



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

**MEMORANDUM OF SUGGESTIONS**  
**ON**  
**THE INCOME TAX BILL, 2025**  
**(PART – 2)**



**INDEX**

**SPECIFIC CLAUSE-WISE SUGGESTIONS**

**PART - 2 (Chapters V to XIII)**

CHAPTER NO.	CHAPTER NAME		SECTIONS COVERED IN THE CHAPTER	PAGE NO.
<b>V</b>	<b>Income of Other Persons, included in Total Income of Assessee</b>		<b>96 to 100</b>	<b>337 to 346</b>
<b>VI</b>	<b>Aggregation of Income</b>		<b>101 to 107</b>	<b>347 to 360</b>
<b>VII</b>	<b>Set Off, or Carry Forward and Set Off of Losses</b>		<b>108 to 121</b>	<b>361 &amp; 362</b>
<b>VIII</b>	<b>Deductions to be made in computing Total Income</b>		<b>122 to 154</b>	<b>363 to 468</b>
	A	General	122	363
	B	Deductions in respect of certain payments	123 to 137	364 to 381
	C	Deductions in respect of certain incomes	138 to 152	382 to 468
<b>IX</b>	<b>Rebates and Reliefs &amp; Double Taxation Relief</b>		<b>155 to 160</b>	<b>469 to 489</b>
	A	Rebates and Reliefs	155 to 158	469 to 474
	B	Double Taxation Relief	159 & 160	475 to 489
<b>X</b>	<b>Special Provisions relating to Avoidance of Tax</b>		<b>161 to 177</b>	<b>490 to 513</b>
<b>XI</b>	<b>General Anti-Avoidance Rule</b>		<b>178 to 184</b>	<b>514 to 518</b>

CHAPTER NO.	CHAPTER NAME		SECTIONS COVERED IN THE CHAPTER	PAGE NO.
<b>XII</b>	<b>Mode of Payment in Certain Cases, etc.</b>		<b>185 to 189</b>	<b>519 to 536</b>
<b>XIII</b>	<b>Determination of Tax in Special Cases</b>		<b>190 to 235</b>	<b>537 to 627</b>
	A	Determination of tax in certain special cases	190 to 195	537 to 551
	B	Special provisions relating to tax on capital gains	196 to 198	552 to 556
	C	New tax regime	199 to 205	557 to 569
	D	Special provisions relating to minimum alternate tax and alternate minimum tax	206	570 to 596
	E	Special provisions relating to non-residents and foreign company	207 to 220	597 to 618
	F	Special provisions relating to pass-through entities	221 to 224	619 & 620
	G	Special provisions relating to income of shipping companies	225 to 235	621 to 627



## CHAPTER V

### INCOME OF OTHER PERSONS, INCLUDED IN TOTAL INCOME OF ASSESSEE

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
97	62	<p><b>Transfer irrevocable for a specified period.</b></p> <p>(1) The provisions of section 61 shall not apply to any income arising to any person by virtue of a transfer —</p> <p>(i) by way of trust which is not revocable during the lifetime of the beneficiary, and, in the case of any other transfer, which is not revocable during the lifetime of the transferee; or</p> <p>(ii) made before the 1st day of April, 1961, which is not revocable for a period</p>	<p><b>Chargeability of income in transfer of assets –</b></p> <p>(2) The provisions of sub-section (1) shall not apply, if such transfer—</p> <p>(a) is by way of trust which is not revocable during the lifetime of the beneficiary; or</p> <p>(b) and in case of any other transfer, is not revocable during the lifetime of the transferee, and the transferor does not derive any direct or indirect benefit from such income in cases referred to in clauses (a)</p>	<p>Sub-section (2) of section 97 may be reworded as given below -</p> <p>(2) The provisions of sub-section (1) shall not apply, if such transfer—</p> <p>(a) is by way of trust which is not revocable during the lifetime of the beneficiary; or</p> <p>(b) <del>and</del> in case of any other transfer, is not revocable during the lifetime of the transferee, and the transferor does not derive any direct or indirect benefit from such income in cases referred to in clauses (a) and (b).</p>	<p>In section 97(2)(b), the word “and” is appearing at the beginning of the sentence, which may be deleted.</p>



The Institute of Chartered Accountants of India

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
		<p>exceeding six years :</p> <p>Provided that the transferor derives no direct or indirect benefit from such income in either case.</p> <p>(2) Notwithstanding anything contained in sub-section (1), all income arising to any person by virtue of any such transfer shall be chargeable to income-tax as the income of the transferor as and when the power to revoke the transfer arises, and shall then be included in his total income.</p>	<p>and (b).</p> <p>(3) Irrespective of the provisions of sub-section (2), all income arising to any person by virtue of such transfer shall be chargeable to income-tax as income of the transferor as and when the power to revoke such transfer arises, and shall then be included in his total income.</p>		



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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
99	64	<b>Income of individual to include income of spouse, minor child, etc.</b>	<b>Income of individual to include income of spouse, minor child, etc.</b>		
		<p>(1) In computing the total income of any individual, there shall be included all such income as arises directly or indirectly—</p> <p>(ii) to the spouse of such individual by way of salary, commission, fees or any other form of remuneration whether in cash or in kind from a concern in which such individual has a substantial interest :</p> <p>Provided that nothing in this clause shall apply in relation to</p>	<p>(1) The total income of any individual, for a tax year, shall include the income arising directly or indirectly,—</p> <p>(a) to the spouse,—</p> <p>(i) by way of salary, commission, fees or any other form of remuneration, whether in cash or kind, from a concern in which such individual has a substantial interest but shall not exclude income solely attributable to the application of technical or professional knowledge, experience and</p>	<p>In section 99(1)(a)(i), the phrase “but shall not exclude income” should be substituted with “but shall not <b>include</b> income”</p> <p>The sub-section may be redrafted as follows -</p> <p>(1) The total income of any individual, for a tax year, shall include the income arising directly or indirectly,—</p> <p>(a) to the spouse,—</p> <p>(i) by way of salary, commission, fees or any other form of remuneration, whether in cash or</p>	<p>Section 99(1)(a)(i) uses the word “exclude” instead of “include”, which conveys the converse meaning.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>any income arising to the spouse where the spouse possesses technical or professional qualifications and the income is solely attributable to the application of his or her technical or professional knowledge and experience ;</p> <p>(iv) subject to the provisions of clause (i) of section 27, to the spouse of such individual from assets transferred directly or indirectly to the spouse by such individual otherwise than for adequate consideration or in connection with an agreement to live apart;</p> <p>(vii) to any person or association of persons from assets transferred directly or</p>	<p>professional qualification of the spouse;</p> <p>(ii) from assets transferred directly or indirectly to him or her by such individual otherwise than for adequate consideration or in connection with an agreement to live apart, subject to the provisions of section 25(a);</p> <p>(iii) from assets transferred directly or indirectly to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the spouse;</p>	<p>kind, from a concern in which such individual has a substantial interest but shall not <del>exclude</del> <b>include</b> income solely attributable to the application of technical or professional knowledge, experience and professional qualification of the spouse;</p>	



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>indirectly otherwise than for adequate consideration to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his or her spouse; and</p> <p>(vi) to the son's wife, of such individual, from assets transferred directly or indirectly on or after the 1st day of June, 1973, to the son's wife by such individual otherwise than for adequate consideration;</p> <p>(viii) to any person or association of persons from assets transferred directly or indirectly on or after the 1<sup>st</sup> day of June, 1973, otherwise than</p>	<p>(b) to the son's wife,—</p> <p>(i) from assets transferred directly or indirectly on or after the 1st June, 1973, to her by such individual, otherwise than for adequate consideration; or</p> <p>(ii) from assets transferred directly or indirectly on or after the 1st June, 1973, to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the son's wife;</p>	<p>Clause (b) of section 99(1) may be deleted.</p> <p><del>(b) to the son's wife,—</del></p> <p><del>(i) from assets transferred directly or indirectly on or after the 1st June, 1973, to her by such individual, otherwise than for adequate consideration; or</del></p> <p><del>(ii) from assets transferred directly or indirectly on or after the 1st June, 1973, to any person or association of persons otherwise than for adequate consideration to the extent to which the income from such assets is for the immediate or deferred benefit of the son's wife;</del></p>	<p>The clubbing provisions not to apply in respect of assets transferred to son's wife, since this provision is very gender-specific and is inconsistent with the other measures of the Government to encourage property ownership by women.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		for adequate consideration, to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his son's wife.		.	
		<p><b>(1A)</b> In computing the total income of any individual, there shall be included all such income as arises or accrues to his minor child, not being a minor child suffering from any disability of the nature specified in section 80U :</p> <p>Provided that nothing contained in this sub-section shall apply in respect of such income as arises or accrues to the minor child on</p>	(c) to the minor child of the individual but shall not include in the total income of the individual where the income arising or accruing to the minor child is from manual work done by such child, or from activities where his skill, talent, specialised knowledge or experience is applied, or where such minor child is suffering from disability of the nature	Clause (c) may be re-numbered as clause (b)	Consequent to the suggestion to remove clause (b), clause (c) may be re-numbered as clause (b).



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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 of any— (a) manual work done by him; or (b) activity involving application of his skill, talent or specialised knowledge and experience.	specified in section 154.		
		<b>Explanation 3 to section 64(1)</b> For the purposes of clauses (iv) and (vi), where the assets transferred directly or indirectly by an individual to his spouse or son's wife (hereafter in this Explanation referred to as "the transferee") are invested by the transferee, — (i) in any business, such investment being not in the	(2) If the asset transferred under sub-section (1)(a) or (b) is invested by the spouse or son's wife, in any business or capital contributed as a partner in a firm, or, as the case may be, for being admitted to the benefits of partnership in a firm, then, the income to be included in the hands of the individual for the tax year shall be as follows:—	In the opening part of sub-section (2), reference to "or (b)" and reference to "son's wife" at all places in sub-section (2) be removed.  Sub-section (2) may be reworded as follows –  (2) If the asset transferred under sub-section (1)(a) <del>or (b)</del> is invested by the spouse <del>or son's wife</del> , in any business or capital contributed as a partner in a firm, or, as the case may	The clubbing provisions not to apply in respect of assets transferred to son's wife, since this provision is very gender-specific and is inconsistent with the other measures of the Government to encourage property ownership by women.



The Institute of Chartered Accountants of India

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		<p>nature of contribution of capital as a partner in a firm or, as the case may be, for being admitted to the benefits of partnership in a firm, that part of the income arising out of the business to the transferee in any previous year, which bears the same proportion to the income of the transferee from the business as the value of the assets aforesaid as on the first day of the previous year bears to the total investment in the business by the transferee as on the said day;</p> <p>(ii) in the nature of contribution of capital as a partner in a firm, that part of the interest receivable by the transferee</p>	<p><math>A=B \times (C/D)</math></p> <p>where,—</p> <p>A = Income to be included in the hands of individual for the tax year;</p> <p>B = Income and interest or both, arising to the spouse or son's wife from the business or the firm, as applicable during the tax year;</p> <p>C = Value of such assets invested, or contributed as capital by the spouse or son's wife as on the first day of the tax year;</p> <p>D = Total investment or total capital contribution, as the case may be, by the spouse or son's wife as on the day for which A</p>	<p>be, for being admitted to the benefits of partnership in a firm, then, the income to be included in the hands of the individual for the tax year shall be as follows:—</p> <p><math>A=B \times (C/D)</math></p> <p>where,—</p> <p>A = Income to be included in the hands of individual for the tax year;</p> <p>B = Income and interest or both, arising to the spouse <del>or son's wife</del> from the business or the firm, as applicable during the tax year;</p> <p>C = Value of such assets invested, or contributed as capital by the spouse <del>or son's wife</del> as on the first day of the tax year;</p> <p>D = Total investment or total capital</p>	



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		from the firm in any previous year, which bears the same proportion to the interest receivable by the transferee from the firm as the value of investment aforesaid as on the first day of the previous year bears to the total investment by way of capital contribution as a partner in the firm as on the said day, shall be included in the total income of the individual in that previous year.	is being computed.	contribution, as the case may be, by the spouse <del>or son's wife</del> as on the day for which A is being computed.	
		<b>Explanation 1 to section 64(1A)</b> Explanation. —For the purposes of this sub-section, the income of the minor child shall be included,— (a) where the marriage of his	(b) for sub-section (1)(d), income of minor child shall be included— (i) in the income of that parent whose total income before such inclusion is greater in case	In section 99(5)(b), the reference to sub-section (1)(d) may be changed to sub-section <b>(1)(b)</b> , <b>consequent to the changes suggested in section 99(1)</b> . The opening part of section 99(5)(b) be modified as follows –	Reference has wrongly been made to sub-section 1(d) instead of sub-section 1(c). Further, consequent to changes suggested in section 99(1), it will be 1(b).



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>parents subsists, in the income of that parent whose total income (excluding the income includible under this sub-section) is greater; or</p> <p>(b) where the marriage of his parents does not subsist, in the income of that parent who maintains the minor child in the previous year, and where any such income is once included in the total income of either parent, any such income arising in any succeeding year shall not be included in the total income of the other parent, unless the Assessing Officer is satisfied, after giving that parent an opportunity of being heard, that it is necessary so to do.</p>	<p>where the marriage of his parents subsists; or</p> <p>(ii) in the income of the parent who maintains such child during the tax year in case where marriage of his parents does not subsist, and such income, once included in the total income of either parent, for a tax year, shall not be included in the income of the other parent for any succeeding tax year, unless the Assessing Officer is so satisfied, after giving the other parent an opportunity of being heard;</p>	<p>(b) for sub-section <del>(1)(a)</del> (1)(b), income of minor child shall be included—</p> <p>-</p>	



## CHAPTER VI

### AGGREGATION OF 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
102	68	<b>Cash credits.</b>	<b>Unexplained credits.</b>		
		Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the	(1) Where any sum is found credited in the books of account maintained by the assessee for any tax year, and— (a) the assessee offers no explanation about the nature and source of such credit; or (b) the explanation offered by assessee is not satisfactory in the opinion of the Assessing Officer, then, the sum so credited shall be charged to income-tax as income of the assessee of that tax year. (2) If the sum so credited consists of loan or borrowing, or any such amount, by	In sub-section (1), it is suggested that “shall” be replaced with “may”.	1. The suggestion would restore the language as currently existing in the Income-tax Act, 1961. 2. The Income-tax Bill, 1961 contained the word “shall”. The Select Committee on the Income-tax Bill, 1961 vide its report dated 10th August 1961, recommended to amend the word “shall” to “may” in order to enable the Assessing Officer to assess any third person, in case it is found that the sum credited in the books belonged to the said third person and not the assessee.



