii) any non-resident not being a company, or any foreign company. **Provided Provided that such eligible assessee shall not include person referred to in sub-section (1) of section 158BA or other person referred to in section 158BD** **(16) The provisions of this section shall not apply to any proceedings under Chapter XIV-B.".**	
49	**Chapter XIV-B of the Income-tax Act, substituted** [w.e.f 01.09.2024 - Special procedure for Assessment of Search cases]	**Insertion of New Chapter 'CHAPTER XIV-B SPECIAL PROCEDURE FOR ASSESSMENT OF SEARCH CASES** S. 158B – Definitions of 'Block Period' and 'Undisclosed income' S. 158BA - Assessment of total income as a result of search of searched person. S. 158BB - Computation of total income of block period. S. 158BC - Procedure for block assessment S. 158BD - Undisclosed income of any other person. 158BE - Time-limit for completion of block assessment 158BF - Certain interests and penalties not to be levied or imposed. 158BFA - Levy of interest and penalty in certain cases. 158BG - Authority competent to make assessment of block period. 158BH - Application of other provisions of this Act. S. 158BI - Chapter not to apply in certain circumstances.	**Chapter XIV-B of the Income-tax Act, substituted** - w.e.f 01.09.2024 providing Special procedure for Assessment of Search cases in respect of search u/s 132 or requisition u/s 132A on or after the 1st day of September, 2024. **i) Meaning of Block Period**: The 'block period' shall consist of previous years relevant to six assessment years preceding the previous year in which the search was initiated under section 132 or any requisition was made under section 132A and shall include the period starting from the 1st of April of the previous year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or date of such requisition. **ii) Regular assessments for the block period shall abate.**

			iii) One consolidated assessment for the block period. iv) Till block assessment is complete, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block. v) The undisclosed income shall be computed on the basis of evidence found as a result of search or survey in consequence of such search or requisition of books of account or other documents and such other materials or information as **are either available with the Assessing Officer** or **come to his notice by any means during the course of proceedings under the said Chapter.** vi) The assessment in respect of any other person shall be governed by the provisions of section 158BD. – In case of satisfaction of AO that any undisclosed income **belongs to or pertains to or relates to any person**, **other than the person with respect to whom search was made** or requisition made u/s 132A. vii) In case of any other person any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned **shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the**

			provisions of the said Chapter shall apply accordingly. viii) **The tax shall be charged at sixty per cent for the block period** increased by a surcharge, if any, which may be levied by any Central Act. presently, no surcharge is proposed for income chargeable to tax for the block period. ix) **No interest under the provisions of section 234A, 234B or 234C.** x) **No penalty under the provisions of section 270A** [in respect of 'under reporting / misreporting of income] shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period. xi) **Penalty on the undisclosed income of the block period as determined by the Assessing officer shall be levied at fifty per cent of the tax payable on such income.** No such penalty shall be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return. xii) **The time-limit for completion of block assessment of the searched assessee shall be twelve months** from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made.

			xiii) The time-limit for completion of block assessment of any other person shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person. However, an exclusion of nearly six months shall be available in respect of period from date of search to the date of handing over of seized material to the Assessing Officer. **xiv) No reference to TPO / No TP Adjustmnets in block Assessment in respect of Search Year :** Where any evidence found as a result of search or requisition relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act. **xv) Approval of Superior Authority:** Approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director for issuing notice u/s 158BC(1)(a) and for passing order of assessment for the block period.

			xvi) The provisions of section 144C of the Act shall not apply to any proceeding under the said Chapter. **xvii) Approval of Superior Authority:** Before any order is passed u/s 158BC, an approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director shall be required.
76	246A [W.e.f. 01.09.24 - **Appealable orders before Commissioner (Appeals).]**	**Insertion of New sub section** In section 246A of the Income-tax Act, in sub-section (1), after clause (k), the following clause shall be inserted: **(ka)** an order of assessment made by an Assessing Officer under clause (c) of sub-section (1) of section 158BC, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024;	Order passed u/s 158BC has been made specifically appealable
85	276CCC [W.e.f. 01.09.24 - **Failure to furnish return of income in search cases – Prosecution provision]**	**Amendment to S. 276CCC** **276CCC.** If a person wilfully fails to furnish in due time the return of total income which he is required to furnish by notice given under clause (*a*) of ***subsection(1) of*** section 158BC, he shall be punishable with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine : **Provided** that no person shall be punishable for any failure under this section in respect of search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, after the 30th day of June, 1995 but before the 1st day of January, 1997.	In case of failure to furnish return in response to notice u/s 158BC(1)(a) may attract imprisonment for period not be less than three months but which may extend to three years and with fine
44	148 & 148A **[W.e.f. 01.09.24 - Issue of notice**	Substitution of new sections for sections 148 and 148A.	i) Clause 44 of the Bill seeks to substitute sections 148 and 148A of the Income-tax Act.

	where income has escaped assessment.]	S. 148 - Issue of notice where income has escaped assessment. S. 148A - Procedure before issuance of notice under section 148.	ii) **Substitution of S. 148A for following reasons**: a) **As per earlier section AO has to conduct enquiry under subclause (a) with prior approval of specified authority** – **Now no such approval is required, infact as per substituted section** if there is any information as to the escaped assessment notice u/s 148A can be issued however such notice to show cause shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year. **b) Mandatory Period of minimum seven days dispensed with** – Now the assessee to furnish his reply within such period, as may be specified in the notice. **c) Order u/s 148A(3) to be passed with the prior approval of the specified authority.** **d) Provisions of S. 148A will not apply** where the Assessing Officer has received information under the scheme notified under section 135A. **iii) Substitution of S. 148 for following reasons:** **a)** Notice u/s 148 to be issued with order u/s 148A(3) determining it to be a fit case requiring assessee **to funish return with in such period not exceeding three months** from the end of the month in which such notice is issued – **No further extended period shall be allowed**.

			b) Further no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year. c) Any information in the case of the assessee emanating from survey conducted under section 133A, other than under sub-section (2A) after 01.09.2024 is added to the definition of 'information' with the Assessing Officer. d) No notice under section 148 shall be issued without prior approval of the specified authority in case of information under the scheme notified under section 135A.
45	**149** [W.e.f. 01.09.24 - Time limit for issuance of notices under sections 148 and 148A.]	**Substitution of new sections for sections 149.** 149. (1) No notice under section 148 shall be issued for the relevant assessment year,— (a) if three years and three months have elapsed from the end of the relevant assessment year, unless the case falls under clause (b); (b) if three years and three months, but not more than five years and three months, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of accounts or other documents or evidence related to any asset or expenditure or transaction or entries which show that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	The time limitation for issuance of notice under section 148A and section 148 of the Act provided in amended section 149 of the Act as follows: i) **General Cases –** No notice shall be issued for any period: a) 148A - beyond the period of three years from the end of the relevant assessment year b) 148 - beyond the period of three years and three months from the end of the relevant assessment year. ii) **Specific Cases: the income escaping assessment amounts to or is likely to amount to fifty lakh rupees or more, no notice shall be issued for any period:** a) 148A - beyond the period of three years but not beyond

		(2) No notice to show cause under section 148A shall be issued for the relevant assessment year,— (a) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b); (b) if three years, but not more than five years, have elapsed from the end of the relevant assessment year unless the income chargeable to tax which has escaped assessment, as per the information with the Assessing Officer, amounts to or is likely to amount to fifty lakh rupees or more.	the period of five years from the end of the relevant assessment year; b) 148 - beyond the period of three years and three months but not beyond the period of five years and three months from the end of the relevant assessment year.
46	**151** [W.e.f. 01.09.24 – Sanction for issue of Notice]	**Substitution of new sections for sections 151.** 151. Specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.	Specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director. Earlier the authorities were Principal Commissioner or Principal Director or Commissioner or Director in case of three years or less than three years and Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General in case of period beyond three years.
47	152 **[W.e.f. 01.09.24 – Other Provisions]**	**Amendment of S. 152 – Insertion of Sub section (3) & (4)** "(3) Where a search has been initiated under section 132 or requisition is made under section 132A, or a survey is conducted under section 133A [other than under sub-section (2A) of the said section], on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of sections 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.	i) In case of search u/s 132, requisition u/s 132A and Survey u/s 133A other than under sub-section (2A) on or after 01.04.2021 but before 01.09.2024 the provisions of section 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024. ii) In case of Notice u/s 148 and order u/s 148A(d) has been passed, prior to 01.09.2024, the assessment, reassessment or recomputation in such case

		(4) Where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.	shall be governed as per the provisions of sections 147 to 151, as they stood prior to their amendment by Finance (No. 2) Act, 2024.
83	275 [w.e.f 01.10.2024 - Bar of limitation for imposing penalties]	**Amendment of section 275(1) & 275(1A).** Removal of words "Principal Chief Commissioner or Chief Commissioner" from both the sub-sections at both the places.	Section 275 of the Act provides for the period of limitation for imposing penalties. Sub-section (1) of the said section, inter-alia, states that no order imposing a penalty shall be made in a case where the relevant assessment order or other order is the subject-matter of an appeal before the Joint Commissioner (Appeals) or the Commissioner (Appeals) under section 246 or section 246A, respectively, or before the Appellate Tribunal (ITAT) under section 253, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which the order of the JCIT(A) or the CIT(A) or, as the case may be, the Appellate Tribunal is **received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner**, **whichever period expires later. Similarly, at three other places in the said section, for the purposes of limitation, the date of receipt of order passed by appellate authority is given as, 'date of receipt of order in the office of Principal Chief Commissioner or**

