The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

MEMORANDUM OF SUGGESTIONS

ON

THE INCOME TAX BILL, 2025

[PART -1 OF SPECIFIC CLAUSE-WISE SUGGESTIONS]

SPECIFIC CLAUSE-WISE SUGGESTIONS

MEMORANDUM OF SUGGESTIONS ON THE INCOME TAX BILL, 2025

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PART - 1 (Chapters I to IV)

CHAPTER I

PRELIMINARY

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2(49)	2(24)	"income" includes— (*i*) profits and gains ; (*ii*) dividend ; (*iia*) voluntary contributions received by a trust created wholly or partly for charitable or religious purposes or by an institution established wholly or partly for such purposes or by an association or institution referred to in clause (*21*) or clause (*23*), or by a fund or trust or institution referred to in sub-clause	"income" includes— (a) profits and gains; (b) dividend; (c) voluntary contributions received by— (*i*) a registered non-profit organisation; or (ii) an association referred to in Schedule III (Table: Sl. No. 23); or (*iii*) any University or other educational institution or any hospital or other institution referred to in Schedule III (Table: Sl. No. 19); or (iv) an electoral trust; (*d*) the value of any perquisite or profit *in lieu* of salary taxable under sections 17	Section 2(49) may be redrafted as follows - "Income" includes - (a) income chargeable under section 15 under the head "Salaries", (b) income chargeable under sections 20 and 23 under the head "Income from house property", (c) profits and gains chargeable under section 26, 38, 58 and 61 (d) capital gains chargeable under section 67 and	In the definition of "income" under the various sub-clauses of section 2(49), some income of a particular head are specifically referred to, whereas in respect of other income under the same head, the clauses of the charging section under that head are being referred to. For example, description of certain income chargeable under the head "Income from other sources" like dividend, winnings from lotteries and crossword puzzles are included in sub-clauses (b) and (n) of section 2(49), whereas in respect of other income under that head, the sub-clauses of section 2(49) make

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		(*iv*) or sub-clause (*v*) or by any university or other educational institution referred to in sub-clause (iiiad) or sub-clause (vi) or by any hospital or other institution referred to in sub-clause (iiiae) or sub-clause (via) of clause (*23C*) of section 10 or by an electoral trust. Explanation.—For the purposes of this sub-clause, "trust" includes any other legal obligation (iii) the value of any perquisite or profit in lieu of salary taxable under clauses (2) and (3) of section 17 ;	and 18; (*e*) any special allowance or benefit, other than perquisite included under sub-clause (*d*), specifically granted to the assessee to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit; (*f*) any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at a place where he ordinarily resides or to compensate him for the increased cost of living; (*g*) the value of any benefit or perquisite, whether convertible into money or not, obtained from a company, either by a director or by a person who has a substantial interest in the company, or by	(e) income from other sources chargeable under section 92 and section 95. (f) voluntary contributions received by— (i) a registered non-profit organisation; or (ii) an association referred to in Schedule III (Table: Sl. No. 23); or (iii) any University or other educational institution or any hospital or other institution referred to in Schedule III (Table: Sl. No. 19); or (iv) an electoral trust; (g) the value of any benefit or perquisite, whether	reference to the specific clauses of section 92(2). Dividend is chargeable under clause (a) of section 92(2). It is described as "dividend" both in the definition of income in section 2(49)(b) and in section 92(2)(a). Both sub-clause (n) of section 2(49) and clause (b) of section 92(2) refer to any winnings from lotteries, cross word puzzles races including horse races, card games and other games of any sort or from gambling or betting of any form or nature. Also, income referred to section 92(2)(i), namely, income by way of interest received on compensation or enhanced compensation referred to in section 278(1) is not

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		(iiia) any special allowance or benefit, other than perquisite included under sub-clause (iii), specifically granted to the assessee to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit ; (iiib) any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at a place where he ordinarily resides or to compensate	a relative of the director or such person, and any sum paid by any such company in respect of any obligation which, but for such payment, would have been payable by the director or that person; (*h*) the value of any benefit or perquisite, whether convertible into money or not, obtained by any representative assessee mentioned in section 303(*1*)(*c*) or (*d*) or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being herein referred to as the beneficiary) and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary; (*i*) any sum chargeable to income-tax under—	convertible into money or not, obtained by any representative assessee mentioned in section 303(*1*)(*c*) or (*d*) or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being herein referred to as the beneficiary) and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary; (h) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or	specifically included in any sub-clause of section 2(49). It can be seen that in the definition of income in section 2(49), some sub-clauses directly refer to the nature/description of the specific income, like dividend, profits and gains, etc. whereas other sub-clauses refer to the specific clauses of the charging section of the respective head. In effect, there should be consistency in the manner of description of different types of income in the various sub-clauses of the definition of income u/s 2(49). Moreover, there is a residuary sub-clause (x) referring to "any other income referred to in section 2(24)

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		him for the increased cost of living ; (*iv*) the value of any benefit or perquisite, whether convertible into money or not, obtained from a company either by a director or by a person who has a substantial interest in the company, or by a relative of the director or such person, and any sum paid by any such company in respect of any obligation which, but for such payment, would have been payable by the director or other person aforesaid ; (*iva*) the value of any	(*A*) section 26(*2*)(*b*) or (*c*) or (*d*) or section 38 or 95; (*B*) section 26(*2*)(*e*) or (*g*); (*j*) the value of any benefit or perquisite taxable under section 26(*2*)(*f*); (*k*) any capital gains chargeable under section 67; (*l*) the profits and gains of any business of insurance carried on by a mutual insurance company or by a co-operative society, computed as per section 55 or any surplus taken to be such profits and gains as per Schedule XIV; (*m*) the profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members; (*n*) any winnings from lotteries, crossword puzzles, races including horse	reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than— (*i*) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per sections 39(*1*)(*d*) and (*3*); or (*ii*) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government; (i) interest income in	of the Income-tax Act, 1961". Reading the provisions of the new law with the provisions of the erstwhile law would increase the complexity. In any case, the definition of income under section 2(49) is an inclusive definition. It is suggested that the income definition to refer to the charging and deeming provisions under the five heads of income and voluntary contributions in case of trusts and certain other income which is not directly falling under the charging sections of the heads of income, including subsidy, grant etc.

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		benefit or perquisite, whether convertible into money or not, obtained by any representative assessee mentioned in clause (*iii*) or clause (*iv*) of sub-section (1) of section 160 or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being hereafter in this sub-clause referred to as the "beneficiary") and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the	races, card games and other games of any sort or from gambling or betting of any form or nature; (*o*) any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State Insurance Act, 1948, or any other fund for the welfare of such employees; (*p*) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy; (q) any sum referred to in section 26(2)(h); (*r*) the fair market value of inventory referred to in section 26(*2*)(*j*); (*s*) any sum referred to in section 92(*2*)(*k*) or (*l*);	pursuance of secondary adjustment (j) income from transfer of carbon credits	

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		beneficiary; (*v*) any sum chargeable to income-tax under clauses (*ii*) and (*iii*) of section 28 or section 41 or section 59 ; (*va*) any sum chargeable to income-tax under clause (*iiia*) of section 28; (*vb*) any sum chargeable to income-tax under clause (*iiib*) of section 28; (*vc*) any sum chargeable to income-tax under clause (*iiic*) of section 28; (*vd*) the value of any benefit or perquisite taxable under clause (*iv*) of section 28 ;	(t) any sum of money referred to in section 92(2)(h); (*u*) any sum of money or value of property referred to in section 92(*2*)(*m*); (*v*) any compensation or other payment referred to in section 92(*2*)(*j*); (*w*) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than— (*i*) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per sections 39(*1*)(*d*) and (*3*); or (*ii*) the subsidy or grant by the Central Government for the purpose of the corpus		

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		(*ve*) any sum chargeable to income-tax under clause (*v*) of section 28; (*vi*) any capital gains chargeable under section 45 ; (*vii*) the profits and gains of any business of insurance carried on by a mutual insurance company or by a co-operative society, computed in accordance with section 44 or any surplus taken to be such profits and gains by virtue of provisions contained in the First Schedule ; (*viia*) the profits and gains of any business of banking	of a trust or institution established by the Central Government or a State Government; (*x*) any other income referred to in section 2(*24*) of the Income-tax Act, 1961, where,— (*A*) "card game and other game of any sort" includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game; (*B*) "Keyman insurance policy" shall have the same meaning as assigned in Schedule II.(Table: Sl. No.2);		

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		(including providing credit facilities) carried on by a co-operative society with its members; (*ix*) any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever. Explanation.—For the purposes of this sub-clause,— (*i*) "lottery" includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner	(*C*) "lottery" includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner, under any scheme or arrangement, called by any name;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		whatsoever, under any scheme or arrangement by whatever name called; (*ii*) "card game and other game of any sort" includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game ; (*x*) any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State			

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		Insurance Act, 1948 (34 of 1948), or any other fund for the welfare of such employees; (*xi*) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy. Explanation.—For the purposes of this clause, the expression "Keyman insurance policy" shall have the meaning assigned to it in the *Explanation* to clause (*10D*) of section 10 ; (*xii*) any sum referred to in clause (*va*) of section 28;			

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		(*xiia*) the fair market value of inventory referred to in clause (*via*) of section 28; (*xiii*) any sum referred to in clause (*v*) of sub-section (2) of section 56; (*xiv*) any sum referred to in clause (*vi*) of sub-section (2) of section 56; (*xv*) any sum of money or value of property referred to in clause (*vii*) or clause (*viia*) of sub-section (2) of section 56; (*xvi*) any consideration received for issue of shares as exceeds the fair market value of the shares referred to in clause (*viib*)			

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		of sub-section (2) of section 56; (*xvii*) any sum of money referred to in clause (*ix*) of sub-section (2) of section 56; (*xviia*) any sum of money or value of property referred to in clause (*x*) of sub-section (2) of section 56; (*xviib*) any compensation or other payment referred to in clause (*xi*) of sub-section (2) of section 56; [(xviic) any sum referred to in clause (xii) of sub-section (2) of section 56; (xviid) any sum referred to			

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		in clause (xiii) of sub-section (2) of section 56; (xviii) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee other than,— (*a*) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of Explanation			

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		10 to clause (1) of section 43; or (*b*) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government, as the case may be;			
2(50)		There is no definition for Income Computation disclosure standards in the Income-tax Act, 1961. Section 145(2) provides that the Central Government may notify in the Official Gazette from time to time income computation and	"Income Computation and Disclosure Standards" means such standards as notified under section 276(*2*);	In line with the ICAI's preliminary suggestion on the Income-tax Bill, 2025 that profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies be considered for tax purposes, the definition of ICDS may be removed.	The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS. ICAI has, in its Preliminary

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		disclosure standards to be followed by any class of assessees or in respect of any class of income.			Suggestions on the Income-tax Bill, 2025, suggested that consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.
2(86)	2(36)	"profession" includes vocation ;	“profession” includes vocation;	This definition may be removed.	This definition does not give the meaning of profession. It only includes vocation which may fall under business or profession depending on the nature of activity. Artificially, it cannot be deemed to be profession.
2(108)	2(45)	"total income" means the total amount of income referred to in section 5,	“total income” means the total amount of income referred to in section 5, computed in the manner as laid down in this Act;	The definition of gross total income should be clear in the Act. It should not make	Section 5 defines the scope of income to be included in an assessee’s total income.

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		computed in the manner laid down in this Act ;		reference to total income. If the definition of gross total income is modified as above, the phrase in section 122(1) would be in order and the reference of the same can be given in this clause i.e., instead of in the manner as laid down in the Act, it can be mentioned "as laid down in section 122(1)". **"total income" means the total amount of income referred to in section 5, computed in the manner as laid down in section 122(1);**	Section 122(1) mentions that in computing total income of an assessee, deductions specified in this chapter (Chapter VIII) shall be allowed from the gross total income as per and subject to the provisions of this Chapter. As per section 122(10), "gross total income" means the total income computed as per the provisions of this Act, before making deduction under this Chapter. Hence, the definitions are circular since reference to GTI is given while explaining the meaning of TI and *vice versa*
2(22)	2(14)	**2(*14*) "capital asset"** means— (*a*) property of any kind	**2(22) "capital asset"** means— (a) property of any kind held by an assessee, whether or not connected with	It is suggested that section 2(22)(b) of Income-tax Bill, 2025 be amended as follows:	The Finance Act, 2025 has amended section 2(14)(b) and consequential amendment has to be

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		held by an assessee, whether or not connected with his business or profession; (b) any securities held by— (i) a Foreign Institutional investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992; or (ii) an investment fund specified in clause (a) of Explanation 1 to section 115UB which has invested such securities in accordance with the	his business or profession; (b) any securities held by a Foreign Institutional Investor or held by an investment fund specified in section 224(10)(a) which has invested in such securities as per the regulations made under the Securities and Exchange Board of India Act, 1992; (c) any unit linked insurance policy issued on or after 1st February, 2021 to which exemption under Schedule II (Table: Sl. No. 2) does not apply, but does not include— (i) any stock-in-trade, other than the securities referred to in sub-clause (b), consumable stores or raw materials held for business or profession; (ii) personal effects; (iii) agricultural land in India, not being a land situated—	~~(b) any securities held by a Foreign Institutional Investor or held by an investment fund specified in section 224(10)(a) which has invested in such securities as per the regulations made under the Securities and Exchange Board of India Act, 1992;~~ **(b) any securities held by—** **(i) a Foreign Institutional investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992; or** **(ii) an investment fund specified in sub-section (10) of section 224 which has**	made in section 2(22)(b) of Income-tax Bill, 2025.

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		provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 or under the International Financial Services Centres Authority Act, 2019; (*c*) any unit linked insurance policy to which exemption under clause (*10D*) of section 10 does not apply but does not include— (*i*) any stock-in-trade [other than the securities referred to in sub-clause (*b*)], consumable stores or raw materials held for the purposes of his business or	(A) in any area comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or (B) in any area within the distance as specified in column C of the following Table, measured aerially from the local limits of any municipality or cantonment board referred to in item (A) and having population as referred to in column B of the said Table:—	**invested such securities in accordance with the provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 or under the International Financial Services Centers Authority Act,**	

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<tr><th>Section No. in the Income-tax Bill, 2025</th><th>Section No. in the Income-tax Act, 1961</th><th>Provision in the Income-tax Act, 1961</th><th>Provision in the Income-tax Bill, 2025</th><th>Suggested change in the Income-tax Bill, 2025</th><th>Rationale for change</th></tr>
<tr><td></td><td></td><td>profession ;
(ii) personal effects, that is to say, movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes—
(a) jewellery;
(b) archaeological collections;
(c) drawings;
(d) paintings;
(e) sculptures; or
(f) any work of art.
Explanation.—For the purposes of this sub-</td><td>Table<table><tr><th>S. No.</th><th>Population of municipality or cantonment board</th><th>Within distance, measured aerially, from local limits of any municipality or cantonment board not being more than</th></tr><tr><td>A</td><td>B</td><td>C</td></tr><tr><td>1.</td><td>More than 10,000 but less than 1,00,000</td><td>Two Kilometers</td></tr><tr><td>2</td><td>1,00,000 and above, but less than 10,00,000</td><td>Six Kilometers</td></tr></table></td><td></td><td></td></tr>
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		clause, "jewellery" includes— (*a*) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel; (*b*) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel; (*iii*) agricultural land in	3. 10,00,000 and above — Eight Kilometers (iv) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 as notified by the Central Government, where,— (A) "Foreign Institutional Investor" shall have the meaning assigned to it in section 210(6)(a); (B) "personal effects" means any movable property including wearing apparel and furniture) held for personal use by the assessee or any dependent family member, but excludes— (I) jewellery, which includes— (a) ornaments made of gold, silver, platinum, or any other precious metal or		

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		India, not being land situate— (*a*) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or (*b*) in any area within the distance, measured aerially,— (*I*) not being more than	any alloy of such precious metals, with or without precious or semi-precious stones, and whether or not worked or sewn into any wearing apparel; (b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel; (II) archaeological collections; (III) drawings; (IV) paintings; (V) sculptures; and (VI) any work of art; (C) "population" shall mean the population according to the last preceding census of which the relevant figures have been published before the first day of the tax year; (D) "property" includes any rights in or in		

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		two kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than ten thousand but not exceeding one lakh; or (*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than one lakh but not exceeding ten lakh; or (*III*) not being more than eight kilometres, from the local limits of any	relation to an Indian company, including rights of management or control or any other rights; and (E) "securities" shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		municipality or cantonment board referred to in item (*a*) and which has a population of more than ten lakh. Explanation.—For the purposes of this sub-clause, "population" means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year; (*iv*) 6½ per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, or National Defence Gold Bonds, 1980, issued by the			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Central Government; (*v*) Special Bearer Bonds, 1991, issued by the Central Government ; (*vi*) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 notified by the Central Government. Explanation 1.—For the removal of doubts, it is hereby clarified that "property" includes and shall be deemed to have always included any rights in or in relation to an Indian company, including			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		rights of management or control or any other rights whatsoever. Explanation 2.—For the purposes of this clause— (*a*) the expression "Foreign Institutional Investor" shall have the meaning assigned to it in clause (*a*) of the *Explanation* to *section* 115AD; (*b*) the expression "securities" shall have the meaning assigned to it in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
2(55)	2(26A)	**(26A) "infrastructure capital company"** means such company which makes investments by way of acquiring shares or providing long-term finance to any enterprise or undertaking wholly engaged in the business referred to in sub-section (4) of section 80-IA or sub-section (1) of section 80-IAB or an undertaking developing and building a housing project referred to in sub-section (10) of section 80-IB or a project for constructing a hotel of not less than three-star category as classified by	**(55) "infrastructure capital company"** means a company which makes investments by acquiring shares or providing long-term finance to— (a) any enterprise or undertaking wholly engaged in the business referred to in section 80-IA(4) or 80-IAB(1) of the Income-tax Act, 1961; or (b) an undertaking developing and building— (i) a housing project referred to in section 80-IB(10) of the Income-tax Act, 1961; or (ii) a project for constructing a hotel of not less than three star category as classified by the Central Government; or (iii) a project for constructing a hospital with at least one hundred beds for patients;	The definition of "Infrastructure capital company" may be redrafted by incorporating the relevant provisions of sections 80-IA(4), 80-IAB(1) and 80-IB(10) in the Income-tax Bill, 2025 itself.	The definitions of "infrastructure capital company" in section 2(55) of the Income-tax Bill, 2025 makes reference to section 80-IA(4), 80-IAB(1), section 80-IB(10) of the Income-tax Act, 1961. The definition in the Income-tax Bill, 2025 should ideally be self-contained without reference to the provisions of the Income-tax Act, 1961.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the Central Government or a project for constructing a hospital with at least one hundred beds for patients;			
2(101)	2(42A)	**(42A)"short-term capital asset"** means a capital asset held by an assessee for not more than 8[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	**(101) (a) "short-term capital asset"** means a capital asset held by an assessee for not more than twenty-four months immediately preceding the date of its transfer; (b) in respect of the following capital assets:— (i) security listed in a recognised stock exchange in India; or (ii) unit of the Unit Trust of India; (iii) units of an equity-oriented fund; or (iv) zero-coupon bonds, the provisions of sub-clause (a) shall have effect, as if for the words "twenty-four	**It is suggested that proposed sequencing (sub-clause numbering) may be amended so that referencing may be made by tax payers easily.** **This will apply for all provisions where there is such kind of numbering.**	**Suggestion for Structuring Sub-Clauses in Section 2(101) – Removing Confusion in Capital Lettering (A, B, C, D) used after sub-clause 2(101)(c)(D)** In proposed Section 2(101), sub-clauses are defined using capital letters (A, B, C, D). This creates avoidable confusion, particularly in Sub-clause (c)(D), where multiple conditions are interlinked. Capital letter sequencing leads to difficulties in legal interpretation and cross-referencing.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		a zero coupon bond, the provisions of this clause shall have effect as if for the words 10"[twenty-four] months", the words "twelve 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	months", the words "twelve months" had been substituted; (c) in determining the period for which capital asset is held by the assessee— (A) there shall be excluded the period subsequent to the date on which the company goes into liquidation; (B) there shall be included,— (I) the period for which the asset was held by the previous owner referred to in section 73(1) (Table: Sl. No. 1), for a capital asset which becomes the property of the assessee in the circumstances mentioned in said section; (II) the period for which the share or shares in the amalgamating company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of		Such clause numbering may be replaced with roman numerals like (i) or (ii).

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of this clause shall have effect as if for the words "thirty-six months", the words "twelve months" had been substituted 11[as it stood immediately prior to the commencement of the Finance (No. 2) Act, 2024]. Explanation 1.—(i) In determining the period for which any capital asset is held by the assessee— (a) in the case of a share held in a company in liquidation, there shall be excluded the period subsequent to the date on which the company goes into liquidation ;	the assessee in consideration of a transfer referred to in section 70(1)(f); (III) the period for which the share or shares held in the demerged company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger; (IV) the period for which the person was a member of a recognised stock exchange in India immediately before such demutualisation or corporatisation, for a capital asset, being trading or clearing rights of a recognised stock exchange in India, acquired by a person pursuant to demutualisation or corporatisation of the recognised stock exchange in India; (V) the period for which the person was a member of a recognised stock exchange		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(b) in the case of a capital asset which becomes the property of the assessee in the circumstances mentioned in sub-section (1) of section 49, there shall be included the period for which the asset was held by the previous owner referred to in the said section ; (ba) in the case of a capital asset referred to in clause (via) of section 28, the period shall be reckoned from the date of its conversion or treatment; (c) in the case of a capital asset being a share or shares in an Indian	in India immediately before such demutualisation or corporatisation, for a capital asset being equity share or shares in a company allotted pursuant to demutualisation or corporatisation of a recognised stock exchange in India; (VI) the period for which the share or shares were held by the assessee, for a capital asset being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in section 70(1)(zi); (VII) the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zj); (VIII) the period for which the preference		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		company, which becomes the property of the assessee in consideration of a transfer referred to in clause (vii) of section 47, there shall be included the period for which the share or shares in the amalgamating company were held by the assessee ; (d) in the case of a capital asset, being a share or any other security (hereafter in this clause referred to as the financial asset) subscribed to by the assessee on the basis of his right to subscribe to such financial asset or subscribed to by the person in whose favour	shares were held by the assessee, for a capital asset being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zb); (IX) the period for which the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zk); (X) the period for which the original unit or units in the main portfolio were held by the assessee, for a capital asset being a unit or units in a segregated portfolio referred to in section 73(1) (Table: Sl. No. 11); (XI) the period for which such gold was held by the assessee before conversion		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the assessee has renounced his right to subscribe to such financial asset, the period shall be reckoned from the date of allotment of such financial asset ; (e) in the case of a capital asset, being the right to subscribe to any financial asset, which is renounced in favour of any other person, the period shall be reckoned from the date of the offer of such right by the company or institution, as the case may be, making such offer ; (f) in the case of a capital asset, being a financial	into the Electronic Gold Receipt, for a capital asset being Electronic Gold Receipt issued in respect of gold deposited as referred to in section 70(1)(y); (XII) the period for which such Electronic Gold Receipt was held by the assessee before its conversion into gold for a capital asset being gold released in respect of an Electronic Gold Receipt as referred to in section 70(1)(y); (C) there shall be reckoned,— (I) the period from the date of its conversion or treatment, for a capital asset referred to in section 26(2)(j); (II) the period from the date of allotment of a share or any other security (herein referred to as the financial asset), for a capital asset being such financial asset		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		asset, allotted without any payment and on the basis of holding of any other financial asset, the period shall be reckoned from the date of the allotment of such financial asset ; (g) in the case of a capital asset, being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger, there shall be included the period for which the share or shares held in the demerged company were held by the assessee ; (h) in the case of a capital	subscribed to by the assessee on the basis of his right to subscribe to such financial asset or subscribed to by the person in whose favour the assessee has renounced his right to subscribe to such financial asset; (III) the period from the date of the offer of the right to subscribe to any financial asset which is renounced in favour of any other person by the company or institution, as the case may be, making such offer, for a capital asset, being such right; (IV) the period from the date of the allotment of a financial asset allotted without any payment and on the basis of holding of any other financial asset, for a capital asset being such financial asset;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		asset, being trading or clearing rights of a recognised stock exchange in India acquired by a person pursuant to demutualisation or corporatisation of the recognised stock exchange in India as referred to in clause (xiii) of section 47, there shall be included the period for which the person was a member of the recognised stock exchange in India immediately prior to such demutualisation or corporatisation; (ha) in the case of a capital asset, being equity share or shares in a company	(V) the period from the date of allotment or transfer of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), for a capital asset being such specified security or sweat equity shares; (VI) the period from the date on which a request for the redemption was made, for a capital asset, being share or shares of a company, which is acquired by the non-resident assessee on redemption of Global Depository Receipts referred to in section 209(1)(Table: Sl. No. 2) held by such assessee; (D) for capital assets other than those mentioned in items (A) to (C), the period for which any capital asset is held by the		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		allotted pursuant to demutualisation or corporatisation of a recognised stock exchange in India as referred to in clause(xiii) of section 47, there shall be included the period for which the person was a member of the recognised stock exchange in India immediately prior to such demutualisation or corporatisation; (hb) in the case of a capital asset, being any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at	assessee shall be determined in such manner, as prescribed, where,— (A) "equity oriented fund" shall have the meaning assigned to it in section198(8); (B) "security" shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956; (C) "specified security" means the securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 and, where employees' stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme; (D) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		concessional rate to his employees (including former employee or employees), the period shall be reckoned from the date of allotment or transfer of such specified security or sweat equity shares; (hc) in the case of a capital asset, being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in clause (xvii) of section 47, there shall be included the period for which the share or shares were held by the assessee; (hd) in the case of a	consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xviii)of section 47, there shall be included the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee; (he) in the case of a capital asset, being share or shares of a company, which is acquired by the nonresident assessee on redemption of Global Depository Receipts referred to in clause (b) of subsection (1) of section			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		115AC held by such assessee, the period shall be reckoned from the date on which a request for such redemption was made; (hf) in the case of a capital asset, being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in clause (xb) of section 47, there shall be included the period for which the preference shares were held by the assessee; (hg) in the case of a capital asset, being a unit			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xix) of section 47, there shall be included the period for which the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee; (hh) in the case of a capital asset, being a unit or units in a segregated portfolio referred to in subsection (2AG) of section 49, there shall be included the period for which the original unit or units in the main portfolio			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		were held by the assessee; 13[(hi) in the case of a capital asset, being— (a) Electronic Gold Receipt issued in respect of gold deposited as referred to in clause (viid) of section 47, there shall be included the period for which such gold was held by the assessee prior to conversion into the Electronic Gold Receipt; (b) gold released in respect of an Electronic Gold Receipt as referred to in clause (viid) of section 47, there shall be included the period for which such Electronic			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Gold Receipt was held by the assessee prior to its conversion into gold;] (ii) In respect of capital assets other than those mentioned in clause (i), the period for which any capital asset is held by the assessee shall be determined subject to any rules which the Board may make in this behalf. Explanation 2.—For the purposes of this clause, the expression "security" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 3.—For the purposes of this clause, the expressions "specified security" and "sweat equity shares" shall have the meanings respectively assigned to them in the Explanation to clause (d) of subsection (1) of section 115WB. Explanation 4.—For the purposes of this clause, the expression "equity oriented fund" shall have the meaning assigned to it in clause (a) of the Explanation to section 112A;			