The Institute of Chartered Accountants of India

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
		<p>income of the assessee of that previous year :</p> <p>Provided that where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, any explanation offered by such assessee shall be deemed to be not satisfactory, unless,—</p> <p>(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and</p>	<p>whatever name called, the explanation offered by such assessee shall be deemed to be not satisfactory, unless—</p> <p>(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory.</p> <p>(3) If the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium, or any such amount, by whatever name called, the explanation offered by such</p>		<p>The Committee further mentioned the fact that explanation offered by the assessee is not satisfactory should not invariably force the Assessing Officer to treat it as income of the assessee. [Also cited in Sampath Iyer's Law of Income Tax Commentary; 13th Edition, Volume 5; Page 7717]</p> <p>3. The provision of this Chapter, being subject to higher tax incidence, should apply to special cases where the assessee is unable to provide satisfactory explanation regarding the credit in the books or investments or other assets. Use of the phrase "may" would leave the discretion to the authorities to consider all the circumstances</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:</p> <p>Provided further that where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be</p>	<p>assessee company shall be deemed to be not satisfactory, unless—</p> <p>(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory.</p> <p>(4) Nothing contained in sub-section (2) or (3) shall apply if the person, in whose name the sum referred to in those sub-sections is recorded, is a venture capital fund or a venture capital company as referred to in Schedule V (Table: Sl. No. 6).</p>		<p>and decide whether to treat the credit in question as income or not.</p> <p>4. Using the term “may” in any case, will not dilute the powers of the Assessing Officer to assess the unexplained credit as income of the assessee.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>deemed to be not satisfactory, unless—</p> <p>(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and</p> <p>(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:</p> <p>Provided also that nothing contained in the first proviso or second proviso shall apply if the</p>			



The Institute of Chartered Accountants of India

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		person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10.			
103	69	<b>Unexplained investments.</b>	<b>Unexplained investment.</b>		
		Where in the financial year immediately preceding the assessment year the assessee has made investments which are not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers	Where in any tax year, any investment has been made by the assessee which is not recorded in the books of account, if any, maintained by such assessee, or, the Assessing Officer finds that the amount of such investment exceeds the amount recorded in such books of account where the investment is found recorded, and the assessee—	It is suggested that “shall” could be replaced with “may”.  In the opening part the phrase “where the investment is found recorded” may be deleted	Same rationale as provided under clause 102 above.  Furthermore, clauses 103, 104 and 105 can be merged into a single section (shown at the end of this chapter).



The Institute of Chartered Accountants of India

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		no explanation about the nature and source of the investments or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the value of the investments may be deemed to be the income of the assessee of such financial year.	(a) offers no explanation about the nature and source of such investment, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such investment, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of that tax year.		
104	69A	<b>Unexplained money, etc</b>	<b>Unexplained asset</b>		
		Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such	(1) Where in any tax year, any asset has been found to be owned by <b>or belonging to</b> the assessee which is not recorded in the books of account, if any, maintained by such assessee, or the Assessing Officer finds that the amount of such	In sub-section (1), it is suggested that “shall” could be replaced with “may”.  The phrase “where the asset is found recorded” may be deleted.	Same rationale as provided under clause 102 above.  Furthermore, clauses 103, 104 and 105 can be merged into a single



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the	asset exceeds the amount recorded in such books of account where the asset is found recorded, and the assessee— (a) offers no explanation about the nature and source of acquisition of such asset, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such asset, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of the tax year in which such asset has been found to be owned by, or belonging to, the assessee.	In sub-section (1), the phrase “or belonging to” may be deleted. Sub-section (1) may be reworded as given below - (1) Where in any tax year, any asset has been found to be owned by <del>or belonging to</del> the assessee which is not recorded in the books of account, if any, maintained by such assessee, or the Assessing Officer finds that the amount of such asset exceeds the amount recorded in such books of account <del>where the asset is found recorded</del> , and the assessee— (a) offers no explanation about the nature and source of acquisition of such asset, or such excess amount, as the case may be; or (b) the explanation offered by the assessee, is not satisfactory in the opinion of the	section (shown at the end of this chapter). While section 69A deems unexplained money etc. of which the assessee is found to be the owner as deemed income, section 104 deems any asset found to be owned by <b>or belonging to</b> the assessee as deemed income. The words “or belonging to” has been added in this deeming provision. It is not clear how “or belonging to” differs from “owned by”. <b>To avoid litigation on this account and further exercise of discretionary power by the Assessing Officer, the words “or belonging to” may be deleted.</b>



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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
		income of the assessee for such financial year.	(2) In this section, “asset” includes money, bullion, jewellery, virtual digital asset or other valuable article.	<p>Assessing Officer, then, the value of such asset, or such excess amount, as the case may be, <del>shall</del> <b>may</b> be deemed to be the income of the assessee of the tax year in which such asset has been found to be owned by, or belonging to, the assessee.</p> <p>It is suggested that definition of “asset” uses the word “means” in place of “includes”.</p> <p>(2) In this section, “asset” <del>includes</del> <b>means</b> money, bullion, jewellery, virtual digital asset or other valuable article.</p>	<p>1. Suggested language of the definition of “asset” means money, bullion, jewellery, virtual digital asset or other valuable article.</p> <p>2. The amendment is suggested considering that the term “other valuable article” already includes any other valuable asset which is either not recorded in</p>



The Institute of Chartered Accountants of India

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
					<p>the books or are recorded at a lower value. Also, Clause 103 already covers all investments by the taxpayer.</p> <p>3. All the sin assets are already listed and a open ended scope of a punitive section levying high rate of tax is not desirable. A more clear and exhaustive definition is always preferred for such a provision.</p>
105	69C	<b>Unexplained expenditure, etc.</b>	<b>Unexplained expenditure.</b>		
		Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part	<p>(1) Where any expenditure has been incurred by the assessee in any tax year, and—</p> <p>(a) the assessee offers no explanation about the source of such expenditure or part thereof; or</p>		



The Institute of Chartered Accountants of India

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
		<p>thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year :</p> <p>Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the</p>	<p>(b) the explanation offered by the assessee is not satisfactory in the opinion of the Assessing Officer, then, the amount covered by such expenditure or part thereof, shall be deemed to be the income of the assessee for that tax year.</p> <p>(2) Irrespective of any other provision of this Act, the amount deemed as income in sub-section (1) shall not be allowed as a deduction under this Act.</p>	<p>It is suggested that the term “shall” be replaced with “may”.</p>	<p>Same rationale as provided under clause 102 above.</p> <p>Furthermore, clauses 103, 104 and 105 can be merged into a single section (shown at the end of this chapter).</p>



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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
		assessee shall not be allowed as a deduction under any head of income.			
107	68 to 69D & 115BBE	<b>Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D or 115BBE.</b>	<b>107. Charge of tax.</b>		
		(1) Where the total income of an assessee,— (a) includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under	Income referred to in sections 102, 103, 104, 105 and 106 shall be charged to tax as per the provisions of section 195. <b>195. Tax on income referred to in section 102 or 103 or 104 or 105</b> (1) Where the total income of an assessee— (a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return	Section 195 to be amended to reduce the rate of tax to 30%. <b>195. Tax on income referred to in section 102 or 103 or 104 or 105</b> (1) Where the total income of an assessee— (a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return of income furnished under	Post demonetisation on 8th November, 2016, vide the Taxation Laws (Second Amendment) Act, 2016, which came into force on 15th December, 2016, section 115BBE of the Income-tax Act, 1961 was substituted w.e.f. A.Y. 2017-18, increasing the amount of tax on income referred to in section



The Institute of Chartered Accountants of India

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
		<p>section 139; or (b) determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of sixty per cent; and (ii) the amount of income-tax with which the assessee would have been chargeable had his total</p>	<p>of income furnished under section 263; or (b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of 60%; and (ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).</p>	<p>section 263; or (b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a), the income-tax payable shall be the aggregate of— (i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of <del>60%</del> <b>30%</b>; and (ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).</p>	<p>68/69/69A/69B/69D to 60% plus surcharge@25% on such tax and cess@4% on tax and surcharge. The effective rate of tax is 78%.</p> <p>Further, penalty@10% on such tax computed is leviable u/s 271AAC, if the income is not included by the assessee in the return. This provision which was introduced 7 years back post demonetisation, needs to be relooked, considering that section 68 to 69D can be invoked if the explanation given by the assessee is not satisfactory in the opinion of Assessing Officer.</p> <p>It is suggested that the rate of tax u/s 195 of the Income-tax Bill, 2025 be rationalized. It may be kept @ 30%. Penalty under section 443 of the Income-tax Bill@10%</p>



The Institute of Chartered Accountants of India

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 been reduced by the amount of income referred to in clause (i).  (2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) and clause (b) of sub-section (1).			of tax payable under section 195(1)(i) may continue.



**Consolidation of sections related to deemed income - undisclosed investment/ asset/expenditure in one clause to minimize litigation**

Sections 103, 104 and 105 containing the provisions pertaining to undisclosed investment, asset and expenditure, can be consolidated in a single section which can read as under -

- (i) Where in any tax year,
  - (a) any investment has been made by the assessee,
  - (b) any asset has been found to be owned by ~~or belonging to~~ the assessee
  - (c) any expenditure has been incurred by the assessee.

which is not recorded in the books of account, if any, maintained by such assessee, or, the Assessing Officer finds that the amount of such investment or asset, exceeds the amount recorded in such books of account where the investment, or asset is found recorded, and the assessee :

- a. offers no explanation about the nature and source of such investment, or acquisition of asset, or such excess amount, as the case may be; or
- b. offers no explanation about the nature and source of such expenditure of part thereof or
- c. the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, then, the value of such investment or asset, or such excess amount, or the amount covered by such expenditure or part thereof, as the case may be, ~~shall~~**may** be deemed to be the income of the assessee for that tax year;

- (ii) Irrespective of any other provision of this Act, the amount of expenditure deemed as income in sub-section (1) shall not be allowed as a deduction under this Act.
- (iii) For the purposes of this section, “Asset” ~~includes~~ **means** money, bullion, jewellery, virtual digital asset or other valuable article.

Such consolidation in a single section will help avoid unnecessary litigation as to which category the amount not recorded in the books of account falls. Cash credits recorded in books of account and amount borrowed or repaid on Hundi can continue to be retained as a separate sections.



## CHAPTER VII

### SET OFF, OR CARRY FORWARD AND SET OFF OF LOSSES

The provisions of the Income-tax Act, 1961 and the corresponding sections of the Income-tax Bill, 2025 contain several restrictions for set-off, like business loss is not permitted to be set-off against salary income, capital losses are not permitted to be set off against income under any other head, loss from house property can be set-off against income under any other head only to the extent of Rs.2 lakh and so on. In effect, due to such restrictions, the taxpayer is put to hardship since he has to pay the taxes even though he has incurred losses.

In order to address this concern, it is suggested that inter-head set-off of losses be permitted without restriction, with the exception in cases of certain losses, like losses from speculation business or losses from the activity of owning and maintaining race horses or online gaming, which may be spelt out as exceptions. This would be in line with the principle of taxation of real income after set-off of losses and would relieve the burden of the taxpayers. This would also simplify the complex set-off provisions spread across many clauses of the Bill.

In case of capital losses, however, long-term capital loss would have to be first set-off against long-term capital gains, then, against short-term capital gains and the balance against other income; short-term capital loss would have to be first set-off against short-term capital gains, then, against long-term capital gains and the balance against other income.

Accordingly, the new section combining the provisions of sections 108 to 112 of the Income-tax Bill, 2025 may be as given below -

#### **108. Set-off and carry forward of losses**

- (1) Unless provided otherwise in this Act, for any tax year, if net result of computation from any source under any head of income is a loss, then, assessee shall be entitled to set off such loss against his income from any other source under the same head for that tax year.
- (2) Subject to the provisions of this Chapter, for any tax year, if income computed under any head of income is a loss, such loss may be set off against income of the assessee under any other head, subject to the following conditions:—
  - (i) Loss under the head “capital gains” arising from transfer of a long-term capital asset shall be first set-off against capital gains, if any, from transfer of any other long-term capital asset during the tax year;
  - (ii) Loss under the head “capital gains” arising from transfer of a short-term capital asset shall be first set-off against capital gains, if any, from transfer of any other short-term capital asset during the tax year;
  - (iii) Loss, if any, under the head “capital gains” after set-off as per (i) and (ii) above shall be set-off against capital gains from transfer of any capital asset; and



(iv) Loss, if any, under the head “capital gains” after set-off as per (i), (ii) and (iii) above may be set-off against income under any other head.

(3) The unabsorbed loss under any head for any tax year shall be carried forward to the subsequent tax year, and shall be set-off against income under the same head, if any, computed for such subsequent tax year, and so on.

(4) The unabsorbed loss referred to in (3) above shall be carried forward to the following tax year, not being more than eight tax years immediately succeeding the tax year in which such loss was first computed.

(5) Notwithstanding anything contained in preceding sub-sections –

- (a) Any loss computed from a speculation business referred to in section 113 carried on by the assessee, during any tax year, shall be set off only against profits and gains, if any, of another speculation business for the said tax year.
- (b) Any loss computed from a specified business referred to in section 114 carried on by the assessee, during any tax year, shall be set off only against profits and gains, if any, of any other specified business for the said tax year.
- (c) Any loss incurred by the assessee in the specified activity referred to in section 115 during any tax year, shall not be set off against the income, if any, from any source other than specified activity for the said tax year.
- (d) The carry forward of unabsorbed losses of speculation business, specified business and specified activity shall be governed by the provisions of sections 113, 114 and 115, respectively.
- (e) No loss can be set off against income chargeable under section **194 [Sr. No. 1, Sr. No. 4 and Sr. No. 5 of the Table thereunder]**.
- (f) Only the loss which has been determined in pursuance of return filed in accordance with the provisions of Section 263 shall be carried forward to subsequent years subject to fulfilment of conditions laid down in this section and the provisions of this Chapter.