			<u>Chief Commissioner or Principal Commissioner or Commissioner'.</u> The reference to the office of Principal Chief Commissioner of Income-tax, Chief Commissioner of Income-tax and Principal Commissioner of Income-tax poses ambiguity for the purposes of calculation of the number of days for imposition of penalties as a consequence of the orders referred to in the said section. **Therefore, amendment is made in section 275 of the Act to omit the reference to the date of receipt of order by the Principal Chief Commissioner or Chief Commissioner.**
72	**244A** [w.e.f 01.10.2024 - Interest on refunds]	**Amendment of section 244A.** (1A) In a case where a refund arises as a result of giving effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264, wholly or partly, otherwise than by making a fresh assessment or reassessment, the assessee shall be entitled to receive, in addition to the interest payable under sub-section (1), an additional interest on such amount of refund calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted: [Provided that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this subsection, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance	. Section 245 of the Act relates to set off and withholding of refund in certain cases. The Finance Act, 2023 has integrated section 241A and section 245 (as they existed prior to their amendment) into a single provision of section 245 of the Act. Presently, section 245 of the Act empowers the Assessing Officer (AO) to adjust the refund (or a part of the refund) against any tax demand that is outstanding from the taxpayer. Further, where refund becomes due to a person but the assessment or reassessment proceeding is pending in his case, then, the Assessing Officer may, with the approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund till the date on which such assessment or reassessment is completed. Moreover, no additional interest on refund under section 244A of the Act is payable to the assessee for

		with and subject to provisions of sub-section (2) of section 245 and ending ~~with the date on which such assessment or reassessment is made~~ ***with the date up to which such refund is withheld***, shall be excluded.]	the period beginning from the date on which such refund is withheld and ending with the date on which assessment/reassessment is made.
73	245 [w.e.f 01.10.2024 -Set off and withholding of refunds in certain cases.]	**Amendment of section 245.** (2) Where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person, and the Assessing Officer, having regard to the fact that proceedings for assessment or reassessment are pending in the case of such person, ~~**is of the opinion that the grant of refund is likely to adversely affect the revenue**~~, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or the Commissioner, as the case may be, withhold the refund up to ***sixty days*** from the date on which such assessment or reassessment is made.]	2. Sub-section (2) of section 245 of the Act provides that where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person and the Assessing Officer having regard to the fact that proceedings for assessment or re-assessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax, withhold the refund up to the date on which such assessment or reassessment is made. 3. From the bare reading of the provision, it is seen that there are two requirements which the Assessing Officer is supposed to fulfill. One is that he should form opinion that the grant of refund is likely to adversely affect the revenue and the second is that he has to record the reasons in writing for withholding the refund. The second condition of recording of reasons takes care of the first condition as even if an opinion is formed, it has been expressed in terms of reasons recorded in writing. Thus, for the phrase "is of the opinion that the grant of refund is likely to

			adversely affect the revenue", the phrase "he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner of Income-tax or Commissioner of Income-tax" is proposed to be retained. Further, the period of withholding the refund 'up to the date of assessment' is inadequate as the demand itself becomes due after thirty days of the date of assessment. Hence, the period of withholding of the refund is proposed to be extended up to sixty days from the date on which such assessment or reassessment is made. 4. Consequential amendment is also required in section 244A of the Act to allow non-payment of additional interest up to the date till which such refund is withheld under the provisions of sub-section (2) of section 245 of the Act.
78	253 [w.e.f 01.10.2024 - Appeals to the Appellate Tribunal.]	**Amendment of section 253.** (a) an order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner (Appeals) under section 154, **section 158BFA**, section 250, section 270A, section 271, section 271A 90 [, section 271AAB, section 271AAC, section 271AAD], section 271J or section 272A; or …….. (3) Every appeal under sub-section (1) or sub-section (2) shall be filed within ~~**sixty days of the date on**~~ ***two months from the end of the month in*** which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be:	1. The ITAT is the second appellate authority in the income-tax appellate hierarchy. 2. Section 158BFA of the Act is an interest and penalty provision under Chapter XIV-B of the Act for imposition of penalty on undisclosed income for the block period in a case where search has been initiated under section 132 of the Act. However, as the reference to the same has not been inserted in sub-section (1) of section 253 of the Act, an aggrieved assessee cannot appeal against such penalty orders passed by Commissioner (Appeals). Accordingly, amendment is made to clause (a) of

		Provided that in respect of any appeal under clause (b) of sub-section (1), this sub-section shall have effect as if for the words "sixty days", the words "thirty days" had been substituted.	subsection (1) of section 253 to include the reference of section 158BFA therein. 3. Amendment to sub-section (3) of section 253 to provide that the appeal before the ITAT may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.
4, 6 & 9	10(23C), 12A and 13	**Amended Provisions of Section 10(23C) w.e.f. 01.10.2024**: **Provided** that the exemption to the fund or trust or institution or university or other educational institution or hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), under the respective sub-clauses, shall not be available to it unless such fund or trust or institution or university or other educational institution or hospital or other medical institution makes an application **before the 1st day of October, 2024,** in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,— ……. Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso **before the 1st day of October, 2024,** shall,— …… **Amended Provisions of Section 12A(1)(ac) w.e.f. 01.10.2024:** (ii) where the trust or institution is registered under section 12AB **or approved under sub-clause (iv) or sub-clause (v) or subclause (vi) or sub-clause (via) of clause (23C) of section 10** and the period of the said registration **or**	To enable merger of both regimes available with Charitable Trusts and Institutions u/s 10 and u/s 11 to 13 respectively, for fresh application for registration u/s 10(23C) a sunset date of 30.09.2024 has been proposed. In other words, exemptions allowed under various clauses of section 10 i.e. sub-clause(s) (iv), (v), (vi) or (via) of clause (23C) of section 10 are proposed to be merged with provisions of section 11 to 13. Sunset date for new applications under section 10 will be 30.09.2024. Whereas, already registered Charitable Trusts / Institutions will continue to avail exemption as earlier. This is an amendment made to facilitate application for fresh registration for existing trusts or institutions already registered u/s 10(23C) of the act under Section 12A of the act.

		approval as the case may be, is due to expire, at least six months prior to expiry of the said period; (iii) where the trust or institution has been provisionally registered under section 12AB or provisionally approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, at least six months prior to expiry of period of the provisional registration or provisional approval as the case may be, or within six months of commencement of its activities, whichever is earlier; **Following sub-clause have been inserted after section 13(1)(d)(iii) w.e.f. 01.10.2024** **(iv) any asset referred to in sub-clauses (i), (ia) and (ii) of clause (b) of the third proviso to clause (23C) of section 10 or any accretion to the shares, forming part of the corpus mentioned in the said sub-clause (i) and (ia) and voluntary contributions referred to in sub-clause (iv) of clause (b) of the said proviso.**	This is an amendment made to protect eligible mode of investments under first regime while merger with second regime.
6	12A(1)(ac)	**New Proviso inserted after section 12A(1)(ac)(vi) w.e.f. 01.10.2024** **"Provided that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time."**	In case of delay in filing of application for registration u/s 12AB(1) of the act, it has been proposed to empower the PCIT / CIT to consider the application on merits and may condone the delay if found that delay was due to reasonable cause.
26	80G	**Amended First Proviso to Section 80G(5), w.e.f. 01.10.2024.** Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or	This amendment in Section 80G of the act has been proposed to rationalize the time limits for application of registration under said provision of the act.

		Commissioner, for grant of approval,— (i) where the institution or fund is approved under clause (vi) as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, within three months from the 1st day of April, 2021; (ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period; (iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier**; or** (iv) ~~**in any other case**~~, where activities of the institution or fund have— (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (B) commenced ~~**and where no income or part thereof of the said institution or fund has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 or section 11 or section 12 for any previous year ending on or before the date of such application**~~, at any time after the commencement of such activities: **Amended Second Proviso to Section 80G(5), w.e.f. 01.10.2024** Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,— (i) where the application is made under clause (i) of the said	Similar to provisions of Section 12AB, provisions of section 80G has been amended to rationalize the time limits for issuance of order in respect of applications filed for registration under said provision.

		proviso, pass an order in writing granting it approval for a period of five years; (ii) where the application is made under clause (ii) or clause (iii) or sub-clause (B) of clause (iv) of the said proviso,— (a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about— (A) the genuineness of activities of such institution or fund; and (B) the fulfilment of all the conditions laid down in clauses (i) to (v); (b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),— (A) pass an order in writing granting it approval for a period of five years; or ~~(B) if he is not so satisfied, pass an order in writing,—~~ ~~(I) in a case referred to in clause (ii) or clause (iii) of the first proviso, rejecting such application and cancelling its approval; or~~ ~~(II) in a case referred to in sub-clause (B) of clause (iv) of the first proviso, rejecting such application,~~ ~~after affording it a reasonable opportunity of being heard;~~ **(B) if he is not so satisfied, pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard;**	

		(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought, and send a copy of such order to the institution or fund: **Substitution of Third Proviso to Section 80(5) w.e.f. 01.10.2024** ~~Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received:~~ **"Provided also that the order under clause (i) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months and one month, as the case may be, calculated from the end of the month in which the application was received:** **New Proviso i.e. Fourth Proviso inserted after third proviso to Section 80(5) w.e.f. 01.10.2024** **Provided also that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of six months from the end of the quarter in which the application was received:**	

7	12AB	**Substitution of Section 12AB(3) w.e.f. 01.10.2024** ~~(3) The order under clause (a), sub-clause (ii) of clause (b) and clause (c), of sub-section (1) shall be passed, in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.~~ **(3) The order under sub-section (1) shall be passed, in such form and manner as may be prescribed, within a period of,––** **(i) three months calculated from the end of the month in which the application was received in case of clause (a);** **(ii) six months calculated from the end of the quarter in which the application was received in case of sub-clause (ii) of clause (b); and** **(iii) one month calculated from the end of the month in which the application was received in case of clause (c).**	Provisions of section 12AB has been amended to rationalize the time limits for issuance of order in respect of applications filed for registration under said provision.
8	12AC	**New Section 12AC has been inserted w.e.f. 01.04.2025** **12AC. Where any trust or institution registered under section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be, merges with another trust or institution, the provisions of Chapter XII-EB shall not apply if—** **(a) the other trust or institution has same or similar objects;** **(b) the other trust or institution is registered under section 12AA or section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be; and**	This provision has been inserted to allow merger of existing trusts with similar objects registered under section 12AB or Clause (iv) to (via) of Section 10(23C), shall be exempt from applicability of provisions of section 115TD to 115TF i.e. Chapter XII-EB subject to satisfaction of certain conditions.