CHAPTER II

BASIS OF CHARGE

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
4	4	**Charge of income-tax**	**Charge of income-tax**		
		(1) Where any Central Act enacts that income-tax shall be charged for any assessment year at any rate or rates, income-tax at that rate or those rates shall be charged for that year in accordance with, and subject to the provisions (including provisions for the levy of additional income-tax) of, this Act in respect of the total income of the previous year of every person :	(1) Income-tax for any tax year shall be charged as per the provisions of this Act at the rate or rates which are enacted by a Central Act for such tax year. (2) The charge of income-tax under sub-section (1) shall be on the total income of the tax year of every person as per the provisions of this Act. (3) Income-tax shall also include any additional income-tax, by whatever name called, levied under this Act.	Sub-section (1) of section 4 may be reworded as given below - (1) Income-tax for any tax year shall be charged as per the provisions of this Act at the rate or rates which are enacted by a Central Act for such tax year **or by this Act.**	The rates of income-tax are provided both in the Central Act (Annual Finance Act) and in the Income-tax Act. The Income-tax Act contains special rates of taxation in various sections. Sub-section (1) needs to be modified to provide that the income-tax shall be charged as per the provisions of this Act at the rates which are enacted by the Central Act for such tax year or by this Act.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided that where by virtue of any provision of this Act income-tax is to be charged in respect of the income of a period other than the previous year, income-tax shall be charged accordingly.	(4) If this Act provides that income-tax is to be charged in respect of income of a period other than the tax year, it shall be charged accordingly.		
		(2) In respect of income chargeable under sub-section (1), income-tax shall be deducted at the source or paid in advance, where it is so deductible or payable under any provision of this Act.	(5) For the income chargeable under sub-section (2), income-tax shall be deducted or collected at source or paid in advance as provided under this Act.		
6	6	**Residence in India.**	**Residence in India**		
		For the purposes of this Act,— (*1*) An individual is said to be resident in India in any previous year, if he— (*a*) is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more ; or	(1) For the purposes of this Act, residence of a person in India shall be determined as per this section.	Sub-section (1) may be modified as below: For the purposes of this Act, residence **in India** of a **person ~~in India~~** shall be determined as per this section.	The phrase 'in India' when used after "person" seems to suggest that sub-section (1) is only for determining residential status of a person in India, while the

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*b*) [***] (*c*) having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.	(2) An individual shall be resident in India in a tax year, if he— (a) is in India for a **total period** of one hundred and eighty-two days or more in that tax year; or (b) is in India **cumulatively** for sixty days or more during that year and has been in India **cumulatively** for three hundred and sixty-five days or more in the four years preceding such tax year.	Sub-section (2) can be modified as below: An individual shall be resident in India in a tax year, if he— (a) is in India for a **total period** of one hundred and eighty-two days or more in that tax year; or (b) is in India ~~cumulatively~~ for a **total period of** sixty days or more during that year and has been in India cumulatively for three	objective is to determine under the Income-tax Act, the residential status in India of every person. Sub-section (2) uses the phrase 'total period' in clause (a) for number of days of stay in the tax year. In clause (b), the word 'cumulatively' is used both for the number of days of stay in the tax year as well as for the number of days in the last four years. The word "total period" can be used for the number of days of stay in the tax year and "cumulatively" for the number of days

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
				hundred and sixty-five days or more in the four years preceding such tax year.	of stay in the earlier years.
		Explanation 1.—In the case of an individual,— (*a*) being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship as defined in clause (*18*) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (*c*) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ;	(3) The provisions of sub-section (2)(b) shall not apply in the case of an individual who is a citizen of India and leaves India in any tax year— (a) as a member of the crew of an Indian ship, as defined in section 3(18) of the Merchant Shipping Act, 1958; or (b) for employment outside India.	It is suggested that "for the purpose of employment" be restored in this provision.	"For the purposes of employment outside India" is being substituted by "for employment outside India". This may lead to further litigation, since it may be interpreted to exclude from its scope travel for self-employment, business purposes, or for seeking employment.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(b) being a citizen of India, or a person of Indian origin within the meaning of Explanation to clause (e) of section 115C, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted and in case of such person having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, for the words "sixty days" occurring therein, the words "one hundred and twenty days" had been substituted.	(4) The provisions of sub-section (2)(b) shall not apply in the case of an individual— (a) who is a citizen of India or a person of Indian origin; and (b) who being outside India, comes on a visit to India in any tax year; (5) Where the person referred to in sub-section (4) has a total income exceeding fifteen lakh rupees during that tax year (other than the income from foreign sources), sub-section (2)(b) shall apply as if the words “sixty days” had been substituted with “one hundred and twenty days” for that year;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*6*) A person is said to be "not ordinarily resident" in India in any previous year if such person is— (*a*) an individual who has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or (*b*) a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or (*c*) a citizen of India, or a person of Indian origin, having total income, other than the	(13) A person is not ordinarily resident in India in any tax year, if that person is— (a) an individual who has been, or a Hindu undivided family, whose manager has been— (i) a non-resident in India in nine out of the ten tax years preceding that year; or (ii) has been in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or (b) a citizen of India or a person of Indian origin,— (i) whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and (ii) who has been in India cumulatively for one hundred and twenty days or more but	While in section 6(13), the word "manager" of HUF is used, but in section 262(1)(e), 265 and 488 the word used Karta. The word Karta may be used in section 6(13) to ensure consistency. Clause (a) of section 6(13) may be modified as follows – A person is not ordinarily resident in India in any tax year, if that person is— (a) an individual who has been, or a Hindu undivided family, whose ~~manager~~ **karta** has been– –	The word "Manager" has been used in relation to HUF at two places in the Bill, Section 6 and 252. In five places, "Karta" has been used. In order to ensure consistency, the word 'Karta' can be used at all places, instead of "Manager".

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		income from foreign sources, exceeding fifteen lakh rupees during the previous year, as referred to in clause (*b*) of Explanation1 to clause (*1*), who has been in India for a period or periods amounting in all to one hundred and twenty days or more but less than one hundred and eighty-two days; or (*d*) a citizen of India who is deemed to be resident in India under clause (*1A*).	less than one hundred and eighty-two days; or (c) a citizen of India who is deemed to be resident in India under sub-section (7).	(i) a non-resident in India in nine out of the ten tax years preceding that year; or (ii) has been in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or (b) a citizen of India or a person of Indian origin,— (i) whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and (ii) who has been in India ~~cumulatively~~ for **a total**	In clause (b), in sub-clause (ii), the citizen of India or person of Indian origin is required to be present for 120 days in the current tax year. This is not coming out in the sub-clause. Also, cumulatively has to be replaced with "total period" as suggested earlier.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
				period of one hundred and twenty days or more but less than one hundred and eighty-two days **in that tax year**; or (c) a citizen of India who is deemed to be resident in India under sub-section (7).	
		Explanation.—For the purposes of this section, the expression "income from foreign sources" means income which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.	(14) In this section, “income from foreign sources” means the income, which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
7	7	**Income deemed to be received**	**Income deemed to be received.**		
		The following incomes shall be deemed to be received in the previous year :— (*i*) the annual accretion in the previous year to the balance at the credit of an employee participating in a recognised provident fund, to the extent provided in rule 6 of Part A of the Fourth Schedule ; (*ii*) the transferred balance in a recognised provident fund, to the extent provided in sub-rule (4) of rule 11 of Part A of the Fourth Schedule ; (*iii*) the contribution made, by the Central Government or any other employer in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD.	1) The following incomes shall be deemed to be received in the tax year:— (a) the annual accretion in that year to the balance at the credit of an employee participating in a recognised provident fund, to the extent provident in paragraph 6 of Part A of the Schedule XI; (b) the transferred balance in a recognised provident fund, to the extent provided in paragraph 11(4) and (5) of Part A of the Schedule XI; (c) the contribution made by the Central Government or any other employer in that year to the account of an employee under a pension scheme mentioned in section 124.		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
7(2)	8		(2) For inclusion in the total income of an assessee, — (a) any dividend declared by a company or distributed or paid by it within the meaning of section 2(40)(a) or (b) or (c) or (d) or (e) or (f) shall be deemed to be the income of the tax year in which it is so declared, distributed or paid, as the case may be; (b) any interim dividend shall be deemed to be the income of the tax year in which the amount of such dividend is unconditionally made available by the company to the member who is entitled to it.	Heading of Section 7 is 'Income deemed to be received'. Sub-section (2) thereof contains the provisions relating to time of bringing to tax dividend income which is contained in section 8 of the Income-tax Act, 1961. This does not seem to appropriately fit into this section. Sub-section (2) does not sync with the section heading of 'Income deemed to be received'. This may either be brought as separate section or heading of section be modified. For inclusion in the total income of an assessee, —	Heading of section for clause 7(2) of the Bill can be "Dividend income"

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
				(a) any dividend declared by a company or distributed or paid by it within the meaning of section 2(40)(a) or (b) or (c) or (d) or (e) or (f) shall be deemed to be the income of the tax year in which it is so ~~declared,~~ **distributed or paid**, as the case may be;	Dividend can be made taxable in the year in which it is distributed, in case of deemed dividend, or paid. This would align with the TDS provision in Sl. No.10 of the Table under section 393(1).
9	9	**Income deemed to accrue or arise in India**	**Income deemed to accrue or arise in India.**		
		(*v*) income by way of interest payable by— (*a*) the Government ; or (*b*) a person who is a resident, except where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person outside India or for	(5)(a) Income by way of interest payable by— (i) the Government; (ii) a resident, except where it is payable in respect of any debt incurred, or moneys borrowed and used, for—		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the purposes of making or earning any income from any source outside India ; or (*c*) a person who is a non-resident, where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person in India. Explanation.—For the purposes of this clause,— (*a*) it is hereby declared that in the case of a non-resident, being a person engaged in the business of banking, any interest payable by the permanent establishment in India of such non-resident to the head office or any permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the permanent establishment in India and the permanent establishment in India shall be deemed to be	(A) a business or profession carried on by that person outside India; or (B) making or earning any income from any source outside India; or (iii) a non-resident, if it is in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by that non-resident in India, shall be deemed to accrue or arise in India; (b) for the purposes of clause (a)(iii),— (i) any interest payable by the permanent establishment in India of a non-resident person engaged in the business of banking, to the head office or any other permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India;	The conjunction 'and' is required between clauses (i) and (ii) of 9(5)(b) -. (b) for the purposes of clause (a)(iii),— (i) any interest payable by the permanent establishment in India of a	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		a person separate and independent of the non-resident person of which it is a permanent establishment and the provisions of the Act relating to computation of total income, determination of tax and collection and recovery shall apply accordingly; (*b*) "permanent establishment" shall have the meaning assigned to it in clause (*iiia*) of section 92F; (*vi*) income by way of royalty payable by— (*a*) the Government ; or	(ii) shall be chargeable to tax in addition to any income attributable to the permanent establishment in India; and (iii) the permanent establishment in India shall— (A) be deemed to be a person separate from, and independent of, the non-resident person of which it is a permanent establishment; and (B) the provisions of this Act relating to computation of total income, determination of tax and collection and recovery shall apply, accordingly; (iv)"permanent establishment" shall have the meaning assigned to it in section 173(c). (6)(a) Income by way of royalty payable by— (i) the Government;	non-resident person engaged in the business of banking, to the head office or any other permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India; **and** (ii) shall be chargeable to tax in addition to any income attributable to the permanent establishment in India;	Since the "shall be chargeable to tax" in sub-clause (ii) is in relation to any interest referred to in sub-clause (i), there should be a conjunction "and" between the two sub-clauses.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*b*) a person who is a resident, except where the royalty is payable in respect of any right, property or information used or services utilised for the purposes of a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India ; or (*c*) a person who is a non-resident, where the royalty is payable in respect of any right, property or information used or services utilised for the purposes of a business or profession carried on by such person in India or for the purposes of making or earning any income from any source in India : *Provided* that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any	(ii) a resident, except where the royalty is payable for— (A) a business or profession carried on by the resident outside India; or (B) making or earning any income from any source outside India; or (iii) a non-resident, if the royalty is payable in respect of any right, property or information used or services utilised for the purposes of— (A) a business or profession carried on by the non-resident in India; or (B) making or earning any income from any source outside India, shall be deemed to accrue or arise in India; (b) in this sub-section, "royalty" means consideration (including any lump-sum consideration but excluding any consideration which would be the income	(B) to be reworded as follows - (B) making or earning any income from any source ~~outside~~ **in** India,	In point (B) of sub-clause (iii), the closing portion should be 'in India' and not outside India, for the income to be deemed to accrue or

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process or trade mark or similar property, if such income is payable in pursuance of an agreement made before the 1st day of April, 1976, and the agreement is approved by the Central Government : *Provided further* that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lump sum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with a computer or computer-based equipment under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India.	of the recipient chargeable under the head "Capital gains") for the following— (i) the transfer or grant of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property; (ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trade mark or similar property; (iii) the use of any patent, invention, model, design, secret formula or process or trade mark or similar property; (iv) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill;	shall be deemed to accrue or arise in India	arise in India in the hands of the non-resident.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 1.—For the purposes of the first proviso, an agreement made on or after the 1st day of April, 1976, shall be deemed to have been made before that date if the agreement is made in accordance with proposals approved by the Central Government before that date; so, however, that, where the recipient of the income by way of royalty is a foreign company, the agreement shall not be deemed to have been made before that date unless, before the expiry of the time allowed under sub-section (1) or sub-section (2) of Section 139 (whether fixed originally or on extension) for furnishing the return of income for the assessment year commencing on the 1st day of April, 1977, or the assessment year in respect of which such income first becomes chargeable to tax under this Act, whichever assessment year is later, the company exercises an option by furnishing a declaration in writing to the Assessing Officer (such option being final	(v) the use or right to use any industrial, commercial or scientific equipment except the amounts referred in section 61(2) (Table: Sl. No. 5); (vi) the transfer or grant of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including— (A) films or video tapes for use in connection with television; or (B) tapes for use in connection with radio broadcasting; (vii) the rendering of services in connection with the activities referred to in sub-clauses (i) to (vi); (c) for the purposes of clause (b),— (i) the transfer or grant of all or any rights in respect of any right, property or information includes transfer or grant of	Clause (c)(i) may be reworded as follows – (c) for the purposes of clause (b),—	In clause(c)(i), “grant” to be replaced with “granting” to convey the correct intent.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		for that assessment year and for every subsequent assessment year) that the agreement may be regarded as an agreement made before the 1st day of April, 1976. Explanation 2.—For the purposes of this clause, "royalty" means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains") for— (*i*) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property ; (*ii*) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trade mark or similar property ;	all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which that right is transferred; (ii) royalty includes consideration in respect of any right, property or information, whether or not— (A) the possession or control of that right, property or information is with the payer; (B) that right, property or information is used directly by the payer; (C) the location of that right, property or information is in India; (iii) the expression "process" includes transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic	(i) the **transfer or granting** of all or any rights in respect of any right, property or information includes transfer or **granting** of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which that right is transferred;	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*iii*) the use of any patent, invention, model, design, secret formula or process or trade mark or similar property ; (*iv*) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill ; (*iva*) the use or right to use any industrial, commercial or scientific equipment but not including the amounts referred to in section 44BB; (*v*) the transfer of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with television or tapes for use in connection with radio broadcasting; or (*vi*) the rendering of any services in connection with the activities referred to in sub-clauses (*i*) to (*iv*), (*iva*) and (*v*).	fibre or by any other similar technology, whether or not that process is secret; (iv) the expression "computer software" means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme or any customised electronic data.		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 3.—For the purposes of this clause, "computer software" means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme or any customized electronic data. Explanation 4.—For the removal of doubts, it is hereby clarified that the transfer of all or any rights in respect of any right, property or information includes and has always included transfer of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred. Explanation 5.—For the removal of doubts, it is hereby clarified that the royalty includes and has always included consideration in respect of any right, property or information, whether or not—			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*a*) the possession or control of such right, property or information is with the payer; (*b*) such right, property or information is used directly by the payer; (*c*) the location of such right, property or information is in India. Explanation 6.—For the removal of doubts, it is hereby clarified that the expression "process" includes and shall be deemed to have always included transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret;			
		Explanation 2A.—For the removal of doubts, it is hereby declared that the significant economic presence of a non-resident in India shall constitute "business connection" in	(d) a non-resident shall have a significant economic presence in India, where there is—	It is suggested that clause (d) may be amended to ensure that the provisions related to significant	Since the concept of Significant Economic Presence was introduced in the Statute in line with

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		India and "significant economic presence" for this purpose, shall mean— (*a*) transaction in respect of any goods, services or property carried out by a non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed; or (*b*) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as may be prescribed: *Provided* that the transactions or activities shall constitute significant economic presence in India, whether or not— (*i*) the agreement for such transactions or activities is entered in India; or	(i) transaction in respect of any goods, services or property carried out by such non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as prescribed; or (ii) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as prescribed, irrespective of whether the agreement for such transactions or activities is entered in India, or the non-resident has a residence or place of business in India, or the non-resident renders any services in India;	economic presence are limited to **digital transactions not regulated in India by a regulator.**	BEPS Action 1 to address challenges in a digital economy, it is suggested that clause (d) may be amended to ensure that the provisions related to significant economic presence are limited to **digital** transactions and does not extend to other transactions.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*ii*) the non-resident has a residence or place of business in India; or (*iii*) the non-resident renders services in India: Provided further that the transactions or activities which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence in India			
		Explanation 5.—For the removal of doubts, it is hereby clarified that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India:	(9) In sub-section (2)(d)— (a) an asset or a capital asset, being any share of, or interest in, a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided that nothing contained in this *Explanation* shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in a Foreign Institutional Investor as referred to in clause (*a*) of the Explanation to section 115AD for an assessment year commencing on or after the 1st day of April, 2012 but before the 1st day of April, 2015: Provided further that nothing contained in this Explanation shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 prior to their repeal, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992):	(whether tangible or intangible) located in India; (b) the share or interest, referred to in clause (a), shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the specified date, the value of such assets,— (i) exceeds the amount of ten crore rupees; and (ii) represents at least 50% of the value of all the assets owned by the company or entity, as the case may be; (c) the value of an asset shall be the fair market value on the specified date of such asset without reduction of liabilities, if any, in respect of the asset, determined in the manner, as prescribed;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided also that nothing contained in this Explanation shall apply to an asset or a capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992): Provided also that nothing contained in this Explanation shall apply to— (i) an assessment or reassessment to be made under section 143, section 144, section 147 or section 153A or section 153C; or (*ii*) an order to be passed enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154; or	(d) the expression "specified date" in clause (c) means— (i) the date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or (ii) the date of transfer, if the book value of the assets of the company or, as the case may be, the entity on the date of transfer exceeds the book value of the assets as on the date referred to in sub-clause (i), by 15%; (e) the expression "accounting period" in clause (d) means— (i) each period of twelve months ending with the 31st March; (ii) each period of twelve months ending with a date other than the 31st March, in a case where a company or an entity, referred to in clause (a), regularly adopts a		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*iii*) an order to be passed deeming a person to be an assessee in default under sub-section (1) of section 201, in respect of income accruing or arising through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012: Provided also that where— (*i*) an assessment or reassessment has been made under section 143, section 144, section 147 or section 153A or section 153C; or (*ii*) an order has been passed enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154; or	period of twelve months ending on a day other than the 31st March for— (A) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or (B) reporting to persons holding the share or interest; (iii) the period beginning with the date of registration or incorporation of a company or entity and ending with the 31st March or such other day referred to in sub-clause (ii), in a case where a company or entity comes into existence and the later accounting period shall be the successive periods of twelve months; or (iv) the period beginning with the 1st April or such other day referred to in sub-clause (ii) and ending with the date immediately preceding the date on which the company or entity ceases to exist, in a case where the		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*iii*) an order has been passed deeming a person to be an assessee in default under sub-section (1) of section 201; or (*iv*) an order has been passed imposing a penalty under Chapter XXI or under section 221, in respect of income accruing or arising through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012 and the person in whose case such assessment or reassessment or order has been passed or made, as the case may be, fulfils the specified conditions, then, such assessment or reassessment or order, to the extent it relates to the said income, shall be deemed never to have been passed or made, as the case may be:	company or the entity ceases to exist before the end of the accounting period; (f) in case of assets mentioned in clause (a), if— (i) there is a transfer outside India of any share of, or interest in, a company or an entity registered or incorporated outside India by a non-resident transferor; and (ii) all the assets owned by that company or entity are not located in India, then the income referred to in sub-section (2)(d) shall be only such part of the income attributable to assets located in India and determined in the manner, as prescribed; (g) the income referred to in sub-section (2)(d) shall not include income from transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India,—		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided also that where any amount becomes refundable to the person referred to in fifth proviso as a consequence of him fulfilling the specified conditions, then, such amount shall be refunded to him, but no interest under section 244A shall be paid on that amount. Explanation.—For the purposes of fifth and sixth provisos, the specified conditions shall be as provided hereunder:— (*i*) where the said person has filed any appeal before an appellate forum or any writ petition before the High Court or the Supreme Court against any order in respect of said income, he shall either withdraw or submit an undertaking to withdraw such appeal or writ petition, in such form and manner as may be prescribed; (*ii*) where the said person has initiated any proceeding for arbitration, conciliation or mediation, or has given any notice thereof	(i) if such share of, or interest in, a company or an entity registered or incorporated outside India is held by a non-resident by way of investment, directly or indirectly,— (A) in Category I or Category II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, prior to their repeal, made under the Securities and Exchange Board of India Act, 1992; (B) in Category I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992; (ii) if such company or entity directly owns the assets situated in India and the		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		under any law for the time being in force or under any agreement entered into by India with any other country or territory outside India, whether for protection of investment or otherwise, he shall either withdraw or shall submit an undertaking to withdraw the claim, if any, in such proceedings or notice, in such form and manner as may be prescribed; (*iii*) the said person shall furnish an undertaking, in such form and manner as may be prescribed, waiving his right, whether direct or indirect, to seek or pursue any remedy or any claim in relation to the said income which may otherwise be available to him under any law for the time being in force, in equity, under any statute or under any agreement entered into by India with any country or territory outside India, whether for protection of investment or otherwise; and	transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,— (A) does not hold the right of management or control in relation to such company or the entity; and (B) does not hold voting power or share capital or interest exceeding 5%, of the total voting power or total share capital or total interest, as the case may be, of such company or entity; or (iii) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,— (A) does not hold the right of management		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*iv*) such other conditions as may be prescribed. Explanation 6.—For the purposes of this clause, it is hereby declared that— (*a*) the share or interest, referred to in *Explanation 5*, shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if, on the specified date, the value of such assets— (*i*) exceeds the amount of ten crore rupees; and (*ii*) represents at least fifty per cent of the value of all the assets owned by the company or entity, as the case may be; (*b*) the value of an asset shall be the fair market value as on the specified date, of such asset without reduction of liabilities, if any, in respect of the asset, determined in such manner as may be prescribed;	or control in relation to such company or the entity; (B) does not hold any right in, or in relation to, such company or entity which would entitle it to the right of management or control in the company or entity which directly owns the assets situated in India; and (C) does not hold such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding 5% of the total voting power or total share capital or total interest, as the case may be, of the company or entity, which directly owns the assets situated in India;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*c*) "accounting period" means each period of twelve months ending with the 31st day of March: Provided that where a company or an entity, referred to in Explanation 5, regularly adopts a period of twelve months ending on a day other than the 31st day of March for the purpose of— (*i*) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or (*ii*) reporting to persons holding the share or interest, then, the period of twelve months ending with the other day shall be the accounting period of the company or, as the case may be, the entity: *Provided further* that the first accounting period of the company or, as the case may be, the entity shall begin from the date of its	(iv) in sub-clause (iii), "associated enterprises" shall have the meaning assigned to it in section 159.	Sub-clause (iv) may be modified as follows – (iv) in sub-clause (iii), "associated enterprises" shall have the meaning assigned to it in **~~section 159~~ section 162**.	The meaning of associated enterprises is in section 162 and not section 159. Therefore, the reference given in sub-clause (iv) is not correct and requires modification.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		registration or incorporation and end with the 31st day of March or such other day, as the case may be, following the date of such registration or incorporation, and the later accounting period shall be the successive periods of twelve months: *Provided also* that if the company or the entity ceases to exist before the end of accounting period, as aforesaid, then, the accounting period shall end immediately before the company or, as the case may be, the entity, ceases to exist; (*d*) "specified date" means the— (*i*) date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or (*ii*) date of transfer, if the book value of the assets of the company or, as the case may be, the entity on the date of transfer exceeds the			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		book value of the assets as on the date referred to in sub-clause (*i*), by fifteen per cent. Explanation 7.— For the purposes of this clause,— (*a*) no income shall be deemed to accrue or arise to a non-resident from transfer, outside India, of any share of, or interest in, a company or an entity, registered or incorporated outside India, referred to in the *Explanation 5*,— (*i*) if such company or entity directly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds voting power or share capital or interest exceeding five per cent of the total voting power or total share capital or total			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		interest, as the case may be, of such company or entity; or (*ii*) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds any right in, or in relation to, such company or entity which would entitle him to the right of management or control in the company or entity that directly owns the assets situated in India, nor holds such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding five per cent of the total voting power or total share capital or total interest, as the case may			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		be, of the company or entity that directly owns the assets situated in India; (*b*) in a case where all the assets owned, directly or indirectly, by a company or, as the case may be, an entity referred to in the *Explanation 5,* are not located in India, the income of the non-resident transferor, from transfer outside India of a share of, or interest in, such company or entity, deemed to accrue or arise in India under this clause, shall be only such part of the income as is reasonably attributable to assets located in India and determined in such manner as may be prescribed; (*c*) "associated enterprise" shall have the meaning assigned to it in section 92A;			
		(viii) income arising outside India, being any sum of money referred to in sub-clause (xviia) of clause (24) of section 2, paid by a person resident in India — (a) on or after the	(10) Income arising outside India, in the nature of a sum referred to in section 2(49)(u), paid by a person resident in India,—	Clause (b) of sub-section (10) may be reworded as follows -	The word “accrue” has been spelt wrongly in clause (b) of sub-section

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		5th day of July, 2019 to a non-resident, not being a company, or to a foreign company; or (b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6	(a) to a non-resident, not being a company, or to a foreign company; or (b) to a person not ordinarily resident in India under section 6(13), shall be deemed to accure or arise in India.	(b) to a person not ordinarily resident in India under section 6(13), shall be deemed to ~~accure~~ **accrue** or arise in India.	(10), which needs to be corrected.
		Explanation to section 9 Explanation.—For the removal of doubts, it is hereby declared that for the purposes of this section, income of a non-resident shall be deemed to accrue or arise in India under clause (v) or clause (vi) or clause (vii) of subsection (1) and shall be included in the total income of the non-resident, whether or not,— (i) the non-resident has a residence or place of business or business connection in India; or (ii) the non-resident has rendered services in India	(11) In sub-sections (5), (6) and (7), income of a non-resident shall be deemed to accrue or arise in India and shall be included in his total income, whether or not,— (a) the non-resident has a residence or place of business or business connection in India; or (b) the non-resident has rendered services in India.	Sub-section (11) may be redrafted as follows - (11) In sub-sections (5), (6) and (7), income of a non-resident shall be deemed to accrue or arise in India and shall be included in ~~his~~ **the** total income, whether or not,—	The language of sub-section (11) may be modified to make it gender neutral. This is one of the examples. This change has to be effected in all the provisions where "his" has been used in the Income-tax Bill, 2025.

CHAPTER III

INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

[The suggested changes in this chapter are in the related Schedules, namely, Schedule III, V & VI]

SCHEDULE III	
	Income Not to be included in total income of Eligible Persons
	In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D therein shall have the meanings respectively assigned to them in the Notes below the said Table.

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
10(10BC)	(10BC)- any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal	3	Any amount received or receivable from the Central Government or a State Government or a local authority by way of compensation	Any individual or his legal heir	No deduction of this amount was allowed earlier under this Act on account of any loss or damage caused by such disaster to such individual or his legal heir.	Column D against Sl. No.3 may be modified as follows - No deduction of this amount was allowed earlier	The condition may be modified that no deduction of this amount was allowed earlier under

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster. Explanation.—For the purposes of this clause, the expression "disaster" shall have the meaning assigned to it under clause (d) of section 2 of the Disaster Management Act, 2005 (53 of 2005);		on account of any disaster.			under this Act **or the Income-tax Act, 1961** on account of any loss or damage caused by such disaster to such individual or his legal heir.	this Act **or the Income-tax Act, 1961** on account of any loss or damage caused by such disaster to such individual or his legal heir.

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
10(5)	10(5) – in the case of an individual, the value of any travel concession or assistance received by, or due to, him,— (a) from his employer for himself and his family, in connection with his proceeding on leave to any place in India ; (b) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service,	8	The value of any travel concession or assistance.	An individual.	(a) Such sum is received by, or due to, such individual— (i) from his employer for himself and his family, in connection with his proceeding on leave to any place in India; (ii) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service; (b) Such sum is subject to such conditions as prescribed (including conditions as to number of journeys and the amount which shall be exempt per head);	In Column D in the opening para in (a) corresponding to Sl. No.8, the words "or due to" may be removed. The opening para would then read as follows - **(a) Such sum is received by, ~~or due to,~~ such individual—**	The words "or due to" may be removed from the opening para in (a) in Column D corresponding to Sl. No.8 in line with the suggestion of taxation of salary on receipt basis given in the forthcoming chapter on Salaries.