## CHAPTER VIII

### DEDUCTIONS TO BE MADE IN COMPUTING 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
<b>A.—General</b>					
122	80A	<p><b>Deductions to be made in computing total income.</b></p> <p><b>80A.</b> (1) In computing the total income of an assessee, there shall be allowed from his gross total income, in accordance with and subject to the provisions of this Chapter, the deductions specified in sections 80C to 80U.</p> <p>(2) The aggregate amount of the deductions under this Chapter shall not, in any case, exceed the gross total income of the assessee.</p>	<p><b>Deductions to be made in computing total income</b></p> <p>121 (1) In computing the total income of an assessee, the deductions specified in this Chapter shall be allowed from his gross total income, as per and subject to the provisions of this Chapter.</p>	<p>Section No. “121” be substituted by “122”</p> <p><del>121</del> <b>122</b> (1) In computing the total income of an assessee, the deductions specified in this Chapter shall be allowed from his gross total income, as per and subject to the provisions of this Chapter.</p>	<p>There is an inadvertent typographical error here that may be rectified from 121 to 122 in the Income-tax Bill, 2025.</p>



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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
<b>B.—Deductions in respect of certain payments</b>					
124	80CCD	<p><b>Deduction in respect of contribution to pension scheme of Central Government.</b></p> <p><b>80CCD.</b> (1) Where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer, or any other assessee, being an individual has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited as does not exceed,—</p>	<p><b>Deduction in respect of Employer contribution to pension scheme of Central Government.</b></p> <p><b>124.</b> (1) Where in the case of an assessee, being an individual employed by any employer, if an employer makes any contribution in his account under a pension scheme notified by the Central Government, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by such employer as does not exceed—</p> <p>(a) 14%, where such contribution is made by the employer being the Central Government or the State Government; and</p> <p>(b) 10%, where such contribution is made by an employer other than an employer</p>		



The Institute of Chartered Accountants of India

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
		<p>(a) in the case of an employee, ten per cent of his salary in the previous year; and</p> <p>(b) in any other case, twenty per cent of his gross total income in the previous year.</p> <p>(1A) [***]</p> <p>(1B) An assessee referred to in sub-section (1), shall be allowed a deduction in computation of his total income, whether or not any deductions is allowed under sub-section (1), of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees:</p> <p>Provided that no deduction under this sub-section shall be allowed in respect of the amount on which a deduction has been claimed and allowed under sub-section (1).</p>	<p>referred to in clause (a), of his salary in the tax year.</p> <p>(2) Where the total income of the assessee is chargeable to tax under section 202(1), the provisions of sub-section (1) shall have effect as if for “10%” referred to in clause (b) of that sub-section, “14%” had been substituted.</p> <p>(3) An assessee referred to in sub-section (1), or any other assessee, being an individual, shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited in the tax year in his account under a pension scheme notified or as notified by the Central Government, which shall not exceed fifty thousand rupees.</p> <p>(4) The deduction under sub-section (3) shall also be allowed where any payment or deposit is made to the account of a minor under the said pension scheme, by the</p>	<p><b>Deduction in respect of Employer contribution to pension scheme of Central Government.</b></p> <p><b>Sub-section (3) may be reworded as below to reflect the correct intent -</b></p> <p>(3) An assessee referred to in sub-section (1), or any other assessee, being an individual, shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited <b>by such individual</b> in the tax year in his account under a pension scheme notified or as notified by the Central Government, which shall not exceed fifty thousand rupees.</p>	<p>The heading of this section is “Deduction in respect of Employer’s contribution to pension scheme of Central Government”.</p> <p>Sub-section (1) of section 124 provides deduction in respect of employer contribution to pension scheme of Central Government.</p> <p>Sub-section (3) and (4) provide deduction for assessee’s contribution to pension scheme of Central Government in his account and minor’s account,</p>



The Institute of Chartered Accountants of India

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
		<p>Provided further that the deduction under this subsection shall also be allowed, where any payment or deposit is made to the account of a minor under the pension scheme referred to in the said sub-section, by the assessee, being the parent or guardian of such minor, subject to the condition that the aggregate amount of deduction under this sub-section shall not exceed fifty thousand rupees.</p> <p>(2) Where, in the case of an assessee referred to in sub-section (1), the Central Government 96[or the State Government]or any other employer makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government [or the State Government]or any other employer as does not exceed —</p>	<p>assessee, being the guardian of such minor, subject to the condition that the aggregate amount of deduction under sub-section (3) and this sub-section shall not exceed fifty thousand rupees.</p> <p>(5) No deduction under sub-section (3) shall be allowed in respect of the amount on which a deduction has been claimed and allowed under section 123.</p> <p>(6) Any amount standing to the credit of the assessee or a minor, in his account or the account of a minor, as the case may be, referred to in sub-sections (1), (3) and (4), in respect of which a deduction has been allowed together with the amount accrued thereon, received by the assessee or his nominee, in whole or in part, in any tax year,—</p> <p>(a) on account of closure or his opting out of the pension scheme referred to in sub-sections (1) and (3); or</p>	<p><b>The addition of the words “by such individual” in sub-section (3) would clarify that the limit of Rs.50,000 is only in respect of own contribution to pension fund.</b></p>	<p>respectively.</p> <p>Therefore, the heading of this section should be suitably modified.</p> <p>Also, sub-section (3) intends to restrict assessee’s contribution to Rs.50,000. However, the language is not clear and may be interpreted to mean both assessee’s and employer’s contribution.</p>



The Institute of Chartered Accountants of India

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
		<p>(a) fourteen per cent, where such contribution is made by the Central Government [or the State Government];</p> <p>(b) ten per cent, where such contribution is made by any other employer, of his salary in the previous year.</p> <p>Provided that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, the provisions of sub-section (2) shall have effect as if for the words "ten per cent" referred to in clause (b), the words "fourteen per cent" had been substituted.</p> <p>(3) Where any amount standing to the credit of the assessee or a minor, in his account or the account of a minor, as the case may be referred to in sub-section (1) or sub-section (1B), in respect of which a deduction has been allowed under those sub-sections or sub-section (2), together with the amount accrued thereon, if any, is</p>	<p>(b) as pension received from the annuity plan purchased or taken on such closure or opting out, the whole of the amount referred to in clause (a) or (b) shall be deemed to be the income of the individual or his nominee, in the tax year in which such amount is received, and shall accordingly be charged to tax as income of that tax year.</p> <p>(7) The amount received by the nominee, on the death of the assessee, under the circumstances referred to in sub-section (6)(a), shall not be deemed to be the income of the nominee.</p> <p>(8) The amount received by a person, being the guardian or nominee of a minor on account of closure of the pension scheme due to the death of the minor referred to in sub-section (4), shall not be deemed to be the income of such person.</p>		



The Institute of Chartered Accountants of India

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
		<p>received by the assessee or his nominee, in whole or in part, in any previous year,—</p> <p>(a) on account of closure or his opting out of the pension scheme referred to in sub-section (1) or subsection (1B); or</p> <p>(b) as pension received from the annuity plan purchased or taken on such closure or opting out, the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee or his nominee, as the case may be, in the previous year in which such amount is received, and shall accordingly be charged to tax as income of that previous year:</p> <p>Provided that the amount received by the nominee, on the death of the assessee, under the circumstances referred to in clause (a), shall not be deemed to be the income of the nominee. Provided further that the amount received by a person,</p>	<p>(9) For the purposes of this section, the assessee shall not be deemed to have received any amount in the tax year, if such amount is used for purchasing an annuity plan in the same tax year.</p> <p>(10) Where any amount paid or deposited by the assessee has been allowed as a deduction under sub-section (3), no deduction with reference to such amount shall be allowed as deduction under section 123 for that tax year.</p> <p>(11) For the purposes of this section, “salary” includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.</p>		



The Institute of Chartered Accountants of India

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
		<p>being the parent or guardian or nominee of a minor, on account of closure of the pension scheme referred to in sub-section (1B) due to the death of the minor, shall not be deemed to be the income of such person.</p> <p>(4) Where any amount paid or deposited by the assessee in his account or the account of a Minor has been allowed as a deduction under sub-section (1) or sub-section (1B),—</p> <p>(b) no deduction with reference to such amount shall be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.</p> <p>(5) For the purposes of this section, the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.</p>			



The Institute of Chartered Accountants of India

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.—For the purposes of this section, "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.			
127	80DD	<p><b>Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability-</b></p> <p><b>80DD.</b> (1) Where an assessee, being an individual or a Hindu undivided family, who is a resident in India, has, during the previous year,—</p> <p>(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or</p> <p>(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer</p>	<p><b>Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability-</b></p> <p><b>127.</b> (1) An assessee being an individual or a Hindu undivided family, who is a resident in India, shall be allowed a deduction up to seventy-five thousand rupees from his gross total income of a tax year, subject to the provisions of this section, if during that year he has—</p> <p>(a) incurred expenditure for the medical treatment (including nursing), training, or rehabilitation of a dependant, being a person with disability; or</p>	<p>Flat deduction of Rs.75,000 under section 127 be allowed by removing the word “upto” in section 127.</p> <p>Alternatively, sub-section (1) be reworded as follows and sub-section (1A) be inserted -</p> <p><b>127.</b> (1) An assessee being an individual or a Hindu undivided family, who is a resident in India, shall be allowed a deduction of <del>upto seventy five thousand</del> from his gross total income of a tax year, subject to the provisions</p>	<p>Section 80DD provided for a flat deduction of Rs.75,000 where an assessee, being an individual or a HUF, who is a resident in India, has, during the previous year incurred expenditure for medical treatment etc. specified in (a) or paid or deposited any amount under a scheme framed by LIC etc. in (b). Section 127 of the Bill however allows a</p>



The Institute of Chartered Accountants of India

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
		<p>or the Administrator or the specified company subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability,</p> <p>the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of seventy-five thousand rupees from his gross total income in respect of the previous year:</p> <p><i>Provided</i> that where such dependant is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted.</p> <p>(2) The deduction under clause (b) of sub-section (1) shall be allowed only if the</p>	<p>(b) paid or deposited any amount, under a scheme framed by the Life Insurance Corporation or any other insurer or the Administrator, or the specified company, for the maintenance of a dependant, being a person with disability, subject to the conditions specified in sub-section (2) and approved by the Board in this behalf.</p> <p>(2) The deduction under sub-section (1)(b) shall be allowed only if the following conditions are fulfilled:—</p> <p>(a) the scheme referred to in sub-section (1)(b) provides for payment of an annuity or lump sum amount for the benefit of a dependant, being a person with disability—</p> <p>(i) on the death of the individual or the member of the Hindu undivided family, in whose name the scheme was subscribed; or</p> <p>(ii) on attaining the age of sixty years or more by such individual or the member of the Hindu undivided family, and the</p>	<p>of this section, if during that year he has —</p> <p>(a) incurred expenditure for the medical treatment (including nursing), training, or rehabilitation of a dependent, being a person with disability; or</p> <p>(b) paid or deposited any amount, under a scheme framed by the Life Insurance Corporation or any other insurer or the Administrator, or the specified company, for the maintenance of a dependant, being a person with disability, subject to the conditions specified in sub-section (2) and approved by the Board in this behalf.</p>	<p>deduction of upto Rs.75,000. If the intent is to restrict the deduction to the expenditure incurred in (a) or amount deposited in (b) or both, then, the language should indicate lower of Rs.75,000 and the expenditure incurred in (a) and the amount deposited in (b).</p>



The Institute of Chartered Accountants of India

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
		<p>following conditions are fulfilled, namely:—</p> <p>[(a) the scheme referred to in clause (b) of sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability,—</p> <p>(i) in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made; or</p> <p>(ii) on attaining the age of sixty years or more by such individual or the member of the Hindu undivided family, and the payment or deposit to such scheme has been discontinued;]</p> <p>(b) the assessee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of</p>	<p>payment or deposit to such scheme has been discontinued;</p> <p>(b) the assessee nominates the dependant, being a person with disability or another person or a trust to receive the payments on behalf and for the benefit of such dependant.</p> <p>(3) If the dependant as referred to in sub-section (1) is a person with severe disability, the amount of deduction as referred to in sub-section (1) shall be substituted with one lakh and twenty-five thousand rupees for seventy-five thousand rupees.</p> <p>(4) In the event of death of the dependant, being a person with disability before the individual or member of the Hindu undivided family mentioned in sub-section (2), the amount paid or deposited under sub-section (1)(b) shall be deemed to be the income of the assessee of the tax year in</p>	<p><b>(1A) The deduction under sub-section (1) would be the aggregate of the amount of expenditure incurred in (a) and the amount paid or deposited in (b), subject to a maximum of Rs.75,000.</b></p>	



The Institute of Chartered Accountants of 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
		<p>the dependant, being a person with disability.</p> <p>(3) If the dependant, being a person with disability, predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2), an amount equal to the amount paid or deposited under clause (b) of sub-section (1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.</p> <p>[(3A) The provisions of sub-section (3) shall not apply to the amount received by the dependant, being a person with disability, before his death, by way of annuity or lump sum by application of the condition referred to in sub-clause (ii) of clause (a) of sub-section (2).]</p>	<p>which it is received and shall accordingly be chargeable to tax.</p> <p>(5) The provisions of sub-section (4) shall not apply to the amount received by the dependant, being a person with disability, before his death, as an annuity or lump sum, by application of the condition referred to in sub-section (2)(a)(ii).</p> <p>(6) The assessee claiming deduction under this section, shall furnish a copy of the medical certificate issued by the medical authority in such form and manner as prescribed, along with the return of income under section 263 for the tax year in which the deduction is claimed.</p> <p>(7) If the certificate referred to in sub-section (6), specifies that the condition of disability requires reassessment of its extent after a period stipulated in it, the deduction under this section shall not be allowed for any tax year succeeding the tax</p>		



The Institute of Chartered Accountants of India

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
		<p>(4) The assessee, claiming a deduction under this section, shall furnish a copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income under section 139, in respect of the assessment year for which the deduction is claimed:</p> <p><i>Provided</i> that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof</p>	<p>year in which the said certificate expires, unless a new certificate is obtained from the medical authority in such form and manner, as prescribed, and a copy thereof is submitted along with the return of income under section 263.</p> <p>(8) The dependant mentioned in this section shall not include a person who has claimed deduction under section 154 in computing his total income for the tax year.</p> <p>(9) In this sections,—</p> <p>(a) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;</p> <p>(b) “dependant” means—</p> <p>(i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;</p>		



The Institute of Chartered Accountants of India

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
		<p>is furnished along with the return of income.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);</p> <p>(b) "dependant" means—</p> <p>(i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;</p> <p>(ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under section 80U in computing his total income</p>	<p>(ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance;</p> <p>(c) "disability" shall have the same meaning as assigned to it in section 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 and includes "autism", "cerebral palsy" and "multiple disability" respectively referred to in section 2(a), (c) and (h) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(d) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956;</p>		



The Institute of Chartered Accountants of India

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
		<p>for the assessment year relating to the previous year;</p> <p>(c) "disability" shall have the meaning assigned to it in clause (i) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) and includes "autism", "cerebral palsy" and "multiple disability" referred to in clauses (a), (c) and (h) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(d) "Life Insurance Corporation" shall have the same meaning as in clause (iii) of sub-section (8) of section 88;</p> <p>(e) "medical authority" means the medical authority as referred to in clause (p) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights</p>	<p>(e) "medical authority" means the medical authority as referred to in section 2(p) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" respectively referred to in section 2(a), (c), (h), (j) and (o) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(f) "person with disability" means a person as referred to in section 2(t) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 or section 2(j) of the National Trust for Welfare of Persons with Autism,</p>		



The Institute of Chartered Accountants of India

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
		<p>and Full Participation) Act, 1995 (1 of 1996) or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (a), (c), (h), (j) and (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(f) "person with disability" means a person as referred to in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) or clause (j) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999</p>	<p>Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(g) "person with severe disability" means—</p> <p>(i) a person with 80% or more of one or more disabilities, as referred to in section 56(4) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995; or</p> <p>(ii) a person with severe disability referred to in section 2(o) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999;</p> <p>(h) "specified company" shall have the same meaning as assigned to it in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.</p>		



The Institute of Chartered Accountants of India

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
		<p>(g) "person with severe disability" means—</p> <p>(i) a person with eighty per cent or more of one or more disabilities, as referred to in sub-section (4) of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or</p> <p>(ii) a person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);</p> <p>(h) "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002</p>			



The Institute of Chartered Accountants of India

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
129	80E	<p><b>Deduction in respect of interest on loan taken for higher education.</b></p> <p><b>80E.</b> (1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of his relative.</p> <p>(2) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest</p>	<p><b>Deduction in respect of interest on loan taken for higher education.</b></p> <p>129. (1) An assessee, being an individual, shall be allowed a deduction of amount paid as interest during a tax year, subject to the provisions of this section, on a loan taken by him from any financial institution or any approved charitable institution, if the—</p> <p>(a) loan taken is for the purpose of pursuing higher education of himself or his relative; and</p> <p>(b) payment is made out of his income chargeable to tax.</p> <p>(2) The deduction referred to in sub-section (1) shall be allowed in computing the total income in respect of the initial tax year and seven tax years immediately succeeding the initial tax year, or until the interest on</p>	<p>Sub-section (2A) may be inserted after sub-section (2) of section 129</p> <p><b>(2A) If the assessee has claimed deduction under section 80E of the Income-</b></p>	<p>If an assessee has already taken a loan in P.Y. 2025-26 or any earlier previous year and has started claiming deduction</p>