		(c) the said merger fulfils such conditions as may be prescribed.	
5	11	**Amended Provisions of section 11(7) w.e.f. 01.04.2025** (7) Where a trust or an institution has been granted registration under section 12AA or section 12AB or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] and the said registration is in force for any previous year, then, nothing contained in section 10 ~~other than clause (1), clause (23C) and clause (46) thereof~~ **other than clause (1), clause (23C), clause (23EA), clause (23EC), clause (23ED), clause (46), clause (46A) and clause (46B) thereof** shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year: Provided that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or ~~is notified under clause (46)~~ **is notified under clause (23EA) or clause (23EC) or clause (23ED) or clause (46)** of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later **or, the 1st day of April of the previous year relevant to the assessment year for which the exemption is claimed under clause (46B) of the said section:** Provided further that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under **clause (23EA) or** clause (46) of the said section,	This provision has been amended to recognize the Investment Protection Funds, National Credit Guarantee Trustee Company Limited, Credit Guarantee Fund and Credit Guarantee Fund Trust for Micro and Small Enterprises for the purpose of enabling provision for providing option to make its registration u/s 12AA operational in place of registration u/s 10(23C).

		as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.	
3	2(42A) W.e.f. 23rd July, 2024 [Change in period of holding of assets to be determined as short term and/or long term]	New provision: (viii) "Short-term capital asset" means a capital asset held by an assessee for not more than ~~thirty-six months~~ **twenty-four months** immediately preceding the date of its transfer. **Provided that** in the case of a security listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond, the provisions of this clause shall have effect as if for the words **"twenty-four months"**, the words "thirty-six months" had been substituted: **Provided further that** in case of a share of a company (not being a share listed in a recognised stock exchange) or a unit of a Mutual Fund specified under clause (23D) of section 10, which is transferred during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, the provisions of this clause shall have effect as if for the words " thirty-six months", the words " twelve months" had been substituted **as it stood immediately prior to the commencement of the Finance (No.2) Act, 2024:**	This amendment is introduced for determination of period of holding of assets to be classified as short term capital assets or long term capital assets. there will only be two holding periods, 12 months and 24 months, for determining whether the capital gains is short-term capital gains or long term capital gains. For listed securities: period below 12 months is STCG. For other than listed securities: period below 24 months is STCG
20	2nd Proviso to Section 48 W.e.f. 23rd July, 2024 [To limit the applicability of	New Provisions: Provided further that where long-term capital gain arises from the transfer **"(which takes place before the 23rd day of July, 2024)"** of a long-term capital asset, other than capital gain	The Insertion of words has been made to limit the applicability of the 2nd proviso to section 48 of the Act.

	indexation benefits the transfer which takes place before the 23rd day of July, 2024,]	arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words "cost of acquisition" and "cost of any improvement", the words "indexed cost of acquisition" and "indexed cost of any improvement" had respectively been substituted:	Hence, On transfer of long term capital asset on or after 23rd July 2024, No Indexation benefit will be available.
29	111A W.e.f. 23rd July, 2024 [Change in tax rate for short term capital gains u/s 111A]	New provisions: (1) Where the total income of an assessee includes any income chargeable under the head "Capital gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and— (a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and (b) such transaction is chargeable to securities transaction tax under that Chapter, the tax payable by the assessee on the total income shall be the aggregate of— (i) the amount of income-tax calculated on such short-term capital gains:- (a) **at the rate of fifteen per cent for any transfer which takes place before the 23rd day of July, 2024; and** (b) **at the rate of twenty per cent for any transfer which takes place before the 23rd day of July, 2024.** (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:	In the given amendment, Short term capital gains u/s 111A of the Act shall be taxed at the rate of 20% (Earlier it was 15%). The given above are summarized as follows:- **15%**: For transfer takes place before 23rd July 2024. **20%:** For transfer takes place on or after 23rd July 2024.

		Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the **"rate as applicable in clause (i)".**	
30	112 W.e.f. 23rd July, 2024 [Change in tax rate for long term capital gains u/s 112]	New Provision: (1) Where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,— **"(a) In the case of an individual or a Hindu undivided family, being a resident,—** **(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and** **(ii) the amount of income-tax calculated on such long-term capital gains,—** **(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and** **(B) at the rate of twelve and one-half per cent. For any transfer which takes place on or after the 23rd day of July, 2024:** **Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax,**	In the given amendment, Long term capital gains u/s 112 of the Act shall be taxed at the rate of 12.50% (Earlier it was 20%). The given above are summarized as follows:- **20%**: For transfer takes place before 23rd July 2024. **12.50%:** For transfer takes place on or after 23rd July 2024.

		then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii); **(b) In the case of a domestic company,—** **(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and** **(ii) the amount of income-tax calculated on such long-term capital gains,—** **(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and** **(B) at the rate of twelve and one-half per cent. For any transfer which takes place on or after the 23rd day of July, 2024;** **(c) in the case of a non-resident (not being a company) or a foreign company,—** **(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and** **(ii) the amount of income-tax calculated on such long-term capital gains, -** **(A) at the rate of twenty per cent. for any transfer [other than a transfer referred to in sub-clause (iii)] which takes place before the 23rd day of July, 2024; and** **(B) at the rate of twelve and one-half per cent. For any transfer which takes place on**	

		or after the 23rd day of July, 2024; **(iii) The amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;** **(d) in any other case of a resident,—** **(i) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and** **(ii) the amount of income-tax calculated on such long-term capital gains,—** **(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and** **(B) at the rate of twelve and one-half per cent. For any transfer which takes place on or after the 23rd day of July, 2024:** **Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the**	

		purpose of computing the tax payable by the assessee :".	
31	Sub section (2) of Section 112A W.e.f. 23rd July, 2024 [Change in tax rate and threshold limit for taxability of long term capital gains u/s 112A]	New Provision: (2) The tax payable by the assessee on the total income referred to in sub-section (1) shall be the aggregate of— (**i) The amount of income-tax calculated on such long-term capital gains exceeding one lakh twenty-five thousand rupees—** **(a) On long-term capital gains at the rate of ten percent for any transfer which takes place before the 23rd day of July, 2024 and** **(b) On long-term capital gains, at the rate of twelve and one-half percent for any transfer which takes place on or after the 23rd day of July, 2024:** **Provided that the limit of one lakh twenty-five thousand rupees shall apply on aggregate of the long-term capital gains under sub-clauses (a) and (b);"**	In the given amendment, Long term capital gains u/s 112A of the Act shall be taxed at the rate of **12.50% on the long term capital gain exceeding Rs. 1,25,000/- *(Earlier the tax rate was 10% on the amount of long term capital gain exceeding Rs. 1,00,000/-)** The given above are summarized as follows:- **10%**: For transfer takes place before 23rd July 2024. **12.50%:** For transfer takes place on or after 23rd July 2024. All capital gains earned from the 1st April 2024 to 31st March 2025 shall be taken into account for considering the amount of Rs. 1,25,000/-
21	50AA W.e.f. 23rd July, 2024 [Section 50AA has been substituted]	New Provisions:- Substitution "Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset— (a) Is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or (b) Is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024, the full value of consideration received or accruing as a result of	Any gains on transfer or redemption of an unlisted bonds or an unlisted debenture on or after 23rd July, 2024 shall be deemed to be the capital gains arising from the transfer of a short-term capital asset.

		the transfer or redemption or maturity of such debenture or unit or bond as reduced by— (i) the cost of acquisition of the debenture or unit or bond; and (ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity, shall be deemed to be the capital gains arising from the transfer of a short-term capital asset:"; (b) in the Explanation, for clause (ii), the following clause shall be substituted with effect from the 1st day of April, 2026, namely:– – '(ii) "Specified Mutual Fund" means,— (a) a Mutual Fund by whatever name called, which invests more than sixty-five percent of its total proceeds in debt and money market instruments; or (b) a fund which invests sixty-five percent or more of its total proceeds in units of a fund referred to in sub-clause (a): Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures: Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.'.	
50	Sub section (2B) of section 192 W.e.f. 1st October, 2024.	New Provision- Substitution (2B) Where an assessee who receives any income chargeable	In the given Amendment, Credit of tax collected at source (TCS) is considered, which is to be taken into account for the purpose of

	[TCS credit will be considered for deduction of tax at source u/s 192(1) of the Act]	under the head "Salaries" has, in addition, — (i) any income chargeable under any other head of income (not being a loss under any such head other than the loss under the head "Income from house property"); or (ii) any tax deducted or collected under the provisions of Part B or Part BB of this Chapter, as the case may be, for the same financial year, he may send to the person responsible for making the payment referred to in subsection (1), the particulars of— (a) such other income; (b) any tax deducted or collected under any other provision of Part B or Part BB of this Chapter, as the case may be; and (c) the loss, if any, under the head "Income from house property", in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall take into account the particulars referred to in clauses (a), (b) and (c) for the purposes of making the deduction under sub- section (1): Provided that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head "Income from house property" has been taken into account, from income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted in accordance with other provisions of Part B and collected in accordance with the provisions of Part BB, of this Chapter, had not been taken into account.'.	making the deduction under section 192(1) by the employer.
Rationalisation of TDS Rates are as: TDS rates under various sections has been reduced in order to improve ease of doing business and better compliance by taxpayers. W.e.f 1st October, 2024 [54, 56, 57, 59, 60, 61]			

Section	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy	5%	2%	1.10.2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	1.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	1.10.2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	1.10.2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1.10.2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		1.10.2024

Clause No	Relevant Section/ Amendment	Provision	Brief Impact
70	206C W.e.f. 1st April, 2025 [Interest applicability for late collection/late deposit of TCS to be in line with interest u/s 201(1A)]	New Provision: (7) Without prejudice to the provisions of sub-section (6), if the person responsible for collecting tax does not collect the tax or after collecting the tax fails to pay it as required under this section, he shall be liable to pay simple ~~interest at the rate of one per cent per month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was actually paid and such interest shall be paid~~ interest– **(a) at the rate of one per cent. for every month or part thereof on the amount of such tax from the date on**	• In the given Amendment, the rate of interest for late collection and late deposit of tax collected at source i.e. i.e. TCS are lined with the rate of interest for late deduction and late deposit of tax deducted at source i.e. TDS u/s 201(1A) of the Act. • Hence, the interest rate will be charged as under: (a) **1% per month or part thereof:** On failure to collect TCS. **1.50% per month of part thereof:** On late deposit of TCS to the account of Central Govt. after collecting the same

		which such tax was collectible to the date on which such tax is collected; and **(b) at the rate of one and one-half percent for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid, and such interest shall be paid"**	
14	40 clause (b) sub clause (v) W.e.f. 1st April, 2025 [Disallowance of remuneration paid to working partner above threshold limits]	New Provisions: Substitution 40 Notwithstanding anything to the contrary in sections 30 to 38, the following amounts shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession",— (b)(v) any payment of remuneration to any partner who is a working partner, which is authorised by, and is in accordance with, the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as the amount of such payment to all the partners during the previous year exceeds the aggregate amount computed as hereunder : ~~(a) On the first Rs. 3,00,000 of the book-profit or in case of a loss –~~ ~~▪ Rs. 1,50,000, or~~ ~~▪ at the rate of 90 per cent of the book-profit, whichever is more~~ ~~(b) on the balance of the book-profit At the rate of 60%~~ **(c) On the first Rs. 6,00,000 of the book-profit or in case of a loss –** ▪ **Rs. 3,00,000, or**	In the given amendment the threshold limit for disallowance of remuneration paid to working partner has been increased to Rs. 3,00,000/- on the first Rs. 6,00,000/- of the book profit or in case of a loss.