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	subject to such conditions as may be prescribed (including conditions as to number of journeys and the amount which shall be exempt per head) having regard to the travel concession or assistance granted to the employees of the Central Government : Provided that the amount exempt under this clause shall in no case exceed the amount of expenses actually incurred for the purpose of such travel: Provided further that for the assessment year beginning on the 1st				(c) The conditions in clause (b) shall have regard to the travel concession or assistance granted to the employees of the Central Government; and (d) Sum not included in the total income shall in no case exceed the amount of expenses actually incurred for the purpose of such travel.		

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	day of April, 2021, the value in lieu of any travel concession or assistance received by, or due to, such individual shall also be exempt under this clause subject to the fulfilment of such conditions (including the condition of incurring such amount of such expenditure within such period), as may be prescribed.						
10(10CC)	10(10CC)- in the case of an employee, being an individual deriving income in the nature of a perquisite, not provided for by way of	10	Income in the nature of a perquisite.	An employee, being an individual.	(a) Such perquisite is not provided for by way of monetary payment, within the meaning of section 17(1); (b) the tax on such income actually paid by his employer, at the option of the employer,	clause "c" in Column D of the table corresponding to Sl. No.10 may be removed.	(c) in the last column corresponding to Sl. No. 10 makes reference to section 200 of the

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	monetary payment, within the meaning of clause (2) of section 17, the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee, notwithstanding anything contained in section 200 of the Companies Act, 1956 (1 of 1956);				on behalf of such employee; and (c) such perquisite is paid irrespective of section 200 of the Companies Act, 1956 (1 of 1956).		Companies Act, 1956, which prohibited tax-free payments to officers and employees of companies. However, there is no corresponding provision in the Companies Act, 2013.
10(32)	10(32)- in the case of an assessee referred to in sub-section (1A) of section 64, any income includible in his total income under that sub-section, to the	17	Any income includible in the total income under section 99 (1)(d).	In case of an assessee referred to in that sub-section	Exclusion of such income from the total income is to the extent such income does not exceed ₹ 1,500 in respect of each minor child whose income is so includible	Column D corresponding to Sl. No.17 may be modified to increase the exemption limit - Exclusion of such income from the	The limit of Rs. 1500 which was introduced more than three decades back by Finance Act, 1992 needs to be substantially

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	extent such income does not exceed one thousand five hundred rupees in respect of each minor child whose income is so includible;					total income is to the extent such income does not exceed ~~₹ 1,500~~ **₹ 1,50,000** in respect of each minor child whose income is so includible	increased considering the inflation and change in the slab rates of taxation.
10(37)	10(37)- in the case of an assessee, being an individual or a Hindu undivided family, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where— (i) such land is situate in any area referred to	18	Any income chargeable under the head "Capital gains" arising from the transfer of agricultural land.	An individual or a Hindu undivided family.	(a)Such land is situated in any area referred to in section 2(22)(iii); (b) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his; (c) such transfer is by way of compulsory acquisition under	The exemption vide this Circular may be incorporated in the Income-tax Bill, 2025.	Vide Circular No. 36/2016 dated 25.10.2016, CBDT has clarified that compensation received in respect of award or agreement which has been exempted from levy of income-

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	in item (a) or item (b) of sub-clause (iii) of clause (14) of section 2; (ii) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his; (iii) such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or				any law, or a transfer, the consideration for which is determined or approved by the Central Government or the Reserve Bank of India; and (d) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st April, 2004.		tax vide section 96 of RFCTLARR Act shall also not be taxable under the provisions of Income-tax Act, 1961 even if there is no specific provision of exemption for such compensation in the Income-tax Act, 1961.

Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No.	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
	the Reserve Bank of India; (iv) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April, 2004. Explanation.—For the purposes of this clause, the expression "compensation or consideration" includes the compensation or consideration enhanced or further enhanced by any court, Tribunal or other authority;						

SCHEDULE V	
	Provision in the Income-tax Bill, 2025
	Income not to be included in total income of Certain Eligible persons including Investment Funds, Business Trusts and their Unit holders **(See section 11)**
	In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table shall have the meanings respectively assigned to them in 004Eotes below the said table.

Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
		A	B	C	D		
10(23FD)	10(23FD)- any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in sub-clause (a) of clause	5	Any distributed income referred to in section 223	Any unit holder of a business trust	Exemption shall not be allowed on that proportion of the income which is of the same nature as— (a) interest received or receivable from a special purpose vehicle		

Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
	(23FC) or sub-clause (b) of said clause (in a case where the special purpose vehicle has exercised the option under section 115BAA) or clause (23FCA);				by the business trust; or (b) dividend received or receivable from a special purpose vehicle by the business trust (in a case where the special purpose vehicle has exercised the option under section 200; or (c) income of a business trust by way of renting or leasing or letting out any real estate asset owned directly by such business trust. "special purpose vehicle" means an Indian company in which the business trust holds controlling interest and any specific percentage of	The definition of "special purpose vehicle" can be modified as follows - "special purpose vehicle" means an	As per the SEBI (REIT) Regulations SPV can be an Indian company or LLP.

Section in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Sl. No in table	Income not to be included in total income	Eligible persons	Conditions	Suggestion	Rationale
					shareholding or interest, as may be required by the law under which such trust is granted registration.	Indian company **or limited liability partnership** in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the law under which such trust is granted registration.	

SCHEDULE VI							
		Provision in the Income-tax Bill, 2025					
		Income Not to be included in total income of certain Eligible persons in International Financial Services Centre or having Income therefrom **(See section 11)**					
		In computing the total income of a tax year of any eligible person, as mentioned in column C of the Table below, the income mentioned in column B of the said Table and the income as mentioned in savings clause shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table, shall have the meanings respectively assigned to them in the Notes below the said Table					
Section No. in the Income-tax Act, 1961	**Provision in the Income-tax Act,1961**	**Sl. No**	**Income not to be included in total income**	**Eligible persons**	**Conditions**	**Suggestion**	**Rationale**
		A	**B**	**C**	**D**		
10(4D)(c), 10(4D)(d)	10(4D)(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,—		(g) "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,— (A) which has been granted a certificate of registration as a			The extension of sunset date to 31st March, 2030 in the said definition be incorporated in (g)(ii)(A) of the Income-tax Bill, 2025.	The definition of "Specified fund" has been amended while passing the Finance Bill,

	which has been granted a certificate as a retail scheme or an Exchange Traded Fund and satisfies the conditions laid down for such schemes or funds under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019." (II) which is located in any International Financial Services Centre; and (III) of which all the units other than unit held by a sponsor or manager are held by non-residents : Provided that the condition specified in this item shall not apply where any unit holder or holders, being non-resident during the previous year when such unit or units were issued, becomes resident under clause (1) or clause (1A) of section 6 in any previous year subsequent to that year, if the aggregate value and number of the		Category III Alternative Investment Fund and is regulated— (I) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992; or (II) 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 (50 of 2019), and satisfies such conditions, as prescribed; (C) which is located in any International Financial Services Centre; and			2025 in the Lok Sabha. The sunset date for an investment division of an offshore unit to commence operations has been extended to 31.3.2030.

	units held by such resident unit holder or holders do not exceed five per cent of the total units issued and fulfil such other conditions as may be prescribed; or] (ii) investment division of an offshore banking unit, which has been— (I) granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and which has commenced its operations on or before the 31st day of March, [2030]; and (II) fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed;		(D) of which all the units are held by non-residents except— (I) the unit held by a sponsor or manager; (II) where any unit holder or holders, being non-resident during the tax year when such unit or units were issued, becomes resident under section 6(2) or (3) or (4) or (5) or (6) or (7) in any tax year subsequent to that year; (III) in case of sub-item (II), aggregate value and the number of units held by such resident unit holder or holders do not exceed 5% of the total units issued and shall fulfil such other conditions as prescribed; or (ii) investment division of an offshore banking unit, which has been— (A) granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities Exchange Board of India Act, 1992 (15 of 1992) and which			

			has commenced its operations on or before the 31st March, 2025 (B) fulfils such conditions including maintenance of separate accounts for its investment division, as prescribed;			

CHAPTER IV

COMPUTATION OF TOTAL INCOME

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			Chapter IV-A – Heads of Income		
14	14A	**14A. Expenditure incurred in relation to income not includible in total income.**	**14. Income not forming part of total income and expenditure in relation to such income.**		
		(1) Notwithstanding anything to the contrary contained in this Act, for the purposes of computing the total income under this Chapter, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under this Act.	(*1*) Irrespective of anything to the contrary contained in this Act, for the purposes of computing the total income under this Chapter, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income. (*2*) Where the Assessing Officer, having regard to the accounts of the assessee, is		.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(2) The Assessing Officer shall determine the amount of expenditure incurred in relation to such income which does not form part of the total income under this Act in accordance with such method as may be prescribed, if the Assessing Officer, having regard to the accounts of the assessee, is not satisfied with the correctness of the claim of the assessee in respect of such expenditure in relation to income which does not form part of the total income under this Act. (3) The provisions of sub-section (2) shall also apply in relation to a case where an assessee claims that no expenditure has been incurred by him in relation to income which does not form part of the total	not satisfied with— (*a*) the correctness of the claim of expenditure incurred by the assessee; or (*b*) the claim made by the assessee that no expenditure has been incurred, in relation to income which does not form part of the total income under this Act, he shall determine such amount of expenditure in accordance with any method, as prescribed. (*3*) Irrespective of anything to the contrary contained in this Act, the provisions of this section shall apply in a case where any expenditure has been incurred during any tax year in relation to income which does not form part of the total income under this Act, but such income has not accrued or arisen or has not been received during that tax year.	Sub-section (2) may be reworded as follows – "**The amount of expenditure incurred in relation to such income which does not form part of the total income under this Act to be certified by an accountant, in cases where the assessee is subject to audit under section 63 and self-certified, in other cases."**	**Discretionary power of the Assessing Officer may be removed.** The expenditure can be certified by the professional involved in auditing of accounts in cases where the assessee is subject to audit under section 63 and self-certification in other cases. **This would reduce litigation.**

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		income under this Act : Provided that nothing contained in this section shall empower the Assessing Officer either to reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154, for any assessment year beginning on or before the 1st day of April, 2001. Explanation.—For the removal of doubts, it is hereby clarified that notwithstanding anything to the contrary contained in this Act, the provisions of this section shall apply and shall be deemed to have always applied in a case where the income, not forming part of the total income under this Act, has not			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such income not forming part of the total income.			
Chapter IV B – Salaries					
15	15	**15. Salaries.**	**15. Salaries**		
		The following income shall be chargeable to income-tax under the head "Salaries"— (*a*) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not; (*b*) any salary paid or allowed to him in the previous year by or on	(*1*) The following income shall be chargeable to income-tax under the head "Salaries":— (*a*) any salary due from an employer to an assessee in the tax year, whether paid or not; (*b*) any salary paid or allowed to him in the tax year by or on behalf of an employer though not due or before it	Sub-section (1) may be reworded as follows - Any salary paid or allowed to an assessee in the tax year by or on behalf of an employer shall be chargeable to income-tax under the head "Salaries".	Salary to be chargeable to tax on receipt basis. In cases where salaries are not paid by defunct entities, such amount should not be chargeable to tax on accrual basis in the hands of the

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		behalf of an employer or a former employer though not due or before it became due to him; (*c*) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year. Explanation 1.—For the removal of doubts, it is hereby declared that where any salary paid in advance is included in the total income of any person for any previous year it shall not be included again in the total income of the person when the salary becomes due. Explanation 2.—Any salary, bonus, commission or remuneration, by whatever name called, due to, or	became due to him; (*c*) any arrears of salary paid or allowed to him in the tax year by or on behalf of an employer, if not charged to income-tax for any earlier tax year. (*2*) For the purposes of sub-section (*1*), employer includes former employer. (*3*) If any salary paid in advance is included in the total income of any person for any tax year, it shall not be included again in the total income of such person when the salary becomes due. (*4*) Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as salary for the purposes of this section.	Consequently, sub-section (3) can be deleted.	employee, as it would cause undue hardship. The taxability on receipt basis would also be in line with the provisions of section 392 which requires tax deduction on payment basis in case of salaries.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		received by, a partner of a firm from the firm shall not be regarded as "salary" for the purposes of this section.			
17	17(2)	**"Salary", "perquisite" and "profits in lieu of salary" defined.**	**Perquisite.**		
		For the purposes of sections 15 and 16 and of this section, — "perquisite" includes— (*i*) the value of rent-free accommodation provided to the assessee by his employer computed in such manner as may be prescribed. (ii) the value of any accommodation provided to the assessee by his employer at a concessional rate.	(*1*) For the purposes of this Part, "perquisite" includes— (*a*) the value of rent-free accommodation provided to the assessee by his employer computed in such manner, as prescribed; (*b*) the value of any accommodation provided to the assessee by his employer at a concessional rate which is in excess of rent recoverable from, or payable by, the assessee, computed in such manner, as prescribed; (*c*) the value of any benefit or amenity	(a) and (b) can be combined (a) the value of rent-free accommodation or any accommodation provided at a concessional rate to the assessee by his employer computed in such manner, as prescribed; For the purposes of (a), any accommodation is deemed to be provided at a concessional rate if its value is in excess of rent recoverable from, or payable by, the assessee.	In the existing rule 3, there is a common rule prescribed for both rent-free and concessional accommodation.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation. —For the purposes of this sub-clause, it is clarified that accommodation shall be deemed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee; (*iii*) the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases— (*a*) by a company to an employee who is a director thereof; (*b*) by a company to an employee being a person who has a substantial interest in the company; (*c*) by any employer (including a company) to an employee to whom	granted or provided free of cost or at concessional rate in the following cases:— (*i*) by a company to an employee, who is a director thereof or who has a substantial interest in the company; (*ii*) by any employer (including a company) to an employee whose income under the head "Salaries" by way of monetary payment (from one or more employers) exceeds such amount as prescribed; (*d*) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the current employer, or former employer, free of cost or at concessional rate to the assessee; (*e*) the value of any other benefit or		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the provisions of paragraphs (*a*) and (*b*) of this sub-clause do not apply and whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds such amount as may be prescribed: (*vi*) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee. (*viii*) the value of any other fringe benefit or amenity as may be prescribed: (*iv*) any sum paid by the employer	amenity, as prescribed; (*f*) any sum paid by the employer in respect of any obligation which, but for such payment, would have been payable by the assessee; (*g*) any sum payable by the employer to effect an assurance on the life of the assessee or to effect a contract for an annuity, whether directly or through a fund, other than— (i) a recognised provident fund; or (ii) an approved superannuation fund; or (*iii*) a Deposit-linked Insurance Fund established under— (*A*) section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948; or (*B*) section 6C of the Employees'	In (g), sum payable can be replaced with sum paid.	This is consequent to the suggestion on salary being made chargeable to tax on receipt basis.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		in respect of any obligation which, but for such payment, would have been payable by the assessee; (*v*) any sum payable by the employer, whether directly or through a fund, other than a recognised provident fund or an approved superannuation fund or a Deposit-linked Insurance Fund established under section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) to effect an assurance on the life of the assessee or to effect a contract for an annuity; (*vii*) the amount or the aggregate of	Provident Funds and Miscellaneous Provisions Act, 1952; (*h*) aggregate amount of any contribution, in excess of seven lakh and fifty thousand rupees in a tax year, made to the account of the assessee by the employer— (i) in a recognised provident fund; (*ii*) in the scheme referred to in section 124(*l*); and (iii) in an approved superannuation fund; (*i*) the annual accretion by way of interest, dividend or any other amount of similar nature during the tax year to the balance at the credit of the fund or scheme referred to in clause (*h*), computed in such manner, as prescribed (to the extent it relates to the contribution referred to in the said clause		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		amounts of any contribution made to the account of the assessee by the employer— (*a*) in a recognised provident fund; (*b*) in the scheme referred to in sub-section (1) of section 80CCD; and (*c*) in an approved superannuation fund, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year; (*viia*) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (*vii*) to the extent it relates to the contribution referred to in the said sub-clause	in any tax year). (*2*) Nothing in sub-section (*1*) shall apply to— (*a*) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer; (*b*) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family— (*i*) in any hospital maintained by the Government, or any local authority, or any other hospital approved by the Government for the purposes of medical treatment of its employees; (*ii*) in respect of the prescribed diseases or ailments, in any hospital approved by	The conditions for similar payments for medical expenditure, whether in India or abroad, should be allowed as deduction. There should be no distinction between expenditure incurred in Government hospital, Government approved hospital and private hospital. The check should be by way of prescribed limit which would apply in all cases. This will make the provisions simple to understand and ensure compliance with.	The changes are suggested for simplification. Ultimately, all expenditure will be subject to the same prescribed limits.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and *Provided* that nothing in this clause shall apply to,— (*i*) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer; (*ii*) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family— (*a*) in any hospital maintained by the Government or any local authority or any other hospital	the Principal Chief Commissioner or Chief Commissioner having regard to such guidelines as specified; (*c*) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved, for the purposes of section 30(*c*), by the— (i) Central Government; or (*ii*) Insurance Regulatory and Development Authority established under section 3(*1*) of the Insurance Regulatory and Development Authority Act, 1999; (*d*) any sum paid by the employer in respect of any premium paid by the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		approved by the Government for the purposes of medical treatment of its employees; (*b*) in respect of the prescribed diseases or ailments, in any hospital approved by the Principal Chief Commissioner or Chief Commissioner having regard to the prescribed guidelines: *Provided* that, in a case falling in sub-clause (*b*), the employee shall attach with his return of income a certificate from the hospital specifying the disease or ailment for which medical treatment was required and the receipt for the amount paid to the hospital; (*c*) in respect of any illness relating to COVID-19 subject to such conditions as the Central	scheme, approved for the purposes of section 126, by the— (i) Central Government; or (*ii*) Insurance Regulatory and Development Authority established under section 3(*1*) of the Insurance Regulatory and Development Authority Act, 1999;		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Government may, by notification in the Official Gazette, specify in this behalf; (*iii*) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved by the Central Government or the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), for the purposes of clause (*ib*) of sub-section (1) of section 36; (*iv*) any sum paid by the employer in respect of any premium paid by			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any scheme approved by the Central Government or the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), for the purposes of section 80D;			
		Explanation below sub-clause (iii) to clause (2) of section 17 Explanation.—For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other	(*e*) any expenditure incurred by the employer for the use of any vehicle for journey by the assessee from his residence to his office or other place of work, or from such office or place to his residence;		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		place of work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause;			
		(*vi*) any expenditure incurred by the employer on— (*1*) medical treatment of the employee, or any member of the family of such employee, outside India; (*2*) travel and stay abroad of the employee or any member of the family of such employee for medical treatment; (*3*) travel and stay abroad of one attendant who accompanies the patient in connection with such	(*f*) any expenditure incurred by the employer, or any sum paid by the employer in respect of any expenditure actually incurred by the employee, on— (*i*) medical treatment of the employee or any family member of such employee outside India; (*ii*) travel and stay abroad for the employee or any member of the family of such employee for medical treatment; (*iii*) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment.	Travel and stay expenditure upto the prescribed limit to be permitted for treatment in a hospital in India which is not the place of residence of the employee.	There is no need for distinguishing travel within India and outside India for medical treatment. Upto prescribed limit, such expenditure can be permitted for treatment in a hospital in India or outside India.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		treatment, subject to the condition that— (*A*) the expenditure on medical treatment and stay abroad shall be excluded from perquisite only to the extent permitted by the Reserve Bank of India; and (*B*) the expenditure on travel shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed such amount as may be prescribed; (*vii*) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause (*vi*) subject to the conditions	(*3*) For the purposes of sub-section (*2*)(*f*),— (*a*) the expenditure on medical treatment and stay abroad shall be excluded from the perquisite only to the extent permitted by the Reserve Bank of India; and (*b*) the expenditure on travel shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed such amount as prescribed.		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		specified in or under that clause : *Provided further* that for the assessment year beginning on the 1st day of April, 2002, nothing contained in this clause shall apply to any employee whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers) exclusive of the value of all perquisites not provided for by way of monetary payment, does not exceed one lakh rupees.			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
18	17(3)	**"Salary", "perquisite" and "profits in lieu of salary" defined.**	**Profits in lieu of salary**		
		For the purposes of sections 15 and 16 and of this section,— (3) "profits in lieu of salary" includes— (*i*) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto; (*iii*) any amount due to or received, whether in lump sum or otherwise, by any assessee from any person— (*A*) before his joining any employment with that person; or	(*1*) For the purposes of this Part, "profits *in lieu* of salary" includes,— (*a*) any amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the— (i) termination of his employment; or (ii) modification of the terms and conditions relating thereto; (*b*) any amount due to or received, whether in lump-sum or otherwise, by any assessee from any person— (i) before his joining any employment with that person; or (ii) after cessation of his employment	In (a), (b) and (c), the words "due to" may be removed.	This is consequent to the suggestion for salary being chargeable to tax on receipt basis.

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(*B*) after cessation of his employment with that person. (*ii*) any payment (other than any payment referred to in clause (*10*), clause (*10A*), clause (*10B*), clause (*11*), clause (*12*) , clause (*13*) or clause (*13A*) of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy. Explanation. — For the purposes of this sub-clause, the expression "Keyman insurance policy" shall	with that person; (c) any payment due to or received by an assessee— (i) from an employer or a former employer; or (*ii*) from a provident or other fund to the extent to which it does not consist of contributions by the assessee or interest on such contributions; or (*iii*) any sum received under a Keyman insurance policy as defined in Schedule II (Note 1), including the sum allocated by way of bonus on such policy. (*2*) The payment referred in sub-section (*1*)(*c*) shall not include any payment referred to in— (*a*) Schedule II (Table: Sl. No. 3); (b) Schedule II (Table: Sl. No. 4);		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		have the meaning assigned to it in clause (*10D*) of section 10;	(c) Schedule II (Table: Sl. No. 8); and (d) Schedule III (Table: Sl. No. 11).		
Chapter IV-C Income from House Property					
21	23	**Annual value how determined.**	**Determination of annual value.**	**Suggestion**	**Rationale**
		(1) For the purposes of section 22, the annual value of any property shall be deemed to be— (a) the sum for which the property might reasonably be expected to let from year to year; or (b) where the property or any part of the property is let and the actual rent received or receivable by the owner in respect thereof is in excess of the sum referred to in clause (a), the amount so received	(*1*) For the purposes of section 20, the annual value of any property shall be deemed to be the higher of the following:— (*a*) the sum for which it might reasonably be expected to let from year to year; or (*b*) the actual rent received or receivable by the owner, if the property or any part of it is let. (*2*) In case the property or any part of it is let in normal course and was vacant	In line with the rationale, section 21 may be redrafted as follows - (1) For the purposes of section 20, the annual value of any property shall be the actual rent received or receivable by the owner, if the property or any part of it is let. (*2*) In case the property or any part of it is let in normal course and was vacant for the whole or any part of the tax year, the annual value of such property shall be computed as per	Based on the principle of taxation of real income, actual rent should be the annual value. This would also be in line with the Income-tax Department's Taxpayer's Charter which underlines that the Department is committed to treat every taxpayer as

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		or receivable; or (c) where the property or any part of the property is let and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable : Provided that the taxes levied by any local authority in respect of the property shall be deducted (irrespective of the previous year in which the liability to pay such taxes was incurred by the owner according to the method of accounting regularly employed by him) in determining the annual value of the property of that	for the whole or any part of the tax year, the annual value of such property shall be computed as per sub-section (*1*)(*b*). (*3*) The annual value of the property shall be reduced by the taxes (including service taxes) levied by a local authority in respect of such property, actually paid during the tax year by the owner, irrespective of when such taxes became payable. (*4*) The rent which cannot be realised by the owner shall not be included in computing the actual rent received or receivable, subject to the rules as may be made in this behalf. (*5*) In respect of a property or its part held as stock-in-trade and not let wholly or partly at any time during the tax year, the annual value shall be *nil* for two years from the end of the financial year	sub-section (*1*). (*3*) The annual value of the property shall be reduced by the taxes (including service taxes) levied by a local authority in respect of such property, actually paid during the tax year by the owner, irrespective of when such taxes became payable. (*4*) The rent which cannot be realised by the owner shall not be included in computing the actual rent received or receivable, subject to the rules as may be made in this behalf. (*5*) The annual value of the property consisting of a house or any part thereof shall be taken as *nil*, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. *(6)* The provisions of sub-section (*5*)	honest unless there is a reason to believe otherwise. Also, this suggestion is in line with the objective of simplification of tax law.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		previous year in which such taxes are actually paid by him. Explanation.—For the purposes of clause (b) or clause (c) of this sub-section, the amount of actual rent received or receivable by the owner shall not include, subject to such rules as may be made in this behalf, the amount of rent which the owner cannot realise. (5) Where the property consisting of any building or land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period up to two years from the end of the financial year in which the	in which completion certificate is obtained from the competent authority. (*6*) The annual value of the property consisting of a house or any part thereof shall be taken as *nil*, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. (*7*) The provisions of sub-section (*6*)— (*a*) shall apply only in respect of two of such houses as specified by the assessee in this behalf; (*b*) shall not apply, if the house or any part thereof is actually let during any time of the tax year, or if the owner derives any other benefit from it.	~~(6)~~ shall not apply, if the house or any part thereof is actually let during any time of the tax year, or if the owner derives any other benefit from it.	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be nil. (2) The annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. (3) The provisions of sub-section (2) shall not apply if— (a) the house or part of the house is actually let during the whole or any part of the previous year; or (b) any other benefit therefrom is derived by the owner. (4) Where the property referred to in sub-section (2) consists of more			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		than two houses— (a) the provisions of that sub-section shall apply only in respect of two of such houses, which the assesse may, at his option, specify in this behalf; (b) the annual value of the house or houses, other than the house or houses in respect of which the assesse has exercised an option under clause (a), shall be determined under sub-section (1) as if such house or houses had been let.			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
22	24	**Deductions from income from house property.**	**Deductions from income from house property.**		
		Income chargeable under the head "Income from house property" shall be computed after making the following deductions, namely:— (a) a sum equal to thirty per cent of the annual value; (b) where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital:	(*1*) The income under the head "Income from house property" shall be computed after allowing the following deductions: — (a) 30% of the annual value; (*b*) where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital.	It is suggested that lease rent paid by the lessee to the lessor be allowed as a deduction while computing "Income from House Property" in cases where the lessee, being the deemed owner as per section 25, sub-leases the property. This may be included as (c) in sub-section (1) of section 22.	A lessee is deemed to be the owner of the premises leased for a term of not less than 12 years. When such a lessee sub-leases the property, the income derived from the sub-lease is taxed under the head "Income from House Property, since the lessee is the deemed owner as per section 25. However, the lease rent paid by the lessee to the lessor is not allowed as a