The Institute of Chartered Accountants of India

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
		<p>referred to in sub-section (1) is paid by the assessee in full, whichever is earlier.</p> <p>(3) For the purposes of this section,—</p> <p>(a) "approved charitable institution" means an institution specified in, or, as the case may be, an institution established for charitable purposes and approved by the prescribed authority under clause (23C) of section 10 or an institution referred to in clause (a) of sub-section (2) of section 80G;</p> <p>(b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;</p>	<p>the loan is fully paid by the assessee, whichever is earlier.</p> <p>(3) In this section,—</p> <p>(a) "approved charitable institution" means a registered non-profit organisation where it was approved earlier under the provisions of section 10(23C) of the Income-tax Act, 1961, or an institution referred to in section 80G(2)(a) of the said Act;</p> <p>(b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act) or any other financial institution which the Central Government may, by notification, specify;</p> <p>(c) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from a school, board, or University</p>	<p><b>tax Act, 1961 for any assessment year or years, he would be eligible to claim deduction under section 129 of the Income-tax Bill, 2025 for the balance tax years remaining out of the seven years.</b></p>	<p>under section 80E of the Income-tax Act, 1961, he would be eligible for deduction u/s 129 of the Income-tax Bill, 2025 only for the balance tax years out of the seven assessment/tax years.</p>



The Institute of Chartered Accountants of India

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
		<p>(c) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorised by the Central Government or State Government or local authority to do so;</p> <p>(d) "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan;</p> <p>(e) "relative", in relation to an individual, means the spouse and children of that individual or the student for whom the individual is the legal guardian.</p>	<p>recognised by the Central Government or State Government, local authority, or by any authority authorised by the Central Government or State Government or local authority to do so;</p> <p>(d) "initial tax year" means the tax year in which the assessee starts paying the interest on the loan; and</p> <p>(e) "relative", in relation to an individual, means the spouse and children of that individual, or the student for whom the individual is the legal guardian.</p>		



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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>C.— Deductions in respect of certain incomes</b>					
138	80-IA	<p><b>Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.</b></p> <p><b>80-IA.</b> (1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (4) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business for ten consecutive assessment years.</p> <p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or</p>	<p><b>Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.</b></p> <p><b>138.</b> In respect of any tax year beginning on or after the 1st April, 2026,</p> <p>where—</p> <p>(a) the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in section 80-IA of the Income-tax Act, 1961; and</p>	<p>Section 138 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the profits and gains derived from an undertaking shall not be</p>	<p>Section 138 of the Income-tax Bill, 2025, which corresponds to section 80-IA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IA the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These sections require</p>



The Institute of Chartered Accountants of India

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
		<p>starts providing telecommunication service or develops an industrial park or develops a special economic zone referred to in clause (iii) of subsection (4) or generates power or commences transmission or distribution of power or undertakes substantial renovation and modernisation of the existing transmission or distribution lines :</p> <p>Provided that where the assessee develops or operates and maintains or develops, operates and maintains any infrastructure facility referred to in clause (a) or clause (b) or clause (c) of the Explanation to clause (i) of sub-section (4), the provisions of this sub-section shall have effect as if for the words "fifteen years", the words "twenty years" had been substituted.</p> <p>(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), the deduction in computing the total income of an undertaking providing telecommunication services, specified in clause (ii) of subsection (4), shall be hundred per cent of the profits and gains of the eligible business for the first five assessment years commencing at any time during the periods as specified in sub-section (2)</p>	<p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IA of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IA of</p>	<p>admissible unless the accounts of the undertaking for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>Consequently, the word "and" may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>that the amount of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



The Institute of Chartered Accountants of India

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
		<p>and thereafter, thirty per cent of such profits and gains for further five assessment years.</p> <p>(3) This section applies to an undertaking referred to in clause (ii) or clause (iv) of sub-section (4) which fulfils all the following conditions, namely :—</p> <p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence :</p> <p>Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose:</p> <p>Provided that nothing contained in this sub-section shall apply in the case of transfer, either in whole or in part, of machinery or plant previously used by a State Electricity Board referred to in clause (7) of section 2 of the Electricity Act, 2003 (36 of 2003), whether or not such transfer is in</p>	the Income-tax Act, 1961, as if the said Act had not been repealed.		



The Institute of Chartered Accountants of 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
		<p>pursuance of the splitting up or reconstruction or reorganisation of the Board under Part XIII of that Act.</p> <p>Explanation 1. —For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely :—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India from any country outside India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the assessee.</p> <p>Explanation 2. —Where in the case of an undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does</p>			



The Institute of Chartered Accountants of 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
		<p>not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.</p> <p>4) This section applies to—</p> <p>(i) any enterprise carrying on the business of (i) developing or</p> <p>(ii) operating and maintaining or</p> <p>(iii) developing, operating and maintaining any infrastructure facility which fulfils all the following conditions, namely:—</p> <p>(a) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act;</p> <p>(b) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for</p>			



The Institute of Chartered Accountants of India

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
		<p>(i) developing or</p> <p>(ii) operating and maintaining or</p> <p>(iii) developing, operating and maintaining a new infrastructure facility;</p> <p>(c) it has started or starts operating and maintaining the infrastructure facility on or after the 1st day of April, 1995:</p> <p>Provided that where an infrastructure facility is transferred on or after the 1st day of April, 1999 by an enterprise which developed such infrastructure facility (hereafter referred to in this section as the transferor enterprise) to another enterprise (hereafter in this section referred to as the transferee enterprise) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central Government, State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if it were the enterprise to which this clause applies and the deduction from profits and gains would be available to such transferee enterprise for the unexpired period during which the transferor enterprise</p>			



The Institute of Chartered Accountants of India

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
		<p>would have been entitled to the deduction, if the transfer had not taken place:</p> <p>Provided further that nothing contained in this section shall apply to any enterprise which starts the development or operation and maintenance of the infrastructure facility on or after the 1st day of April, 2017.</p> <p>Explanation. —For the purposes of this clause, "infrastructure facility" means—</p> <p>(a) a road including toll road, a bridge or a rail system;</p> <p>(b) a highway project including housing or other activities being an integral part of the highway project;</p> <p>(c) a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;</p> <p>(d) a port, airport, inland waterway, inland port or navigational channel in the sea;</p> <p>(ii) any undertaking which has started or starts providing telecommunication services, whether basic or cellular, including radio paging, domestic satellite service, network of trunking, broadband network and internet services on or</p>			



The Institute of Chartered Accountants of India

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
		<p>after the 1st day of April, 1995, but on or before the 31st day of March, 2005.</p> <p>Explanation.—For the purposes of this clause, "domestic satellite" means a satellite owned and operated by an Indian company for providing telecommunication service;</p> <p>(iii) any undertaking which develops, develops and operates or maintains and operates an industrial park or special economic zone notified by the Central Government in accordance with the scheme framed and notified by that Government for the period beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2006:</p> <p>Provided that in a case where an undertaking develops an industrial park on or after the 1st day of April, 1999 or a special economic zone on or after the 1st day of April, 2001 and transfers the operation and maintenance of such industrial park or such special economic zone, as the case may be, to another undertaking (hereafter in this section referred to as the transferee undertaking), the deduction under sub-section (1) shall be allowed to such transferee undertaking for the remaining period in the ten consecutive</p>			



The Institute of Chartered Accountants of India

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
		<p>assessment years as if the operation and maintenance were not so transferred to the transferee undertaking :</p> <p>Provided further that in the case of any undertaking which develops, develops and operates or maintains and operates an industrial park, the provisions of this clause shall have effect as if for the figures, letters and words "31st day of March, 2006", the figures, letters and words "31st day of March, 2011" had been substituted;</p> <p>(iv) an undertaking which,—</p> <p>(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2017;</p> <p>(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2017:</p> <p>Provided that the deduction under this section to an undertaking under sub-clause (b) shall be allowed only in</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>relation to the profits derived from laying of such network of new lines for transmission or distribution;</p> <p>(c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on the 1st day of April, 2004 and ending on the 31st day of March, 2017.</p> <p>Explanation. —For the purposes of this sub-clause, "substantial renovation and modernisation" means an increase in the plant and machinery in the network of transmission or distribution lines by at least fifty per cent of the book value of such plant and machinery as on the 1st day of April, 2004;</p> <p>(v) an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant, if—</p> <p>(a) such Indian company is formed before the 30th day of November, 2005 with majority equity participation by public sector companies for the purposes of enforcing the security interest of the lenders to the company owning the power generating plant and such Indian company is notified</p>			



The Institute of Chartered Accountants of India

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
		<p>before the 31st day of December, 2005 by the Central Government for the purposes of this clause;</p> <p>(b) such undertaking begins to generate or transmit or distribute power before the 31st day of March, 2011;</p> <p>(vi) [***]</p> <p>(5) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.</p> <p>(6) Notwithstanding anything contained in sub-section (4), where housing or other activities are an integral part of the highway project and the profits of which are computed on such basis and manner as may be prescribed, such profit</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>shall not be liable to tax where the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.</p> <p>(7) The deduction under sub-section (1) from profits and gains derived from an undertaking shall not be admissible unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the <i>Explanation</i> below subsection (2) of section 288, before the specified date referred to in section 44AB and the assessee furnishes by that date the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>(8) Where any goods or services held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods or services held for the purposes of any other business carried on by the assessee</p>			



The Institute of Chartered Accountants of India

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
		<p>are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date:</p> <p>Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.</p> <p>Explanation. —For the purposes of this sub-section, "market value", in relation to any goods or services, means—</p> <p>(i) the price that such goods or services would ordinarily fetch in the open market; or</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(ii) the arm's length price as defined in clause (ii) of section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA.</p> <p>(9) Where any amount of profits and gains of an undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading "C.—Deductions in respect of certain incomes", and shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.</p> <p>(10) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>of profits as may be reasonably deemed to have been derived therefrom:</p> <p>Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F.</p> <p>(11) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.</p> <p>(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.</p> <p>(12A) Nothing contained in sub-section (12) shall apply to any enterprise or undertaking which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.</p> <p>(13) Nothing contained in this section shall apply to any Special Economic Zones notified on or after the 1<sup>st</sup> day of April, 2005 in accordance with the scheme referred to in sub-clause (iii) of clause (c) of sub-section (4).</p> <p>Explanation. —For the removal of doubts, it is hereby declared that nothing contained in this section shall apply in relation to a business referred to in sub-section (4) which is in the nature of a works contract awarded by any person (including the Central or State Government) and executed</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		by the undertaking or enterprise referred to in sub-section (1).			
139	80-IAB	<p><b>Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.</b></p> <p><b>80-IAB.</b> (1) Where the gross total income of an assessee, being a Developer, includes any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zone, notified on or after the 1st day of April, 2005 under the Special Economic Zones Act, 2005, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for ten consecutive assessment years:</p> <p>Provided that the provisions of this section shall not apply to an assessee, being a developer, where the development of Special Economic Zone begins on or after the 1st day of April, 2017.</p>	<p><b>Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.</b></p> <p><b>139.</b> In respect of any tax year, where—</p> <p>(a) the gross total income of an assessee, being a Developer, includes any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zone, notified on or after the 1st April, 2005 under the Special Economic Zones Act, 2005 referred to in section 80-IAB of the Income-tax Act, 1961; and</p>	<p>Section 139 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill, 2025 is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows –</p> <p>“The deduction under this section from the profits and gains derived from an undertaking or an enterprise shall not be admissible unless the</p>	<p>Section 139 of the Income-tax Bill, 2025, which corresponds to section 80-IAB of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IAB the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These four sections require that the amount</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which a Special Economic Zone has been notified by the Central Government :</p> <p>Provided that where in computing the total income of any undertaking, being a Developer for any assessment year, its profits and gains had not been included by application of the provisions of sub-section (13) of section 80-IA, the undertaking being the Developer shall be entitled to deduction referred to in this section only for the unexpired period of ten consecutive assessment years and thereafter it shall be eligible for deduction from income as provided in sub-section (1) or sub-section (2), as the case may be :</p> <p>Provided further that in a case where an undertaking, being a Developer who develops a Special Economic Zone on or after the 1st day of April, 2005 and transfers the operation and maintenance of such Special Economic Zone to another Developer (hereafter in this section referred to as the transferee Developer), the deduction under sub-section (1) shall be allowed to such transferee Developer for the remaining period in the ten consecutive assessment years as</p>	<p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IAB of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IAB of</p>	<p>accounts of the undertaking or the enterprise for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.”</p> <p>Consequently, the word “and” may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>if the operation and maintenance were not so transferred to the transferee Developer.</p> <p>(3) The provisions of sub-section (5) and sub-sections (7) to (12) of section 80-IA shall apply to the Special Economic Zones for the purpose of allowing deductions under sub-section (1).</p> <p>Explanation.—For the purposes of this section, "Developer" and "Special Economic Zone" shall have the same meanings respectively as assigned to them in clauses (g) and (za) of section 2 of the Special Economic Zones Act, 2005.</p>	the Income-tax Act, 1961, if the said Act had not been repealed.		
140	80-IAC	<p><b>Special provision in respect of specified business.</b></p> <p>80-IAC. (1) Where the gross total income of an assessee, being an eligible start up, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for three consecutive assessment years.</p>	<p><b>Special provision in respect of specified business.</b></p> <p>(1) Where the gross total income of an assessee, being an eligible start-up, includes any profits and gains derived from eligible business, there shall, as per and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a</p>	<p>Sub-section (2A) may be inserted –</p> <p><b>(2A) Where the assessee has claimed deduction under section 80-IAC of the Income-tax Act, 1961 for any assessment year or years, deduction under sub-</b></p>	<p>Deduction under section 80-IAC of the Income-tax Act, 1961 is allowable in respect of 3 consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any three consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated.</p> <p>(3) This section applies to a start-up which fulfils the following conditions, namely: —</p> <p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:</p> <p>Provided that this condition shall not apply in respect of a start-up which is formed as a result of the reestablishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.</p> <p>Explanation 1.—For the purposes of this clause, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as</p>	<p>deduction of an amount equal to 100% of the profits and gains derived from such business for three consecutive tax years.</p> <p>(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any three consecutive tax years out of ten years beginning from the year in which the eligible start-up is incorporated.</p> <p>(3) This section applies to a start-up which fulfils the following conditions:—</p> <p>(a) it is not formed by splitting up, or the reconstruction, of a business already in existence;</p> <p>(b) it is not formed by the transfer to a new business of machinery or</p>	<p><b>section (1) of this section would be allowable for the remaining tax year or years under this Act.</b></p>	<p>In case the assessee, being an eligible start up has already started claiming deduction under section 80-IAC for one or two assessment years, deduction under section 140 of the Income-tax Bill would be available only for the remaining years out of the three years.</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>machinery or plant previously used for any purpose, if all the following conditions are fulfilled, namely:—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India;</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.</p> <p>Explanation 2.—Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.</p>	<p>plant previously used for any purpose.</p> <p>(4) Where the business of any undertaking carried on in India is discontinued in any tax year by reason of extensive damage to, or destruction of, any building, machinery, plant or furniture owned by the assessee and used for the purposes of such business as a direct result of—</p> <p>(a) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; or</p> <p>(b) riot or civil disturbance; or</p> <p>(c) accidental fire or explosion; or</p> <p>(d) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war), and</p>		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(4) The provisions of sub-section (5) and sub-sections (7) to (11) of section 80-IA shall apply to the start-ups for the purpose of allowing deductions under sub-section (1). Explanation. —For the purposes of this section,—</p> <p>(i) "eligible business" means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation;</p> <p>(ii) "eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:—</p> <p>(a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2030;</p> <p>(b) the total turnover of its business does not exceed one hundred crore rupees in the previous year relevant to the assessment year for which deduction under sub-section (1) is claimed; and</p>	<p>thereafter, at any time before the expiry of three years from the end of such tax year, the business of such undertaking is re-established, re-constructed or revived by the assessee, the condition referred to in sub-section (3)(a) shall not apply to such undertaking which is so re-established, reconstructed or revived.</p> <p>(5) For the purposes of sub-section (3)(b), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if all the following conditions are fulfilled:—</p> <p>(a) such machinery or plant was not, at any time previous to the</p>		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;</p> <p>(iii) "limited liability partnership" means a partnership referred to in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009).</p>	<p>date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period before to the date of the installation of the machinery or plant by the assessee.</p> <p>(6) Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed 20%</p>		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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			<p>of the total value of the machinery or plant used in the business, then, for the purposes of sub-section (3)(b), the condition specified therein shall be considered to have been complied with.</p> <p>(7) Irrespective of anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the tax year immediately succeeding the initial tax year or any subsequent tax year, be computed as if such eligible business were the only source of income of the assessee during the initial tax year and to every subsequent tax year up to and</p>		