		▪ **at the rate of 90 per cent of the book-profit, whichever is more** **(d) on the balance of the book-profit– At the rate of 60%**	
70	206C W.e.f. 1st January, 2025 [Claiming credit for TCS of minor in the hands of parent]	**Amended Section 206C(4) w.e.f. 01.01.2025:** (4) Any amount collected in accordance with the provisions of this section and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person **or any other person eligible for credit** for the amount so collected in a particular assessment year in accordance with the rules as may be prescribed by the Board from time to time.	This amendment has been proposed to facilitate that TDS deducted on income of minor person could be claimed by person other than such minor including his parents while filing their respective ITR for said period subject to condition that such income of minor person shall be clubbed to the total income of the person claiming such TDS Credit in view of section 64(1A) of the act.

D. WIDENING AND DEEPENING OF TAX BASE AND ANTI-AVOIDANCE

Clause No	Relevant Section/ Amendment	Provision	Brief Impact
3, 4, 18, 24, 39 & 52	Section 2(22), 10(34A), 46A, 57, 115QA, 194 We.f. 1st October, 2024 Tax on distributed income of domestic company for buy-back of shares	New Provision: • Section 2(22), after sub-clause (e), new sub-clause is inserted: "(f) any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013; • Section 10, in clause (34A), the following proviso shall be inserted: "Provided that this clause shall not apply with respect to any buy back of shares by a company on or after the 1st day of October, 2024."; • Section 46A, the proviso shall be inserted before the Explanation, "Provided that where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.". • Section 57 in clause (i), after the words "in the case of dividends,", the words, brackets, letter and figures "other than that referred in sub-clause (f) of clause (22) of section 2" shall be inserted; • Section 115QA (1), after the proviso new proviso shall be inserted: —	The amendment is proposed to tax the pay-outs on buy-back of shares in hands of recipients, in line with similar regime in place for taxation of dividend. It is therefore, proposed that, the sum paid by a domestic company for purchase of its own shares shall be treated as dividend in the hands of shareholders, who received payment from such buy-back of shares and shall be charged to income-tax at applicable rates. No deduction for expenses shall be available against such dividend income while determining the income from other sources. The cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder as these assets have been extinguished. Therefore, when the shareholder has any other capital gain from sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition of all the shares (i.e. the shares earlier bought back plus shares finally sold). It shall be computed as follows: (i) deeming value of consideration of shares under buy-back (for purposes of computing capital loss) as nil; (ii) allowing capital loss on buy-back, computed as value of consideration (nil) less cost of acquisition; (iii) allowing the carry forward of this as capital loss, which may subsequently be set-off against consideration received on sale and thereby reduce the capital gains to this extent.

		"Provided further that the provisions of this sub-section shall not apply in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024." • Section 194 after the word, brackets and letter "sub-clause (e)", the words, brackets and letter "or sub-clause (f)" shall be inserted with effect from the 1st day of October, 2024.	
155	Section 98 of Finance (No.2) Act, 2004 We.f. 1st October, 2024 [Revision of rates of securities transaction tax by amendment to the Finance (No.2) Act, 2004]	In the Finance (No.2) Act, 2004, in Chapter VII, in section 98, in the Table, in serial number 4, in column (3),— (i) against entry (a) relating to sale of an option in securities, for the figures and word "0.0625 per cent.", the figures and word "0.1 per cent." shall be substituted; and (ii) against entry (c) relating to sale of a futures in securities, for the figures and word "0.0125 per cent.", the figures and word "0.02 per cent." shall be substituted.	The rates of STT have been revised. It is proposed to increase the said rates of securities transaction tax on sale of an option in securities from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such "futures" are traded.
11	Section 28 We.f. 1st April, 2025 [Reporting of income from letting out of house property under 'Income from House Property']	Section 28, after Explanation 2, the following Explanation shall be inserted: — 'Explanation 3.—It is hereby clarified that any income from letting out ***of a residential house*** or a part of the house by the owner shall not be chargeable under the head "Profits and gains of business or profession" and shall be chargeable under the head "Income from house property"	The amendment is introduced to clarify that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head "Profits and gains of business or profession" and shall be chargeable under the head "Income from house property". This amendment will apply in relation to assessment year 2025-26 and subsequent assessment years
19	Section 47 We.f. 1st April, 2025 [Amendment of section 47]	Section 47, for clause (iii), the following clause shall be substituted. "(iii) any transfer of a capital asset by an individual or a Hindu undivided family, under a gift or will or an irrevocable trust;"	Earlier Clause (iii) of section 47 provides that nothing contained in section 45 shall apply to any transfer of a capital asset under a gift or will or an irrevocable trust. In multiple cases, taxpayers have argued before judicial fora that transaction of gift of shares by company is still

			not liable to capital gains tax, in view of the provisions of section 47(iii) of the Act. Refer, ITAT decisions in the case of companies of Jindal Group wherein shares were gift by companies inter-se on account of family arrangement / settlement after the death of Late Sh. O.P.Jindal [Gagan Infraenergy Ltd. Vs DCIT (ITAT Delhi) Appeal Number: ITA No. 1031/Del/2018 Date of Judgement/Order: 15/05/2018 AY: 2014-15, Manjula Finance Ltd Vs ITO (ITAT Delhi) Appeal Number: ITA No. 3727/Del/2018 Date of Judgement/Order: 18/12/2020 AY: 2014-15] Therefore, the matter thus remains a litigated issue leading to: a) tax avoidance and b) erosion of Indian tax base. Further, a gift is given out of natural love and affection and accordingly it is proposed to substitute clause (iii) of section 47 and its proviso, to provide that nothing contained in section 45 shall apply to transfer of a capital asset, under a gift or will or an irrevocable trust, by an individual or a Hindu undivided family. This amendment will apply in relation to assessment year 2025-26 and subsequent assessment years
62	Section 194T We.f. 1st April, 2025 [TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners]	New section 194T inserted. "194T. (1) Any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm, shall, at the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever	New section 194T(1) proposed to be inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year. Applicable TDS rate will be 10%. 2.

		is earlier shall, deduct income-tax thereon at the rate of ten per cent. (2) No deduction shall be made under sub-section (1) where such sum or the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.".	The provisions of section 194T of the Act will take effect from the 1st day of April, 2025.
70	Section 206C We.f. 1st January, 2025 [TCS under sub-section (1F) of section 206C on notified goods]	Section 206C, for sub-section (1F), the following sub-section shall be substituted "(1F) Every person, being a seller, who receives any amount as consideration for sale of– (i) a motor vehicle; or (ii) any other goods, as may be specified by the Central Government by notification in the Official Gazette, of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the sale consideration as income-tax."; Now, it is proposed to amend sub-section (1F) of section 206C to also levy TCS on any other goods of ***value exceeding ten lakh rupees***, as may be notified by the Central Government in this behalf. Such goods would be in the nature of luxury goods. It appears that the amendment has been introduced for proper ***tracking of expenditure on luxury goods by high net worth persons*** and in order to widen and deepen the tax net.
58	Section 194-IA w.e.f. 1st October, 2024 [Amendment of provisions of TDS on sale of immovable property]	Section 194-IA, in sub-section (2), the following proviso shall be inserted. "Provided that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for	Section 194-IA(2) is amended to provide for deduction of TDS @ 1% i.r.o consideration for more than Rs. 50 lakhs, in aggregate, in respect of all the transferees/ transferors (in case of more than one transferee/ transferor). Section 194-IA of the Act provides for deduction of tax on payment of consideration for transfer of certain immovable property other than agricultural

		transfer of such immovable property.”.	land by a resident transferor. TDS @1% on such sum or the stamp duty value of such property, whichever is higher. Further, no deduction of tax shall be made where the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than fifty lakh rupees.
51	Section 193 We.f. 1st October, 2024 [Tax Deduction at source on Floating Rate Savings (Taxable) Bonds (FRSB) 2020]	Section 193, in the proviso, in clause (iv), for the proviso, the following proviso shall be substituted. “Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8 per cent. Savings (Taxable) Bonds, 2003 or 7.75 per cent. Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or State Government as the Central Government may, by notification in the Official Gazette, specify in this behalf;”.	Section 193 of the Act provides for deduction of tax at source on payment of any income to a resident by way of interest on securities. The Government has introduced Floating Rate Savings (Taxable) Bonds (FRSB) 2020. The provisions of section 193 of the Act are proposed to be amended to allow for deduction of tax at source at the time of payment of interest exceeding ten thousand rupees on — I. the Floating Rate Savings Bonds (FRSB) 2020 (Taxable) and II. any security of the Central Government or State Government, as the Central Government may, by notification in the Official Gazette, specify in this behalf.
87	First Schedule to the Income-tax Act We.f. 1st April, 2025 [Preventing misuse of deductions of expenses claimed by life insurance business]	The First Schedule to the Income-tax Act, in rule 2, the following proviso shall be inserted with effect from the 1st day of April, 2025, namely:— “Provided that any expenditure which is not admissible under section 37 in computing the profits and gains of a business, shall be included to the profits and gains of life insurance business.”.	Amendment made to Rule 2 of the First Schedule of the Act to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business shall be included to (i.e. added back to) the profits and gains of the life insurance business. This amendment will apply in relation to assessment year 2025-26 and subsequent assessment years.
66	Section 198 We.f. 1st April, 2025	Section 198 of the Income-tax Act, after the words “this Chapter”, the words “and income tax paid outside	The amendment is made to address the issue wherein assessees are not including taxes withheld outside India for