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided that in respect of property referred to in sub-section (2) of section 23, the amount of deduction or, as the case may be, the aggregate of the amount of deduction shall not exceed thirty thousand rupees: Provided further that where the property referred to in the first proviso is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed within five years from the end of the financial year in which capital was borrowed, the amount of deduction or, as the case	(*2*) In case of property or properties referred to in section 21(*6*), the aggregate amount of deduction under sub-section (*1*)(*b*) shall not exceed— (a) two lakh rupees, subject to the following conditions: — (*i*) the property has been acquired or constructed with borrowed capital and such acquisition or construction is completed within five years from the end of tax year in which capital was borrowed; (*ii*) if capital is borrowed during any period prior to the tax year in which the property has been acquired or constructed, any interest payable for the	The opening para in sub-section (2) may be modified as follows - *(*2) In case of any property or **two** properties referred to in section 21(5), the aggregate amount of deduction under sub-section (1)(b) shall not exceed—	deduction while computing income from house property. The language of sub-section (2) is modified to restrict deduction of interest on self-occupied property to two houses here. This restriction is required in this sub-section (1), since we have suggested that the annual value of all houses which are self-occupied or not let out would be Nil.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		may be, the aggregate of the amounts of deduction under this clause shall not exceed two lakh rupees. Explanation.—Where the property has been acquired or constructed with borrowed capital, the interest, if any, payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed, as reduced by any part thereof allowed as deduction under any other provision of this Act, shall be deducted under this clause in equal instalments for the said previous year and for each of the four immediately succeeding previous years: Provided also that no deduction	said prior period shall be allowed as a deduction in five equal instalments for the said tax year and for each of the four immediately succeeding tax years; (*iii*) the assessee furnishes a certificate from the person to whom interest is payable on such capital; and (b) thirty thousand rupees in any other case. (*3*) The deduction under sub-section (*2*)(*a*)(*ii*) shall be computed after reducing any amount already allowed as a deduction under any other provisions of this Act. (*4*) The certificate referred to in sub-section (*2*) shall specify— (a) the amount of interest payable on capital borrowed; and (*b*) the interest payable on any new loan,		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		shall be made under the second proviso unless the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of the whole or any part of the capital borrowed which remains to be repaid as a new loan. Explanation.—For the purposes of this proviso, the expression "new loan" means the whole or any part of a loan taken by the assessee subsequent to the capital borrowed, for the purpose of repayment of such capital: Provided also that the aggregate of	where subsequent to the capital borrowed, the assessee has taken any such loan for repayment of whole or any part of such capital. (*5*) The aggregate of the amounts of deduction under sub-section (*2*) in respect of properties of the nature referred to in section 21(*6*) shall not exceed two lakh rupees.	Sub-section (5) can be redrafted as given below – **(*5*) The aggregate of the amounts of deduction under sub-section (*2*) in respect of any one or two properties of the nature referred to in section 21(*5*) shall not exceed two lakh rupees.** **(6) In respect of other properties of the nature referred to in section 21(5), no deduction shall be allowed under sub-section (2).**	In sub-section (5), reference to section 21(6) can be changed to section 21(5) in line with the changes suggested in section 21.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the amounts of deduction under the first and second provisos shall not exceed two lakh rupees.			
24	26	**Property owned by co-owners.**	**Property owned by co-owners.**	**House property owned by co-owners**	Heading can be changed to "House property owned by co-owners" in line with the heading for other sections in this Part of the chapter
		Where property consisting of buildings or buildings and lands appurtenant thereto is owned by two or more persons and their respective shares are definite and ascertainable, such persons shall not in respect of such property be assessed as an association of	(*1*) For property co-owned with definite and ascertainable share, the co-owners shall not be assessed as an association of persons and their income computed separately as per their respective share under this Chapter shall be included in their total income. (*2*) The relief available under section	.	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		persons, but the share of each such person in the income from the property as computed in accordance with sections 22 to 25 shall be included in his total income. Explanation.—For the purposes of this section, in applying the provisions of sub-section (2) of section 23 for computing the share of each such person as is referred to in this section, such share shall be computed, as if each such person is individually entitled to the relief provided in that sub-section.	21(*6*) shall be provided as if each co-owner is individually entitled to the said relief.		
25	27	**"Owner of house property", "annual charge", etc., defined.**	**Interpretation**		
		For the purposes of sections 22 to 26— (i) an individual who transfers	For the purposes of sections 20 to 24, the "owner" in relation to a property shall include—	The opening portion and section 25 may be reworded as follows - For the purposes of sections 20 to 24,	In the opening portion, "house property" may be

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		otherwise than for adequate consideration any house property to his or her spouse, not being a transfer in connection with an agreement to live apart, or to a minor child not being a married daughter, shall be deemed to be the owner of the house property so transferred; (ii) the holder of an impartible estate shall be deemed to be the individual owner of all the properties comprised in the estate; (iii) a member of a co-operative society, company or other association of persons to whom a building or part thereof is allotted or leased under a house building scheme of the society, company or association, as the case may be,	(*a*) an individual who transfers without adequate consideration, any property to the spouse (except under an agreement to live apart), or to a minor child (other than a married daughter); (b) the holder of an impartible estate; (*c*) a member of a co-operative society, company or other association of persons to whom a building or part thereof is allotted or leased under a house building scheme of the society, company or association; (*d*) a person who is allowed to take or retain possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882; (*e*) a person who acquires any rights (excluding any rights by way of a lease from month to month or for a period not	the "owner" in relation to a **house** property shall include— (*a*) an individual who transfers without adequate consideration, any property ~~to the spouse (except under an agreement to live apart), or~~ to a minor child (other than a married daughter);	used instead of "property" for consistency and greater clarity. Also, granting property ownership rights to women is a significant step toward making them self-reliant and enhancing their economic standing. Several State Governments have incentivized registration of property in the name of women, by offering reduced stamp duty rates. However, the

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		shall be deemed to be the owner of that building or part thereof; (iiia) a person who is allowed to take or retain possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882), shall be deemed to be the owner of that building or part thereof; (iiib) a person who acquires any rights (excluding any rights by way of a lease from month to month or for a period not exceeding one year) in or with respect to any building or part thereof, by virtue of any such transaction as is referred to in clause (f) of section 269UA, shall be deemed to be the	exceeding one year) in or with respect to any building or its part— (*i*) by virtue of transfer of such property by way of sale or exchange or original or extendible lease for a term of not less than twelve years; or (*ii*) accruing or arising from any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement of whatever nature), not being a transaction by way of sale, exchange or lease which has the effect of enabling the enjoyment of such property.		provisions under section 25 of the Income-tax Act, 1961 and section 27 of the Income-tax Bill, 2025 act as a deterrent by deeming the transferor-spouse as the owner. The provision discourages gifts or transfers of property to a spouse.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		owner of that building or part thereof; (vi) taxes levied by a local authority in respect of any property shall be deemed to include service taxes levied by the local authority in respect of the property.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
32	36(1)	**Other deductions.**	**Other deductions.**		
		Explanation.—For the purposes of this clause, the expressions— (*g*) "infrastructure facility" means— (*i*) an infrastructure facility as defined in the Explanation to clause (*i*) of sub-section (4) of section 80-IA, or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions as may be prescribed; *(ii)* an undertaking referred to in	For the purposes of this clause,— (C) "infrastructure facility" means— (*I*) an infrastructure facility as defined in Explanation to section 80-IA(4)(i) of the Income-tax Act, 1961 or any other public facility of a similar nature as notified by the Board in this behalf and which fulfils the conditions as prescribed; (*II*) an undertaking referred to in section 80-IA(*4*)(*ii*) or (*iii*) or (*iv*) or (*vi*) of the Income-tax Act, 1961; and (III) an undertaking referred to in section 141(5);	In the definition of Infrastructure facility, there should be no reference to the Income-tax Act, 1961. The definition in the Income-tax Act, 1961 can be reproduced here.	The Income-tax Bill, 2025 should be self-contained. In this case, the reference is avoidable.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		clause (*ii*) or clause (*iii*) or clause (*iv*) or clause (*vi*) of sub-section (4) of section 80-IA; and (*iii*) an undertaking referred to in sub-section (10) of section 80-IB;			
33	32	**Depreciation.**	**Deduction for depreciation.**		
		(1) In respect of depreciation of— (i) buildings, machinery, plant or furniture, being tangible assets; (ii) know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998, not being goodwill of a business or	(1) A deduction in respect of depreciation of— (a)buildings, machinery, plant or furniture, being tangible assets; (*b*)know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired, not being goodwill of a	Depreciation rates be brought in line with the rates prescribed in the Companies Act.	If the rates of depreciation in the Income-tax Act are aligned with the Companies Act, it would reduce the difference between the income as per the Income-tax Act and the book profit.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		profession, owned, wholly or partly, by the assessee and used for the purposes of the business or profession, the following deductions shall be allowed— (i) in the case of assets of an undertaking engaged in generation or generation and distribution of power, such percentage on the actual cost thereof to the assessee as may be prescribed; (ii) in the case of any block of assets, such percentage on the written down value thereof as may be prescribed: Provided that no deduction shall be allowed under this clause in respect	business or profession, owned wholly or partly by the assessee and used wholly and exclusively for the purposes of the business or profession, shall be allowed, as per the provisions of this section. (*2*) In case of assets referred to in sub-section (*1*) of an undertaking engaged in generation or generation and distribution of power, the depreciation shall be a percentage of its actual cost to the assessee, as prescribed. (*3*)(*a*) In case of any block of assets, depreciation shall be a percentage of its written down value, as prescribed;		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of— (a) any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975 but before the 1st day of April, 2001, unless it is used— (i) in a business of running it on hire for tourists ; or (ii) outside India in his business or profession in another country ; and			
	Third proviso of section 32(1)	Provided further that where an asset referred to in clause (i) or clause (ii) or clause (iia) or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put	(*4*) The deduction under this section shall be restricted to 50% of the prescribed rate, if such asset, being asset referred to in sub-sections (*1*), (*2*) and (*8*) is—	Reference to sub-section (8) can be removed in sub-section (4) Sub-section (4) may be re-drafted as under - *(4)* The deduction under this	Reference to sub-section (8) can be removed in sub-section (4), since sub-section (9) contains the specific provision for restricting additional

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this sub-section in respect of such asset shall be restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (i) or clause (ii) or clause (iia), as the case may be:	(a)acquired by the assessee during the tax year; and (*b*)put to use for the purposes of business or profession for less than one hundred and eighty days in that tax year.	section shall be restricted to 50% of the prescribed rate, if such asset, being asset referred to in sub-sections (*1*) and (*2*) ~~and (*8*)~~ is— (a) acquired by the assessee during the tax year; and (*b*) put to use for the purposes of business or profession for less than one hundred and eighty days in that tax year.	depreciation to 50%, where the asset is acquired and put to use for less than 180 days.
	Second proviso of section 32(1)	Provided also that where an asset referred to in clause (iia)or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business for a period of less than one	(*9*) The additional deduction referred to in sub-section (*8*) shall be— (*a*) 20% of the actual cost of the new machinery or plant in the tax year when it is acquired and put to use; or (*b*) 10% of the actual cost, if the new	Sub-section (9) can be redrafted as follows - *(9)* The additional deduction referred to in sub-section (*8*) shall be— (*a*) If the new plant and machinery	Sub-section (9) can be redrafted by bringing the condition before the rate in (a) and (b) for greater clarity.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		hundred and eighty days in that previous year, and the deduction under this sub-section in respect of such asset is restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (iia) for that previous year, then, the deduction for the balance fifty per cent of the amount calculated at the percentage prescribed for such asset under clause (iia)shall be allowed under this sub-section in the immediately succeeding previous year in respect of such asset:	machinery or plant is acquired and put to use for less than one hundred and eighty days in the relevant tax year, and the remaining 10% shall be allowed in the immediately succeeding tax year.	is acquired and put to use for 180 days or more in the relevant tax year, 20% of the actual cost of the new machinery or plant in the tax year when it is acquired and put to use; or (*b*) In other cases, 10% of the actual cost, and the remaining 10% shall be allowed in the immediately succeeding tax year.	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
	Explanation (2) below section 32(1)(iii)	(2) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company or in a scheme of amalgamation of a banking company, as referred to in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949) with a banking institution as referred to in sub-section (15) of section 45 of the said Act, sanctioned and brought into force	(*c*) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company or in a scheme of amalgamation of a banking company, as referred to in section 5(*c*) of the Banking Regulation Act, 1949 with a banking institution as referred to in section 45(*15*) of the said Act, sanctioned and brought into force by the Central Government under section 45(*7*) of that Act, of any asset by the banking company to the banking institution;	(*c*) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company **or in a scheme of amalgamation of co-operative bank, of any asset by the amalgamating co-operative bank to the amalgamated co-operative bank** or in a scheme of amalgamation of a banking company, as referred to in section 5(*c*) of the Banking Regulation Act, 1949 with a banking institution as referred to in section	"Sale" to also exclude transfer in a scheme of amalgamation of co-operative bank, of any asset by the amalgamating co-operative bank to the amalgamated co-operative bank.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		by the Central Government under sub-section (7) of section 45 of that Act, of any asset by the banking company to the banking institution.		45(*15*) of the said Act, sanctioned and brought into force by the Central Government under section 45(*7*) of that Act, of any asset by the banking company to the banking institution;	
34	37	**General.**	**General conditions for allowable deductions.**		
		(1) Any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in	(*1*) Any expenditure (not being an expenditure of the nature specified in sections 28 to 33 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		computing the income chargeable under the head "Profits and gains of business or profession". Explanation 1.—For the removal of doubts, it is hereby declared that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure. Explanation 2.—For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any	under the head "Profits and gains of business or profession". (*2*) For the purposes of sub-section (*1*), an expenditure laid out or expended wholly and exclusively for business or profession by the assessee shall not include any of the following:— (*a*) an expenditure incurred for any purpose which is an offence or is prohibited by law; or (*b*) an expenditure incurred on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013; or (*c*) an expenditure incurred on advertisement in any souvenir,	Clause (b) of sub-section (2) of section 34 be removed. ~~(*b*) an expenditure incurred on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013; or~~	CSR expenses are connected to social and charitable causes. It is, therefore, rational to allow the same as deduction under section 34. There is no bar on allowability of CSR expenditure falling

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013) shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession. Explanation 3.—For the removal of doubts, it is hereby clarified that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred	brochure, tract, pamphlet or the like, published by a political party. (*3*) The expenditure mentioned in sub-section (*2*)(*a*) shall include expenditure incurred for— (*a*) any purpose which is an offence under, or is prohibited by, any law in force in or outside India; or (*b*) providing a benefit or perquisite in any form to a person, who may or may not be carrying on a business or exercising a profession, when its acceptance by the person is in violation of any law or rule or regulation or guideline governing the conduct of that person; or		under the specific deductions allowable in this chapter. Therefore, there is a need to revisit this provision and allow deduction to companies of CSR expenditure incurred by them under section 34 also.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		by an assessee,— (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or	(c) compounding an offence under any law in force in or outside India; or (*d*) settling proceedings initiated in relation to contravention under any law notified by the Central Government in this behalf.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(iii) to compound an offence under any law for the time being in force, in India or outside India. (2B) Notwithstanding anything contained in sub-section (1), no allowance shall be made in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party.			
35	40	**Amounts not deductible.**	**Amounts not deductible in certain circumstances.**		
		Notwithstanding anything to the contrary in sections 30 to 38, the following amounts shall not be	Irrespective of any other provision of Chapter IV-D, the following amounts shall not be allowed as deduction in		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		deducted in computing the income chargeable under the head "Profits and gains of business or profession",—	computing the income chargeable under the head “Profits and gains of business or profession”:—		
		(ia) thirty per cent of any sum payable to a resident, on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 : Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due	(b)(i) 30% of any sum payable to a resident on which tax is deductible at source under Chapter XIX-B and during the tax year, such tax has not been deducted or after deduction, has not been paid up to the due date specified in section 263(1), where— (A) tax is deducted and paid during any subsequent tax year, deduction of such sum shall be allowed as a deduction in computing the income in any subsequent tax year, in which such	Section 35(b)(i)(A) can be redrafted as given below - (A) tax is deducted during the tax year and paid after the due date specified in section 263(1), or where tax is deducted in any subsequent tax year, such sum shall be allowed as a deduction in computing the income of the subsequent tax year in which such tax has been paid;	The current provisions of the Income-tax Act, 1961 are clear that deduction would not be allowed if – (i) Deduction is during the subsequent year (ii) Deduction is during the relevant previous year but deposit is after the due date. The Bill mentions that where tax is deducted and

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		date specified in sub-section (1) of section 139, thirty per cent of such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid : Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (1) of section 201, then, for the purpose of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing	tax has been paid; (B) the assessee is required to and fails to deduct whole or any part of the tax under Chapter XIX-B but he is not deemed to be an assessee in default under section 398(2), then for the purposes of this sub-clause, the assessee shall be deemed to have deducted and paid the tax on such sum on the date on which the return has been filed by the payee referred to in section 398(2);		paid during any subsequent year, deduction will be allowed in the year when the tax is paid. The phrase in section 35(b)(i)(A) can be redrafted for clarity to cover the situation where tax is deducted during the subsequent year also.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of return of income by the payee referred to in the said proviso. Explanation.—For the purposes of this sub-clause,— (i) "commission or brokerage" shall have the same meaning as in clause (i) of the Explanation to section 194H; (ii) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9; (iii) "professional services" shall have the same meaning as in clause (a) of the Explanation to section 194J;			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(iv) "work" shall have the same meaning as in Explanation III to section 194C; (v) "rent" shall have the same meaning as in clause (i) to the Explanation to section 194-I; (vi) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;			
		(i) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is	(ii) any interest, royalty, fees for technical services or other sum chargeable under this Act which is payable— (A) outside India; or		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		payable,— (A) outside India; or (B) in India to a non-resident, not being a company or to a foreign company, on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 : Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due	(B) in India to a non-resident (which is not a company) or to a foreign company, on which tax is deductible at source under Chapter XIX-B and during the tax year, such tax, has not been deducted or after deduction, has not been paid up to the due date specified in section 263(1), where— (I) tax is deducted and paid during any subsequent tax year, deduction of such sum shall be allowed as a deduction in computing the income in any subsequent tax year, in which such tax has been paid; (II) the assessee is required to and fails to deduct whole or any part of the tax	Section 35(b)(ii) (I) can be redrafted as given below - (I) tax is deducted during the tax year and paid after the due date specified in section 263(1), or where tax is deducted in any subsequent tax year, such sum shall be allowed as a deduction in computing the income of such	The current provisions of the Income-tax Act, 1961 are clear that deduction would not be allowed if – (i) Deduction is during the subsequent year (ii) Deduction is during the relevant previous year but

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid: Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (1) of section 201, then, for the purposes of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing	under Chapter XIX-B but he is not deemed to be an assessee in default under section 398(2), then for the purposes of this sub-clause the assessee shall be deemed to have deducted and paid the tax on such sum on the date on which the return has been filed by the payee as referred to in section 398(2);	subsequent tax year in which such tax has been paid;	deposit is after the due date. The Bill mentions that where tax is deducted and paid during any subsequent year, deduction will be allowed in the year when the tax is paid. The Phrase in section 35(b)(ii)(I) can be redrafted for clarity to cover the situation where tax is deducted during the subsequent year also.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of return of income by the payee referred to in the said proviso. Explanation.—For the purposes of this sub-clause,— (A) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9; (B) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;			
		(iv) any payment to a provident or other fund established for the benefit of employees of the assessee, unless the assessee has	(iii) any payment to a provident or other fund established for the benefit of employees of the assessee, unless the assessee has made effective		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		made effective arrangements to secure that tax shall be deducted at source from any payments made from the fund which are chargeable to tax under the head "Salaries";	arrangements to secure that tax shall be deducted at source under Chapter XIX-B from any payments made from the fund which are chargeable to tax under the head “Salaries”;		
		(iii) any payment which is chargeable under the head "Salaries", if it is payable— (A) outside India; or (B) to a non-resident, and if the tax has not been paid thereon nor deducted therefrom under Chapter XVII-B;	(c) any payment chargeable under the head “Salaries”, payable outside India or to a non-resident on which tax is deductible at source under Chapter XIX-B and such tax has not been deducted or, after deduction, has not been paid;	Section 35(c) may be omitted.	Clause (c) may be removed since it is already covered in (b)(ii) with the benefit of availability of deduction in the tax year in which the tax has been deducted, if the same is paid on or before the due date. Thereafter, the benefit would be available in the year of payment.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(ib) any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under the provisions of Chapter VIII of the Finance Act, 2016, and such levy has not been deducted or after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 : Provided that where in respect of any such consideration, the equalisation levy has been deducted in any subsequent year or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139,	(d)(i) any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under Chapter VIII of the Finance Act, 2016 and such levy has not been deducted or, after deduction, has not been paid up to the due date specified in section 263(1); (ii) deduction of such consideration shall be allowed in any subsequent tax year, in which such levy has been paid;	Section 35(d) may be omitted	This needs to be omitted consequent to the amendment made by the Finance Act, 2025 removing equalization levy on specified service.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		such sum shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid; (ic) any sum paid on account of fringe benefit tax under Chapter XIIH;			
		(b) in the case of any firm assessable as such,— (i) any payment of salary, bonus, commission or remuneration, by whatever name called (hereinafter referred to as "remuneration") to any partner who is not a working partner; or (ii) any payment of remuneration to	(f) the expenditure incurred by a firm, assessable as such— (i) in the nature of salary, bonus, commission or remuneration, by whatever name called (herein referred as remuneration) to a partner, who is not a working partner; or (ii) on the remuneration to a working partner and interest to any partner, if it		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		any partner who is a working partner, or of interest to any partner, which, in either case, is not authorised by, or is not in accordance with, the terms of the partnership deed; or (iii) any payment of remuneration to any partner who is a working partner, or of interest to any partner, which, in either case, is authorised by, and is in accordance with, the terms of the partnership deed, but which relates to any period (falling prior to the date of such partnership deed) for which such payment was not authorised by, or is not in accordance with, any earlier partnership deed, so, however, that	is— (A) not authorised by the partnership deed applicable for the period for which such remuneration or interest is paid; or (B) authorised by and is as per the terms of partnership deed but relates to the period prior to the date of such partnership deed, or which was not authorised by the earlier partnership deed; or (iii) on the aggregate remuneration to all working partners as authorised by the partnership deed, exceeding the amount computed as under:— (A) on the first six lakh rupees of the		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the period of authorisation for such payment by any earlier partnership deed does not cover any period prior to the date of such earlier partnership deed; or (iv) any payment of interest to any 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 such amount exceeds the amount calculated at the rate of twelve per cent simple interest per annum; or (v) any payment of remuneration to any partner who is a working partner, which is authorised by, and	book profit or in case of a loss, three lakh rupees or 90% of the book profit, whichever is higher; (B) on the balance of the book profit at the rate of 60%; or (iv) on interest to any partner as authorised by the partnership deed, exceeding 12% simple interest per annum**, and where an individual is a partner in a firm, on behalf of or for the benefit of any other person, such partner and any other person shall be referred as a "representative partner" and the "person so represented", respectively, then the provisions of sub-clause (ii) and this sub-clause—**	**Section 35(f) (iv) and (v) to read as follows -** **(iv)** on interest to any partner as authorised by the partnership deed, exceeding 12% simple interest per annum, ~~and where an individual is a partner in a firm, on behalf of or for the benefit of any other person, such partner and any other person shall be referred as a "representative partner" and the "person so represented",~~	The portion in bold in Section 35(f)(iv) (in Column 4) can be removed and placed as (C) in section 35(f)(v) for better presentation and clarity. Since Section 35(f)(iv) relates to disallowance and Section 35(f)(v) contains clarification on meaning of certain terms. The bold portion gives a clarification

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		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 per cent : Provided that in relation to any payment under this clause to the	**(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;** **(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;** **(C) shall not be applicable in respect of interest paid to a partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person; or** (v) In this clause— (A) "book profit" means the net profit, as shown in the profit and loss account for the relevant tax year, computed as	~~respectively, then the provisions of sub-clause (ii) and this sub-clause –~~ ~~(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;~~ ~~(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;~~ ~~(C) shall not be applicable in respect of interest paid to a partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person; or~~	and hence can be included as (C) in Section 35(f)(v). For the words sub-clause (ii) and this sub-clause, the words "sub-clause (ii) and (iv)" shall be substituted when placed as (C) in (f)(v).

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		partner during the previous year relevant to the assessment year commencing on the 1st day of April, 1993, the terms of the partnership deed may, at any time during the said previous year, provide for such payment. Explanation 1.—Where an individual is a partner in a firm on behalf, or for the benefit, of any other person (such partner and the other person being hereinafter referred to as "partner in a representative capacity" and "person so represented", respectively),— (i) interest paid by the firm to such	per Chapter IV-D as increased by the aggregate amount of the remuneration to all the partners of the firm, if such amount has been deducted while computing the net profit; (B) "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner;	**(v) In this clause—** (A) "book profit" means the net profit, as shown in the profit and loss account for the relevant tax year, computed as per Chapter IV-D as increased by the aggregate amount of the remuneration to all the partners of the firm, if such amount has been deducted while computing the net profit; (B) "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner; **(C) where an individual is a partner in a firm, on behalf of or**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		individual otherwise than as partner in a representative capacity, shall not be taken into account for the purposes of this clause; (ii) interest paid by the firm to such individual as partner in a representative capacity and interest paid by the firm to the person so represented shall be taken into account for the purposes of this clause. Explanation 2.—Where an individual is a partner in a firm otherwise than as partner in a representative capacity, interest paid by the firm to such individual shall not be taken into account for		**for the benefit of any other person, such partner and any other person shall be referred as a "representative partner" and the "person so represented", respectively, then the provisions of sub-clause (ii) and (iv)—** **(A) shall not be applicable in respect of interest paid to such individual not as a representative partner;** **(B) shall be applicable in respect of interest paid to an individual as a representative partner and the person so represented;** **(C) shall not be applicable in respect of interest paid to a**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the purposes of this clause, if such interest is received by him on behalf, or for the benefit, of any other person. Explanation 3.—For the purposes of this clause, "book-profit" means the net profit, as shown in the profit and loss account for the relevant previous year, computed in the manner laid down in Chapter IV-D as increased by the aggregate amount of the remuneration paid or payable to all the partners of the firm if such amount has been deducted while computing the net profit. Explanation 4.—For the purposes		**partner, otherwise than as a representative partner, on behalf of or for the benefit of any other person**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of this clause, "working partner" means an individual who is actively engaged in conducting the affairs of the business or profession of the firm of which he is a partner;			
37	43B	**Certain deductions to be only on actual payment.**	**Certain deductions allowed on actual payment basis only.**		
		Notwithstanding anything contained in any other provision of this Act, a deduction otherwise allowable under this Act in respect of— (a) any sum payable by the assessee by way of tax, duty, cess or fee, by whatever name called, under any	(*1*) The following sums payable, as specified in sub-section (*2*), shall be allowed as deduction while computing the income chargeable under section 26 only in the tax year in which such sums are actually paid irrespective of– (a) any provision to the contrary in this Act; or	The opening part of sub-section (1) may be reworded as given below - *(1)* The following sums payable, as specified in sub-section (*2*), **which are otherwise allowable as deduction,** shall be allowed as deduction while computing the income chargeable under section 26 only in the tax year in which	Section 43B of the Income-tax Act, 1961 which provides for certain deductions to be allowed only on actual payment starts with "Notwithstanding anything contained in any other provision of this Act, **a**

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		law for the time being in force, or (b) any sum payable by the assessee as an employer by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees, or (c) any sum referred to in clause (ii) of sub-section (1) of section 36, or (d) any sum payable by the assessee as interest on any loan or borrowing from any public financial institution or a State financial corporation or a State industrial investment corporation, in accordance with the terms and conditions of the agreement	(b) method of accounting regularly followed; or (c) the tax year in which the liability was incurred. (*2*) The sums payable by an assessee referred to in sub-section (*1*), shall be–– (*a*) tax, duty, cess, surcharge or fee, by whatever named called, levied under any law in force; (*b*) contribution of the employer to a provident fund or superannuation fund or gratuity fund or any fund for the welfare of employees; (*c*) amount payable by employer *in lieu* of any leave at the credit of the	such sums are actually paid irrespective of—	**deduction otherwise allowable under this Act in respect of**….". The portion in bold is significant since it underlines that only if a deduction is otherwise allowable under the Act, the same would be allowed on actual payment as per section 43B. The corresponding section 37 of the Income-tax Bill 2025, however, does not mention "a deduction otherwise allowable under the Act". This may imply that deductions which are not

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		governing such loan or borrowing, or (da) any sum payable by the assessee as interest on any loan or borrowing from such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf, in accordance with the terms and conditions of the agreement governing such loan or borrowing, or (e) any sum payable by the assessee as interest on any loan or advances from a scheduled bank or a co-operative bank other than a primary agricultural credit society or a	employee; (*d*) any sum referred to in section 32(*a*); (*e*) interest on loans or borrowings from specified financial entities as per the terms and conditions of the agreement governing such loans or advances; (f) amount payable to the Indian Railways for use of railway assets; or (*g*) amount payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006. (*3*) In case the amounts specified in		otherwise allowable under the Act~~)~~ can also be allowed on actual payment. For instance, deduction for income-tax paid or interest paid for capital borrowed for acquisition of asset in relation to the period before the asset is first put to use are not allowable as deduction. However, due to the absence of the phrase "a deduction otherwise allowable under this Act" in section 37, a view may emerge that the same are allowable thereunder under the new law. **The removal**

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		primary co-operative agricultural and rural development bank in accordance with the terms and conditions of the agreement governing such loan or advances, or (f) any sum payable by the assessee as an employer in lieu of any leave at the credit of his employee, or (g) any sum payable by the assessee to the Indian Railways for the use of railway assets, or (h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium	sub-section (*2*), except the sum referred to in clause (*g*) thereof, are paid after the end of the tax year in which the liability was incurred, but on or before the due date of filing of return of income under section 263(*1*) for such tax year, the deduction towards such sum shall be allowed in such tax year. (*4*) If interest on loans or advances specified in sub-section (*2*)(*e*) is converted into a loan or advance or debenture or any other instrument by which the liability to pay is deferred to a future date, then it shall not be deemed to have been actually paid. (*5*) If a deduction in respect of any	**Sub-section (4A) be inserted after sub-section (4) -** **(4A) Where any payment is made towards such loan or advance or debenture or other instrument referred to in (4), the amount so**	**of this phrase "a deduction otherwise allowable under the Act" may result in extensive litigation.** Sub-section (4A) may be inserted to clarify that whenever payment is made toward such loan or advance or debenture or any other instrument referred to in sub-section