The Institute of Chartered Accountants of India

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
			<p>including the tax year for which the determination is to be made.</p> <p>(8) The deduction under sub - section (1) from profits and gains derived from an eligible business shall not be admissible unless the accounts of the eligible business for the tax year for which the deduction is claimed have been audited by an accountant, before the specified date referred to in section 63 and the assessee furnishes by that date the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>(9) In a case where,—</p> <p>(i) any goods or services held for the purposes of the eligible business are transferred to any</p>		



The Institute of Chartered Accountants of India

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
			<p>other business carried on by the assessee; or</p> <p>(ii) where any goods or services held for the purposes of any other business carried on by the assessee are transferred to the eligible business, and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date.</p> <p>(10) For the purposes of sub-section (9), where, in the opinion</p>		



The Institute of Chartered Accountants of India

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
			<p>of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.</p> <p>(11) For the purposes of sub-section (9), “market value”, in relation to any goods or services, means—</p> <p>(i) the price that such goods or services would ordinarily fetch in the open market; or</p> <p>(ii) the arm's length price as defined in section 173(a), where the transfer of such goods or services is a specified domestic</p>		



The Institute of Chartered Accountants of India

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
			<p>transaction referred to in section 164.</p> <p>(12) Where any amount of profits and gains of an undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any tax year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of Part C of this Chapter and shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.</p> <p>(13) Where it appears to the Assessing Officer that,—</p> <p>(i) owing to the close connection between the assessee carrying on the eligible business to which this</p>		



The Institute of Chartered Accountants of India

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
			<p>section applies and any other person; or</p> <p>(ii) for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably considered to have been derived therefrom.</p> <p>(14) Where the arrangement as mentioned in sub-section (13) involves a specified domestic transaction referred to in section 164, the amount of profits from</p>		



The Institute of Chartered Accountants of India

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
			<p>such transaction shall be determined having regard to arm's length price as defined in section 173(a).</p> <p>(15) The Central Government may, after making such inquiry as it may think fit, direct, by notification, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.</p> <p>(16) In this section,—</p> <p>(a) “eligible business” means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with</p>		



The Institute of Chartered Accountants of India

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
			<p>a high potential of employment generation or wealth creation;</p> <p>(b) “eligible start-up” means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions:—</p> <p>(i) it is incorporated on or after the 1st April, 2016 but before the 1st April, 2030;</p> <p>(ii) the total turnover of its business does not exceed one hundred crore rupees in the tax year relevant to the tax year for which deduction under sub-section (1) is claimed; and</p> <p>(iii) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification</p>		



The Institute of Chartered Accountants of India

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 notified by the Central Government; and  (c) “limited liability partnership” means a partnership referred to in section 2(1)(n) of the Limited Liability Partnership Act, 2008.		
141	80-IB	<p><b>Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.</b></p> <p><b>80-IB.</b> (1) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (3) to (11), (11A) and (11B) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section.</p> <p>(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely :—</p>	<p><b>Deduction in respect of profits and gains from certain industrial undertakings</b></p> <p><b>141.</b> In respect of any tax year, where—</p> <p>(a) the gross total income of an assessee, includes any profits and gains derived from any business referred to in section 80-IB of the Income-tax Act, 1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under</p>	<p>Section 141 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill, 2025 is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the</p>	<p>Section 141 of the Income-tax Bill, 2025, which corresponds to section 80-IB of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IB the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 correspond to section 80-IA, 80-IAB, 80-IB and 10AA. These four sections</p>



The Institute of Chartered Accountants of India

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
		<p>(i) it is not formed by splitting up, or the reconstruction, of a business already in existence :</p> <p>Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;</p> <p>(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India :</p> <p>Provided that the condition in this clause shall, in relation to a small scale industrial undertaking or an industrial undertaking referred to in sub-section (4) shall apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted.</p>	<p>the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IB of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 80-IB of the Income-tax Act, 1961, if the said Act had not been repealed.</p>	<p>profits and gains derived from a business shall not be admissible unless the accounts of the business for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.”</p> <p>Consequently, the word “and” may be</p>	<p>require that the amount of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



The Institute of Chartered Accountants of India

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
		<p>Explanation 1.—For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely :—</p> <p>(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;</p> <p>(b) such machinery or plant is imported into India from any country outside India; and</p> <p>(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.</p> <p>Explanation 2.—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the</p>		removed after (b)(i) and inserted after (b)(ii).	



The Institute of Chartered Accountants of India

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
		<p>condition specified therein shall be deemed to have been complied with;</p> <p>(iv) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power or employs twenty or more workers in a manufacturing process carried on without the aid of power.</p> <p>(3) The amount of deduction in the case of an industrial undertaking shall be twenty-five per cent (or thirty per cent where the assessee is a company), of the profits and gains derived from such industrial undertaking for a period of ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) beginning with the initial assessment year subject to the fulfilment of the following conditions, namely:—</p> <p>(i) it begins to manufacture or produce, articles or things or to operate such plant or plants at any time during the period beginning from the 1st day of April, 1991 and ending on the 31st day of March, 1995 or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular undertaking;</p>			



The Institute of Chartered Accountants of India

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
		<p>(ii) where it is an industrial undertaking being a small scale industrial undertaking, it begins to manufacture or produce articles or things or to operate its cold storage plant [not specified in sub-section (4) or subsection (5)] at any time during the period beginning on the 1st day of April, 1995 and ending on the 31st day of March, 2002.</p> <p>(4) The amount of deduction in the case of an industrial undertaking in an industrially backward State specified in the Eighth Schedule shall be hundred per cent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from such industrial undertaking :</p> <p>Provided that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) subject to fulfilment of the condition that it begins to manufacture or produce articles or things or to operate its cold storage plant or plants during the period beginning on</p>			



The Institute of Chartered Accountants of India

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
		<p>the 1st day of April, 1993 and ending on the 31st day of March, 2004 :</p> <p>Provided further that in the case of such industries in the North-Eastern Region, as may be notified by the Central Government, the amount of deduction shall be hundred per cent of profits and gains for a period of ten assessment years, and the total period of deduction shall in such a case not exceed ten assessment years :</p> <p>Provided also that no deduction under this sub-section shall be allowed for the assessment year beginning on the 1st day of April, 2004 or any subsequent year to any undertaking or enterprise referred to in sub-section (2) of section 80-IC:</p> <p>Provided also that in the case of an industrial undertaking in the State of Jammu and Kashmir, the provisions of the first proviso shall have effect as if for the figures, letters and words "31st day of March, 2004", the figures, letters and words "31st day of March, 2012" had been substituted:</p> <p>Provided also that no deduction under this sub-section shall be allowed to an industrial undertaking in the State of Jammu and Kashmir which is engaged in the manufacture or</p>			



The Institute of Chartered Accountants of India

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
		<p>production of any article or thing specified in Part C of the Thirteenth Schedule.</p> <p>(5) The amount of deduction in the case of an industrial undertaking located in such industrially backward districts as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf as industrially backward district of category 'A' or an industrially backward district of category 'B' shall be,—</p> <p>(i) hundred per cent of the profits and gains derived from an industrial undertaking located in a backward district of category 'A' for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains of an industrial undertaking:</p> <p>Provided that the total period of deduction shall not exceed ten consecutive assessment years or where the assessee is a co-operative society, twelve consecutive assessment years :</p> <p>Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period</p>			



The Institute of Chartered Accountants of India

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
		<p>beginning on the 1st day of October 1994 and ending on the 31st day of March, 2004;</p> <p>(ii) hundred per cent of the profits and gains derived from an industrial undertaking located in a backward district of category 'B' for three assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains of an industrial undertaking:</p> <p>Provided that the total period of deduction does not exceed eight consecutive assessment years (or where the assessee is a co-operative society, twelve consecutive assessment years):</p> <p>Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2004.</p> <p>(6) The amount of deduction in the case of the business of a ship shall be thirty per cent of the profits and gains derived from such ship for a period of ten consecutive assessment</p>			



The Institute of Chartered Accountants of India

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
		<p>years including the initial assessment year provided that the ship—</p> <p>(i) is owned by an Indian company and is wholly used for the purposes of the business carried on by it;</p> <p>(ii) was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and</p> <p>(iii) is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.</p> <p>(7) The amount of deduction in the case of any hotel shall be—</p> <p>(a) fifty per cent of the profits and gains derived from the business of such hotel for a period of ten consecutive years beginning from the initial assessment year as is located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may, having regard to the need for development of infrastructure for tourism in any place and other relevant considerations, specify by notification in the Official Gazette and such hotel starts</p>			



The Institute of Chartered Accountants of India

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
		<p>functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:</p> <p>Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001:</p> <p>Provided further that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act and where the said hotel is approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purpose of this section in relation to the assessment year commencing on the 1st day of April, 1991;</p> <p>(b) thirty per cent of the profits and gains derived from the business of such hotel as is located in any place other than</p>			



The Institute of Chartered Accountants of India

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
		<p>those mentioned in sub-clause (a) for a period of ten consecutive years beginning from the initial assessment year if such hotel has started or starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:</p> <p>Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee, town area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001;</p> <p>(c) the deduction under clause (a) or clause (b) shall be available only if—</p> <p>(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously</p>			



The Institute of Chartered Accountants of India

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
		<p>used as a hotel or of any machinery or plant previously used for any purpose;</p> <p>(ii) the business of the hotel is owned and carried on by a company registered in India with a paidup capital of not less than five hundred thousand rupees;</p> <p>(iii) the hotel is for the time being approved by the prescribed authority:</p> <p>Provided that any hotel approved by the prescribed authority before the 1st day of April, 1999 shall be deemed to have been approved under this sub-section.</p> <p>(7A) The amount of deduction in the case of any multiplex theatre shall be—</p> <p>(a) fifty per cent of the profits and gains derived, from the business of building, owning and operating a multiplex theatre, for a period of five consecutive years beginning from the initial assessment year in any place :</p> <p>Provided that nothing contained in this clause shall apply to a multiplex theatre located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board</p>			



The Institute of Chartered Accountants of India

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
		<p>or by any other name) of Chennai, Delhi, Mumbai or Kolkata;</p> <p>(b) the deduction under clause (a) shall be allowable only if—</p> <p>(i) such multiplex theatre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;</p> <p>(ii) the business of the multiplex theatre is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of any building or of any machinery or of plant previously used for any purpose;</p> <p>(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p>(7B) The amount of deduction in the case of any convention centre shall be—</p>			



The Institute of Chartered Accountants of India

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
		<p>(a) fifty per cent of the profits and gains derived, by the assessee from the business of building, owning and operating a convention centre, for a period of five consecutive years beginning from the initial assessment year;</p> <p>(b) the deduction under clause (a) shall be allowable only if—</p> <p>(i) such convention centre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;</p> <p>(ii) the business of the convention centre is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of any building or of any machinery or plant previously used for any purpose;</p> <p>(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, before the</p>			



The Institute of Chartered Accountants of India

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
		<p>specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p>(8) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of five assessment years beginning from the initial assessment year if such company—</p> <p>(a) is registered in India;</p> <p>(b) has the main object of scientific and industrial research and development;</p> <p>(c) is for the time being approved by the prescribed authority at any time before the 1st day of April, 1999.</p> <p>(8A) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of ten consecutive assessment years, beginning from the initial assessment year, if such company—</p> <p>(i) is registered in India;</p>			



The Institute of Chartered Accountants of India

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
		<p>(ii) has its main object the scientific and industrial research and development;</p> <p>(iii) is for the time being approved by the prescribed authority at any time after the 31st day of March, 2000 but before the 1st day of April, 2007;</p> <p>(iv) fulfils such other conditions as may be prescribed.</p> <p>(9) The amount of deduction to an undertaking shall be hundred per cent of the profits for a period of seven consecutive assessment years, including the initial assessment year, if such undertaking fulfils any of the following, namely:—</p> <p>(i) is located in North-Eastern Region and has begun or begins commercial production of mineral oil before the 1st day of April, 1997;</p> <p>(ii) is located in any part of India and has begun or begins commercial production of mineral oil on or after the 1st day of April, 1997 but not later than the 31st day of March, 2017:</p> <p>Provided that the provisions of this clause shall not apply to blocks licensed under a contract awarded after the 31st day of March, 2011 under the New Exploration Licencing Policy</p>			



The Institute of Chartered Accountants of 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
		<p>announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95-ONG.DO.VL, dated the 10th February, 1999 or in pursuance of any law for the time being in force or by the Central or a State Government in any other manner;</p> <p>(iii) is engaged in refining of mineral oil and begins such refining on or after the 1st day of October, 1998 but not later than the 31st day of March, 2012;</p> <p>(iv) is engaged in commercial production of natural gas in blocks licensed under the VIII Round of bidding for award of exploration contracts (hereafter referred to as "NELP-VIII") under the New Exploration Licencing Policy announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95- ONG.DO.VL, dated 10th February, 1999 and begins commercial production of natural gas on or after the 1st day of April, 2009 but not later than the 31st day of March, 2017;</p> <p>(v) is engaged in commercial production of natural gas in blocks licensed under the IV Round of bidding for award of exploration contracts for Coal Bed Methane blocks and begins commercial production of natural gas on or after the</p>			



The Institute of Chartered Accountants of 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
		<p>1st day of April, 2009 but not later than the 31st day of March, 2017.</p> <p>Explanation. —For the purposes of claiming deduction under this sub-section, all blocks licensed under a single contract, which has been awarded under the New Exploration Licencing Policy announced by the Government of India <i>vide</i> Resolution No. O-19018/22/95-ONG.DO.VL, dated 10th February 1999 or has been awarded in pursuance of any law for the time being in force or has been awarded by the Central or a State Government in any other manner, shall be treated as a single "undertaking".</p> <p>(10) The amount of deduction in the case of an undertaking developing and building housing projects approved before the 31st day of March, 2008 by a local authority shall be hundred per cent of the profits derived in the previous year relevant to any assessment year from such housing project if, —</p> <p>(a) such undertaking has commenced or commences development and construction of the housing project on or</p>			