	[Inclusion of taxes withheld outside India for purposes of calculating total income]	India, by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under this Act," shall be inserted with effect from the 1st day of April, 2025.	the purposes of calculating their total income which was leading to under reporting of total income as only their net income was being offered for taxation. However they were claiming credit for the taxes withheld abroad resulting in double deduction on account of income not being included in total income but credit for foreign taxes withheld was being taken.
53	Section 194C We.f. 1st October, 2024 [Excluding sums paid under section 194J from section 194C (Payments to Contractors)]	Section 194C, in the Explanation, in clause (iv), for the long line, the following long line shall be substituted. "but does not include— (A) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or (B) any sum referred to in sub-section (1) of section 194J."	Clause (iv) of the Explanation of section 194C defines "work" to specify which all activities would attract TDS under section 194C. However, there is no explicit exclusion of assessees who are required to deduct tax under section 194J from requirement or ability to deduct tax under section 194C of the Act. Therefore, the amendment is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J does not constitute "work" for the purposes of TDS under section 194C. For such cases, deductors should deduct tax under section 194J of the Act.
13	Section 37 We.f. 1st April, 2025 [Disallowance of settlement amounts being paid to settle contraventions]	Section 37, in sub-section (1), in Explanation 3, in clause (iii), for the words "outside India", the following shall be substituted. "outside India; or (iv) to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette in this behalf.".	The amendment is proposed in Explanation 3 to sub-section (1) of section 37 of the Act to clarify that "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1 shall include any expenditure incurred by an assessee to settle proceedings initiated in relation to a contravention under any law for the time being in force, as may be notified by the Central Government in the Official Gazette in this behalf. The payments which are in the nature of **"Settlement Amounts"** are now sought to be disallowed.
22	Section 55	Section 55 of the Income-tax Act, in sub-section (2), in	It is proposed to amend sub-clause (iii) of clause (a) of the

	Retrospective effect from 1st April, 2018 [Amendment of Section 55 of the Act]	clause (ac), in the Explanation, in clause (a), in sub-clause (iii), after item (A), the following item shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2018, namely:— "(AA) not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, as the case may be, but listed on such exchange subsequent to the date of transfer (where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer);".	Explanation to clause (ac) of sub-section (2) of section 55 of the Act, to specifically provide that in a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer, "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later. This amendment is **proposed to be deemed to have been inserted with effect from the 1st day of April, 2018 and shall accordingly apply retrospectively from assessment year 2018-19 onwards.**

E. TAX ADMINISTRATION

Direct Tax Vivad se Vishwas Scheme, 2024 [Clause 88 to 99]

1. **<u>Any Person/ appellant who has</u>:**
   - filed appeal or a writ petition or special leave petition before an appellate forum and such appeal is pending as on specified date,
   - filed objection before Dispute Resolution Panel u/s 144C and the Dispute Resolution Panel has not issued any directions on or before specified date, or in whose case directions has been issued by Dispute Resolution Panel u/s 144C but the Assessing Officer has not completed the assessment under sub section (13) of that section,
   - filed as application for revision u/s 264 of the act and such application is pending as on specified date.

   Can file a declaration under the provision of this scheme with the designated authority within the due date after making the payment of amount so due under this scheme.

2. **The amount payable under this scheme is tabulated as under:**

S. No	Nature of Tax Arrear	Amount payable under this Scheme on or before the 31st day of December, 2024.	Amount payable under this Scheme on or after the 1st day of January, 2025 but on or before the last date
1.	where tax arrear includes disputed tax, interest & penalty and appellant has filed appeal/dispute after 31st January 2020 but before or on specified date	Amount of Disputed Tax	Sum of the Amount of Disputed Tax and 10% of Disputed Tax
2.	where tax arrear includes disputed tax, interest & penalty and appellant has filed appeal/dispute on or before 31st January 2020	Sum of the Amount of Disputed Tax and 10% of Disputed Tax.	Sum of the Amount of Disputed Tax and 20% of Disputed Tax.
3.	where tax arrear only includes disputed interest or penalty or fee and appellant has filed appeal/dispute after 31st January 2020 but before or on specified date	25% of disputed interest or disputed penalty or disputed fee	30% of disputed interest or disputed penalty or disputed fee
4.	where tax arrear only includes disputed interest or penalty or fee and appellant has filed appeal/dispute on or before 31st January 2020	30% of disputed interest or disputed penalty or disputed fee	35% of disputed interest or disputed penalty or disputed fee

1st Proviso:-

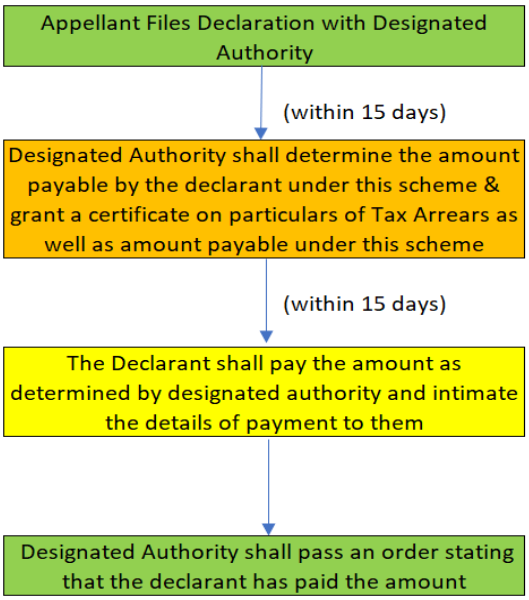
*Provided where any such appeal/ dispute/ writ petition/ special leave petition, is filed by the Income Tax Authority on any issue before appellate forum, the amount payable in such cases will be ½ of the amount so calculated as per above table.

2nd Proviso:-

**Provided further where any appeal has been filed by the appellant on any issue on which appellant has already got a decision in his favour from appellate forum and such decision has not been reversed by any higher appellate forum, the amount payable in such cases will be ½ of the amount so calculated as per above table.

3. **Filing of Declaration & particulars to be furnished:**
    - Upon successful filing the above declaration under this scheme, the pending appeal at any appellate forum shall be deemed to have been withdrawn from the date on which certificate is issued by the designated authority.
    - The appellant has to withdraw such appeal/ petition from the respective appellate forum where appeal is pending, after issuance of certificate from designated authority.
    - The appellant has to give a undertaking, waiving his right, in any manner, to seek of pursue any remedy or any claim in relation to the tax arrears.

4. **Time and Manner of payment:**



5. **Immunity from initiation of proceedings and impositions of penalty in certain cases:**
    - the Designated Authority shall not institute any proceeding in respect of an offence; or impose or levy any penalty; or charge any interest under the Income-tax Act in respect of tax arrear.

6. **Other Considerable points:**
    - Any amount paid under this scheme shall not be refundable, however where any appellant has already paid any amount before filing declaration which is excess to the amount due, shall be refunded but without any Interest u/s 244A.

7. **Exceptions to the scheme:**
    A. **Provisions of this scheme shall not be applicable in cases where:**
        - the tax arrears were consequential to search proceedings u/s 132 or 132A of the Income Tax Act, 1961, or
        - the tax arrears relates to the assessment year in respect of which prosecution already instituted, or
        - relates to any undisclosed income from source located outside India or undisclosed assets located outside India, or

- assessment made on the basis of information received under Agreements referred to in section 90 or section 90A of the Act.

B. Provision of this scheme shall not be applicable in case of the following mentioned persons:
   - in respect of whom an order of detention has been made under the provisions of the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 on or before the date of filing of declaration.
   - in respect of whom prosecution for any offence punishable under the provisions of the Unlawful Activities (Prevention) Act, 1967, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Prohibition of Benami Property Transactions Act, 1988, the Prevention of Corruption Act, 1988, the Prevention of MoneyLaundering Act, 2002, has been instituted on or before the filing of the declaration or such person has been convicted of any such offence punishable under any of those Acts;
   - in respect of whom prosecution has been initiated by an Income-tax authority for any offence punishable under the provisions of the Bharatiya Nyaya Sanhita, 2023 or for the purpose of enforcement of any civil liability under any law for the time being in force, on or before the filing of the declaration or such person has been convicted of any such offence consequent to the prosecution initiated by an Income- tax authority;
   - any person notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 on or before the date of filing of declaration.