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Enterprises Development Act, 2006 (27 of 2006), shall be allowed (irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him) only in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him : Provided that nothing contained in this section except the provisions of clause(h) shall apply in relation to any sum which is actually paid by the assessee on or before the due	sum payable under sub-section (*2*) has already been allowed in any tax year when such liability was incurred, it shall not be allowed again in any subsequent tax year when paid. (*6*) The provisions of this section shall not apply to a sum received by the assessee from any employee as contribution towards any of the funds referred to in section 2(*49*)(o). (*7*) For the purposes of this section, "specified financial entities" means a public financial institution or State Finance Corporation or State Industrial Investment Corporation or notified class of non-banking financial companies or scheduled banks or co-	**paid shall be deemed to have been actually paid towards interest on loans and advances specified in sub-section (2)(e).**	(4), the same would be deemed as payment towards interest and be allowed as deduction in the year of payment

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		date applicable in his case for furnishing the return of income under sub-section (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return. Explanation 1.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (a) or clause (b) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing	operative banks (other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank).		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		on the 1st day of April, 1983, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him. Explanation 2.—For the purposes of clause (a), as in force at all material times, "any sum payable" means a sum for which the assessee incurred liability in the previous year even though such sum might not have been payable within that			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		year under the relevant law. Explanation 3.—For the removal of doubts it is hereby declared that where a deduction in respect of any sum referred to in clause (c) or clause (d) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing the income of the previous year in			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		which the sum is actually paid by him. Explanation 3A.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (e) of this section is allowed in computing the income referred to in section 28 of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1996, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in respect of such sum in computing			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the income of the previous year in which the sum is actually paid by him. Explanation 3AA.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (da) is allowed in computing the income referred to in section 28, of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 2019, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any deduction under this section in			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		respect of such sum in computing the income of the previous year in which the sum is actually paid by him. Explanation 3B.—For the removal of doubts, it is hereby declared that where a deduction in respect of any sum referred to in clause (f) of this section is allowed in computing the income, referred to in section 28, of the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 2001, or any earlier assessment year) in which the liability to pay such sum was incurred by the assessee, the assessee shall not be entitled to any			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him. Explanation 3C.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (d) of this section, shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or borrowing or debenture or any other instrument by which the liability to pay is deferred to a future date shall not be deemed to have been actually paid.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 3CA.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (da), shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or borrowing or debenture or any other instrument by which the liability to pay is deferred to a future date shall not be deemed to have been actually paid. Explanation 3D.—For the removal of doubts, it is hereby declared that a deduction of any sum, being interest payable under clause (e) of			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		this section, shall be allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or advance 31[or debenture or any other instrument by which the liability to pay is deferred to a future date] shall not be deemed to have been actually paid. Explanation 4.—For the purposes of this section,— (a) "public financial institutions" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956); (aa) "scheduled bank" shall have			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the meaning assigned to it in the Explanation to clause (iii) of sub-section (5) of section 11; (b) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951 (63 of 1951); (c) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956 (1 of 1956), engaged in the business of providing long-term finance for industrial projects and			

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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		eligible for deduction under clause (viii) of sub-section (1) of section 36; (d) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P; (e) "micro enterprise" shall have the meaning assigned to it in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);			

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(f) "non-banking financial company" shall have the meaning assigned to it in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934); (g) "small enterprise" shall have the meaning assigned to it in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006. Explanation 5.—For the removal of doubts, it is hereby clarified that the provisions of this section shall not apply and shall be deemed never to have been applied to a sum received by the assessee from any			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]							
1	**2**	**3**	**4**			**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**			**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of his employees to which the provisions of sub-clause (x) of clause (24) of section 2 applies.					
41	43(6)	**Definitions of certain terms relevant to profits and gains of business or profession.**	**Written down value of depreciable asset.**				
			A	**B**	**C**		
		Explanation 2.—Where in any previous year, any block of assets is transferred,— (a) by a holding company to its subsidiary company or by a subsidiary company to its holding company and the conditions of clause (iv) or, as the case may be, of clause (v) of section 47 are	4	Where any block of asset is transferred by— (a)(i) a holding company to its subsidiary company; or (ii) a subsidiary	Written down value in the hands of the transferee company or amalgamated company is the same as written down	The content in column C may be worded as given below - Written down value in the hands of the transferee company or amalgamated company is the same as written down value in the hands of transferor company or amalgamating company, as the case may be, ~~at the beginning of the tax~~	There is no "WDV at the beginning of the tax year". In order to ensure consistency, "at the beginning of the tax year in which such transfer took place" in column (C) may be worded as follows -

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		satisfied; or (b) by the amalgamating company to the amalgamated company in a scheme of amalgamation, and the amalgamated company is an Indian company, then, notwithstanding anything contained in clause (1), the actual cost of the block of assets in the case of the transferee-company or the amalgamated company, as the case may be, shall be the written down value of the block of assets as in the case of the transferor-company or the amalgamating company for the immediately preceding previous year as reduced by the amount of depreciation		company to its holding company and the conditions of section 70(1)(c) and (d) are satisfied; or (b) amalgamating company to the amalgamated company being an Indian company.	value in the hands of transferor company or amalgamating company, as the case may be, at the beginning of the tax year in which such transfer took place.	~~year in which such transfer took place~~ **in the immediately preceding tax year as reduced by the depreciation actually allowed in relation to the said preceding tax year**	"in the immediately preceding tax year as reduced by the depreciation actually allowed in relation to the said preceding tax year"

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]							
1	**2**	**3**	**4**			**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**			**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		actually allowed in relation to the said preceding previous year.					
		Explanation 2A.—Where in any previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets of the demerged company for the immediately preceding previous year shall be reduced by the written down value of the assets transferred to the resulting company pursuant to the demerger. Explanation 2B.—Where in a	5	Where any asset, forming part of a block of assets is transferred by a demerged company to a resulting company.	Written down value of block of assets— (a) for demerged company (for the immediately preceding tax year), shall be the written down value in the	The bracketed portion may be removed since we are determining WDV of block of assets for the demerged company for the tax year. Further, for the demerged company, depreciation of the immediately preceding tax year has to be reduced from the written down value in the immediately preceding tax year in (a).	As per Sl No.5, in the last column, in (a), it is mentioned that the WDV of block of assets for the demerged company shall be **the WDV in the immediately preceding tax year as reduced by the WDV of the assets transferred to the resulting company pursuant to such demerger**. However, for resulting company, it shall be the written down value

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]							
1	2	3	4			5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
		previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets in the case of the resulting company shall be the written down value of the transferred assets of the demerged company immediately before the demerger.			immediately preceding tax year as reduced by the written down value of the assets transferred to the resulting company pursuant to such demerger; (b) for resulting company, shall be the		of the assets transferred from the demerged company **immediately before such demerger**. This is mentioned in (b). Since the demerger is during the current tax year, the WDV of the immediately preceding tax year has to be reduced by the depreciation for that year. Moreover, for the resulting company WDV immediately before such demerger has to be considered, which implies that depreciation of the previous year has to be

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			written down value of the assets transferred from the demerged company immediately before such demerger.		reduced from such WDV.
45	35	**Expenditure on scientific research.**	**Expenditure on scientific research.**		
		(1) In respect of expenditure on scientific research, the following deductions shall be allowed— (i) any expenditure (not being in	(*1*) A deduction shall be allowed for any expenditure, being in the nature of— (*a*) capital expenditure, but not on		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the nature of capital expenditure) laid out or expended on scientific research related to the business. Explanation.—Where any such expenditure has been laid out or expended before the commencement of the business (not being expenditure laid out or expended before the 1st day of April, 1973) on payment of any salary [as defined in Explanation 2 below sub-section (5) of section 40A] to an employee engaged in such scientific research or on the purchase of materials used in such scientific research, the aggregate of the expenditure so laid out or expended within the three years	acquisition of land, as such or as part of any property; or (b) revenue expenditure; or (c) both, incurred on scientific research related to the business of the assessee subject to provisions of this section. (*2*)(*a*) A deduction shall be allowed under sub-section (*1*) in respect of the aggregate of expenditure (not being in the nature of capital expenditure), related to business, incurred on— (i) salary to an employee engaged in such scientific research; or (ii) purchase of materials used in such		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		immediately preceding the commencement of the business shall, to the extent it is certified by the prescribed authority to have been laid out or expended on such scientific research, be deemed to have been laid out or expended in the previous year in which the business is commenced ;	scientific research, where such expenditure is incurred within three years immediately preceding the commencement of business, to the extent certified by the prescribed authority as incurred on such research, expenditure shall be deemed to have been incurred in the tax year in which the business is commenced.		
		(2AB)(1) Where a company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing, not being an article or thing specified in the list of the Eleventh Schedule incurs any	(***c***)(***i***) A deduction shall be allowed under sub-section (*1*), in respect of any expenditure incurred (not being expenditure in the nature of cost of any land or building) by a company engaged in the business of—	**Sub-section (2)(c)(i) may be removed.** In the alternative, it may be modified to give additional benefit, in which case "on scientific research" may be included in the	There is no requirement of two separate provisions for general businesses and companies in bio-tech as there is no specific restriction in sub-sections (1) and (2) that bio tech

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then, there shall be allowed a deduction of a sum equal to one and one-half times of the expenditure so incurred: Provided that where such expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility is incurred in a previous year relevant to the assessment year beginning on or after the 1st day of	(*A*) bio-technology; or (*B*) manufacture or production of any article or thing, which is not specified in Schedule XIII, on in-house research and development facility as approved by the prescribed authority, subject to the conditions and manner, as prescribed; (*ii*) No deduction shall be allowed under this clause to a company approved under sub-section (*3*)(*b*)(ii); (*iii*) No deduction shall be allowed in respect of the expenditure mentioned in sub-clause (*i*) under any other provision of this Act; (*iv*) The expenditure under sub-clause	opening part of (c)(i) A deduction shall be allowed under sub-section (*1*), in respect of any expenditure ***on scientific research*** incurred (not being expenditure in the nature of cost of any land or building) by a company engaged in the business of— (*A*) bio-technology. *B*) manufacture or production of any article or thing, which is not specified in Schedule XIII, ….	companies cannot claim. Further, sub-section (2)(c)(i) for bio tech companies restricts the deduction on building as well which is allowed to assessees claiming benefit. So, sub-section (2)(c)(i) may be removed since it is already covered in sub-sections (1) and 2(a) and (b). If sub-section 2(c)(i) is to continue, then there may be some additional benefit to companies covered therein. Further, in such a case, the

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		April, 2021, the deduction under this clause shall be equal to the expenditure so incurred. Explanation.—For the purposes of this clause, "expenditure on scientific research", in relation to drugs and pharmaceuticals, shall include expenditure incurred on clinical drug trial, obtaining approval from any regulatory authority under any Central, State or Provincial Act and filing an application for a patent under the Patents Act, 1970 (39 of 1970).	(*i*) shall be allowed subject to such conditions and on furnishing of documents in such form and manner, as prescribed; (*d*) For the purposes of clause (*c*), expenditure on "scientific research", in relation to drugs and pharmaceuticals, shall include expenditure incurred on clinical drug trial, obtaining approval from any regulatory authority under any Central Act or State Act or Provincial Act and filing an application for a patent under the Patents Act, 1970.		words **'on scientific research'** needs to be included in (2)(c)(i).

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 2 below section 35(2AA) Explanation 2.—For the purposes of this section,— (a) "National Laboratory" means a scientific laboratory functioning at the national level under the aegis of the Indian Council of Agricultural Research, the Indian Council of Medical Research, the Council of Scientific and Industrial Research, the Defence Research and Development Organisation, the Department of Electronics, the Department of Bio-Technology or the Department of Atomic Energy and which is approved as a	**(11) In this section,—** (*a*) "National Laboratory" means a scientific laboratory functioning at the national level under the aegis of the Indian Council of Agricultural Research, the Indian Council of Medical Research, the Council of Scientific and Industrial Research, the Defence Research and Development Organisation, the Department of Electronics, the Department of Bio-Technology or the Department of Atomic Energy and which is approved as a National Laboratory by such authority and in such manner, as prescribed; (*b*) "specified person" means such	Clause (d) may be inserted after clause (c) – (c) "land" includes any interest in land and (d) "building" includes any interest in building.	Since land and building has been used in the same sense in this section, a similar definition may be given in respect of "Building".

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		National Laboratory by the prescribed authority in such manner as may be prescribed ; (b) "University" shall have the same meaning as in Explanation to clause (ix) of section 47 ; (c) "Indian Institute of Technology" shall have the same meaning as that of "Institute" in clause (g) of section 3 of the Institutes of Technology Act, 1961 (59 of 1961); (d) "specified person" means such person as is approved by the prescribed authority.	person approved by the prescribed authority; (c) “land” includes any interest in land.		

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
46	35AD	**Deduction in respect of expenditure on specified business.**	**Capital expenditure of specified business.**		
		(7A) Any asset in respect of which a deduction is claimed and allowed under this section shall be used only for the specified business, for a period of eight years beginning with the previous year in which such asset is acquired or constructed. (7B) Where any asset, in respect of which a deduction is claimed and allowed under this section, is used for a purpose other than the specified business during the period	9) Any asset for which a deduction is claimed and allowed under this section– (*a*) shall be used only for the specified business for a period of eight years beginning with the tax year in which such asset is acquired or constructed; (*b*) is used for the purpose and period other than that referred to in clause (*a*), and is not chargeable to tax under section 26(*2*)(*k*), then the total amount of deduction so claimed and allowed in one or more tax years, as reduced by	Sub-section (9) may be reworded as given below - (9) Any asset for which a deduction is claimed and allowed under this section— (*a*) shall be used only for the specified business for a period of eight years beginning with the tax year in which such asset is acquired or constructed; (*b*) ~~is used for the purpose and period other than that referred to in~~	Sub-section (9) suggests that if the specified asset is used for the period exceeding 8 years then there is a non compliance, which is not the intention. 9(b) should be redrafted as under: "is used for a purpose other than the specified business during the period specified in clause (a)"

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		specified in sub-section (7A), otherwise than by way of a mode referred to in clause (vii) of section 28, the total amount of deduction so claimed and allowed in one or more previous years, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32, as if no deduction under this section was allowed, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the asset is so used.	the amount of depreciation allowable under section 33, as if no deduction under this section was allowed, shall be the income chargeable under the head "Profits and gains of business or profession" of the tax year in which the asset is so used.	~~clause (*a*)~~ **is used for a purpose other than the specified business during the period specified in clause (a)**, and is not chargeable to tax under section 26(*2*)(*k*), then the total amount of deduction so claimed and allowed in one or more tax years, as reduced by the amount of depreciation allowable under section 33, as if no deduction under this section was allowed, shall be the income chargeable under the head "Profits and gains of business or profession" of the tax year in which the asset is so used.	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
47	35CCC	**Expenditure on agricultural extension project.**	**Expenditure on agricultural extension project and skill development project.**		
		(1) Where an assessee incurs any expenditure on agricultural extension project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure : Provided that for the assessment year beginning on or after the 1st day of April, 2021, the provisions of this sub-section shall have effect as	(1) Any expenditure (excluding cost of any land or building) incurred, on— (a) agricultural extension project by any assessee; or (b) any skill development project by a company, shall be allowed as a deduction, in the tax year in which such expenditure is incurred provided such project is notified as per the guidelines issued by the Board. (*2*) If a deduction under this section is	Sub-section (1) may be re-worded as follows - (1) Any expenditure (excluding cost of any land or building) incurred, on- (a) agricultural extension project by any assessee; or (b) any skill development project by a company, shall be allowed as a deduction, in the tax year in which such expenditure is incurred provided such project is notified ~~as~~	The phrase "notified as per the guidelines issued by the Board" is prone to different interpretations. It may be replaced with "notified by the Board in this behalf in accordance with the guidelines as may be prescribed".

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		if for the words "a sum equal to one and one-half times of", the words "a sum equal to" had been substituted. (2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provisions of this Act for the same or any other assessment year.	claimed and allowed for any tax year in respect of any expenditure referred to in sub-section (*1*), deduction shall not be allowed for such expenditure under any other provision of this Act for the same or any other tax year.	~~per the guidelines issued by the Board~~ **by the Board in this behalf in accordance with the guidelines as may be prescribed".**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
48	33AB	**Tea development account, coffee development account and rubber development account.**	**Tea development account, coffee development account and rubber development account.**		
		(1) Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of six months from the end of the previous year or before the due date of furnishing the return of his income, whichever is earlier,— (a) deposited with the National Bank any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with	(*1*) Where an assessee is carrying on business of growing and manufacturing tea or coffee or rubber in India, such assessee shall be allowed a deduction on the basis of deposits into the tea development account, coffee development account or rubber development account or any other designated account and computed as per the provisions of the Schedule IX. (*2*) Any amount withdrawn or utilised or released at the time of closure or otherwise shall be charged to tax in the	Sub-section (2) be redrafted as under: **Taxability of any amount withdrawn or utilised or released at the time of closure or**	Sub-section (2) is not in line with Para 3(2) of Schedule IX, which provides for taxability only in the case of closure of

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board; or (b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board, as the case may be (hereafter in this section referred to as the deposit scheme), with the previous	year in which the amount is transferred or withdrawn as per the provisions of the Schedule IX. (*3*) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (*1*) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-	**otherwise shall be as per the provisions of the Schedule IX.** Sub-section (3) may be reworded as follows - (*3*) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (*1*) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or	business and dissolution of firm and not in case of amount withdrawn in case of death of an assessee, partition of HUF and liquidation of company. Sub-section (3) is not in line with Para 5(2) of Schedule IX, which provides for certain exemptions from the deeming provisions. Therefore, the phrase "except in cases referred to in para 5(2) of Schedule IX" may be added at the end of this sub-section.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (a) a sum equal to the amount or the aggregate of the amounts so deposited; or (b) a sum equal to forty per cent of the profits of such business (computed under the head "Profits and gains of business or profession" before making any deduction under this section),	tax as the income of that tax year.	otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year, **except in cases referred to in para 5(2) of Schedule IX.**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		whichever is less : Provided that where such assessee is a firm, or any association of persons or any body of individuals, the deduction under this section shall not be allowed in the computation of the income of any partner, or as the case may be, any member of such firm, association of persons or body of individuals : Provided further that where any deduction, in respect of any amount deposited in the special account, or in the Deposit Account, has been allowed under this sub-section in any previous year, no deduction shall be allowed in respect of such			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		amount in any other previous year. (5) Where any amount, standing to the credit of the assessee in the special account or in the Deposit Account, is withdrawn during any previous year by the assessee in the circumstance specified in clause (a) or clause (d) of sub-section (3), the whole of such amount shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year, as if the business had not closed or, as the case may be, the firm had not been dissolved.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(8) Where any asset acquired in accordance with the scheme or the deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
	33AB	**Tea development account, coffee development account and rubber development account.**	**Deduction for Tea development account, coffee development account and rubber development account for computing Income under the head " Profits and Gains of Business or profession"**		
		(1) Where an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India has, before the expiry of six months from the end of the previous year or before the due date of furnishing the return of his income, whichever is earlier,— (a) deposited with the National Bank any amount or amounts in an	**1**. Quantum of deduction.—(*1*) An assessee shall be allowed deduction of,– (*a*) the amount or aggregate of the amounts deposited by the assessee in the account as specified in paragraph 2; or (*b*) 40 % of the profits of such business computed under the head "Profits and gains of business or profession" before	**In Schedule IX para 1 sub para (3) be inserted as under:** **"(3) any interest credited in the specified account shall be deemed to be a deposit" .**	There is a provision in Schedule X para 1(3) which provides that any interest credited in the specified account shall be deemed to be a deposit. A similar provision may also be incorporated in Schedule IX para 1

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board; or (b) deposited any amount in an account (hereafter in this section referred to as the Deposit Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Tea Board or the Coffee Board or the Rubber Board,	making any deduction under this paragraph, whichever is less. (*2*) The deduction shall be allowed before allowing set off of loss, if any, brought forward from earlier tax years as per section 110. **2**. Conditions for claiming deduction.—(*1*) The deduction under paragraph 1 shall be allowed if the assessee— (*a*) is carrying on the business of growing and manufacturing tea or coffee or rubber in India during the tax		

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		as the case may be (hereafter in this section referred to as the deposit scheme), with the previous approval of the Central Government, the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (a) a sum equal to the amount or the aggregate of the amounts so deposited; or (b) a sum equal to forty per cent of the profits of such business (computed under the head "Profits	year; and (b) has deposited any amount in the specified account being,— (*i*) a special account maintained with the National Bank in accordance with, and for the purposes specified in the special scheme; or (*ii*) a deposit account in accordance with, and for the purposes specified in the deposit scheme;		

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		and gains of business or profession" before making any deduction under this section), whichever is less.			
49	33ABA	**Site Restoration Fund.**	**Site Restoration Fund.**		
		(1) Where an assessee is carrying on business consisting of the prospecting for, or extraction or production of, petroleum or natural gas or both in India and in relation to which the Central Government has entered into an agreement with such assessee for such business, has before the end of the previous year— (a) deposited with the State Bank of	(*1*) An assessee carrying on a business of prospecting, extracting, or producing petroleum or natural gas, or both, in India, and who has an agreement with the Central Government for this business, shall be allowed a deduction on the basis of deposit to special account or the site restoration account, computed as per the provisions of the Schedule X.		

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		India any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Government of India in the Ministry of Petroleum and Natural Gas; or (b) deposited any amount in an account (hereafter in this section referred to as the Site Restoration Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Ministry referred to in clause (a) (hereafter in this	(*2*) Any amount withdrawn or transferred at the time of closure or otherwise shall be charged to tax in the year in which the amount is transferred or withdrawn as per the provisions of the Schedule X. (*3*) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (*1*) shall be deemed to be the profits	Sub-section (2) may be redrafted as under: Taxability of any amount withdrawn or utilised or released at the time of closure or otherwise shall be as per the provisions of the Schedule X. Sub-section (3) may be reworded as follows - (*3*) Where any asset acquired as per the scheme or the deposit scheme is sold or otherwise transferred in any tax year by the assessee to any person at any time before the expiry of eight years from the end of the tax year in which it was acquired,	This clause is not in line with Para 3(2) of Schedule X and therefore redrafting has been proposed Sub-section (3) is not in line with Para 5(2) of Schedule X, which provides for certain exemptions from the deeming provisions. Therefore, the phrase "except in cases referred to in para 5(2) of Schedule X" may be added at the end of

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		section referred to as the deposit scheme), the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of— (i) a sum equal to the amount or the aggregate of the amounts so deposited; or (ii) a sum equal to twenty per cent of the profits of such business (computed under the head "Profits and gains of business or profession" before making any	and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year.	such part of the cost of such asset as is relatable to the deduction allowed under sub-section (*1*) shall be deemed to be the profits and gains of business or profession of the tax year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that tax year, **except in cases referred to in para 5(2) of Schedule X**.	this sub-clause.

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1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		deduction under this section), whichever is less : Provided that where such assessee is a firm, or any association of persons or any body of individuals, the deduction under this section shall not be allowed in the computation of the income of any partner or, as the case may be, any member of such firm, association of persons or body of individuals : Provided further that where any deduction, in respect of any amount deposited in the special account, or in the Site Restoration Account, has been allowed under this sub-section in any previous year, no deduction shall be allowed in respect of such			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		amount in any other previous year : Provided also that any amount credited in the special account or the Site Restoration Account by way of interest shall be deemed to be a deposit. (5) Where any amount standing to the credit of the assessee in the special account or in the Site Restoration Account is withdrawn on closure of the account during any previous year by the assessee, the amount so withdrawn from the account, as reduced by the amount, if any, payable to the Central Government by way of profit or production share as provided in the agreement referred to in section 42, shall be deemed to be the profits			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year. (8) Where any asset acquired in accordance with the scheme or the deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year .			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
52			**Amortisation of expenditure for telecommunications services, amalgamation, demerger, scheme of voluntary retirement, etc.**		
			(1) Where an expenditure of the nature specified in column B of the Table given below is incurred during the tax year, a deduction or part thereof shall be allowed in equal instalments in each of the tax years as mentioned in column D of the said Table, beginning from the initial tax year specified in column C thereof.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			Sr No	**Nature of expenditure**	**Initial tax year**	**Number of tax years over which deduction of expenditure is allowable in equal instalments**		
			A	**B**	**C**	**D**		
	35DD	**Amortisation of expenditure in case of amalgamation or demerger.** (1) Where an assessee, being an Indian company, incurs any expenditure, on or after the 1st day of April, 1999, wholly and exclusively for the purposes of amalgamation or demerger of an	1	Expenditure incurred by an Indian company, wholly and exclusively for the purposes of amalgamation or demerger of an	Tax year in which such amalgamation or demerger takes	Five tax years.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place. (2) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.		undertaking.		place.		
	35DDA	**Amortisation of expenditure incurred under voluntary retirement scheme.** (1) Where an assessee incurs any	2	Amount paid to an employee in connection with his		Tax year in which such payment	Five tax years.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		expenditure in any previous year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, one-fifth of the amount so paid shall be deducted in computing the profits and gains of the business for that previous year, and the balance shall be deducted in equal instalments for each of the four immediately succeeding previous years. (2) Where the assessee, being an Indian company, is entitled to the deduction under sub-section (1) and the undertaking of such Indian		voluntary retirement as per any scheme of voluntary retirement.	is made			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another Indian company in a scheme of amalgamation, the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the amalgamation had not taken place. (3) Where the undertaking of an Indian company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another company in a						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		scheme of demerger, the provisions of this section shall, as far as may be, apply to the resulting company, as they would have applied to the demerged company, if the demerger had not taken place. (4) Where there has been reorganisation of business, whereby a firm is succeeded by a company fulfilling the conditions laid down in clause (xiii) of section 47 or a proprietary concern is succeeded by a company fulfilling the conditions laid down in clause (xiv) of section 47, the provisions of this section shall, as far as may be, apply to the successor						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		company, as they would have applied to the firm or the proprietary concern, if reorganisation of business had not taken place. (4A) Where there has been reorganisation of business, whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiib) of section 47, the provisions of this section shall, as far as may be, apply to the successor limited liability partnership, as they would have applied to the said company, if reorganisation of business had						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		not taken place. 5) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) in the case of the amalgamating company referred to in sub-section (2), in the case of demerged company referred to in sub-section (3), in the case of a firm or proprietary concern referred to in sub-section (4) and in the case of a company referred to in sub-section (4A) of this section, for the previous year in which amalgamation, demerger or succession, as the case may be, takes place. (6) No deduction shall be allowed						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.						
	35ABA	**Expenditure for obtaining right to use spectrum for telecommunication services.** (1) In respect of any expenditure, being in the nature of capital expenditure, incurred for acquiring any right to use spectrum for telecommunication services either before the commencement of the business or thereafter at any time during any previous year and for which payment has actually been made to obtain a right to use spectrum, there shall, subject to	3.	Capital expenditure incurred and actually paid for acquiring any right to use spectrum for telecommunication services (spectrum fee).	Tax year in which,- (a) the business to operate telecom services is commenced; or (b)	Number of years commencing from the initial tax year and ending in the tax year up to which the spectrum for which the fee is paid remains in force.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure. (2) The provisions contained in sub-sections (2) to (8) of section 35ABB, shall apply as if for the word "licence", the word "spectrum" had been substituted. Explanation. —For the purposes of this section,— (i) "relevant previous years" means,— (A) in a case where the spectrum			spectrum fee is actually paid, which-ever is later.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced; (B) in any other case, the previous years beginning with the previous year in which the spectrum fee is actually paid, and the subsequent previous year or years during which the spectrum, for which the fee is paid, shall be in force; (ii) "appropriate fraction" means the fraction, the numerator of which is one and the denominator						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of which is the total number of the relevant previous years; (iii) "payment has actually been made" means the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee or payable in such manner as may be prescribed.						
	35ABB	**Expenditure for obtaining licence to operate telecommunication services.** (1) In respect of any expenditure, being in the nature of capital	4	Capital expenditure incurred and actually paid for acquiring any right to	Tax year in which,— (a) the business	Number of years commencing from the initial tax year and ending in the tax year up to which the licence for which the		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		expenditure, incurred for acquiring any right to operate telecommunication services either before the commencement of the business to operate telecommunication services or thereafter at any time during any previous year and for which payment has actually been made to obtain a licence, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure. Explanation. —For the purposes of		operate telecommunication services (herein referred to as licence fee).	to operate telecom services is commenced; or (b) licence fee is actually paid, Which-ever is later.	fee is paid remains in force.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		this section,— (i) "relevant previous years" means,— (A) in a case where the licence fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced; (B) in any other case, the previous years beginning with the previous year in which the licence fee is actually paid, and the subsequent previous year or years during which the licence,						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		for which the fee is paid, shall be in force; (ii) "appropriate fraction" means the fraction the numerator of which is one and the denominator of which is the total number of the relevant previous years; (iii) "payment has actually been made" means the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee.						
		(2) Where the licence is transferred and the proceeds of the transfer (so	(*2*) Where the rights referred to in sub-section (*1*) (Table: Sl. No. 3 or 4) are transferred and—					