The Institute of Chartered Accountants of India

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
		<p>after the 1st day of October, 1998 and completes such construction, —</p> <p>(i) in a case where a housing project has been approved by the local authority before the 1st day of April, 2004, on or before the 31st day of March, 2008;</p> <p>(ii) in a case where a housing project has been, or, is approved by the local authority on or after the 1st day of April, 2004 but not later than the 31st day of March, 2005, within four years from the end of the financial year in which the housing project is approved by the local authority;</p> <p>(iii) in a case where a housing project has been approved by the local authority on or after the 1<sup>st</sup> day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.</p> <p>Explanation. —For the purposes of this clause, —</p> <p>(i) in a case where the approval in respect of the housing project is obtained more than once, such housing project shall be deemed to have been approved on the date on which the building plan of such housing project is first approved by the local authority.</p>			



The Institute of Chartered Accountants of India

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
		<p>(ii) the date of completion of construction of the housing project shall be taken to be the date on which the completion certificate in respect of such housing project is issued by the local authority.</p> <p>(b) the project is on the size of a plot of land which has a minimum area of one acre:</p> <p>Provided that nothing contained in clause (a) or clause (b) shall apply to a housing project carried out in accordance with a scheme framed by the Central Government or a State Government for reconstruction or redevelopment of existing buildings in areas declared to be slum areas under any law for the time being in force and such scheme is notified by the Board in this behalf;</p> <p>(c) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the city of Delhi or Mumbai or within twenty-five kilometres from the municipal limits of these cities and one thousand and five hundred square feet at any other place;</p> <p>(d) the built-up area of the shops and other commercial establishments included in the housing project does</p>			



The Institute of Chartered Accountants of India

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
		<p>not exceed three per cent of the aggregate built-up area of the housing project or five thousand square feet, whichever is higher;</p> <p>(e) not more than one residential unit in the housing project is allotted to any person not being an individual; and</p> <p>(f) in a case where a residential unit in the housing project is allotted to a person being an individual, no other residential unit in such housing project is allotted to any of the following persons, namely:—</p> <p>(i) the individual or the spouse or the minor children of such individual,</p> <p>(ii) the Hindu undivided family in which such individual is the karta,</p> <p>(iii) any person representing such individual, the spouse or the minor children of such individual or the Hindu undivided family in which such individual is the karta.</p> <p>Explanation. —For the removal of doubts, it is hereby declared that nothing contained in this sub-section shall apply to any undertaking which executes the housing project</p>			



The Institute of Chartered Accountants of India

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
		<p>as a works contract awarded by any person (including the Central or State Government).</p> <p>(11) Notwithstanding anything contained in clause (iii) of sub-section (2) and sub-sections (3), (4) and (5), the amount of deduction in a case of industrial undertaking deriving profit from the business of setting up and operating a cold chain facility for agricultural produce, shall be hundred per cent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such facility in a manner that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a cooperative society) and subject to fulfilment of the condition that it begins to operate such facility on or after the 1st day of April, 1999 but before the 1st day of April, 2004.</p> <p>(11A) The amount of deduction in a case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or meat and meat</p>			



The Institute of Chartered Accountants of India

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
		<p>products or poultry or marine or dairy products or from the integrated business of handling, storage and transportation of foodgrains, shall be hundred per cent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such business in a manner that the total period of deduction does not exceed ten consecutive assessment years and subject to fulfilment of the condition that it begins to operate such business on or after the 1st day of April, 2001:</p> <p>Provided that the provisions of this section shall not apply to an undertaking engaged in the business of processing, preservation and packaging of meat or meat products or poultry or marine or dairy products if it begins to operate such business before the 1st day of April, 2009.</p> <p>(11B) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital in a rural area shall be hundred per cent of the profits and gains of such business for a period of</p>			



The Institute of Chartered Accountants of India

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
		<p>five consecutive assessment years, beginning with the initial assessment year, if—</p> <p>(i) such hospital is constructed at any time during the period beginning on the 1st day of October, 2004 and ending on the 31st day of March, 2008;</p> <p>(ii) the hospital has at least one hundred beds for patients;</p> <p>(iii) the construction of the hospital is in accordance with the regulations, for the time being in force, of the local authority; and</p> <p>(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the <i>Explanation</i> below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p> <p>Explanation. —For the purposes of this sub-section, a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the concerned local authority.</p>			



The Institute of Chartered Accountants of India

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
		<p>(11C) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area, shall be hundred per cent of the profits and gains derived from such business for a period of five consecutive assessment years, beginning with the initial assessment year, if—</p> <p>(i) the hospital is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013;</p> <p>(ii) the hospital has at least one hundred beds for patients;</p> <p>(iii) the construction of the hospital is in accordance with the regulations or bye-laws of the local authority; and</p> <p>(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the <i>Explanation</i> below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.</p>			



The Institute of Chartered Accountants of India

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
		<p>Explanation. —For the purposes of this sub-section—</p> <p>(a) a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the local authority concerned;</p> <p>(b) "initial assessment year" means the assessment year relevant to the previous year in which the business of the hospital starts functioning;</p> <p>(c) "excluded area" shall mean an area comprising—</p> <p>(i) Greater Mumbai urban agglomeration.</p> <p>(ii) Delhi urban agglomeration;</p> <p>(iii) Kolkata urban agglomeration;</p> <p>(iv) Chennai urban agglomeration;</p> <p>(v) Hyderabad urban agglomeration;</p> <p>(vi) Bangalore urban agglomeration;</p> <p>(vii) Ahmedabad urban agglomeration;</p> <p>(viii) District of Faridabad;</p> <p>(ix) District of Gurgaon;</p>			



The Institute of Chartered Accountants of India

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
		<p>(x) District of Gautam Budh Nagar;</p> <p>(xi) District of Ghaziabad;</p> <p>(xii) District of Gandhinagar; and</p> <p>(xiii) City of Secunderabad;</p> <p>(d) the area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the 2001 census.</p> <p>(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged</p>			



The Institute of Chartered Accountants of India

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
		<p>company if the amalgamation or demerger had not taken place.</p> <p>(13) The provisions contained in sub-section (5) and sub-sections (7) to (12) of section 80-IA shall, so far as may be, apply to the eligible business under this section.</p> <p>(14) For the purposes of this section,—</p> <p>(a) "built-up area" means the inner measurements of the residential unit at the floor level, including the projections and balconies, as increased by the thickness of the walls but does not include the common areas shared with other residential units;</p> <p>(aa) "cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;</p> <p>(ab) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such</p>			



The Institute of Chartered Accountants of India

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
		<p>size and number and having such other facilities and amenities, as may be prescribed;</p> <p>(b) "hilly area" means any area located at a height of one thousand metres or more above the sea level;</p> <p>(c) "initial assessment year"—</p> <p>(i) in the case of an industrial undertaking or cold storage plant or ship or hotel, means the Assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the cold chain facility or the ship is first brought into use or the business of the hotel starts functioning;</p> <p>(ii) in the case of a company carrying on scientific and industrial research and development, means the assessment year relevant to the previous year in which the company is approved by the prescribed authority for the purposes of sub-section (8);</p> <p>(iii) in the case of an undertaking engaged in the business of commercial production or refining of mineral oil referred to in sub-section (9), means the assessment year relevant to the</p>			



The Institute of Chartered Accountants of India

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
		<p>previous year in which the undertaking commences the commercial production or refining of mineral oil;</p> <p>(iv) in the case of an undertaking engaged in the business of processing, reservation and packaging of fruits or vegetables or in the integrated business of handling, storage and transportation of foodgrains, means the assessment year relevant to the previous year in which the undertaking begins such business;</p> <p>(v) in the case of a multiplex theatre, means the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts operating on a commercial basis;</p> <p>(vi) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;</p> <p>(vii) in the case of an undertaking engaged in operating and maintaining a hospital in a rural area, means the assessment year relevant to the previous year in which the undertaking begins to provide medical services;</p>			



The Institute of Chartered Accountants of India

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
		<p>(d) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;</p> <p>(da) "multiplex theatre" means a building of a prescribed area, comprising of two or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed;</p> <p>(e) "place of pilgrimage" means a place where any temple, mosque, gurdwara, church or other place of public worship of renown throughout any State or States is situated;</p> <p>(f) "rural area" means any area other than—</p> <p>(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or</p> <p>(ii) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or</p>			



The Institute of Chartered Accountants of India

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
		cantonment board referred to in sub-clause (i), as the Central Government may, having regard to the stage of development of such area including the extent of, and scope for, urbanisation of such area and other relevant considerations specify in this behalf by notification in the Official Gazette;  (g) "small-scale industrial undertaking" means an industrial undertaking which is, as on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951).			
142	80-IBA	<b>Deductions in respect of profits and gains from housing projects.</b> <b>80-IBA.</b> (1) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.  (1A) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building rental housing project, there shall	<b>Deductions in respect of profits and gains from housing projects-</b> <b>142.</b> In respect of any tax year, where—  (a) the gross total income of an assessee, includes any profits and gains derived from the business of developing and building housing projects or rental housing projects	Section 142 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.	Section 142 of the Income-tax Bill, 2025, which corresponds to section 80-IBA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 80-IBA the Income-tax Act, 1961.



The Institute of Chartered Accountants of India

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
		<p>be allowed a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.</p> <p>(2) For the purposes of sub-section (1), a housing project shall be a project which fulfils the following conditions, namely:—</p> <p>(a) the project is approved by the competent authority after the 1st day of June, 2016, but on or before the 31st day of March, 2022;</p> <p>(b) the project is completed within a period of five years from the date of approval by the competent authority:</p> <p>Provided that,—</p> <p>(i) where the approval in respect of a housing project is obtained more than once, the project shall be deemed to have been approved on the date on which the building plan of such housing project was first approved by the competent authority; and</p> <p>(ii) the project shall be deemed to have been completed when a certificate of completion of project as a whole is obtained in writing from the competent authority;</p>	<p>referred to in section 80-IBA of the Income-tax Act, 1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from such business for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 80-IBA of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been</p>		



The Institute of Chartered Accountants of India

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
		<p>(c) the carpet area of the shops and other commercial establishments included in the housing project does not exceed three per cent of the aggregate carpet area;</p> <p>(d) the project is on a plot of land measuring not less than—</p> <p>(i) one thousand square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai; or</p> <p>(ii) two thousand square metres, where the project is located in any other place;</p> <p>(e) the project is the only housing project on the plot of land as specified in clause (d);</p> <p>(f) the carpet area of the residential unit comprised in the housing project does not exceed—</p> <p>(i) thirty square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai ; or</p> <p>(ii) sixty square metres, where the project is located in any other place;</p> <p>(g) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual;</p>	<p>allowed under section 80-IBA of the Income-tax Act, 1961, if the said Act had not been repealed.</p>		



The Institute of Chartered Accountants of India

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
		<p>(h) the project utilises—</p> <p>(i) not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai, or</p> <p>(ii) not less than eighty per cent of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (i); and</p> <p>(i) the assessee maintains separate books of account in respect of the housing project:</p> <p><i>Provided</i> that for the projects approved on or after the 1st day of September 2019, the provisions of this subsection shall have effect as if for clauses (d) to (i), the following clauses had been substituted, namely: —</p> <p>"(d) the project is on a plot of land measuring not less than—</p> <p>(i) one thousand square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad,</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(ii) two thousand square metres, where such project is located in any other place;</p> <p>(e) the project is the only housing project on the plot of land as specified in clause (d);</p> <p>(f) the carpet area of the residential unit comprised in the housing project does not exceed—</p> <p>(i) sixty square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(ii) ninety square metres, where such project is located in any other place;</p> <p>(g) the stamp duty value of a residential unit in the housing project does not exceed forty-five lakh rupees;</p> <p>(h) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing</p>			



The Institute of Chartered Accountants of India

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
		<p>project shall be allotted to the individual or the spouse or the minor children of such individual;</p> <p>(i) the project utilises—</p> <p>(I) not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or</p> <p>(II) not less than eighty per cent of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (I); and</p> <p>(j) the assessee maintains separate books of account in respect of the housing project."</p> <p>(3) Nothing contained in this section shall apply to any assessee who executes the housing project as a works contract awarded by any person (including the Central Government or the State Government).</p>			



The Institute of Chartered Accountants of India

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
		<p>(4) Where the housing project is not completed within the period specified under clause (b) of sub-section (2) and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, 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 period for completion so expires.</p> <p>(5) Where any amount of profits and gains derived from the business of developing and building housing projects is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.</p> <p>(6) For the purposes of this section,—</p> <p>(a) "carpet area" shall have the same meaning as assigned to it in clause (k) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(b) "competent authority" means the authority empowered to approve the building plan by or under any law for the time being in force;</p>			



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(c) "floor area ratio" means the quotient obtained by dividing the total covered area of plinth area on all the floors by the area of the plot of land;</p> <p>(d) "housing project" means a project consisting predominantly of residential units with such other facilities and amenities as the competent authority may approve subject to the provisions of this section;</p> <p>(da) "rental housing project" means a project which is notified by the Central Government in the Official Gazette under this clause on or before the 31st day of March, 2022 and fulfils such conditions as may be specified in the said notification;</p> <p>(e) "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirements, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household;</p> <p>(f) "stamp duty value" means the value adopted or assessed or assessable by any authority of the Central Government or</p>			



The Institute of Chartered Accountants of India

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 State Government for the purpose of payment of stamp duty in respect of an immovable property.			
144	10AA	<p><b>Special provisions in respect of newly established Units in Special Economic Zones.</b></p> <p><b>10AA.</b> (1) Subject to the provisions of this section, in computing the total income of an assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005), from his Unit, who begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April, 2006, but before the first day of April, 2021, the following deduction shall be allowed—</p> <p>(i) hundred per cent of profits and gains derived from the export, of such articles or things or from services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and fifty per cent of such profits and gains for further five assessment years and thereafter;</p>	<p><b>Special provisions in respect of newly established Units in Special Economic Zones.</b></p> <p><b>144.</b> In respect of any tax year , where—</p> <p>(a) in computing the total income of an assessee, being an entrepreneur as referred to in section 2(j) of the Special Economic Zones Act, 2005, who begins to manufacture or produce articles or things or provide any services referred to in section 10AA of the Income-tax Act, 1961; and</p> <p>(b) such assessee is eligible to claim a deduction from the profits and gains derived from the export, of such articles or things or from</p>	<p>Section 144 of the Income-tax Bill, 2025 should ideally provide for the computation mechanism itself so that the Income-tax Bill is self-contained.</p> <p>Also, under the conditions stipulated in clause (b), after (i) and (ii), (iii) be inserted as follows -</p> <p>“The deduction under this section from the profits and gains derived by an assessee, being an entrepreneur, from export shall not be admissible unless the</p>	<p>Section 144 of the Income-tax Bill, 2025, which corresponds to section 10AA of the Income-tax Act, 1961 provides deduction of an amount calculated as per the provisions of section 10AA of the Income-tax Act, 1961.</p> <p>Sections 138, 139, 141 and 144 of the Income-tax Bill, 2025 correspond to section 80-IA, 80-IAB, 80-IB and 10AA of the Income-tax Act, 1961. These four sections require that the amount</p>