8. The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.

Clause No	Relevant Section/ Amendment	Provision	Brief Impact
4 & 157	10(50) of Income Tax Act 163 & 165A of Finance Act, 2016 We.f. 1st August, 2024 [Amendment of provisions related to Equalisation Levy]	New Provisions: • 10(50)- Substitution any income arising from any— (i) specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 comes into force; or (ii) e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024, and chargeable to equalisation levy under that Chapter. • 163(3) Finance Act, 2016- Substitution "(3) It shall apply to consideration received or receivable for— (a) specified services provided on or after the	• Background The Finance Act, 2020 introduced a 2% equalization levy on non-resident e-commerce operators for online sales or services. This levy applies to the amount of consideration received from the online sale of goods, provision of services, or a combination of both, facilitated by the e-commerce operator. • Stakeholder Concern Ambiguity in the scope of the 2% equalization levy leading to compliance burdens. • Impact of the Amendment The 2% equalization levy will not apply to e-commerce supply or services consideration

		commencement of this Chapter; and (b) e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024: • 165(4) Finance Act, 2016- Insertion (4) The provisions of this section shall not apply to any consideration received or receivable by an ecommerce operator from e-commerce supply or services made or provided or facilitated by it on or after the 1st day of August, 2024.	received on or after August 1, 2024. Income from e-commerce supply or services between April 1, 2020, and July 31, 2024, will continue to fall under equalisation levy
156	42 & 43 Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 We.f. 1st October, 2024 [Amendments in provisions of Black Money Act, 2015 relating to penalty for failure to disclose foreign income and asset in the ITR]	New Provisions: • 42 Black Money and Imposition of Tax Act, 2015- Substitution Provided that this section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees. • 43 Black Money and Imposition of Tax Act, 2015- Substitution Provided that this section shall not apply in respect of an asset or assets (other than immovable property), where the aggregate value of such asset or assets does not exceed twenty lakh rupees.	• Background Sections 42 and 43 of the Black Money Act, 2015 impose penalties on residents (excluding not ordinarily residents) for failing to disclose foreign income and assets or providing inaccurate details in the Income Tax Return (ITR). The penalty for non-disclosure or inaccurate reporting is ₹10 lakh, regardless of the asset value. • Stakeholder Concern The current exemption threshold is for bank accounts with an aggregate balance not exceeding ₹5 lakh during the previous year. Stakeholders find this threshold too low, resulting in penalties that can exceed the value of the assets. • Impact of the Amendment The amendment increases the exemption threshold for penalties under Sections 42 and 43 from **₹5 lakh to ₹20 lakh** for assets (excluding immovable property), addressing

			stakeholder concerns. This change, effective October 1, 2024, reduces the likelihood of penalties exceeding the value of smaller foreign asset holdings.
84	276B We.f. 1st October, 2024 [rationalization of provision regarding prosecution]	New provision: "Provided that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement for such payment under sub-section (3) of section 200."	This amendment is introduced as a relief measure. The prosecution provisions earlier applied to default in depositing the tax deductors who have not deposited the withholding tax with the Central Govt, now no prosecution can be initiated if the amount has been credited to Central Govt. within the due date of filing of TDS statement of respective period.
69	201(3) W.e.f 01st April 2025 [Reducing time limitation for orders deeming any person to be assessee in default]	Substitution: "(3) No order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from **any person, at any time after the expiry of six years from the end of the financial year** in which payment is made or credit is given or two years from the end of the financial year in which the correction statement is delivered **under the first proviso** to sub-section (3) of section 200, whichever is later.	This provision creates uncertainty in the case of non-residents since, as per old provisions word is written as "person residing in India". It seems like, there is no time limit when there has been a failure to deduct the whole or any part of the tax from a non-resident. This amendment provides clarity on coverage for all person responsible for making necessary deduction/ collection. Also, the time limit for passing order deeming any person to be assessee in default is reduced to six years from erstwhile limit of seven years.
70	206C(1F) W.e.f 01st January 2025 [Reducing time limitation for orders deeming any person to be assessee in default]	Substitution: "(1F) Every person, being a seller, who receives any amount as consideration for sale of– (i) a motor vehicle; or **(ii) any other goods, as may be specified by the Central Government by notification in the Official Gazette,** of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the	This amendment is proposed for insertion of other goods which may be notified by Central Govt. from time to time.

		sale consideration as income-tax.”;	
70	206C(3B) W.e.f 01st April 2025 [Restricting the time limit for revision of Statement]	New Provision: “Provided that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.”;	This amendment is introduced for fixing the time lines wherein any rectification of any mistake, or to add, delete or update any information in the Correction Statement can be made. This amendment is critical because there is a time limit for furnishing statements detailing the TDS/TCS, however, there is no time limit for furnishing correction statements.
70	206C(4) W.e.f 01st January 2025 [Widening the scope of person on whose behalf amount is credited to Central Govt.]	Substitution: (4) Any amount collected in accordance with the provisions of this section and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person **or any other person eligible for credit** for the amount so collected in a particular assessment year in accordance with the rules as may be prescribed by the Board from time to time.	This amendment is introduced to widened the scope and clarity for person getting the credit on whom behalf amount remitted to the Central Government.
70	206C(7) W.e.f 01st April 2025 [Interest on delayed collection or delayed payment of TCS to Central Govt.]	Substitution: “(7) Without prejudice to the provisions of sub-section (6), if the person responsible for collecting tax does not collect the tax or after collecting the tax fails to pay it as required under this section, he shall be liable to pay simple interest: **(a) at the rate of one per cent. for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which**	This amendment is introduced to match the Interest provision of TCS with the Interest provisions for TDS. Earlier Interest on delayed collection of TCS is same as interest on delayed payment of TCS to Central Govt., whereas now the interest rate is different in both scenarios.

		such tax is collected; and **(b) at the rate of one and one-half per cent. for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid,** and such interest shall be paid before furnishing the quarterly statement for each quarter in accordance with the provisions of sub-section (3):	
70	206C(7A) W.e.f 01st April 2025 [Reducing time limitation for orders deeming any person to be assessee in default]	New Provision: **"(7A) No order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later.";**	This amendment provides clarity on coverage for all person responsible for making necessary deduction/ collection. Also, the time limit for passing order deeming any person to be assessee in default is reduced to six years from erstwhile limit of seven years.
70	206C(9) W.e.f 01st October 2024 [Reducing time limitation for orders deeming any person to be assessee in default]	Substitution: "(9) Where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1C) **or sub-section (1H)**, the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the	This amendment is introduced to include the recently added sub-section (1H) in the sub-section (9) of section 206C, as sub-section (1H) was added in previous Finance Act, however sub-section (9) was not modified then.

		relevant rate specified in sub-section (1) or sub-section (1C) **or sub-section (1H)**.	
70	206C(12) W.e.f 01st October 2024 [Exclusion to section 206C]	New Provision: **"(12) Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf."**	This amendment is introduced for giving exemption to certain class of people who are not required to collect any tax on the specified transaction as given in section 206C of the act. This amendment will help those entities whose income is exempt from taxation and are not required to furnish returns of income. However, they face difficulty as tax is being collected on transactions carried out by them.
68	200(A) W.e.f 01st April 2025 [Widening ambit of section 200A of the Act for processing of statements]	Substitution: "(1) Where a statement of tax deduction at source **and other statements** or a correction statement has been made by a person deducting any sum (hereafter referred to in this section as deductor) under section 200, such statement shall be processed in the following manner, namely. New Provision: "**(3) The Board may make a scheme for processing of statements made by any other person, not being a deductor."**	This amendment is introduced to widened the ambit of section 200A of the Act for processing of statements.
65	197 W.e.f 01st October 2024 [Inclusion of Section 194Q for Lower Deduction Certificate]	Substitution: 197. (1) Subject to rules made under sub-section (2A), where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions	This amendment is introduced for inclusion of **Section 194Q in application for Lower Deduction Certificate. This will facilitate the deductees where there are instances where the taxpayers are incurring losses and due to tax deducted under section 194Q of the Act, their funds are getting blocked**. Moreover, the

		of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 60 [194LBA], 194LBB, 194LBC, 194M, 194-O, **194Q** and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.	tax deducted has to be refunded in such cases.
67	200(3) W.e.f 01st April 2025 [Restricting the time limit for revision of statement filed]	New Provision: **"Provided further that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) is required to be delivered."**	This insertion of 2nd Proviso is made for fixing the time lines wherein any rectification of any mistake, or to add, delete or update any information in the Correction Statement can be made. This amendment is critical because there is a time limit for furnishing statements detailing the TDS/TCS, however, there is no time limit for furnishing correction statements.
81	271H W.e.f 01st April 2025 [Reduction in time limit for applicability of penalty leviable u/s 271H from one year to one month]	Substitution: "(3) Notwithstanding anything contained in the foregoing provisions of this section, no penalty shall be levied for the failure referred to in clause (a) of sub-section (1), if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered or cause to be delivered the statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C before the expiry of a period of ~~one year~~ **one month** from the time prescribed for delivering or	This amendment is introduced to curb the practice of filing statements delayed by the Tax Deductors/ Collectors due to which the payee could not claim their TCS/TDS credit in their respective ITR. While earlier the due date to file a belated return by the assessee was one year from the end of the assessment year, the time limit presently is 31st December of the same assessment year. Deductees/ collectees face great inconvenience if the TDS/TCS statements by deductors/ collectors are not furnished in time leading to mismatch in TDS/TCS during processing of income tax returns and raising of infructuous demands. Hence, this time limit of one year is now reduced to one month.

		causing to be delivered such statement.	
80, 82 & 86	285, 271GC & 273B	**Amended Section 285 w.e.f. 01.04.2025** Every person, being a non-resident having a liaison office in India set up in accordance with the guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (42 of 1999), shall, in respect of its activities in a financial year, prepare and deliver or cause to be delivered to the Assessing Officer having jurisdiction, ~~within sixty days from the end of such financial year~~ such period, a statement in such form and containing such particulars as may be prescribed. **New Section 271GC inserted w.e.f. 01.04.2025** **271GC. If any person who is required to furnish statement under section 285, fails to do so within the period prescribed under that section, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of—** **(a) one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months; or** **(b) one lakh rupees in any other case.** **Amended Provisions of Section 273B** Notwithstanding anything contained in the provisions of clause (b) of sub- section (1) of section 271, section 271A, section 271AA, section 271B, section 271BA, section 271BB, section 271C, section 271CA, section 271D, section 271E, section 271F, section 271FA,	The provisions of section 285 has been proposed to be amended to amend the compliance due date by omitting prescribed period of 60 days from the end of the relevant FY and referring to rules to be issued subsequently. Also, in respect of default in compliance with Section 285 of the act, penalty u/s 271GC of the act has been inserted, whereby, per day penalty of Rs. 1000/- with maximum penalty of Rs. 1,00,000/- has been prescribed. Also, the reporting person has been allowed immunity from penalty u/s 271GC of the act if, said person is able to explain the reasonable cause for such non-compliance.