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		far as they consist of capital sums) are less than the expenditure incurred remaining unallowed, a deduction equal to such expenditure remaining unallowed, as reduced by the proceeds of the transfer, shall be allowed in respect of the previous year in which the licence is transferred. (3) Where the whole or any part of the licence is transferred and the proceeds of the transfer (so far as they consist of capital sums) exceed the amount of the expenditure incurred remaining unallowed, so much of the excess as does not exceed the difference between the expenditure incurred	(*a*) where the proceeds of the transfer (so far as they consist of capital sums) are less than the expenditure though incurred, but remaining unallowed, a deduction equal to such expenditure remaining unallowed, as reduced by the proceeds of the transfer, shall be allowed in respect of the tax year in which the licence is t ransferred; (*b*) where the whole or part of the right is transferred, the proceeds of the transfer (so far as they consist of capital sums) exceed the amount of the expenditure though incurred, but remaining unallowed, so much of the excess as does not exceed the difference between the expenditure incurred to obtain the licence and the amount of such expenditure remaining unallowed, shall be chargeable to income-tax as profits and gains of the	Proposed addition in the end: And the balance excess which exceeds the expenditure incurred to obtain the license shall be taxed as capital gains in accordance with the	The taxability of proceeds of transfer in excess of the original expenditure has not been considered, which has been suggested here.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		to obtain the licence and the amount of such expenditure remaining unallowed shall be chargeable to income-tax as profits and gains of the business in the previous year in which the licence has been transferred. Explanation.—Where the licence is transferred in a previous year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year. (4) Where the whole or any part of the licence is transferred and the proceeds of the transfer (so far as	business in the tax year in which the licence has been transferred; (*c*) where the rights under clause (*b*) is transferred in a tax year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that tax year; (*d*) where the whole or part of the right is transferred, the proceeds of the transfer (so far as they consist of capital sums) are equal or greater than the amount of expenditure incurred remaining unallowed, no deduction for such expenditure shall be allowed under sub-section (*1*) in respect of the tax year in which the licence is transferred or in respect of any subsequent tax year or years; (*e*) such transfer is in a scheme of amalgamation or demerger to the amalgamated company or resulting	provisions of the Act.	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		they consist of capital sums) are not less than the amount of expenditure incurred remaining unallowed, no deduction for such expenditure shall be allowed under sub-section (1) in respect of the previous year in which the licence is transferred or in respect of any subsequent previous year or years. (6) Where, in a scheme of amalgamation, the amalgamating company sells or otherwise transfers the licence to the amalgamated company (being an Indian company),— (i) the provisions of sub-sections (2), (3) and (4) shall not apply in	company, being an Indian company,— (*i*) the provisions of clauses (*a*), (*b*), (*c*) and (*d*) shall not apply to the amalgamating or demerged company; and (*ii*) all the provisions of this section shall continue to apply to the amalgamated or resulting company as it would have applied to the amalgamating or demerged company, as if the transfer has not taken place. (*3*) Where a part of the rights is transferred in a tax year and sub-section (*2*)(*b*) and (*c*) does not apply, the deduction to be allowed under sub-section (*1*) for the expenditure incurred remaining unallowed shall be arrived at by— (*a*) subtracting the proceeds of transfer (so far as they consist of capital sums) from the expenditure		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the case of the amalgamating company; and (ii) the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the latter had not transferred the licence. (7) Where, in a scheme of demerger, the demerged company sells or otherwise transfers the licence to the resulting company (being an Indian company),— (i) the provisions of sub-sections (2), (3) and (4) shall not apply in the case of the demerged company;	remaining unallowed; and (*b*) dividing the remainder by the number of relevant tax years which have not expired at the beginning of the tax year during which the licence is transferred. (4) No deduction shall be allowed— (*a*) for depreciation under section 33(*1*) to (*10*) in respect of expenditure mentioned in sub-section (*1*) (Table: Sl. No. 3 or 4), where deduction under this section is claimed and allowed for any tax year; (*b*) under any other provision of this Act in respect of the expenditure mentioned in sub-section (*1*) (Table: Sl. No. 1 or 2).		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		and (ii) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company if the latter had not transferred the licence. (5) Where a part of the licence is transferred in a previous year and sub-section (3) does not apply, the deduction to be allowed under sub-section (1) for expenditure incurred remaining unallowed shall be arrived at by— (a) subtracting the proceeds of transfer (so far as they consist of capital sums) from the expenditure			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		remaining unallowed; and (b) dividing the remainder by the number of relevant previous years which have not expired at the beginning of the previous year during which the licence is transferred. (8) Where a deduction for any previous year under sub-section (1) is claimed and allowed in respect of any expenditure referred to in that sub-section, no deduction shall be allowed under sub-section (1) of section 32 for the same previous year or any subsequent previous year.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
58			**Special provision for computing profits and gains of business profession on presumptive basis in case of certain residents.**		
			(1) The provisions of sections 26 to 54, to the extent contrary to this section, shall not apply to the specified business or profession mentioned in column B of the Table in sub-section (*2*). (*2*)The profits and gains of any specified business or profession as mentioned in column B of the Table below, carried on by an assessee specified in column C of the said Table, having total turnover or gross receipts of business or profession during the tax year specified in column D and computed in the manner specified in column E thereof, shall be deemed to be the profits and gains of such business or profession chargeable to tax under the head "Profits and gains of		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]									
1	**2**	**3**	**4**					**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**					**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			business or profession".						
			Sr No	**Specified business or profession**	**Assessee**	**Total turnover or gross receipts of business or profession during tax year**	**Manner of computation**		
			A	**B**	**C**	**D**	**E**		
	44AD	**Special provision for computing profits and gains of business on presumptive basis.**	1	Any business other than	Eligible assessee.	(a)Does not exceed ₹2,00,00,000;	(A)(i) 6% of total turnover	In column E, (A)(i) should read as follows – (A)(i) 6% of total	Section 44AD prescribed that the rate of 6% would apply on

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]									
1	**2**	**3**	**4**					**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**					**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(1) Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, 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" : Provided that this sub-section shall have effect as if for the words		the business specified against serial number 2.		or (b)does not exceed ₹300,00,000 where the amount or aggregate of amounts received, in cash, does not exceed 5% of the total turnover or gross	or gross receipts realised in specified banking or online mode; and (ii)8% of total turnover or gross receipts realised in any mode other than	turnover or gross receipts realised in specified banking or online mode **on or before the due date u/s 263(1)**; and	the turnover realized through banking channels till the due date u/s 139(1). Therefore, in column E of the table, A(i) should be 6% of total turnover or gross receipts realized in specified banking or online mode on or before the due date u/s 263(1).

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]									
1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		"eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year.				receipts.	specified banking or online mode; or (B)profit claimed to have been actually earned, whichever is higher.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
	44AD	(2) **Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.** (3) The written down value of any asset of an eligible business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years. (4) Where an eligible assessee	**(*4*) Any loss, allowance or deduction allowable under the provisions of this Act, shall not be allowed against the income computed in the manner specified in sub-section (*1*).** (*5*) For the purposes of sub-section (*2*) (Table: Sl. No. 2), where the assessee is a firm, the salary and interest paid to its partners shall be deducted from the income computed under sub-section (*1*) subject to the conditions and limits specified in section 35(*f*). (*6*) The written down value of any asset used for the purposes of specified business or profession shall be computed as if the assessee mentioned in column C of the Table in sub-section (*2*) had claimed and was actually allowed depreciation thereon for each of the relevant tax years.	Sub-section (4) to be amended to restrict the non-permissibility to deduction allowable under the provisions of sections 28 to 34 and 44 to 52 (except section 50) of the Act. ***(4)* Any deduction allowable under sections 28 to 34 and 44 to 52 (except section 50), shall not be allowed against the income computed in the manner specified in sub-section (*1*).**	Sub-section (4) is very restrictive such that no loss or deduction can be claimed under any provision of the Act. This means that intra-head and inter-head set-off of losses, otherwise permissible, would not be permissible from presumptive income. Also, deductions under chapter VI-A will not be permitted. In section 44AD, the restriction was only deductions allowable

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		declares profit for any previous year in accordance with the provisions of this section and he declares profit for any of the five assessment years relevant to the previous year succeeding such previous year not in accordance with the provisions of sub-section (1), he shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of sub-section (1). (5) Notwithstanding anything contained in the foregoing	**(7) Where an eligible assessee declares profit for any tax year as per the provisions of sub-section (*2*) (Table: Sl. No. 1) and he declares profit for any of the five tax years succeeding such tax year in contravention of the provisions of sub-section (*1*), then he shall not be eligible to claim the benefit of the provisions of this section for five tax years subsequent to the tax year in which the profit has not been declared as per the provisions of the said sub-section.** **(*8*) Irrespective of anything contained in foregoing provision of this section, where provisions of sub-section (*7*) are applicable to an eligible assessee and his total income exceeds the maximum amount which is not chargeable to income-tax, he shall be required to keep and maintain such books of account and other documents as required under section 62(*2*) and**		under sections 30 to 38.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		provisions of this section, an eligible assessee to whom the provisions of sub-section (4) are applicable and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB. (6) The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to—	**get them audited and furnish a report of such audit as required under section 63**. (*9*) For the purposes of sub-section (*2*) (Table: Sl. Nos. 1 and 3), the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash. (10) In this section,— (*a*) "eligible assessee" means an individual, a Hindu undivided family, or a firm other than a limited liability partnership, who is resident in India, who— (*i*) has not claimed any deduction under section 141; or (*ii*) has not claimed any deduction under Chapter VIII-C for the relevant tax year; or		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(i) a person carrying on profession as referred to in sub-section (1) of section 44AA; (ii) a person earning income in the nature of commission or brokerage; or (iii) a person carrying on any agency business. Explanation.—For the purposes of this section,— (a) "eligible assessee" means,— (i) an individual, Hindu undivided family or a partnership firm, who is a resident, but not a limited liability partnership firm as defined under clause (n) of sub-section (1)	(*iii*) does not carry on specified profession as defined in section 62(*1*)(*a*), and (*c*); or (*iv*) does not earn any income in the nature of commission or brokerage; or (v) does not carry on any agency business; (*b*) "specified assessee" means an individual or a firm, other than a limited liability partnership, who is a resident in India; (*c*) "limited liability partnership" shall have the same meaning as assigned to it in section 2(*n*) of the Limited Liability Partnership Act, 2008; (*d*) the expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the same meaning as respectively assigned to them in section 2 of the Motor Vehicles Act, 1988;		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); and (ii) who has not claimed deduction under any of the sections 10A, 10AA, 10B, 10BA or deduction under any provisions of Chapter VIA under the heading "C.—Deductions in respect of certain incomes" in the relevant assessment year; (b) "eligible business" means,— (i) any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE; and	(*e*) "heavy goods vehicle" means any goods carriage, the gross vehicle weight of which exceeds 12,000 kilograms; and (*f*) an assessee, who is in possession of a goods carriage, whether taken on hire purchase or on instalments and for which the whole or part of the amount payable is still due, shall be deemed to be the owner of such goods carriage.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(ii) whose total turnover or gross receipts in the previous year does not exceed an amount of two crore rupees: Provided that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts of such previous year, this sub-clause shall have effect as if for the words "two crore rupees", the words "three crore rupees" had been substituted: Provided further that for the purposes of the first proviso, the receipt of amount or aggregate of			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.			
61			**Special provision for computation of income on presumptive basis in respect of certain business activities of certain non-residents.**		
			(*1*) The provisions of sections 26 to 54, to the extent contrary to this section, shall not apply to the specified business mentioned in column B of the Table in sub-section (*2*). (*2*) The profits and gains of any specified business as mentioned in column B of the Table below, carried on by a specified assessee as mentioned in column C of the said Table during a tax year, shall be computed in the manner specified in column D		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			thereof, and charged to income-tax for the said tax year under the head "Profits and gains of business or profession". Table					
			Sr No.	**Specified business**	**Specified assessee**	**Profits and gains of business or profession**		
			A	B	C	D		
	44B	**Special provision for computing profits and gains of shipping business in the case of non-residents.** (1) Notwithstanding anything to	1	Business of operation of ships, other than cruise ships referred to in	Non-resident.	7.5% of (A+B), where,— A = sum on account of carriage of		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		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 ships, 44 other than cruise ships referred to in section 44BBC, a sum equal to seven and a half 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 :—		Serial number 2.		passenger, livestock, mail or goods shipped at any port in India, whether paid or payable, in or outside India, to the assessee or any other person on his behalf (including demurrage, handling or other similar charges); B = sum on account		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		(i) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods shipped at any port in India; and (ii) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods shipped at any port outside India. Explanation.—For the purposes of this sub-section, the amount referred to in clause (i) or clause (ii) shall include the amount paid				of carriage of passenger, livestock, mail or goods shipped at any port outside India, whether received or deemed to be received in India, by the assessee or any other person on his behalf (including demurrage, handling or other similar		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		or payable or received or deemed to be received, as the case may be, by way of demurrage charges or handling charges or any other amount of similar nature.				charges).		
	44BBC	**Special provision for computing profits and gains of business of operation of cruise ships in case of non-residents.** (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	2	Business of operation of cruise ships (subject to the conditions as prescribed)	Non-resident.	20% of (A+B), where,— A = sum on account of carriage of passenger, paid or payable to the assessee or any other person on his behalf;		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		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.				B = sum on account of carriage of passenger received or deemed to be received by the assessee or any other person on his behalf.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
	44BBA	**Special provision for computing profits and gains of the business of operation of aircraft in the case of non-residents.** (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 aircraft, a sum equal to five 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".	3	Business of operation of aircraft.	Non-resident.	5% of (A+B), where,— A = sum on account of carriage of passenger, livestock, mail or goods from any place in India, paid or payable (in or outside India) to the assessee or any other person on his behalf;		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) The amounts referred to in sub-section (1) shall be the following, namely :— (a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the carriage of passengers, livestock, mail or goods from any place in India; and (b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods from any place outside India.				B = sum on account of carriage of passenger, livestock, mail or goods from any place outside India, received or deemed to be received in India, by the assessee or any other person on his behalf.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
	44BBB	**Special provision for computing profits and gains of foreign companies engaged in the business of civil construction, etc., in certain turnkey power projects.** (1) Notwithstanding anything to the contrary contained in sections 28 to 44AA, in the case of an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf, a sum	4	Business of civil construction or erection or testing or commissioning, of plant or machinery, in connection with a turnkey power project, approved by the Central	Foreign company.	10% of the amount towards such civil construction, erection, testing, or commissioning, paid or payable, to the assessee or to any other person on his behalf, whether in or outside India		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		equal to ten per cent of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning 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".		Government.				
	44BB	**Special provision for computing profits and gains in connection with the business of exploration, etc., of mineral oils.** (1) Notwithstanding anything to the contrary contained in sections	5	Business of providing services or facilities (including supply of	Non-resident person.	10% of (A+B), where,— A = sum on account of business of		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		28 to 41 and sections 43 and 43A, in the case of an assessee , being a non-resident, engaged in the business of providing services or facilities in connection with, or supplying plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils, a sum equal to ten 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" : Provided that this sub-section shall not apply in a case where the		plant and machinery on hire) for prospecting, extraction or production of mineral oils.		providing services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of mineral oils in India, paid or payable (in or outside India), to the assessee or any other		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		provisions of section 42 or section 44D or section 44DA or section 115A or section 293A apply for the purposes of computing profits or gains or any other income referred to in those sections. (2) The amounts referred to in sub-section (1) shall be the following, namely :— (a) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or				person on his behalf; B = sum on account of business of providing services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of mineral oils		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	**2**	**3**	**4**				**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**				**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		extraction or production of, mineral oils in India; and (b) the amount received or deemed to be received in India by or on behalf of the assessee on account of the provision of services and facilities in connection with, or supply of plant and machinery on hire used, or to be used, in the prospecting for, or extraction or production of, mineral oils outside India.				outside India, received or deemed to be received in India, by the assessee or any other person on his behalf.		
	44BBD	**Special provision for computing profits and gains of non-residents engaged in business of providing services or technology for setting up an electronics**	6	Business of providing services or technology in India, for the	Non-resident.	25% of (A+B), where,— A = the amount paid or payable		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India. (1) Notwithstanding anything to the contrary contained in sections 28 to 43A, where an assessee, being a non-resident, engaged in the business of providing services or technology in India, for the purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India—		purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India to a resident company.		to the non-resident assessee or to any person on his behalf on account of providing services or technology; B = the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and (b) the resident company satisfies the conditions prescribed in this behalf a sum equal to twenty-five per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the				account of providing services or technology.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		profits and gains of such business of the non-resident assessee 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:– (a) the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology; and (b) the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]								
1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		providing services or technology: Provided that the provisions of section 44DA or section 115A shall not apply in respect of the amounts referred to in this sub-section. (3) Notwithstanding anything in sub-section (2) of section 32 and sub-section (1) of section 72, where a non-resident assessee declares profits and gains of business for any previous year under sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.'						

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
	44BB	(3) Notwithstanding anything contained in sub-section (1), an assessee may claim lower profits and gains than the profits and gains specified in that sub-section, if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB, and thereupon the Assessing Officer shall proceed to make an assessment of the total income or loss of the assessee under sub-section (3) of section 143 and determine the sum payable	(*3*) For the purposes of (Table: Sl. Nos. 1 to 5) of sub-section (*2*), the specified assessee may claim that the profits actually earned from the specified business are lower than the business profits computed under sub-section (*2*), if,— (*a*) he keeps and maintains such books of account and other documents as required under section 62; and (*b*) gets his accounts audited and furnish a report of such audit as required under section 63. **(*4*) Any loss, allowance or deduction allowable under the provisions of this Act shall not be allowed against the income computed in the manner specified in sub-section (*2*).** (*5*) The written down value of any asset used for the purposes of specified business or profession shall be	Sub-section (4) to be amended to restrict the non-permissibility to deduction allowable under the provisions of sections 28 to 34 and 44 to 52 (except section 50) of the Act. Sub-section (4) may be reworded as follows - ***(4)* Any deduction allowable under sections 28 to 34 and sections 44 to 52 (except section 50) shall not be allowed against the income computed in the manner**	Sub-section (4) is very restrictive such that no loss or deduction can be claimed under any provision of the Act. This means that intra-head and inter-head set-off of losses, otherwise permissible, would not be permissible from presumptive income. Also, deductions under chapter VI-A will not be permitted. In section 44AD, the only deductions allowable under

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		by, or refundable to, the assessee. (4) Notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year. Explanation.—For the purposes of this section,— (i) "plant" includes ships, aircraft, vehicles, drilling units, scientific	computed, as if the assessee mentioned in column C of the Table in sub-section (*2*) had claimed and was actually allowed depreciation thereon for each of the relevant tax years. (*6*) For the purposes of sub-section (*2*) (Table: Sl. No. 5) the provisions of this section shall not apply where the provisions of section 54 or 59 or 207 or 527 apply for the purposes of computing profits and gains or any other income referred to in the said sections. (*7*) In this section, "plant" includes ships, aircrafts, vehicles, drilling units, scientific apparatuses and equipments, used for the purposes of the specified business as mentioned in sub-section (*2*) (Table: Sl. No. 5). (*8*) For the purposes of sub-section (*2*) (Table: Sl. No. 6), resident company shall satisfy the	**specified in sub-section (*2*).** **(4A) Loss from such business referred to in Table brought forward from an earlier tax year shall not be allowed against the income from such business computed in the manner specified in sub-section (2).**	sections 30 to 38 were not allowed. Similar restriction can be placed by amending sub-section (4). Further, in order to prevent the businesses from setting off the loss from such business by opting for presumptive provisions in the year of profit and claiming losses in the year of losses, sub-section (4A) may be inserted to prevent such set-off.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		apparatus and equipment, used for the purposes of the said business; (ii) "mineral oil" includes petroleum and natural gas.	following:— (*a*) it is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and (*b*) it satisfies the conditions prescribed in this behalf.		
62	44AA	**Maintenance of accounts by certain persons carrying on profession or business.**	**Maintenance of books of account.**		
		(1) Every person carrying on legal, medical, engineering or architectural profession or the	(*1*) (*a*) Any person carrying on specified profession; or (*b*) any person carrying on, business; or any		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette shall keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act. (2) Every person carrying on business or profession [not being a profession referred to in sub-section (1)] shall,— (i) if his income from business or profession exceeds one lakh	profession [not being a profession referred to in clause (*a*)] and satisfying the conditions referred to in sub-section (*2*); or (*c*) any other person carrying on profession notified by the Board in this behalf, shall keep and maintain such books of account and other documents to enable the Assessing Officer to compute his total income under this Act. (*2*) The conditions in respect of persons referred to in sub-section (*1*)(*b*) shall be the following:— (*a*) where the income from business or profession exceeds one lakh and twenty thousand rupees or its total sales, turnover or gross receipts from such business or profession exceeds ten lakh rupees in any one of the three years immediately preceding the tax year; or		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		twenty thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession exceed or exceeds ten lakh rupees in any one of the three years immediately preceding the previous year; or (ii) where the business or profession is newly set up in any previous year, if his income from business or profession is likely to exceed one lakh twenty thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession are or is likely to exceed ten lakh rupees, during such previous year; or	(*b*) where business or profession is newly set up in the tax year, the income from business or profession is likely to exceed one lakh and twenty thousand rupees or its total sales, turnover or gross receipts from such business or profession is likely to exceed ten lakh rupees during such tax year; or (*c*) where during the tax year, the assessee, other than the assessee referred to in section 61(*2*) (Table: Sl. No. 6), has claimed income from business or profession to be lower than the deemed profits as referred to in section 58(*2*) or section 61(*2*); or (*d*) in case of an individual or Hindu undivided family, clauses (*a*) and (*b*) shall be modified to the extent of income from such business or profession exceeding two lakh and fifty thousand rupees and its total sales, turnover or gross receipts from such business or profession exceeding two lakh and fifty	**Clause (d) may be redrafted as follows -** *(d)* in case of an individual or Hindu undivided family, clauses (*a*) and (*b*) shall be modified to the extent of income from such	The limit of turnover/gross receipts in clause (d) of sub-section (2) in case of individual or HUF would be Rs.25 lakh and not Rs.2.50 lakh.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(iii) where the profits and gains from the business are deemed to be the profits and gains of the assessee under section 44AE or section 44BB or section 44BBB, as the case may be, and the assessee has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, during such previous year; or (iv) where the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year, keep and maintain such books of	thousand rupees. (*3*) For the purposes of this section, the Board may prescribe— (*a*) the books of account and other documents (including inventories, wherever necessary) to be kept and maintained; (b) particulars to be contained therein; (*c*) the form, manner and place at which they shall be kept and maintained; and (*d*) the period for which such books of account and other documents are to be retained. (4) In this section, "specified profession" means— (*a*) legal, medical, engineering, architectural, accountancy, technical consultancy, interior decoration, information technology or company	business or profession exceeding two lakh and fifty thousand rupees and its total sales, turnover or gross receipts from such business or profession exceeding ~~two lakh and fifty thousand rupees~~ **twenty-five lakh rupees.**	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Act: Provided that in the case of a person being an individual or a Hindu undivided family, the provisions of clause (i) and clause (ii) shall have effect, as if for the words "one lakh twenty thousand rupees", the words "two lakh fifty thousand rupees" had been substituted : Provided further that in the case of a person being an individual or a Hindu undivided family, the	secretary; or (b) any other profession, as notified by the Board.		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		provisions of clause (i) and clause (ii) shall have effect, as if for the words "ten lakh rupees", the words "twenty-five lakh rupees" had been substituted. (3) The Board may, having regard to the nature of the business or profession carried on by any class of persons, prescribe, by rules, the books of account and other documents (including inventories, wherever necessary) to be kept and maintained under sub-section (1) or sub-section (2), the particulars to be contained therein and the form and the manner in which and the place at which they shall be			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		kept and maintained. (4) Without prejudice to the provisions of sub-section (3), the Board may prescribe, by rules, the period for which the books of account and other documents to be kept and maintained under sub-section (1) or sub-section (2) shall be retained.			
63	**44AB**	**Audit of accounts of certain persons carrying on business or profession.**	**Tax audit.**		
		Every person,— (a) carrying on business shall, if his total sales, turnover or gross	(1) Every person, carrying on the business or profession fulfilling the conditions specified in column B of the Table below, shall get his accounts of the tax year audited by an accountant, before the		

<table>
<tr><th colspan="6">Chapter IV-D Profits and Gains of Business or Profession
[including Schedules IX and X]</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th></tr>
<tr><th>Section No. in the Income-tax Bill, 2025</th><th>Section no. in the Income-tax Act, 1961</th><th>Provision in the Income-tax Act, 1961</th><th>Provision in the Income-tax Bill, 2025</th><th>Suggested change in the Income-tax Bill, 2025</th><th>Rationale for change</th></tr>
<tr>
<td></td>
<td></td>
<td>receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year:

Provided that in the case of a person whose—

(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and

(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,</td>
<td>specified date.