The Institute of Chartered Accountants of India

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
		<p>(ii) for the next five consecutive assessment years, so much of the amount not exceeding fifty per cent of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account (to be called the "Special Economic Zone Re-investment Reserve Account") to be created and utilized for the purposes of the business of the assessee in the manner laid down in sub-section (2):</p> <p>[Provided that no such deduction shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under sub-section (1) of section 139.]</p> <p>Explanation. —For the removal of doubts, it is hereby declared that the amount of deduction under this section shall be allowed from the total income of the assessee computed in accordance with the provisions of this Act, before giving effect to the provisions of this section and the deduction under this section shall not exceed such total income of the assessee.</p>	<p>services for such tax year under the provisions of the said section, if the said Act had not been repealed, there shall be allowed, in computing the total income of the assessee, a deduction from the profits and gains derived from such business, subject to the conditions that—</p> <p>(i) the amount of deduction is calculated as per the provisions of section 10AA of the Income-tax Act, 1961; and</p> <p>(ii) the deduction under this Act shall be allowed only for such tax years, as would have been allowed under section 10AA of the Income-tax Act, 1961, if the said Act had not been repealed.</p>	<p>accounts of the undertaking for the tax year for which deduction is claimed have been audited by an accountant, as defined in section 515(3)(b) on or before the specified date mentioned in section 63 and the assessee furnishes by that date, the report of such audit in the prescribed form duly signed and verified by such accountant.</p> <p>Consequently, the word “and” may be removed after (b)(i) and inserted after (b)(ii).</p>	<p>of deduction be calculated as per the corresponding section of the Income-tax Act, 1961 and that the deduction under the new Act be allowed only for such tax years as would have been allowed under the corresponding section of the Income-tax Act, 1961 if the said Act had not been repealed. However, the requirement of audit stipulated in these four sections is not mentioned in the Bill. The same has to be incorporated in the Bill.</p>



The Institute of Chartered Accountants of India

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
		<p>(2) The deduction under clause (ii) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely :—</p> <p>(a) the amount credited to the Special Economic Zone Re-investment Reserve Account is to be utilised—</p> <p>(i) for the purposes of acquiring machinery or plant which is first put to use before the expiry of a period of three years following the previous year in which the reserve was created; and</p> <p>(ii) until the acquisition of the machinery or plant as aforesaid, for the purposes of the business of the undertaking other than for distribution by way of dividends or profits or for remittance outside India as profits or for the creation of any asset outside India;</p> <p>(b) the particulars, as may be specified by the Central Board of Direct Taxes in this behalf, under clause (b) of sub-section (1B) of section 10A have been furnished by the assessee in respect of machinery or plant along with the return of income for the assessment year relevant to the previous year in which such plant or machinery was first put to use.</p>			



The Institute of Chartered Accountants of India

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
		<p>(3) Where any amount credited to the Special Economic Zone Re-investment Reserve Account under clause (ii) of sub-section (1),—</p> <p>(a) has been utilised for any purpose other than those referred to in sub-section (2), the amount so utilised; or</p> <p>(b) has not been utilised before the expiry of the period specified in sub-clause (i) of clause (a) of subsection (2), the amount not so utilised, shall be deemed to be the profits, —</p> <p>(i) in a case referred to in clause (a), in the year in which the amount was so utilised; or</p> <p>(ii) in a case referred to in clause (b), in the year immediately following the period of three years specified in sub-clause (i) of clause (a) of sub-section (2), and shall be charged to tax accordingly:</p> <p>Provided that where in computing the total income of the Unit for any assessment year, its profits and gains had not been included by application of the provisions of sub-section (7B) of section 10A, the undertaking, being the Unit shall be entitled to deduction referred to in this sub-section only for the unexpired period of ten consecutive assessment years</p>			



The Institute of Chartered Accountants of India

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
		<p>and thereafter it shall be eligible for deduction from income as provided in clause (ii) of sub-section (1).</p> <p>Explanation. —For the removal of doubts, it is hereby declared that an undertaking, being the Unit, which had already availed, before the commencement of the Special Economic Zones Act, 2005 (28 of 2005), the deductions referred to in section 10A for ten consecutive assessment years, such Unit shall not be eligible for deduction from income under this section :</p> <p>Provided further that where a Unit initially located in any free trade zone or export processing zone is subsequently located in a Special Economic Zone by reason of conversion of such free trade zone or export processing zone into a Special Economic Zone, the period of ten consecutive assessment years referred to above shall be reckoned from the assessment year relevant to the previous year in which the Unit began to manufacture, or produce or process such articles or things or services in such free trade zone or export processing zone :</p> <p>Provided also that where a Unit initially located in any free trade zone or export processing zone is subsequently located</p>			



The Institute of Chartered Accountants of India

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
		<p>in a Special Economic Zone by reason of conversion of such free trade zone or export processing zone into a Special Economic Zone and has completed the period of ten consecutive assessment years referred to above, it shall not be eligible for deduction from income as provided in clause (ii) of subsection (1) with effect from the 1st day of April, 2006.</p> <p>(4) This section applies to any undertaking, being the Unit, which fulfils all the following conditions, namely: —</p> <p>(i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April 2006 in any Special Economic Zone;</p> <p>(ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:</p> <p>Provided that this condition shall not apply in respect of any undertaking, being the Unit, which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is</p>			



The Institute of Chartered Accountants of India

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
		<p>referred to in section 33B, in the circumstances and within the period specified in that section;</p> <p>(iii) it is not formed by the transfer to a new business, of machinery or plant previously used for any purpose.</p> <p>Explanation. —The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.</p> <p>[(4A) This section applies to a Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.</p> <p>Explanation 1.—For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or the authority authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.</p>			



The Institute of Chartered Accountants of India

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
		<p>Explanation 2.—The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.]</p> <p>(5) Where any undertaking being the Unit which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another undertaking, being the Unit in a scheme of amalgamation or demerger,—</p> <p>(a) no deduction shall be admissible under this section to the amalgamating or the demerged Unit, being the company for the previous year in which the amalgamation or the demerger takes place; and</p> <p>(b) the provisions of this section shall, as they would have applied to the amalgamating or the demerged Unit being the company as if the amalgamation or demerger had not taken place.</p> <p>(6) Loss referred to in sub-section (1) of section 72 or sub-section (1) or sub-section (3) of section 74, in so far as such</p>			



The Institute of Chartered Accountants of India

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
		<p>loss relates to the business of the undertaking, being the Unit shall be allowed to be carried forward or set off.</p> <p>(7) For the purposes of sub-section (1), the profits derived from the export of articles or things or services (including computer software) shall be the amount which bears to the profits of the business of the undertaking, being the Unit, the same proportion as the export turnover in respect of such articles or things or services bears to the total turnover of the business carried on by the undertaking:</p> <p>Provided that the provisions of this sub-section [as amended by section 6 of the Finance (No. 2) Act, 2009 (33 of 2009)] shall have effect for the assessment year beginning on the 1st day of April, 2006 and subsequent assessment years.</p> <p>(8) The provisions of sub-sections (5) and (6) of section 10A shall apply to the articles or things or services referred to in sub-section (1) as if—</p> <p>(a) for the figures, letters and word "1st April, 2001", the figures, letters and word "1st April, 2006" had been substituted;</p>			



The Institute of Chartered Accountants of India

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
		<p>(b) for the word "undertaking", the words "undertaking, being the Unit" had been substituted.</p> <p>(9) The provisions of sub-section (8) and sub-section (10) of section 80-IA shall, so far as may be, apply in relation to the undertaking referred to in this section as they apply for the purposes of the undertaking referred to in section 80-IA.</p> <p>(10) Where a deduction under this section is claimed and allowed in respect of profits of any of the specified business, referred to in clause (c) of sub-section (8) of section 35AD, for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.</p> <p>Explanation 1. —For the purposes of this section,—</p> <p>(i) "convertible foreign exchange" shall have the meaning assigned to it in clause (ii) of the Explanation 2 to section 10A;</p> <p>(ia) "export turnover" means the consideration in respect of export by the undertaking, being the Unit of articles or things or services received in, or brought into, India by the assessee in convertible foreign exchange in accordance with the</p>			



The Institute of Chartered Accountants of India

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
		<p>provisions of sub-section (4A), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things outside India or expenses, if any, incurred in foreign exchange in rendering of services (including computer software) outside India;</p> <p>(ii) "export in relation to the Special Economic Zones" means taking goods or providing services out of India from a Special Economic Zone by land, sea, air, or by any other mode, whether physical or otherwise;</p> <p>(iii) "manufacture" shall have the same meaning as assigned to it in clause (r) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(iv) "relevant assessment year" means any assessment year falling within a period of fifteen consecutive assessment years referred to in this section;</p> <p>(v) "Special Economic Zone" and "Unit" shall have the same meanings as assigned to them under clauses</p> <p>(za) and (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).</p>			



The Institute of Chartered Accountants of India

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.—For the removal of doubts, it is hereby declared that the profits and gains derived from on site development of computer software (including services for development of software) outside India shall be deemed to be the profits and gains derived from the export of computer software outside India.			
147	80LA	<p><b>Deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre -</b></p> <p>80LA. (1) Where the gross total income of an assessee, being a scheduled bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone, includes any income referred to in sub-section (2), there shall be allowed, in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to—</p> <p>(a) one hundred per cent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission, under clause (a) of sub-section (1) of section 23 of the Banking</p>	<p><b>Deductions for income of Offshore Banking Units and Units of International Financial Services Centre -</b></p> <p><b>147.</b> (1) Where the following assessee has any income of the nature referred to in sub-section (3), there shall be allowed a deduction equal to 100% of such income:—</p> <p>(a) a scheduled bank, or a bank incorporated under the laws of a country outside India, having an Offshore Banking Unit in a Special Economic Zone;</p>	<p>Sub-section (2A) may be inserted –</p> <p><b>(2A) Where the assessee has claimed deduction under section 80-LA of the Income-tax Act, 1961 for any assessment year or years, deduction under clause (b) of sub-section (1) of this section would be allowable for the</b></p>	<p>Deduction of 100% of income is allowable under section 80LA of the Income-tax Act, 1961 in respect of any ten consecutive assessment years, at the option of the assessee, being a unit of IFSC, out of fifteen years.</p> <p>Where an assessee, being a unit of IFSC, has started claiming deduction under section 80LA of the Income-tax</p>



The Institute of Chartered Accountants of India

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
		<p>Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law was obtained, and thereafter;</p> <p>(b) fifty per cent of such income for five consecutive assessment years:</p> <p>[Provided that for the assessment year commencing on or after the 1st day of April, 2023, the deduction under this clause shall be one hundred per cent of such income.]</p> <p>(1A) Where the gross total income of an assessee, being a Unit of an International Financial Services Centre, includes any income referred to in sub-section (2), there shall be allowed, in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to one hundred per cent of such income for any ten consecutive assessment years, at the option of the assessee, out of fifteen years, beginning with the assessment year relevant to the previous year in which the permission, under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of</p>	<p>or</p> <p>(b) a unit of an International Financial Services Centre.</p> <p>(2) The deduction shall be allowed—</p> <p>(a) for ten consecutive tax years beginning from the relevant tax year in the case of an entity mentioned in sub-section (1)(a);</p> <p>(b) for ten consecutive tax years within fifteen years beginning from the relevant tax year, at the option of an assessee, in the case of an entity mentioned in sub-section (1)(b).</p> <p>(3) The income referred to in sub-section (3) shall be the income from—</p>	<p><b>remaining tax year or years under this Act.</b></p>	<p>Act, 1961 for any assessment year or years, he should be eligible for deduction under section 147 of the Income-tax Bill, 2025 only for the remaining tax years out of 10 years. This provision needs to be incorporated.</p>



The Institute of Chartered Accountants of India

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
		<p>India Act, 1992 (15 of 1992) or permission or registration under the International Financial Services Centres Authority Act, 2019 (50 of 2019) was obtained.</p> <p>(2) The income referred to in sub-section (1) and sub-section (1A) shall be the income—</p> <p>(a) from an Offshore Banking Unit in a Special Economic Zone; or</p> <p>(b) from the business referred to in sub-section (1) of section 6 of the Banking Regulation Act, 1949 (10 of 1949) with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone; or</p> <p>(c) from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone;</p> <p>(d) arising from the transfer of an asset, being an aircraft 17[or a ship], which was leased by a unit referred to in clause (c) to a person, subject to the condition that the unit has</p>	<p>(a) an Offshore Banking Unit located in a Special Economic Zone; or</p> <p>(b) the business activities referred to in section 6(1) of the Banking Regulation Act, 1949, with undertakings in a Special Economic Zone or entities that develop, develop and operate, or develop, operate and maintain Special Economic Zone; or</p> <p>(c) the approved business activities of any Unit of an International Financial Services Centre set up in a Special Economic Zone; or</p> <p>(d) transfer of an asset being, an aircraft or a ship, leased by a unit referred to in clause (c) if such unit commenced its business operations by 31st March, 2030.</p>		



The Institute of Chartered Accountants of India

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
		<p>commenced operation on or before the 31st day of March, 2030.</p> <p>Explanation.—For the purposes of this clause, "aircraft" 17[and "ship"] shall have the meaning assigned to it in the Explanation to clause (4F) of section 10.</p> <p>(3) No deduction under this section shall be allowed unless the assessee furnishes along with the return of income, —</p> <p>(i) the report, in the form specified by the Central Board of Direct Taxes under clause (i) of sub-section (2) of section 80LA, as it stood immediately before its substitution by this section, of an accountant as defined in the Explanation below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section; and</p> <p>(ii) a copy of the permission obtained under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or copy of permission or registration obtained under the International Financial Services Centres Authority Act, 2019 (50 of 2019).</p> <p>Explanation. —For the purposes of this section,—</p>	<p>(4) The deduction under this section shall be allowed only if the assessee submits along with the return of income—</p> <p>(a) a report in the form as prescribed, from an accountant certifying the correctness of claim of deduction; and</p> <p>(b) a copy of the—</p> <p>(i) permission obtained under section 23(1)(a) of the Banking Regulation Act, 1949; or</p> <p>(ii) permission or registration obtained under the International Financial Services Centres Authority Act, 2019.</p> <p>(5) In this section,—</p> <p>(a) “relevant tax year” shall be,—</p> <p>(i) in case of an entity mentioned in sub-section (1)(a), the tax year</p>		



The Institute of Chartered Accountants of India

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
		<p>(a) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(b) "scheduled bank" shall have the same meaning as assigned to it in clause (e) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934);</p> <p>(c) "Special Economic Zone" shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);</p> <p>(d) "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).</p>	<p>in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board of India Act, 1992 or any other relevant law was obtained; or</p> <p>(ii) in case of an entity mentioned in sub-section (1)(b), the tax year in which permission under section 23(1)(a) of the Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board of India Act, 1992, or permission or registration under the International Financial Services Centre Authority Act, 2019 was obtained;</p> <p>(b) "Unit" shall have the same meaning as assigned to it in</p>		



The Institute of Chartered Accountants of India

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 2(zc) of the Special Economic Zones Act, 2005;  (c) “aircraft” and “ship” shall have the meanings respectively assigned to them in Schedule VI Note 3.		