		section 271FAA, section 271FAB, section 271FB, section 271G, section 271GA, section 271GB, **section 271GC,** section 271H, section 271-I, section 271J, clause (c) or clause (d) of subsection (1) or sub-section (2) of section 272A, sub-section (1) of section 272AA or section 272B or subsection (1) or sub-section (1A) of section 272BB or sub-section (1) of section 272BBB or clause (b) of subsection (1) or clause (b) or clause (c) of sub-section (2) of section 273, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.	
27	92CA We.f. 1st April, 2025 [Determination of Arms Length Price in respect of specified domestic transactions in proceedings before Transfer Pricing Officer]	New Provisions: • 92CA(2A)- Substitution any other international transaction or specified domestic transaction [other than an international transaction or a specified domestic transaction if such other international transaction or a specified domestic transaction is an international transaction or a specified domestic transaction • 92CA(2B)- Insertion or a specified domestic transaction • 92CA(2B)- Substitution such transaction is an international transaction or a specified domestic transaction	• Background Sub-sections (2A) and (2B) of Section 92CA allow the Transfer Pricing Officer (TPO) to determine the Arm's Length Price (ALP) for international transactions not referred by the Assessing Officer (AO) or not detailed in the audit report. The TPO can also compute ALP for such unreported transactions during proceedings. • Impact of the Amendment Amend sub-sections (2A) and (2B) of Section 92CA to grant the TPO authority over unreported SDTs, similar to their authority over international transactions. These amendments will be effective from April 1, 2025, applying to the assessment year 2025-26 and subsequent years.
42	139AA	**Second Proviso to Section 139AA inserted w.e.f. 01.10.2024**	This provision has been proposed to be amended to bring sunset to option available

		Provided further that nothing in the first proviso shall apply in respect of any application form for allotment of permanent account number or return of income furnished on or after the 1st day of October, 2024. **Section 139AA(2A) inserted w.e.f. 01.10.2024** **(2A) Every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to the 1st day of October, 2024, shall intimate his Aadhaar number to such authority in such form and manner, as may be prescribed, on or before a date to be notified by the Central Government in the Official Gazette.**	with person not having Aadhar and applying for PAN to mention Aadhar Enrollment ID in prescribed form w.e.f. 01.10.2024. • Also, any person, who has been allotted PAN by mentioning Aadhar Enrollment ID while applying for PAN, has to report Aadhar to prescribed authority in prescribed manner.
74 & 75	245Q & 245R	**Proviso to Section 245Q(4) has been inserted w.e.f. 01.10.2024** **Provided that the applicant may, on or before the 31st day of October, 2024, request the Board for Advance Rulings in writing that the application so transferred may not be proceeded with, if up to the date of such request, the Board for Advance Rulings has not passed an order under sub-section (2) of section 245R.** **Proviso to Section 245R(2) has been inserted w.e.f. 01.10.2024** **Provided also that on receipt of an application under the proviso to sub-section (4) of section 245Q, the Board for Advance Rulings may, by an order, reject the application referred to in sub-section (1) thereof as withdrawn on**	These provisos has been proposed to be inserted to said sections to enable to applicants, who had filed applications before AAR prior to enactment of Board of Advance Ruling (BAR) and said applications has been transferred to BAR but no order has been passed in such regard, to withdraw such applications by 31.10.2024 being originally allowed period of 30 days for withdrawal has elapsed but the orders by BAR has not been passed due to administration delays. Also, said applications for withdrawal is to be considered by BAR and pass and order rejecting such application as withdrawn by 31.12.2024.

		or before the 31st day of December, 2024.	
77	251	**Proviso to Section 251(1)(a) has been inserted w.e.f. 01.10.2024** **Provided that where such appeal is against an order of assessment made under section 144, he may set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment;** **Also, Section 153(3) has been amended w.e.f. 01.10.2024** (3) Notwithstanding anything contained in sub-sections (1), (1A) and (2), an order of fresh assessment or fresh order under section 92CA, as the case may be, in pursuance of an order under **section 250 or** section 254 or section 263 or section 264, setting aside or cancelling an assessment, or an order under section 92CA, as the case may be, may be made at any time before the expiry of nine months from the end of the financial year in which the order under **section 250 or** section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be : Provided that where the order under **section 250 or** section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or	This proviso has been proposed to be inserted to empower the CIT(A) to set aside the assessment completed as ex-parte assessment u/s 144 of the act with an intent to reduce the pendency with CIT(A). Also, provisions of section 153(3) of the act has been amended to recognize order passed by CIT(A) setting aside the assessment u/s 144 by way of proviso to section 251(1)(a) of the act for affixing time lines for assessing officer to pass afresh assessment order in such regard i.e. within 12 months from the end of the FY in which such order has been received by the officer of PCIT / CIT.

		Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the 44[Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be,] on or after the 1st day of April, 2019, the provisions of this sub-section shall have effect, as if for the words "nine months", the words "twelve months" had been substituted.	
79 & 82	271FAA & 273B	**Amended Provisions of section 271FAA(1) w.e.f. 01.10.2024** **(1) If a person referred to in sub-section (1) of section 285BA, who is required to furnish a statement under that section,—** **(a) provides inaccurate information in the statement or fails to furnish correct information within the period specified under sub-section (6) of the said section; or** **(b) fails to comply with the due diligence requirement prescribed under sub-section (7) of the said section,** **then, the prescribed income-tax authority referred to in sub-section (1) thereof may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.** **Amended Provisions of Section 273B** Notwithstanding anything contained in the provisions of clause (b) of sub- section (1) of section 271, section 271A, section 271AA, section 271B, section 271BA, section 271BB, section 271C, section 271CA,	To incorporate the deficiency indicated by **Global Forum on Transparency and Exchange of Information for Tax purposes** regarding India's CRS legislative framework under the Automatic Exchange of Information (AEOI) framework, i.e. the penal sanction available under section 271FAA for inaccuracies would not automatically extend to all cases where due diligence was not correctly done if the information did not lead to incorrect reporting, the provisions has been amended to incorporate failure to adhere with due diligence requirement in said penal sanction. Also, the reporting person has been allowed immunity from penalty u/s 271FAA of the act if, said person is able to explain the reasonable cause for such non-compliance.

		section 271D, section 271E, section 271F, section 271FA, **section 271FAA**, section 271FAB, section 271FB, section 271G, section 271GA, section 271GB, **section 271GC,** section 271H, section 271-I, section 271J, clause (c) or clause (d) of subsection (1) or sub-section (2) of section 272A, sub-section (1) of section 272AA or section 272B or subsection (1) or sub-section (1A) of section 272BB or sub-section (1) of section 272BBB or clause (b) of subsection (1) or clause (b) or clause (c) of sub-section (2) of section 273, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.	
71	230	**Amended First Proviso to Section 230(1A) w.e.f. 01.10.2024 to include "the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015"**	This provision has been proposed to be amended to incorporate Black Money Act as well for the purpose of Tax Clearance Certificates alongwith other Statutes.
41 & 48	139 & 153	**New Sub-Section 139(9A) has been inserted w.e.f. 01.10.2024** **(9A) Where any return of income is furnished in pursuance of an order under clause (b) of sub-section (2) of section 119, the provisions of this section shall apply.** **New Sub-Section 153(1B) has been inserted w.e.f. 01.10.2024** **(1B) Notwithstanding anything in sub-section (1), where a return is furnished in consequence of an order under clause (b) of sub-section (2) of section 119, an order of assessment under**	These amendments has been proposed to incorporate assessment or ITRs filed u/s 119(2)(b) of the act i.e. after obtaining approval from CIT / PCIT for admission of any claim etc. by way of filing of ITR for mitigating undue hardship to the taxpayer.

		section 143 or section 144 may be made at any time before the expiry of twelve months from the end of the financial year in which such return was furnished.	
26	Section-80G applicable w.e.f 01.04.2025 and will apply for AY 2025-26 and onwards.	Amendment to Section 80G(2)(iiihg) (iiihg) the National Sports **Development** Fund to be set up by the Central Government; or	1) The Government had set up the aforesaid fund by the name National Sports Development Fund w.e.f 12.11.1998. Therefore, it is proposed to amend sub-clause (iiihg) of clause (a) of sub-section (2) of Section 80G of the Act to provide that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the National Sports Development Fund set up by the Central Government.
26	80G applicable w.e.f 01.10.2024	(5) This section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely :— (i) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (23AA) or clause (23C) of section 10 : Provided that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to inclusion in its total income under the provisions of section 11 shall not apply in relation to such income, if— (a) the institution or fund maintains separate books of	The changes in subsection (5), effective from October 1, 2024, introduce several procedural efficiencies: 1) The modifications in the first and second provisos simplify the language and remove ambiguities, making it clearer when approvals can be expected and under what conditions they can be challenged or revoked. 2) The removal of redundant words and clauses reduces the complexity in understanding the requirements for entities to qualify for receiving donations that are tax-deductible. 3)The insertion of new provisos that specify the form and manner of orders, along with strict timelines for these orders (three months and six months from the end of the month or quarter in which the application was received, respectively), introduces greater predictability into the process. This helps organizations plan better and

		account in respect of such business; (b) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and (c) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business; (ii) the instrument under which the institution or fund is constituted does not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose; (iii) the institution or fund is not expressed to be for the benefit of any particular religious community or caste; (iv) the institution or fund maintains regular accounts of its receipts and expenditure; (v) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 2571 of the Companies Act, 1956 (1 of 1956), or is a University established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by	provides transparency, reducing the uncertainty around the duration of the approval process. 4) The requirement to pass an order in writing, after affording a reasonable opportunity of being heard if the application is not satisfactory, underscores the commitment to procedural fairness. This ensures that organizations have the opportunity to address any concerns before a final decision is made, thereby enhancing the accountability of the administrative process. Overall, these amendments aim to make the approval process for entities under Section 80G more efficient, transparent, and aligned with principles of natural justice. This can enhance the effectiveness of tax incentives for donations, thereby potentially increasing charitable contributions to approved entities.

		law, or is an institution financed wholly or in part by the Government or a local authority; (vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Principal Commissioner or Commissioner; (vii) where any institution or fund had been approved under clause (vi) for the previous year beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2008, such institution or fund shall, for the purposes of this section and notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been,— (a) established for charitable purposes for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; and (b) approved under the said clause (vi) for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; (viii) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed: Provided that the institution or fund may also deliver to the said prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the	

		statement delivered under this sub-section in such form and verified in such manner as may be prescribed; and (ix) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed : Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,— (i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021; (ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period; (iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier or; (iv) **~~in any other case~~**, where activities of the institution or fund have— (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought;	