<table>
<tr><th>Sr No</th><th>Conditions for getting books of account audited</th></tr>
<tr><td>A</td><td>B</td></tr>
<tr><td>1</td><td>Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—

(a) is carrying on business and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹10,00,00,000;

(b) is carrying on business and not covered under serial number 1, is more than ₹1,00,00,000;</td></tr>
</table>
</td>
<td>The content in Column (B) against Sl. No.1 in the table in sub-section (1) may be redrafted as given below -

(1) Where the total sales, turnover or gross receipts from business or profession during the tax year of any person who—

(a) is carrying on business</td>
<td>Section 44AB of the Income-tax Act, 1961 prescribes a higher limit of Rs.10 crore for tax audit in case of business assessees, if 95% of receipts and payments are through banking modes. Similar provision may be introduced for the professionals by</td>
</tr>
</table>

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		this clause shall have effect as if for the words "one crore rupees", the words "ten crore rupees" had been substituted: Provided further that for the purposes of this clause, the payment or receipt, as the case may be, by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the payment or receipt, as the case may be, in cash; or (b) carrying on profession shall, if his gross receipts in profession exceed fifty lakh rupees in any previous year; or (c) carrying on the business shall,	(c) is carrying on profession, is more than ₹50,00,000. 2 If the person is carrying on business or profession, referred to in section 58(2) or 61(2) (other than that referred to in section 61(2) [Table: Sl. No. 6]) and the profits and gains from such business or profession are claimed to be lower than the deemed profits as referred to in these sections. (2) The provisions of this section shall not apply—	and at least 95% of aggregate of all the receipts and payments from the business during the tax year are through specified banking or online mode, is more than ₹ 10,00,00,000; (b) is carrying on business and not covered under ~~serial number 1~~ **(a),** is more than ₹ 1,00,00,000; **(c) is carrying on profession and at least 95% of aggregate of all the receipts and**	enhancing the tax audit threshold if 95% receipts are through banking modes.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or (d) carrying on the profession shall, if the profits and gains from the profession are deemed to be the profits and gains of such person under section 44ADA and he has claimed such income to be lower than the profits and gains so	(*a*) where profits and gains of business or profession, declared by the assessee are as per section 58 (*2*); (*b*) where the person, other than that referred in section 61(*2*) (Table: Sl. No. 6), is deriving income of the nature referred to in section 61(*2*). (*3*) The assessee shall furnish by the specified date, the report of such audit in such form, duly signed and verified by the accountant and setting forth such particulars, as prescribed. (*4*) Where a person is required, by or under any other law, to get his accounts audited, then it shall be sufficient compliance of this section, if such person— (*a*) gets the accounts of such business or profession audited under such law before the specified date;	**payments from the business during the tax year are through specified banking or online mode, is more than ₹ 1,00,00,000** (d) is carrying on profession **and not covered under (c)**, is more than ₹ 50,00,000.	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		deemed to be the profits and gains of his profession and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year; or (e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year, get his accounts of such previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form	and (*b*) furnishes by that specified date the report of such audit along with the report of the accountant in the form as prescribed. (*5*) In this section, "specified date" in relation to the accounts of the assessee of the tax year, means the date one month prior to the due date for furnishing the return of income under section 263(*1*).		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		duly signed and verified by such accountant and setting forth such particulars as may be prescribed : Provided that this section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA: Provided further that this section shall not apply to the person, who derives income of the nature referred to in section 44B or section 44BBA, on and from the 1st day of April, 1985 or, as the case may be, the date on which the			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		relevant section came into force, whichever is later : Provided also that in a case where such person is required by or under any other law to get his accounts audited, it shall be sufficient compliance with the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and furnishes by that date the report of the audit as required under such other law and a further report by an accountant in the form prescribed under this section. Explanation.—For the purposes of			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		this section,— (i) "accountant" shall have the same meaning as in the Explanation below sub-section (2) of section 288; (ii) "specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139.			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
64	269SU	**Acceptance of payment through prescribed electronic modes.**	**Facilitating payments in electronic modes.**		
		Every person, carrying on business, shall provide facility for accepting payment through prescribed electronic modes, in addition to the facility for other electronic modes, of payment, if any, being provided by such person, if his total sales, turnover or gross receipts, as the case may be, in business exceeds fifty crore rupees during the immediately preceding previous year.	Any person carrying on business with total sales, turnover, or gross receipts exceeding fifty crore rupees in the preceding tax year shall provide facility for accepting payments through prescribed electronic methods, in addition to any other electronic payment methods, already offered	Section 64 may be removed.	Section 187 of the Income-tax Bill, 2025 is on similar lines of section 269SU of the Income-tax Act, 1961. Since the requirement and condition of both the sections of the Income-tax Bill, 2025 i.e., sections 187 and 64 are the same, section 64 may be removed.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
			Interpretation.		
66 (4)			"commodity derivative" shall have the same meaning as assigned to it in Chapter VII of the Finance Act, 2013;	The definition of "commodity derivative" in Chapter VII of the Finance Act, 2013 may be reproduced here. **"commodity derivative" means—** **(i) a contract for delivery of goods which is not a ready delivery contract; or** **(ii) a contract for differences which derives its value from**	The definition of "Commodity derivative" in Chapter VII of the Finance Act, 2013 may be reproduced here. The same should not be linked with Finance Act, 2013.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				prices or indices of prices— (A) of such underlying goods; or (B) of related services and rights, such as warehousing and freight; or (C) with reference to weather and similar events and activities, having a bearing on the commodity sector;	

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
66 (15)			"National Housing Bank" means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;	The definition of "National Housing Bank" may be removed from section 66	The reference of National Housing Bank was in existing section 43D clause (b) which was omitted by the Finance (No. 2), Act, 2024. Hence, this definition can be removed from section 66.
66 (28)	Clause (v) of Explanation below section 40(a)(ia)	(v) "rent" shall have the same meaning as in clause (i) to the Explanation to section 194-I;	"rent", for the purposes of section 35(b)(i), shall have the meaning assigned to it in section 402(29);	The definition of "rent" may be removed from section 66.	The term "rent" is not used in section 35(b)(i) of Income-tax Bill, 2025 as it is not relevant since the term "any sum payable" is used in this section. Hence, this

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
					definition can be removed from section 66.
66 (35)	43(5)	"speculative transaction" means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips: *Provided* that for the purposes of this clause— (*a*) a contract in respect of raw materials or merchandise entered into by a person in the course of	(35) "speculative transaction" means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips, other than the following transactions:— (a) a specified derivative transaction as defined in clause (37); (b) a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchandising business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of	These exclusions may also be incorporated in the definition of speculative transaction in section 66(35) of the Income-tax Bill, 2025.	43(5) of the Income-tax Act, 1961 provides that an eligible transaction in respect of trading in derivatives and commodity derivatives carried out in a recognized stock exchange are not speculative transactions, if STT and CTT have been paid.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		his manufacturing or merchanting business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him; or (*b*) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; or (*c*) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of	goods manufactured, or merchandise sold by him; (c) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; (d) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage, to guard against loss which may arise in the ordinary course of his business as such member;		

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		jobbing or arbitrage to guard against loss which may arise in the ordinary course of his business as such member; or (*d*) an eligible transaction in respect of trading in derivatives referred to in clause (*ac*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) carried out in a recognised stock exchange; or (*e*) an eligible transaction in respect of trading in commodity derivatives carried out in a recognised stock exchange, which is chargeable to commodities transaction tax under Chapter VII			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		of the Finance Act, 2013 (17 of 2013), shall not be deemed to be a speculative transaction: *Provided further* that for the purposes of clause (*e*) of the first proviso, in respect of trading in agricultural commodity derivatives, the requirement of chargeability of commodity transaction tax under Chapter VII of the Finance Act, 2013 (17 of 2013) shall not apply. *Explanation 1.*—For the purposes of clause (*d*), the expressions— (*i*) "eligible transaction" means any			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		transaction,— (*A*) carried out electronically on screen-based systems through a stock broker or sub-broker or such other intermediary registered under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the Depositories Act, 1996 (22 of 1996) and the rules, regulations or bye-laws made or directions issued under those Acts or by banks or mutual funds on a recognised stock			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		exchange; and (*B*) which is supported by a time stamped contract note issued by such stock broker or sub-broker or such other intermediary to every client indicating in the contract note the unique client identity number allotted under any Act referred to in sub-clause (*A*) and permanent account number allotted under this Act; (*ii*) "recognised stock exchange" means a recognised stock exchange as referred to in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and which fulfils such			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		conditions as may be prescribed and notified by the Central Government for this purpose. Explanation 2.—For the purposes of clause (*e*), the expressions— (*i*) "commodity derivative" shall have the meaning as assigned to it in Chapter VII of the Finance Act, 2013; (*ii*) "eligible transaction" means any transaction,— (*A*) carried out electronically on screen-based systems through member or an intermediary, registered under the bye-laws, rules and regulations of the			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		recognised stock exchange for trading in commodity derivative in accordance with the provisions of the Forward Contracts (Regulation) Act, 1952 (74 of 1952) and the rules, regulations or bye-laws made or directions issued under that Act on a recognised stock exchange; and (*B*) which is supported by a time stamped contract note issued by such member or intermediary to every client indicating in the contract note, the unique client identity number allotted under the Act, rules, regulations or bye-laws referred to in sub-clause (*A*), unique trade number and			

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		permanent account number allotted under this Act; (*iii*) "recognised stock exchange" means a recognised stock exchange as referred to in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and which fulfils such conditions as may be prescribed and notified by the Central Government for this purpose;			
66 (36)			"Specified Banking or Online Mode" shall mean transaction by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, as prescribed;	The usage and applicability of this phrase to be extended to other relevant provisions of the Bill.	The terminology "Specified Banking or Online Mode" has been referred to in 11 places in the Bill and is applicable for sections

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
					from 26 to 66 of the Income-tax Bill, 2025. Since the modes specified therein, namely, account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode, as prescribed are referred to in other provisions of the Bill as well, this terminology must be used in those provisions also.

Chapter IV-D Profits and Gains of Business or Profession [including Schedules IX and X]					
1	**2**	**3**	**4**	**5**	**6**
Section No. in the Income-tax Bill, 2025	**Section no. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
66 (45)	Clause (iv) of Explanation below section 40(a)(ia)	"work" shall have the same meaning as in Explanation III to section 194C	"work", for the purposes of section 35(b)(i), shall have the meaning assigned to it in section 402(47).	The definition of work may be removed from section 66	The term "work" is not used in section 35(b)(i) of Income-tax Bill, 2025 as it is not relevant since the term "any sum payable" is used in the section. Hence, this definition can be removed from section 66.

		Chapter IV-E Capital Gains			
1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
67	45	**Capital gains.** **45.** (1) Any profits or gains arising from the transfer of a capital asset effected in the previous year shall, save as otherwise provided in sections 54, 54B, 54D, 54E, 54EA, 54EB, 54F, 54G and 54H, be chargeable to income-tax under the head "Capital gains", and shall be deemed to be the income of the previous year in which the transfer took place.	**Capital gains.** **67.** (1) Any profits or gains arising from the transfer of a capital asset effected in a tax year shall, save as otherwise provided in sections 82, 83, 84, 86, 87, 88 and 89, be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the tax year in which the transfer took place.	It is suggested that section 67(1) may be reworded as follows: **"Capital gains.** **67.** (1) Any profits or gains arising from the transfer of a capital asset effected in a tax year shall, save as otherwise provided in sections 82, 83, 84, ***85,*** 86, 87, 88 and 89, be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the tax year in which the transfer took place."	Section 67(1), the charging section for capital gains, excludes sections 82 to 89, except section 85. Section 85 also provides for exemption from capital gain. Therefore, it is necessary to include section 85 also in section 67(1) for exclusion.

<table>
<tr><td rowspan="3">70</td><td rowspan="3">47</td><td>Transactions not regarded as transfer</td><td>Transactions not regarded as transfer</td><td></td><td></td></tr>
<tr><td>Explanation. — For the purposes of clauses (viiac) and (viiad),—</td><td>(2) In sub-section (1), the definitions of the expressions mentioned in column C of the Table below shall apply to the corresponding clauses of the said sub-section mentioned in column B of the said Table.</td><td></td><td></td></tr>
<tr><td>49[(a) "original fund" means—
(A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions, namely:—
(i) the fund is not a person resident in India;
(ii) the fund is a resident of a country or a specified territory with which an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A has been entered into; or is established or incorporated or registered in a country or a specified territory as may be notified by the Central Government in this behalf;
(iii) the fund and its activities are subject to applicable investor protection regulations in the</td><td>
<table>
<tr><th>Sl. No.</th><th>Clause</th><th>Definitions</th></tr>
<tr><td>A</td><td>B</td><td>C</td></tr>
<tr><td>5.</td><td>(t) and (u)</td><td>(a)“original fund” means—
(A) a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:—
(i) the fund is not a person resident in India;
(ii) the fund is a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or is established or incorporated or registered in a country or</td></tr>
</table>
</td><td></td><td></td></tr>
</table>

		country or specified territory where it is established or incorporated or is a resident; and (iv) fulfils such other conditions as may be prescribed; (B) an investment vehicle, in which Abu Dhabi Investment Authority is the direct or indirect sole shareholder or unit holder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, directly or indirectly, by the Abu Dhabi Investment Authority or the Government of Abu Dhabi; or (C) a fund notified by the Central Government in the Official Gazette in this behalf subject to such conditions as may be specified;] (b) "relocation" means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st day of March, 2030 where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to,— (i) shareholder or unit holder or interest holder of the original fund,			a specified territory as notified by the Central Government; (iii) the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident; and (iv) fulfils other conditions as prescribed; (B) an investment vehicle, in which Abu Dhabi Investment Authority is the direct or indirect sole shareholder or unit holder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, directly or indirectly, by the Abu Dhabi Investment Authority or the Government of Abu Dhabi; or (C) a fund notified by the Central Government subject to conditions as specified; (b) “relocation” means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or	(A) It is suggested that the language of (C)(b) be modified as follows:	(A) In line with current provisions in Explanation (b)

		in the same proportion in which the share or unit or interest was held by such shareholder or unit holder or interest holder in such original fund, in lieu of their shares or units or interests in the original fund; Or (ii) the original fund, in the same proportion as referred to in sub-clause (i), in respect of which the share or unit or interest is not issued by resultant fund to its shareholder or unit holder or interest holder; (c) "resultant fund" means a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, and has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund or a certificate as a retail scheme or as an Exchange Traded Fund, and is regulated under the Securities and Exchange Board of India (Alternative			before the 31st March, 2025, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to— (i) a shareholder or unit holder or interest holder of the original fund, in the same proportion in which the share or unit or interest was held by such shareholder or unit holder or interest holder in such original fund, in lieu of their shares or units or interests in the original fund; or (ii) the original fund, in the same proportion as referred to in sub-clause (i), in respect of which the share or unit or interest is not issued by resultant fund to its shareholder or unit holder or interest holder; (c) "resultant fund" means a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in an International Financial Services Centre as referred to in section 147 and has been granted— (i) a certificate of registration as a Category I or Category II or Category III Alternative	"(b) "relocation" means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st March, ~~2025~~ **2030,** where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to—"	to section 47 wherein amendment is made vide the Finance Act 2025 and period has been extended from 2025 to 2030, similar consequential amendment may be made in section 70(2)(5)(a)(C)(b).

		Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019;			Investment Fund, and is regulated under the 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 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); or (ii) a certificate as a retail scheme or an Exchange Traded Fund as per Schedule VI (Note 1) and which fulfils the conditions specified in Schedule VI (Table: Sl. No. 1).		
73	49	**Cost with reference to certain modes of acquisition.** **49.** (1) Where the capital asset became the property of the assessee—	**Cost with reference to certain modes of acquisition.** **73**. (*1*) In the case of a capital asset specified in column B of the Table below, the cost of acquisition of the asset shall be deemed to be the cost as mentioned in column C of the said Table.				

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<td>(7) Where the capital gain arises from the transfer of a capital asset, being share in the project, in the form of land or building or both, referred to in sub-section (5A) of section 45, not being the capital asset referred to in the proviso to the said sub-section, the cost of acquisition of such asset, shall be the amount which is deemed as full value of consideration in that sub-section.</td>
<td>
<table>
<tr><th>Sl. No.</th><th>Description of capital asset</th><th>Cost of acquisition</th></tr>
<tr><td>20.</td><td>Capital asset, being share in the project, in the form of land or building, or both, under section 67(14).</td><td>The amount deemed as full value of consideration under section 67(14).</td></tr>
</table>
</td>
<td>Column C of Sl. No.20 may be amended to provide that on subsequent sale of share of land or building or both, the cost of acquisition shall be deemed to be-

the stamp duty value of such share of land or building or both forming part of the full value of consideration u/s 67(14).</td>
<td>The full value of consideration under section 67(14), however, includes both the Stamp Duty Value (SDV) of the share of land or building or both as well as consideration received in cash/cheque/draft etc.</td>
</tr>
<tr>
<td>74</td>
<td>50</td>
<td>Special provision for computation of capital gains in case of depreciable assets. 50. Notwithstanding anything contained in clause (42A) of section 2, where the capital asset is an asset forming part of a block of assets in respect of which depreciation has been allowed under this Act or under the Indian Income-tax Act, 1922 (11 of 1922), the provisions of sections 48 and 49 shall be subject to the following modifications :—

(1) where the full value of the consideration received or accruing</td>
<td>Special provision for computation of capital gains in case of depreciable assets.

74. (1) Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under this Act or under the Income-tax Act, 1961 or under the Indian Income-tax Act, 1922, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections (2), (3) and (4).

(2) If, during the tax year, the full value of consideration received or accruing for the transfer of one or more assets in a block of assets exceeds the total of the following:—

(a) expenditure incurred wholly and exclusively for such transfer;</td>
<td>Sub-section (1) may be redrafted as follows -

74. (1) Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under this Act or under the Income-tax Act, 1961 or under the Indian Income-tax Act, 1922, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections ~~(2), (3) and (4)~~ (2) and (3).</td>
<td>There is no sub-section (4) in section 74. Therefore, section 74(1) can be subject to the provisions of sub-sections (2) and (3).</td>
</tr>
</table>

		as a result of the transfer of the asset together with the full value of such consideration received or accruing as a result of the transfer of any other capital asset falling within the block of assets during the previous year, exceeds the aggregate of the following amounts, namely :— (i) expenditure incurred wholly and exclusively in connection with such transfer or transfers; (ii) the written down value of the block of assets at the beginning of the previous year; and (iii) the actual cost of any asset falling within the block of assets acquired during the previous year, such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets; (2) where any block of assets ceases to exist as such, for the reason that all the assets in that block are transferred during the previous year, the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning	(b) the written-down value of the block of assets at the start of the tax year; and (c) the actual cost of any asset falling within the block of assets acquired during the tax year, such excess shall be deemed to be capital gains arising from the transfer of short-term capital assets. (3) If any block of assets ceases to exist for the reason that all the assets in that block are transferred during the tax year, then,– (a) the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning of the tax year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the tax year; and (b) the income received or accruing as a result of such transfer or transfers shall be deemed to be short-term capital gains.	Section 74(3)(b) may be reworded as given below - (b) the income received or accruing as a result of such transfer or transfers shall be deemed to be ~~short-term~~ capital gains **arising from the transfer of short-term capital assets.**	Since section 74(2) states that excess shall be deemed to be "capital gains arising from the transfer of short-term capital assets", similar language may be used in section 74(3)(b).

		of the previous year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the previous year and the income received or accruing as a result of such transfer or transfers shall be deemed to be the capital gains arising from the transfer of short-term capital assets: Provided that in a case where goodwill of a business or profession forms part of a block of asset for the assessment year beginning on the 1st day of April, 2020 and depreciation thereon has been obtained by the assessee under the Act, the written down value of that block of asset and short-term capital gain, if any, shall be determined in such manner as may be prescribed. [Explanation. —For the purposes of this section, reduction of the amount of goodwill of a business or profession, from the block of asset in accordance with sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43 shall be deemed to be transfer.]			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
77	50B	**Special provision for computation of capital gains in case of slump sale.** **50B.** (1) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place : Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be	**Special provision for computation of capital gains in case of slump sale.** **77.** (*1*) Any profits or gains arising from the slump sale effected in the tax year shall be chargeable to income-tax as long-term capital gains and shall be deemed to be the income of the tax year in which the transfer took place, subject to the provisions of sub-section (*2*). (*2*) The profits and gains arising from a slump sale involving the transfer of a capital asset, being one or more undertakings or divisions owned and held by an assessee for 36 months or less, immediately before the date of its transfer, shall be treated as short-term capital gains.	**Sub-section (2) may be reworded as given below -** (2) The profits and gains arising from a slump sale involving the transfer of a capital asset, being one or more undertakings or divisions owned and held by an assessee for ~~36~~ **24** months or less, immediately before the date of its transfer, shall be	Section 77 contains the special provisions for computation of capital gain in case of slump sale. Section 77(2) provides that transfer under a slump sale of an undertaking held for "not more than 36 months" would be deemed to be capital gains from transfer of a short-term capital asset. Since the period of holding for treating capital assets as short-term and long-term are either 24 months or 12 months depending on the asset as per section 2(101),

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		deemed to be the capital gains arising from the transfer of short-term capital assets.	.	treated as short-term capital gains.	therefore, the period of holding for the undertaking transferred in slump sale to be treated as short term capital asset can be "not more than 24 months" in line with the period of holding of land and building.
78	50C	**Special provision for full value of consideration in certain cases.** **50C**.(1) Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government (hereafter in this section referred to as the "stamp valuation authority") for the purpose of payment of stamp duty in respect of such	**Special provision for full value of consideration in certain cases.** **78.** (1) If the consideration received or accruing from the transfer of a capital asset, being land or building or both, is less than the stamp duty value, then, for the purposes of section 72, the stamp duty value shall be deemed to be the full value of the consideration received or accruing as a result of such transfer, subject to the following:—	Sub-section (5) may be inserted after sub-section (4) - (5) Where the value adopted or assessed or assessable by the stamp valuation authority or the value determined by the Valuation Officer, as the case may be, does	A tolerance band of 10%, therefore, applies when the stamp duty value is determined by the Stamp Valuation Authority as per section 78(1). However, it is not clear whether the 10% tolerance band is also applicable to the value determined by the Valuation Officer, on a reference being made by the

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		transfer, the value so adopted or assessed or assessable shall, for the purposes of section 48, be deemed to be the full value of the consideration received or accruing as a result of such transfer : Provided that where the date of the agreement fixing the amount of consideration and the date of registration for the transfer of the capital asset are not the same, the value adopted or assessed or assessable by the stamp valuation authority on the date of agreement may be taken for the purposes of computing full value of consideration for such transfer: Provided further that the first proviso shall apply only in a case where the amount of consideration, or a part thereof, has been received by way of an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic	(a) the stamp duty value on the date of agreement may be taken as the full value of consideration, if— (i) the date of the agreement fixing the consideration and the date of registration for the transfer of the capital asset are not the same; and (ii) part or full consideration is received on or before the date of the agreement by an account payee cheque or account payee bank draft or electronic clearing system through a bank account or any other electronic mode, as prescribed; (a) if the stamp duty value does not exceed 110% of the consideration received or accruing, such consideration shall be deemed to be the full value of the consideration for section 72. (2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may	not exceed 110% of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer, shall, for the purposes of section 72, be deemed to be the full value of consideration received.	Assessing Officer under section 78(2). When the valuation is referred to the Valuation Officer and the officer determines a value lower than the stamp duty value, this lower value is taken as the full value of consideration. However, it is not clear whether the 10% tolerance band would also apply to such valuation.

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		mode as may be prescribed, on or before the date of the agreement for transfer: Provided also that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and ten per cent of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration. (2) Without prejudice to the provisions of sub-section (1), where— (a) the assessee claims before any Assessing Officer that the value adopted or assessed or assessable by the stamp valuation authority under sub-section (1) exceeds the fair market value of the property as on the date of transfer;	refer the valuation of the capital asset to a Valuation Officer, and the provisions of sections 269(3) to (8), shall, with necessary modifications, apply in relation to such reference, where— (a) the assessee claims that the stamp duty value exceeds the fair market value of the property as on the date of transfer; and (b)the stamp duty value has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court. (3) In this section, "assessable" means the value which any authority of the Government would have adopted or assessed as if it were referred to such authority for the purposes of payment of stamp duty, regardless of anything to the contrary contained in any other law in force.		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(b) the value so adopted or assessed or assessable by the stamp valuation authority under sub-section (1) has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court, the Assessing Officer may refer the valuation of the capital asset to a Valuation Officer and where any such reference is made, the provisions of sub-sections (2), (3), (4), (5) and (6) of section 16A, clause (i) of sub-section (1) and sub-sections (6) and (7) of section 23A, sub-section (5) of section 24, section 34AA, section 35 and section 37 of the Wealth-tax Act, 1957 (27 of 1957), shall, with necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the Assessing Officer under sub-section (1) of section 16A of that Act.	(4) If the value determined by the Valuation Officer on a reference made under sub-section (2) exceeds the stamp duty value, such stamp duty value shall be taken as the full value of consideration.		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Explanation 1.—For the purposes of this section, "Valuation Officer" shall have the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957). Explanation 2.—For the purposes of this section, the expression "assessable" means the price which the stamp valuation authority would have, notwithstanding anything to the contrary contained in any other law for the time being in force, adopted or assessed, if it were referred to such authority for the purposes of the payment of stamp duty. (3) Subject to the provisions contained in sub-section (2), where the value ascertained under sub-section (2) exceeds the value adopted or assessed or assessable by the stamp valuation authority referred to in sub-section (1), the value so adopted or assessed or assessable by such authority shall be taken			

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		as the full value of the consideration received or accruing as a result of the transfer.			
82	54	**Profit on sale of property used for residence.** **54.** (1) Subject to the provisions of sub-section (2), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of a long-term capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has within a period of one year before or two years after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, one residential house in India, then, instead of the capital gain being	**Profit on sale of property used for residence.** **82**. (1) Where an individual or Hindu undivided family— (a) has long-term capital gains arising from the transfer of a capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head “Income from house property” (original asset); and (b) has within one year before or two years after the date of such transfer purchased, or has within three years after that date constructed, one residential house in India (new asset), then, instead of the capital gain being charged to income-tax as income of	Sub-section (1) of section 82 may be redrafted as follows - 82. (1) Where an individual or Hindu undivided family— (a) has long-term capital gains arising from the transfer of a capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head “Income from	If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		charged to income-tax as income of the previous year in which the transfer took place,it shall be dealt with in accordance with the following provisions of this section, that is to say,— (i) if the amount of the capital gain is greater than the cost of the residential house so purchased or constructed (hereafter in this section referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or (ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under	the tax year in which the transfer took place, it shall be dealt with as follows:— (*i*) if the capital gains exceeds the cost of the new asset, such excess shall be charged under section 67, and for computing capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be *nil*; or (*ii*) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67 and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains. (*2*) If the capital gains is not used by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or	house property" (original asset); and b) has within one year before or two years after the date of such transfer purchased, or has within three years after that date constructed, one residential house in India (new asset), then, instead of the capital gain being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—	"more than 24 months", the minimum period of holding of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years). The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101). In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the capital gain: Provided that where the amount of the capital gain does not exceed two crore rupees, the assessee may, at his option, purchase or construct two residential houses in India, and where such option has been exercised,— (a) the provisions of this sub-section shall have effect as if for the words "one residential house in India",the words "two residential houses in India" had been substituted; (b) any reference in this sub-section and sub-section (2) to "new asset" shall be construed as a reference to the two residential houses in India:	construction of a new asset before filing the return of income under section 263, then— (*a*) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government; (*b*) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(*1*); and (*c*) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return. (*3*) For the purposes of sub-section (*1*), the amount, already utilised for purchasing or constructing the new asset, together with the deposited amount under sub-section (*2*) shall, subject to sub-section (*7*), be deemed to be the cost of the new asset.	(i) if the capital gains exceeds the cost of the new asset, such excess shall be charged under section 67, ~~and for computing capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil~~; or (ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67 ~~and for~~	of transfer of the new asset. This should be the consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		Provided further that where during any assessment year, the assessee has exercised the option referred to in the first proviso, he shall not be subsequently entitled to exercise the option for the same or any other assessment year: [Provided also that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section.] (2) The amount of the capital gain which is not appropriated by the assessee towards the purchase of the new asset made within one year before the date on which the transfer of the original asset took place, or which is not utilised by him for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being	(*4*) If the amount deposited under sub-section (*2*) is not fully utilised for purchasing or constructing the new asset within the period specified in sub-section (*1*), then, — (*a*) the unutilised amount shall be charged to tax under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and (*b*) the assessee shall be entitled to withdraw the unused amount according to the said scheme. (*5*) If the capital gains under sub-section (*1*) does not exceed two crore rupees, the assessee may, at his option, purchase or construct two residential houses in India, and where such option has been exercised,—	~~computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains~~. Sub-section (1A) may be inserted – **If the new asset is transferred within two years of its purchase or construction, the capital gains not charged under section 67 on the basis of the cost of such new asset as**	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall 62-63[, subject to the third proviso to sub-section (1)] be deemed to be the cost of the new asset : Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the	(*a*) for the purposes of sub-section (*1*)(*b*), "one residential house in India" shall be read as "two residential houses in India"; and (*b*) for the purposes of sub-sections (*1*)(*b*) and (*2*), "new asset" shall mean two residential houses in India. (*6*) If during any tax year, the assessee has exercised the option mentioned in sub-section (*5*), he shall not be entitled to exercise such option for the same tax year or any other tax year. (*7*) If the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of sub-section (*1*). (*8*) If the capital gains on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not	**per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.**	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		new asset within the period specified in sub-section (1), then,— (i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and (ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid: [Provided further that the capital gains in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.]	be taken into account for the purposes of sub-section (*2*).		