		(B) commenced and ~~where no income~~ or ~~part thereof of the said institution or fund has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 or section 11 or section 12 for any previous year ending on or before the date of such application~~, at any time after the commencement of such activities: Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,— (i) where the application is made under clause (i) of the said proviso, pass an order in writing granting it approval for a period of five years; (ii) where the application is made under clause (ii) or clause (iii) 73[or sub-clause (B) of clause (iv)] of the said proviso,— (a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about— (A) the genuineness of activities of such institution or fund; and (B) the fulfilment of all the conditions laid down in clauses (i) to (v); (b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),— (A) pass an order in writing granting it approval for a period of five years; or ~~[(B) if he is not so satisfied, pass an order in writing,—~~ ~~(I) in a case referred to in clause (ii) or clause (iii) of~~	

		~~**the first proviso, rejecting such application and cancelling its approval; or**~~ ~~**(II) in a case referred to in sub-clause (B) of clause (iv) of the first proviso, rejecting such application,**~~ ~~**after affording it a reasonable opportunity of being heard;]**~~ **(B) if he is not so satisfied, pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard** [(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought,] and send a copy of such order to the institution or fund: ~~**Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the 76[second] proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received:**~~ **Provided also that the order under clause (i) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months and one month, as**	

		the case may be, calculated from the end of the month in which the application was received: **Provided also that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of six months from the end of the quarter in which the application was received.** Provided also that the approval granted under the second proviso shall apply to an institution or fund, where the application is made under— (a) clause (i) of the first proviso, from the assessment year from which approval was earlier granted to such institution or fund; (b) clause (iii) of the first proviso, from the first of the assessment years for which such institution or fund was provisionally approved; (c) in any other case, from the assessment year immediately following the financial year in which such application is made**.**	
15	43D applicable w.e.f. 01.04.2025	Special provision in case of income of public financial institutions, public companies, etc. 43D. Notwithstanding anything to the contrary contained in any other provision of this Act,— (a) in the case of a public financial institution or a scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank or a State financial corporation or a State industrial investment corporation or [a deposit taking non-banking	1) By bringing HFCs under the regulatory purview of the RBI and aligning the tax treatment of bad or doubtful debts with those applicable to Non-Banking Financial Companies (NBFCs), the amendment streamlines regulatory oversight and tax provisions. This consolidation helps in creating uniformity in the regulatory framework for financial institutions. 2) The removal of specific clauses related to the NHB in Section 43D simplifies the tax code, reducing complexity for HFCs. These companies will now follow the same tax provisions as other NBFCs,

		financial company or a systemically important non-deposit taking non-banking financial company], the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts; (b) in the case of a public company, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank in relation to such debts, shall be chargeable to tax in the previous year in which it is credited by the public financial institution or the scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank or the State financial corporation or the State industrial investment corporation or [a deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company] or the public company to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation or company, whichever is earlier. Explanation.—For the purposes of this section,— **~~(a) "National Housing Bank" means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987);~~**	which may potentially lower administrative burdens and clarify the tax compliance process. 3) The amendment provides clarity and avoids potential legal ambiguities by ensuring that all references in tax laws are consistent with the current regulatory assignments. This clarity is crucial for both compliance purposes and for the avoidance of disputes related to the interpretation of outdated references in the law. 4) Overall, this proposed amendment to Section 43D facilitates a more integrated and streamlined approach to the taxation and regulatory oversight of housing finance companies, aligning them more closely with the broader financial sector regulations governed by the RBI. This shift is expected to support the overarching goal of financial sector stability and regulatory clarity.

		~~**(b) "public company" means a company,—**~~ ~~**(i) which is a public company within the meaning of section 368 of the Companies Act, 1956 (1 of 1956);**~~ ~~**(ii) whose main object is carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes; and**~~ ~~**(iii) which is registered in accordance with the Housing Finance Companies (NHB) Directions, 1989 given under section 30 and section 31 of the National Housing Bank Act, 1987 (53 of 1987);**~~	
40	132B applicable w.e.f. 01.10.2024	(1) The assets seized under section 132 or requisitioned under section 132A may be dealt with in the following manner, namely:— (i) the amount of any existing liability under this Act, the Wealth-tax Act, 1957 (27 of 1957), the Expenditure-tax Act, 1987 (35 of 1987), the Gift-tax Act, 1958 (18 of 1958) and the ~~**Interest-tax Act, 1974 (45 of 1974)**~~ **the Interest-tax Act, 1974 and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015**, and the amount of the liability determined on 40completion of the assessment or reassessment or recomputation and the assessment of the year relevant to the previous year in which search is initiated or requisition is made, or the amount of liability determined on completion of the assessment under Chapter XIV-B for the block period,	1) By including liabilities under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, in addition to existing liabilities under the Wealth-tax Act, Expenditure-tax Act, Gift-tax Act, and Interest-tax Act, the amendment broadens the range of tax obligations that can be met using seized or requisitioned assets. This effectively integrates more stringent regulations aimed at curbing undisclosed foreign income and assets within the framework of asset seizure and application. 2) The expanded scope of existing liabilities means that the authorities now have more flexibility and legal backing to apply seized assets towards the resolution of varied tax debts, including those related to undisclosed foreign income—a significant move given the increasing focus on international tax compliance and transparency.

		as the case may be (including any penalty levied or interest payable in connection with such assessment) and in respect of which such person is in default or is deemed to be in default, or the amount of liability arising on an application made before the Settlement Commission under sub-section (1) of section 245C, may be recovered out of such assets:	3)By broadening the liabilities that can be covered by seized assets, the amendment serves as a deterrent to tax evasion, especially concerning undisclosed foreign income. The knowledge that such assets can be directly applied to settle extensive and varied tax liabilities may encourage higher compliance rates among taxpayers.
154	24 applicable w.e.f. 01.10.2024	**24**. (1) Where the Initiating Officer, on the basis of material in his possession, has reason to believe that any person is a benamidar in respect of a property, he may, after recording reasons in writing, issue a notice to the person to show cause within such time as may be specified in the notice why the property should not be treated as benami property. (2) Where a notice under sub-section (1) specifies any property as being held by a benamidar referred to in that sub-section, a copy of the notice shall also be issued to the beneficial owner if his identity is known. **(2A) The benamidar, to whom a notice has been issued under sub-section (1), or the beneficial owner to whom a copy of such notice has been issued under sub-section (2), shall furnish the explanation or submissions, if any, within the period specified in the said notice or such period as may be extended by the Initiating Officer, not exceeding three months from the end of the month in which the said notice is issued** **(3)**Where the Initiating Officer is of the opinion that the person in possession of the property	1) By setting a three-month deadline for benamidars and beneficial owners to furnish explanations or submissions in response to notices, the amendments introduce clarity and predictability into the process. This allows those accused of holding benami property a fair opportunity to present their case while ensuring that proceedings do not stall indefinitely. 2) Extending the time limit for the Initiating Officer to decide on the provisional attachment of property from 90 days to four months provides additional time to assess the merits of the case thoroughly. This extension aims to balance the need for thorough investigation with the rights of the property holders, potentially reducing the likelihood of erroneous attachments. 3) The extension of the timeframe for the Initiating Officer to refer the case to the Adjudicating Authority—from fifteen days to one month after the attachment order—is intended to ensure that cases are well-prepared and that all relevant information is included in the referral. This could enhance the quality of case files, leading to more informed and just decisions by the Adjudicating Authority.

		held *benami* may alienate the property during the period specified in the notice, he may, with the previous approval of the Approving Authority, by order in writing, attach provisionally the property in the manner as may be prescribed, for a period not exceeding ~~**ninety days**~~ **four months** [from the last day of the month in which the notice under sub-section (1) is issued] (4) The Initiating Officer, after making such inquires and calling for such reports or evidence as he deems fit and taking into account all relevant materials, shall, within a period of ~~**ninety days**~~ **four months** [from the last day of the month in which the notice under sub-section (1) is issued], (5) Where the Initiating Officer passes an order continuing the provisional attachment of the property under sub-clause (*i*) of clause (*a*) of sub-section (4) or passes an order provisionally attaching the property under sub-clause (*i*) of clause (*b*) of that sub-section, he shall, ~~**within fifteen days from the date of the attachment**~~ **one month from the end of the month in which the said order has been passed**, draw up a statement of the case and refer it to the Adjudicating Authority	4)Overall,these amendments are expected to improve the administrative efficiency and effectiveness of the PBPT Act's enforcement. They aim to provide a more structured and time-bound approach to handling benami property cases, ensuring due process is followed more rigorously, thereby enhancing the integrity and fairness of the proceedings.
154	55A applicable w.e.f. 01.10.2024	**55A. (1) The Initiating Officer may, with a view to obtaining the evidence of the benamidar or any other person as referred to in section 53, other than the beneficial owner, tender immunity from prosecution for any offence under the said section to the benamidar or such other person, with the previous**	1) By granting the Initiating Officer the authority to offer immunity from prosecution, this provision equips enforcement agencies with a powerful tool to encourage cooperation from individuals involved in benami transactions. This can lead to more effective uncovering of the full scope of such illicit activities, aiding in broader

		sanction of the competent authority as referred to in section 55, on the condition that the benamidar or such other person makes a full and true disclosure of the whole circumstances relating to the benami transaction. (2) The tender of immunity made to, and accepted by, the benamidar or such other person, shall, to the extent to which the immunity extends, render him immune from prosecution for the offence in respect of which the tender was made and from the imposition of any penalty under section 53. (3) If it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the conditions subject to which the tender was made, or is wilfully concealing anything, or is giving false evidence, the Initiating Officer may record a finding to that effect, and with the previous sanction of the competent authority as referred to in section 55, withdraw the immunity tendered. (4) Any person against whom the immunity tendered is withdrawn in accordance with sub-section (3), may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have committed in connection with the same transaction and shall also be liable to any penalty under this Act to which he would otherwise have been liable.	investigations and potential recovery of assets. 2) The option for immunity from prosecution serves as a strong incentive for benamidars and other related parties to disclose information about benami transactions. This is predicated on the condition that they provide full and truthful disclosure of all relevant details pertaining to the transaction. It essentially creates a legal pathway for lower-level participants to assist authorities without facing the typical consequences of their actions. 3) The immunity is conditional and not absolute. It requires the recipient to fully comply with the terms under which it was granted. This includes making a complete and truthful disclosure of the circumstances surrounding the benami transactions. The conditional nature ensures that the immunity serves its purpose as a means to an end in enforcement, rather than a blanket protection that could be exploited.