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
83	54B	**Capital gain on transfer of land used for agricultural purposes not to be charged in certain cases.** **54B.** (1) Subject to the provisions of sub-section (2), where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee being an individual or his parent, or a Hindu undivided family for agricultural purposes (hereinafter referred to as the original asset), and the assessee has, within a period of two years after that date, purchased any other land for being used for agricultural purposes, then, instead of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance	**Capital gains on transfer of land used for agricultural purposes not to be charged in certain cases.** **83**. (*1*) Where an assessee, being an individual or a Hindu undivided family,— (*a*) has capital gains arising from the transfer of a capital asset, being land, which was used by the assessee or his parent, or the Hindu undivided family for agricultural purposes (original asset), in two years immediately preceding the date of transfer; and *(*b) has, within two years after that date, purchased any other land for being used for agricultural purposes (new asset), then, instead of the capital gains being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—	**Section 83(1) be reworded as follows -** 83. (1) Where an assessee, being an individual or a Hindu undivided family,— (a) has capital gains arising from the transfer of a capital asset, being land, which was used by the assessee or his parent, or the Hindu undivided family for agricultural purposes (original asset), in two years immediately	If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84, 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is "more than 24 months", the minimum period of holding

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		with the following provisions of this section, that is to say,— (i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or (ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of	(*i*) if the capital gains exceed the cost of the new asset, such excess shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be *nil*; or (*ii*) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be reduced by the amount of the capital gains. (2) If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then— (a) the unutilised amount shall be deposited in a specified bank or institution and utilised	preceding the date of transfer; and (b) has, within two years after that date, purchased any other land for being used for agricultural purposes (new asset), then, instead of the capital gains being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:— (i) if the capital gains exceed the cost of the new asset, such excess shall be charged under	of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years). The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101). In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		three years of its purchase, the cost shall be reduced, by the amount of the capital gain. (2) The amount of the capital gain which is not utilised by the assessee for the purchase of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase of the new asset	as per the scheme notified by the Central Government; (b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and (c) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return. (3) For the purposes of sub-section (1), the amount already utilised for purchasing the new asset together with the deposited amount under sub-section (2), shall be deemed to be the cost of the new asset. (4) If the amount deposited under sub-section (2) is not fully utilised for purchase of the new asset within the period specified in sub-section (1), then, —	section 67, ~~and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be nil~~; or (ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67, ~~and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost~~	consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		together with the amount so deposited shall be deemed to be the cost of the new asset : Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase of the new asset within the period specified in sub-section (1), then,— (i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of two years from the date of the transfer of the original asset expires; and (ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid.	(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which two years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the scheme referred to in sub-section (2).	~~shall be reduced by the amount of the capital gains~~. Sub-section (1A) may be inserted – **(1A) If the new asset is transferred within two years of its purchase, the capital gains not charged under section 67 on the basis of the cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.**	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
84	54D	**Capital gain on compulsory acquisition of lands and buildings not to be charged in certain cases.** **54D.** (1) Subject to the provisions of sub-section (2), where the capital gain arises from the transfer by way of compulsory acquisition under any law of a capital asset, being land or building or any right in land or building, forming part of an industrial undertaking belonging to the assessee which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee for the purposes of the business of the said undertaking (hereafter in this section referred to as the original asset), and the assessee has within a period of three years after that date purchased any other land or building or any right in any other land or building or constructed any other building for the purposes of shifting or re-establishing the said undertaking or	**Capital gains on compulsory acquisition of lands and buildings not to be charged in certain cases.** **84.** (1) Where an assessee has— (a) capital gains arising from the transfer by way of compulsory acquisition under any law, of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him, which was being used by the assessee for the business of the said undertaking in the two years immediately preceding the date of transfer (original asset); and (b) within three years after that date, purchased any other land or building or any right in any other land or building or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking (new asset), then, instead of the capital gain	Section 84(1) be reworded as follows - 84. (1) Where an assessee has— (a) capital gains arising from the transfer by way of compulsory acquisition under any law, of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him, which was being used by the assessee for the business of	If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is “more than 24 months”, the minimum period of holding

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		setting up another industrial undertaking, then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,— (i) if the amount of the capital gain is greater than the cost of the land, building or right so purchased or the building so constructed (such land, building or right being hereafter in this section referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or	being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:— (i) if the capital gains exceeds the cost of new asset, such excess shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil; or (*ii*) if the capital gains is equal to or less than the cost of new asset, no capital gains shall be charged under section 67 and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains. (*2*) If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then—	the said undertaking in the two years immediately preceding the date of transfer (original asset); and (b) within three years after that date, purchased any other land or building or any right in any other land or building or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking (new asset), then, instead of the capital gain	of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years). The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding of an asset to be treated as long-term capital asset under section 2(67) read with 2(101). In case of the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the capital gain. (2) The amount of the capital gain which is not utilised by the assessee for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with,	(*a*) the unutilised amount shall be deposited not later than the due date for filing the return of income under sub-section (*1*) of the said section in a specified bank or institution and utilised as per the scheme notified by the Central Government; (*b*) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under the said sub-section; and (*c*) the proof of deposit shall be submitted along with the return on or before the due date for filing the return. (*3*) For the purposes of sub-section (*1*), the amount already utilised for purchasing or constructing the new asset together with the deposited amount under sub-section (*2*), shall be deemed to be the cost of the new asset.	being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:— (i) if the capital gains exceeds the cost of new asset, such excess shall be charged under section 67 ~~, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase or construction, the cost shall be nil;~~ or	consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall be deemed to be the cost of the new asset: Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the new asset within the period specified in sub-section (1), then,— (i) the amount not so utilised shall be charged under section 45 as the income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and	(*4*) If the amount deposited under sub-section (*2*) is not fully utilised for the purchase or construction of the new asset within the period specified in sub-section (*1*), then,— (*a*) the unutilised amount shall be charged under section 67 as the income of the tax year in which three years from the date of the transfer of the original asset expires; and (*b*) the assessee shall be entitled to withdraw the unused amount according to the said scheme.	(ii) if the capital gains is equal to or less than the cost of new asset, no capital gains shall be charged under section 67 ~~and for computing capital gains from the transfer of the new asset within three years of its purchase or construction, the cost shall be reduced by the amount of the capital gains~~. **(1A) If the new asset is transferred within two years of its purchase or construction, the capital gains not**	

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(ii) the assessee shall be entitled to withdraw such amount in accordance with the scheme aforesaid.		**charged under section 67 on the basis of the cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred.**	
85	54EC	**Capital gain not to be charged on investment in certain bonds.** **54EC.** (1) Where the capital gain arises from the transfer of a long-term capital asset,being land or building or both, (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the	**Capital gains not to be charged on investment in certain bonds.** **85.** (1) Where an assessee has— (*a*) long-term capital gains arising from the transfer of land or building, or both, (original asset); and (*b*) within six months after the date of such transfer, invested whole or part of the capital gains in a long-term specified asset (new asset),	Section 85(1) may be redrafted as follows - 85. (1) Where an assessee has— (a) long-term capital gains arising from the transfer of land or building, or both, (original asset); and	The time limit for investment in long-term specified asset is presently 6 months from the date of transfer. This is the position under section 54EC of the Income-tax Act, 1961 also. There are certain concerns arising out of this time limit, which needs to be addressed -

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,— (a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45; (b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45 : Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any	then, the capital gains shall be dealt with as follows:— (*i*) if the capital gains exceed the investment in the new asset, the amount of capital gains as exceeds such investment shall be charged under section 67; or (*ii*) if the capital gains is equal to or less than the investment in the new asset, the whole of such capital gains shall not be charged under section 67. (*2*) For the purposes of sub-section (*1*), investment made in the long-term specified asset from capital gain arising from transfer of one or more original asset shall not exceed fifty lakh rupees,– (a) during any tax year; or (*b*) in the year of transfer of the original asset or assets and in the subsequent tax year.	(b)~~within six months after the date of such transfer~~ **on or before the due date applicable in his case for filing return of income under section 263(1),** invested whole or part of the capital gains in a long-term specified asset (new asset),	(i) In a number of transactions, there is some difference in dates of actual handing over of possession, submission of documents for registration of transfer, actual date of registration and even a subsequent modification of registered document due to demand of additional stamp duty. All these dates, though may fall in the same year but still may differ from each other, creating an unnecessary dispute regarding actual date of transfer and thereby time limit of 6 months. If the date of investment in specified bonds is made upto the due date of filing

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		financial year does not exceed fifty lakh rupees : Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees. (2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head	(*3*) If the new asset is transferred or converted (otherwise than by transfer) into money within five years of its acquisition, the capital gains not charged under section 67 as per sub-section (*1*), shall be deemed to be income chargeable as long-term capital gains in the tax year of its transfer or conversion. (*4*) Any loan or advance taken on the security of the new asset shall be regarded as transfer of the new asset on the date of such loan or advance. (*5*) Where the investment in the new asset has been taken into account for sub-section (*1*), no deduction under section 123 for any tax year shall be allowed for such investment. (*6*) In this section, "new asset" means any bond, redeemable after five years and as notified by the Central Government for the		return u/s 139(1), such disputes can be avoided. (ii) Bringing the time limit upto the due date of filling of ITR shall also bring parity with exemption provisions under sections 54 to 54F of the Income-tax Act, 1961 (Sections 82 to 86 of the Income-tax Bill, 2025), where assessee is permitted to deposit the money in Capital Gains Account Scheme upto the due date of filing of return. In fact, assessee would be in a better position to take a call as to which exemption option is better suited for him.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		"Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money: Provided that in case of long-term specified asset referred to in sub-clause (ii) of clause (ba) of the Explanation occurring after sub-section (3), this sub-section shall have effect as if for the words "three years", the words "five years" had been substituted. Explanation.—In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have converted (otherwise than by transfer) such specified	purposes of this section with such conditions (including a condition for providing a limit on the amount of investment by an assessee in such bond).		(iii) In many cases, the assessee is not aware about exemption provision and comes to know about it only when he approaches his/her tax consultant at the time of filling of return of income. By this time, 6 months period is already over and thus, the assessee inadvertently loses the benefit of exemption. (iv) The time limit expires exactly at 6 months from the date of transfer. Due to this, even an otherwise aware assessee may miss it unintentionally.

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		asset into money on the date on which such loan or advance is taken. (3) Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1),— (b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006. Explanation.—For the purposes of this section,— (a) "cost", in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(b) "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before the 31st day of March, 2007,— (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988); or (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956),and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		on the amount of investment by an assessee in such bond) as it thinks fit: Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (b) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause; (ba) "long-term specified asset" for making any investment under this section,— (i) on or after the 1st day of April, 2007 but before the 1st day of April, 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018;			

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		(ii) on or after the 1st day of April, 2018, means any bond, redeemable after five years and issued on or after the 1st day of April, 2018, by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) or any other bond notified in the Official Gazette by the Central Government in this behalf.			
86	54F	**Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house.** **54F.** (1) Subject to the provisions of sub-section (4), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of any long-term capital asset, not	**Capital gains on transfer of certain capital assets not to be charged in case of investment in residential house.** **86.** (1) If an individual or a Hindu undivided family has—	**Section 86(1) and (7) be re-worded as follows -** 86. (1) If an individual or a Hindu undivided family has—	If the new asset is sold or transferred within 3 years, the manner in which the earlier exempted capital gains is subject to tax varies in sections 82, 83, 84 , 85 and 86. In sections 82,83 and 84, the earlier exempted capital gains is reduced

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		being a residential house (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or two years after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, one residential house in India (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,— (a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45 ; (b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears	(a) capital gains arising from the transfer of any long-term capital asset, not being a residential house (original asset); and (b) within one year before, or two years after, the date of such transfer, purchased, or has within three years after that date constructed, one residential house in India (new asset), then, the capital gains shall be dealt with as follows:— (i) if the net consideration is more than the cost of the new asset, so much of the capital gains as bears to the whole of the capital gains, the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 67; or (ii) if the net consideration is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67. (2) If the capital gains is not utilised by the assessee to purchase the new asset within	(a) capital gains arising from the transfer of any long-term capital asset, not being a residential house (original asset); and (b) within one year before, or two years after, the date of such transfer, purchased, or has within three years after that date constructed, one residential house in India (new asset), then, the capital gains shall be dealt with as follows:—	from the cost, whereas sections 85 and 86 deems the capital gains not charged to tax earlier as income chargeable to tax of the year in which the transfer of the new asset takes place. Moreover, whereas the period of holding of an asset to be treated as long-term is "more than 24 months", the minimum period of holding of new asset is 3 years in sections 82 to 86 (except section 85, where it is 5 years). The minimum period of holding of new asset be reduced from 3 years to 2 years in line with the minimum period of holding

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		to the net consideration, shall not be charged under section 45: Provided that nothing contained in this sub-section shall apply where— (a) the assessee,— (i) owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or (ii) purchases any residential house, other than the new asset, within a period of one year after the date of transfer of the original asset; or (iii) constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset; and (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is	one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then,– (a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government; (b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under sub-section (1) of the said section; and (c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return. (3) For the purposes of sub-section (1), the amount already utilised for purchasing or constructing the new asset together with the deposited amount under sub-section (2)	(i) if the net consideration is more than the cost of the new asset, so much of the capital gains as bears to the whole of the capital gains, the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 67; or (ii) if the net consideration is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67.	of an asset to be treated as long-term capital asset under section 2(67) read with 2(101). In case the new asset is not held for a minimum period of 2 years, the capital gains exempt earlier should be deemed as income chargeable to tax in the year of transfer of the new asset. This should be the consequence of transfer of new asset before the minimum period of 2 years in all sections [sections 82 to 86 (except section 85)].

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Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		chargeable under the head "Income from house property": [Provided further that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section.] Explanation.—For the purposes of this section,—"net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. (2) Where the assessee purchases, within the period of two years after the date of the transfer of the original asset, or constructs, within the period of three years after such date, any residential house, the income from	shall, subject to the sub-section (8), be deemed to be the cost of the new asset. (4) If the amount deposited under sub-section (2) is not wholly or partly utilised for purchasing or constructing the new asset within the period specified in sub-section (1), then,— (a) the amount determined as per with the following formula shall be charged under section 67 as income of the tax year in which three years from the date of the transfer of the original asset expires:— X - Y, where,— X = the capital gains not charged under section 67 as per sub-section (*1*). Y = the capital gains that would not have been charged under section 67, if the cost of the new asset had been taken to be the	(7) If the new asset is transferred within **two** ~~three~~ years of its purchase or its construction, the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as long-term capital gains of the tax year in which such new asset is transferred.	

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		which is chargeable under the head "Income from house property", other than the new asset, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a), or, as the case may be, clause (b), of sub-section (1), shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such residential house is purchased or constructed. (3) Where the new asset is transferred within a period of three years from the date of its purchase or, as the case may be, its construction, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be	amount actually utilised for purchase or construction of the new asset; (*b*) the assessee shall be entitled to withdraw the unused amount according to the said scheme. (*5*) The provisions of sub-section (*1*) shall not apply, if— (a) the assessee— (*i*) owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or (*ii*) purchases any residential house, other than the new asset, within two years of transfer of the original asset; or (*iii*) constructs any residential house, other than the new asset, within three years of transfer of the original asset; and		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such new asset is transferred. (4) The amount of the net consideration which is not appropriated by the assessee towards the purchase of the new asset made within one year before the date on which the transfer of the original asset took place, or which is not utilised by him for the purchase or construction of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return [such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 139] in an account in any such bank or institution as may be specified in, and utilised in accordance with, any scheme which the Central Government	(*b*) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”. (*6*) If the assessee purchases within two years of the transfer of the original asset, or constructs within three years after such date, any residential house, the income from which is chargeable under the head “Income from house property”, other than the new asset, the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (*1*), shall be charged as long-term capital gains of the tax year in which such residential house is purchased or constructed. (*7*) If the new asset is transferred within three years of its purchase or its construction, the capital gains not charged under section 67 on the basis of cost of such		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		may, by notification in the Official Gazette, frame in this behalf and such return shall be accompanied by proof of such deposit ; and, for the purposes of sub-section (1), the amount, if any, already utilised by the assessee for the purchase or construction of the new asset together with the amount so deposited shall 70[, subject to the second proviso to sub-section (1)] be deemed to be the cost of the new asset : Provided that if the amount deposited under this sub-section is not utilised wholly or partly for the purchase or construction of the new asset within the period specified in sub-section (1), then,— (i) the amount by which— (a) the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of the new asset as provided in clause (a) or, as	new asset as per sub-section (*1*) shall be charged as long-term capital gains of the tax year in which such new asset is transferred. (*8*) If the cost of the new asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for the purposes of sub-section (*1*). (*9*) If the net consideration on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for the purposes of sub-section (*2*). (*10*) In this section, "net consideration" means the full value of the consideration received or accruing as a result of the transfer of the original asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.		

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	**Section No. in the Income-tax Act, 1961**	**Provision in the Income-tax Act, 1961**	**Provision in the Income-tax Bill, 2025**	**Suggested change in the Income-tax Bill, 2025**	**Rationale for change**
		the case may be, clause (b) of sub-section (1), Exceeds (b) the amount that would not have been so charged had the amount actually utilised by the assessee for the purchase or construction of the new asset within the period specified in sub-section (1) been the cost of the new asset, shall be charged under section 45 as income of the previous year in which the period of three years from the date of the transfer of the original asset expires; and (ii) the assessee shall be entitled to withdraw the unutilised amount in accordance with the scheme aforesaid: [Provided further that the net consideration in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.]			

Exemption provisions relating to Capital Gains [Sections 82 to 88 of the Income-tax Bill, 2025]

There can be a single section (say, section 82) for Capital Gains Exemptions contained in sections 82 to 88, wherein the exemptions can be detailed in a Table with appropriate Notes. Thereafter, the conditions are specified by way of Notes and the consequences of non-compliance by way of a separate table in sub-section (2) of the said clause and references to the same can be given in separate columns of the table for ease of reference.

Section 82

82(1) Where an eligible assessee referred to in column B of Table 82.1 transfers the asset referred to in column C and purchases/constructs a new asset referred to in column D within the time allowed in column E, deduction of an amount specified in column F would be allowable subject to fulfillment of conditions mentioned in column G along with the relevant Note in column H.

Table 82.1

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/ net consideration is re-invested)	Time limit for investment/ purchase/ construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
1	Individual or HUF	Capital Asset being buildings or lands appurtenant thereto and being a Residential house	Residential house	Purchase within 1 year before or 2 years after or/and Construction within 3 years after	(i) Capital gains or cost of new asset, whichever is lower (ii) If cost of new asset exceeds Rs.10 crore, the amount exceeding Rs.10 crore would not be taken into account. (iii) If capital gains ≤ Rs.2 crore, the assessee may, at his option, purchase or construct two residential houses in India	Note 1	Refer Sl.No.1 of Table 82.2

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/ net consideration is re-invested)	Time limit for investment/ purchase/ construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
					(iv) Such option can be exercised only for one tax year.		
2	Individual or HUF	Land used for agricultural purposes by the Individual assessee or his parents or the HUF in the two years immediately preceding the transfer	Land for use for agricultural purposes	Purchase within 2 years	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.2 of Table 82.2
3	Any assessee	Transfer by way of Compulsory Acquisition of a capital asset being land or building or any right in land or building, forming part of an industrial undertaking belonging to him	any other land or building or any right in any other land or building purchased; or constructed any other building for shifting or re-establishing the said undertaking or setting up another industrial undertaking	Purchased within two years immediately preceding the date of transfer and within three years after that date	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.3 of Table 82.2

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/ net consideration is re-invested)	Time limit for investment/ purchase/ construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
4	Any assessee	Land or building or both	Notified bonds redeemable after five years	Purchase ~~within 6 months~~ **on or before the due date u/s 263(1)**	Capital gains or cost of new asset, whichever is less	Note 3	Refer Sl.No.4 of Table 82.2
5	Individual or HUF	Long-term capital asset not being a residential house	One residential house in India	Purchase within 1 year before or 2 years after or/and Construction within 3 years after	(i) Where Net consideration is more than cost of new asset = Cost of new asset / Net Consideration x Capital Gains Where Net consideration is equal to or lower than the Cost of new asset, the entire capital gains (ii) If cost of new asset exceeds Rs.10 crore, the amount exceeding Rs.10 crore would not be taken into account	Note 4	Refer Sl.No.5 of Table 82.2

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/ net consideration is re-invested)	Time limit for investment/ purchase/ construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
6	Any Assessee	capital asset, being machinery or plant or building or land or any rights in building or land used for the business of an industrial undertaking situated in an urban area shifting to any non-urban area (new area)	(a) For the Business of the industrial under-taking in new area : (i) Purchased new machinery or plant, (ii)acquired building or land or constructed building (b) shifted the original asset and transferred its establishment to such area; and (c) incurred expenses on such other purpose as specified in a scheme notified by the Central Government for this section,	within one year before or three years after the date of such transfer	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.6 of Table 82.2

Sl. No.	Eligible Assessee	Original asset (asset transferred)	New asset (asset in which capital gains/ net consideration is re-invested)	Time limit for investment/ purchase/ construction (to be reckoned from the date of transfer)	Amount of exemption	Other Conditions to be satisfied (Note below the table)	Consequences of non-compliance
A	B	C	D	E	F	G	H
7	Any Assessee	Capital assets being, machinery or plant or building or land or any rights in building or land used for the business of an industrial undertaking situated in an urban area shifting to any Special Economic Zone in any area	(a) For the Business of the industrial under-taking in such Special Economic Zone (i) purchased machinery or plant, (ii) acquired building or land or constructed building (b) shifted the original asset and transferred the establishment to such Special Economic Zone (c) incurred expenses on such other purposes specified by a scheme notified by the Central Government in this behalf	within one year before or three years after the date of such transfer	Capital gains or cost of new asset, whichever is less	Note 2	Refer Sl.No.7 of Table 82.2

Note		
1	**(i)**	If the capital gains is not used by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then— (a) the unutilised amount shall be deposited in a specified bank or institution and utilise as per the scheme notified by the Central Government; (b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and (c) the proof of deposit shall be submitted along with the return on or before the due date of filing of the return.
	(ii)	If capital gains on transfer of original asset exceeds Rs.10 crore, the amount in excess of Rs.10 crores shall not be taken into account for the purpose of (i) (a) above.
	(iii)	Cost of new asset = Amount utilized for purchase or construction of new asset + amount deposited as per (i) above (subject to maximum of Rs.10 crore)
2	**(i)**	If the capital gains is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then— (a) the unutilized amount shall be deposited not later than the due date for filing the return of income under sub-section (1) of the said section in a specified bank or institution and utilised as per the scheme notified by the Central Government; (b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under the said sub-section; and (c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return.
	(ii)	**Cost of new asset = Amount utilized for purchase/ Construction of new asset + amount deposited as per (i) above**
3	**(i)**	Investment made in the long-term specified asset from capital gain arising from transfer of one or more original asset shall not exceed fifty lakh rupees,— (a) during any tax year; or

		(b) in the year of transfer of the original asset or assets and in the subsequent tax year.
	(ii)	Where the investment in the new asset has been taken into account for sub-section (1), No deduction u/s 123 for any tax year shall be allowed for such investment
4	(i)	If the capital gains is not utilised by the assessee to purchase the new asset within one year before the transfer of the original asset, or is not utilised for the purchase or construction of a new asset before filing the return of income under section 263, then,— (a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government; (b) such deposit shall be made not later than the due date applicable in the case of the assessee for filing the return of income under sub-section (1) of the said section; and (c) the proof of deposit shall be submitted along with the return on or before the due date for filing the return If the net consideration on the transfer of original asset exceeds ten crore rupees, the amount exceeding ten crore rupees, shall not be taken into account for this purpose.
	(ii)	**Cost of new asset = Amount utilized for purchase / construction of new asset + amount deposited as per (i) above**
	(iii)	Exemption under Sl. No.5 of the Table in sub-section (1) shall not apply, if— (a) the assessee, other than new asset — (i) owns more than one residential house, on the date of transfer of the original asset; or (ii) purchases any residential house, within two years of transfer of the original asset; or (iii) constructs any residential house, within three years of transfer of the original asset; and (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”

(2) Where an eligible assessee who has availed any deduction under sub-section (1) fails to comply with the stipulated conditions, the consequence of such non-compliance would be as per column (C) of the table below -

Table 82.2

S. No.	Consequences of Non-compliance		
1.	**A**	**B**	**C**
		Failure to comply with the stipulated conditions	**Consequences of non-compliance**
	(a)	Transfer of the new asset within **two** ~~three~~ years of its purchase or construction.	**The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred**
			~~For computing capital gains on transfer of new asset,~~
	~~(i)~~	~~Where the capital gains on transfer of original asset exceeds the cost of the new asset~~	~~the cost shall be nil~~
	~~(ii)~~	~~Where the cost of the new asset exceeds the capital gains on transfer of the original asset.~~	~~The cost shall be reduced by the amount of the capital gains.~~
	(b)	If the amount deposited (Refer Note 1. (i)) is not fully utilised for purchasing or constructing the new asset within the period specified in Sl No.1 column E of the table in sub-section (1)	(a) the unutilized amount shall be charged to tax under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
	(c)	If during any tax year, the assessee has exercised the option mentioned in (iii) of Column F in Sl No.1 of the table in sub-section (1)	He shall not be entitled to exercise such option for the same tax year or any other tax year.

2.

	Particulars	Consequences of non- compliance
(a)	Transfer of the new asset within **two** ~~three~~ years of its purchase	**The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred**
		~~For computing capital gains on transfer of new asset,~~
~~(i)~~	~~Where the capital gains on transfer of original asset exceeds the cost of the new asset~~	~~The cost shall be nil~~
~~(ii)~~	~~Where the cost of new asset exceeds the capital gains on transfer of the original asset~~	~~The cost shall be reduced by the amount of the capital gains.~~
(b)	If the amount deposited (Note 2(i)) is not fully utilized for purchase of the new asset within the period specified in Sl No.2, column E of the table in sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which two years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the scheme referred to in Note 2(i).

3.

	Particulars	Consequences of non-compliance
(a)	Transfer of the new asset within **two** ~~three~~ years of its purchase/ construction	**The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred**
		~~For computing capital gains on transfer of new asset,~~

	~~(i)~~	~~Where the capital gains on transfer of original asset exceeds the cost of the new asset~~	~~The cost shall be nil; or~~
	~~(ii)~~	~~Where the cost of new asset exceeds the capital gains on transfer of the original asset~~	~~The cost shall be reduced by the amount of the capital gains~~
	(b)	If the amount deposited [Note 2] is not fully utilised for the purchase or construction of the new asset within the period specified in Sl No.3 Column E of the table in sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which three years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
4.		**Particulars**	**Consequences of non-compliance**
	(a)	Transfer or conversion (otherwise than by transfer) of new asset into money within five years of its acquisition,	The capital gains not charged under section 67 as per sub-section (1), shall be deemed to be income chargeable as long-term capital gains in the tax year of its transfer or conversion.
	(b)	If any loan or advance taken on the security of the new asset	It is regarded as transfer of new asset on the date of such loan or advance
5.		**Particulars**	**Consequences of non-compliance**
	(a)	If the amount deposited [Note 4(i)] is not wholly or partly utilised for purchasing or constructing the new asset within the period specified in Column (E) of Sl. No.5 of the Table in sub-section (1)	(a) the amount determined as per with the following formula shall be charged under section 67 as income of the tax year in which three years from the date of the transfer of the original asset expires:— X - Y,

			where,— X = the capital gains not charged under section 67 as per sub-section (1) Y = the capital gains that would not have been charged under section 67, if the cost of the new asset had been taken to be the amount actually utilised for purchase or construction of the new asset; (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
	(b)	If the assessee purchases within two years of the transfer of the original asset, or constructs within three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset,	the capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1), shall be charged as long-term capital gains of the tax year in which such residential house is purchased or constructed.
	(c)	Transfer of the new asset within **two** ~~three~~ years of its purchase / construct	The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as long-term capital gains of the tax year in which such new asset is transferred
6.		**Particulars**	**Consequences of non-compliance**
	(a)	Transfer of the new asset within **two** ~~three~~ years of its being purchased, acquired, constructed or transferred	**The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred**
			~~For computing capital gains on transfer of new asset,~~
	~~(i)~~	~~Where the capital gains on transfer of original asset exceeds the cost of the new asset~~	~~the cost shall be nil~~

	~~(ii)~~	~~Where the cost of new asset exceeds the capital gains on transfer of the original asset~~	~~The cost shall be reduced by the amount of the capital gains~~
	(b)	If the amount deposited (See Note 2) is not wholly or partly utilized for the new asset within the period specified in Sl. No.6, in column E of sub-section (1)	(a) the unutilized amount shall be charged under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.
7.		**Particulars**	**Consequences of non-compliance**
	(a)	Transfer of the new asset within **two** ~~three~~ years of its being purchased, acquired, constructed or transferred	**The capital gains not charged under section 67 on the basis of cost of such new asset as per sub-section (1) shall be charged as capital gains of the tax year in which such new asset is transferred**
			~~For computing capital gains on transfer of new asset,~~
	~~(i)~~	~~Where the capital gains on transfer of original asset exceeds the cost of the new asset~~	~~the cost shall be nil~~
	~~(ii)~~	~~Where the cost of new asset exceeds the capital gains on transfer of the original asset~~	~~The cost shall be reduced by the amount of the capital gains~~
	(b)	If the amount deposited [Note 2] is not wholly or partly utilised for the new asset within the period specified in Sl. No.7 Column E of sub-section (1)	(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which the period of three years from the date of the transfer of the original asset expires; and (b) the assessee shall be entitled to withdraw the unused amount according to the said scheme.