## CHAPTER IX

### REBATES AND RELIEFS

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
156	87A	<b>Rebate of income-tax in case of certain individuals.</b>	<b>Rebate of income-tax in case of certain individuals.</b>	<div> <p>The provisions for rebate may be presented in a <b>tabular format</b>, as done in other sections (like tax rates or surcharge slabs) for ease of comprehension.</p> <p>A tabular format makes it easier for taxpayers, tax professionals, and software systems to interpret eligibility and compute rebate. It also aligns with presentation used in other sections of the Bill, thereby improving <b>uniformity, clarity, and ease of compliance</b>.</p> </div>	
		<p>An assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of twelve thousand and five hundred rupees, whichever is less:</p> <p>[Provided that where the total income of the assessee is chargeable to tax under</p>	<p>(1) A resident individual assessee shall be entitled to a deduction of 100% of income-tax payable or twelve thousand five hundred rupees, whichever is less, from the income-tax (computed before allowing the deduction under this section) chargeable on the total income for any tax year if the total income does not exceed five lakh rupees.</p> <p>(2) Where the total income of a resident individual assessee for any tax year is chargeable to tax under section 202(1), then from income-tax (computed before allowing the</p>		



The Institute of Chartered Accountants of 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																
		<p>sub-section (1A) of section 115BAC, and the total income—</p> <p>(a) does not exceed twelve hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent of such income-tax or an amount of sixty thousand rupees, whichever is less;</p> <p>(b) exceeds twelve hundred thousand rupees and the income-tax payable on such total income exceeds the amount by which the total income is in excess of twelve hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the</p>	<p>deduction under this section) following deductions shall be allowed, if—</p> <p>(a) the income does not exceed twelve lakh rupees, 100% of the income-tax payable or sixty thousand rupees, whichever is less;</p> <p>(b) the income exceeds twelve lakh rupees, the income-tax payable on the total income, reduced by total income which is in excess of twelve lakh rupees.</p> <p>(3) The deduction under sub-section (2), shall not exceed income-tax payable as per the rates provided in section 202(1).</p>	<table><tr><td colspan="2">I Where an individual exercises the option under section 202(4)</td></tr><tr><td>Total Income (₹)</td><td>Quantum of Rebate</td></tr><tr><td>≤ 5,00,000</td><td>100% of income-tax payable or ₹ 12,500, whichever is less</td></tr><tr><td>&gt; 5,00,000</td><td>Nil</td></tr><tr><td colspan="2">II Where an individual pays tax under section 202</td></tr><tr><td>Total income (₹)</td><td>Quantum of rebate</td></tr><tr><td>≤ 12,00,000</td><td>100% of income-tax payable or ₹ 60,000, whichever is less</td></tr><tr><td>&gt; 12,00,000</td><td>Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.</td></tr></table>	I Where an individual exercises the option under section 202(4)		Total Income (₹)	Quantum of Rebate	≤ 5,00,000	100% of income-tax payable or ₹ 12,500, whichever is less	> 5,00,000	Nil	II Where an individual pays tax under section 202		Total income (₹)	Quantum of rebate	≤ 12,00,000	100% of income-tax payable or ₹ 60,000, whichever is less	> 12,00,000	Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.	
I Where an individual exercises the option under section 202(4)																					
Total Income (₹)	Quantum of Rebate																				
≤ 5,00,000	100% of income-tax payable or ₹ 12,500, whichever is less																				
> 5,00,000	Nil																				
II Where an individual pays tax under section 202																					
Total income (₹)	Quantum of rebate																				
≤ 12,00,000	100% of income-tax payable or ₹ 60,000, whichever is less																				
> 12,00,000	Income-tax payable on total income – (Total Income – ₹ 12,00,000), in cases where income-tax payable exceeds the difference between the total income and ₹ 12 lakh.																				



The Institute of Chartered Accountants of India

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
		<p>amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds twelve hundred thousand rupees.]</p> <p>Provided further that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.</p>		<p>Note – The deduction under (II) shall not exceed income-tax payable as per the rates provided in section 202(1).</p>	
157	89	<b>Relief when salary, etc., is paid in arrears or in advance -</b>	<b>Relief when salary, etc., is paid in arrears or in advance -</b>		
		<p>Where an assessee is in receipt of a sum in the nature of salary, being paid in arrears or in advance or is in receipt, in any one financial year, of salary for more than twelve months or a payment which under the provisions of clause (3) of section 17 is a profit in lieu of salary, or is in receipt of a sum in the nature of family pension as defined in the</p>	<p>(1) Where the total income of an assessee is assessed at a rate higher than the rate at which it would otherwise have been assessed, due to the following receipts,—</p> <p>(a) a sum in the nature of arrear or advance salary; or</p>	<p>Enabling <b>auto-trigger of Form 10E</b> in ITR utility or portal when any eligible arrears/ advance salary/ family pension is reported. System should prompt user to fill year-wise breakup or import it from employer-</p>	<p>Many taxpayers inadvertently fail to file Form 10E separately. <b>This results in unwarranted litigation</b>, Auto-trigger of Form 10E will –</p> <p>A. Help prevent disallowance of genuine relief.</p>



The Institute of Chartered Accountants of India

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
		<p>Explanation to clause (iia) of section 57, being paid in arrears, due to which his total income is assessed at a rate higher than that at which it would otherwise have been assessed, the Assessing Officer shall, on an application made to him in this behalf, grant such relief as may be prescribed:</p> <p>Provided that no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub-clause (i) of clause (10C) of section 10, a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been</p>	<p>(b) salary for more than twelve months in any one tax year; or</p> <p>(c) a payment in the nature of “profits in lieu of salary” under section 18(1); or</p> <p>(d) arrears of “family pension” as defined in section 93(1)(d),</p> <p>the Assessing Officer shall on an application made to him by the assessee in this behalf, grant such relief, as prescribed.</p> <p>(2) No relief shall be granted on any income on which deduction has been claimed by the assessee in section 19(1)(Table: Sl. No. 12) for any amount mentioned therein, for such, or any other, tax year.</p>	<p>supplied data (via Form 16/Salary schedule).</p>	<p>B. Ensure user-friendly experience for taxpayers, especially salaried individuals and pensioners.</p> <p>C. Align with government's digital-first, pre-filled return initiative.</p> <p>It will also reduce volume of grievances, rectifications, and litigation at CPC.</p>



The Institute of Chartered Accountants of India

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
		claimed by the assessee under clause (10C) of section 10 in respect of such, or any other, assessment year.			
158	89A	<b>Relief from taxation in income from retirement benefit account maintained in a notified country.</b>	<b>Relief from taxation in income from retirement benefit account maintained in a notified country.</b>		
		Where a specified person has income accrued in a specified account, such income shall be taxed in such manner and in such year as may be prescribed.	(1) The income accrued in a specified account, maintained in a notified country by a specified person, shall be taxed in a tax year, as prescribed.	The words “as prescribed” in sub-section (1) may be removed and the provisions of Rule 21AAA relating to taxation of income from retirement benefit account maintained in a notified country can be incorporated in section 158.	It is suggested that the provisions of Rule 21AAA which provides the manner of taxation of income from retirement benefit account maintained in a notified country can be incorporated in section 158 for completeness and clarity.
		Explanation.—For the purposes of this section,— (a) “notified country” means a country as may be notified by the Central	(2) In this section,— (a) “notified country” means a country as notified by the Central Government;		



The Institute of Chartered Accountants of India

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
		Government in the Official Gazette for the purposes of this section;			
		(b) "specified account" means an account maintained in a notified country by the specified person in respect of his retirement benefits and the income from such account is not taxable on accrual basis but is taxed by such country at the time of withdrawal or redemption;	(b) "specified account" means an account maintained in a notified country by the specified person for his retirement benefits, which is taxed by that notified country at the time of withdrawal or redemption and, not on accrual basis;		
		(c) "specified person" means a person resident in India who opened a specified account in a notified country while being non-resident in India and resident in that country.	(c) "specified person" means a person resident in India having opened a specified account in a notified country while being non-resident in India and resident in that country.		



The Institute of Chartered Accountants of India

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>B.—Double Taxation Relief</b>					
159	90	Agreement with foreign countries or specified territories.	Agreement with foreign countries or specified territories and adoption by Central Government of agreement between specified associations for double taxation relief.		
			(1) The Central Government may enter into an agreement with the Government of—  (a) any other country; or  (b) any specified territory,  for the purposes mentioned in sub-section (3), and may, by notification, make such provisions as necessary for implementing the agreement.		



The Institute of Chartered Accountants of India

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) Any specified association in India may enter into an agreement with any specified association in the specified territory for the purposes mentioned in sub-section (3) and the Central Government may, by notification, make such provisions as may be necessary for adopting and implementing such agreement.		
		(1) The Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India,— (a) for the granting of relief in respect of— (i) income on which have been paid both income-tax under this Act and income-tax in that country or specified territory, as the case may be, or	(3) The agreement mentioned in sub-section (1) or (2) may be entered for— (a) the granting of relief in respect of— (i) income on which income-tax has been paid both under this Act and income-tax in that country or specified territory, as the case may be; or		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>(ii) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, as the case may be, to promote mutual economic relations, trade and investment, or</p> <p>(b) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory), or</p> <p>(c) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in</p>	<p>(ii) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, as the case may be, to promote mutual economic relations, trade and investment; or</p> <p>(b) the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory);</p>		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		that country or specified territory, as the case may be, or investigation of cases of such evasion or avoidance, or  (d) for recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory, as the case may be, and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement.	(c) exchange of information for—  (i) the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country or specified territory, as the case may be; or  (ii) investigation of cases of such evasion or avoidance; or  (d) recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory, as the case may be.		
		(2) Where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-section (1) for granting relief of tax, or as the case may be, avoidance of double taxation,	(4) Where,—  (a) the Central Government has entered into an agreement with the Government of any country or specified territory, as the case may be, under sub-section (1); or		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.	(b) a specified association in India has entered into an agreement with a specified association of any specified territory under sub-section (2) and such agreement has been notified under that sub-section, for granting relief of tax, or avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.		
		Explanation 1.—For the removal of doubts, it is hereby declared that the charge of tax in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company.	(5) The charge of tax,— (a) in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable; or (b) in respect of a company incorporated in the specified territory at a rate higher than the		



The Institute of Chartered Accountants of India

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
			rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company or such company incorporated in the specified territory, as the case may be.		
		(2A) Notwithstanding anything contained in sub-section (2), the provisions of Chapter X-A of the Act shall apply to the assessee even if such provisions are not beneficial to him.	(6) Irrespective of anything contained in sub-section (4), the provisions of Chapter XI shall apply to the assessee, even if such provisions are not beneficial to him.		
		Explanation 4.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (1) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said	(7) Where, any— (a) term used in an agreement entered into under sub-section (1) or (2), is defined under the said agreement, the said term shall have the same meaning as assigned to it in that agreement and where the term is not defined in that	Sub clause (d) may be inserted to clarify that: “(d) Where none of the above definitions apply, the term shall be interpreted in accordance with its ordinary meaning,	The deeming effect from the date the treaty came into force may raise issues if a notification or law comes much later. Thus, this new sub-clause will avoid retrospective disputes arising from late notifications assigning new definitions.



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation, if any, given to it by the Central Government.</p> <p>(3) Any term used but not defined in this Act or in the agreement referred to in sub-section (1) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.</p> <p>Explanation 3.—For the removal of doubts, it is hereby declared that where any term is used in any agreement entered into under sub-section (1) and not defined under the said agreement or the Act, but is assigned a meaning to it in the notification issued under sub-section (3) and the notification issued</p>	<p>agreement, but defined in this Act, it shall have the same meaning as assigned to it in this Act and the explanation, if any, given to it by the Central Government, and shall be deemed to have effect from the date on which that agreement came into force; or</p> <p>(b) term is used but not defined in this Act or in the agreement referred to in sub-section (1) or (2), it shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the said agreement, have the same meaning as assigned to it in the notification issued by the Central Government in this behalf, and the meaning assigned to such term shall be deemed to have effect from the date on which that agreement came into force; or</p>	<p>having regard to the object and purpose of the agreement.”</p> <p>Sub clause (e) may be inserted to provide that –</p> <p>(e) Irrespective of anything contained in sub-section (7), no notification issued under sub-section (7) shall be construed to apply retrospectively so as to—</p> <p>(i) increase the total income or tax liability of the assessee;</p> <p>(ii) deny or withdraw any deduction, exemption, rebate, or relief otherwise available under this Act or the agreement;</p> <p>(iii) alters the tax treatment of income, expenses or transactions resulting in an</p>	<p>The proposed sub-clause (e) ensures that retrospective application of notifications defining treaty terms does not lead to unintended tax consequences such as increased liability, denial of benefits, or reopening of concluded assessments. It introduces clear, objective triggers to define when retrospective application is impermissible, thereby enhancing legal certainty and reducing the scope for arbitrary or revenue-biased interpretations.</p> <p>At the same time, it preserves the government's authority to issue</p>



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		thereunder being in force, then, the meaning assigned to such term shall be deemed to have effect from the date on which the said agreement came into force.	(c) term is used in any agreement entered into under sub-section (1) or (2), and not defined under the said agreement or this Act, or in any notification issued under clause (b), then, unless the context otherwise requires, it shall have the same meaning as assigned to it— (i) in any Act of the Central Government related to taxes; and (ii) in any other case, in any other law of the Central Government, and shall be deemed to have effect from the date on which the said agreement came into force.	additional tax liability of the assessee; (iv) reopen, reassess, or revise any completed assessment solely by virtue of such notification; (v) result in any other consequence of a substantially similar nature; unless such retrospective application is expressly provided in the notification and is consistent with the object and purpose of the said agreement.	retrospective notifications where expressly intended and consistent with the treaty's object and purpose. This strikes a balanced approach—empowering the administration to clarify, while safeguarding taxpayer rights and aligning with both judicial precedent and international treaty practices.
		(4) An assessee, not being a resident, to whom an agreement referred to in sub-section (1) applies, shall not be entitled to claim any relief under such agreement unless a certificate of his being a resident in any country outside India or specified	(8) An assessee, not being a resident, shall be entitled to claim any relief under an agreement mentioned in sub-section (1) or (2), only when—		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		<p>territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory.</p> <p>(5) The assessee referred to in sub-section (4) shall also provide such other documents and information, as may be prescribed.</p>	<p>(a) a certificate of his being a resident in any country or specified territory, is obtained by him from the Government of that country or Government of that specified territory, as the case may be, and</p> <p>(b) he provides such other documents and information, as prescribed.</p>		
		<p>Explanation 2.—For the purposes of this section, "specified territory" means any area outside India which may be notified as such by the Central Government.</p>	<p>(9) In this section,—</p> <p>(a) “specified associations” means any institution, association or body, whether incorporated or not—</p> <p>(A) functioning under any law for the time being in force in India or the laws of the specified territory; and</p> <p>(B) which may be notified as such by the Central Government; and</p>		



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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			(b) "specified territory" means any area outside India which may be notified as such by the Central Government.		
160	91	<b>Countries with which no agreement exists.</b>	<b>Countries with which no agreement exists.</b>		
		(1) If any person who is resident in India in any previous year proves that, in respect of his income which accrued or arose during that previous year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 90 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income at the Indian rate of tax or the	(1) If any person who is resident in India in any tax year proves that, in respect of his income which accrued or arose during that tax year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 159 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a		



The Institute of Chartered Accountants of India

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
		rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.	sum calculated on such doubly taxed income,— (a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or  (b) at the Indian rate of tax, if both the rates are equal.		
		(2) If any person who is resident in India in any previous year proves that in respect of his income which accrued or arose to him during that previous year in Pakistan he has paid in that country, by deduction or otherwise, tax payable to the Government under any law for the time being in force in that country relating to taxation of agricultural income, he shall be entitled to a deduction from the Indian income-tax payable by him—  (a) of the amount of the tax paid in Pakistan under any law aforesaid on	(2) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any tax year and such share includes any income accruing or arising outside India during that tax year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 159 for the relief or avoidance of double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in	There is a need for modification of the language of section 160(2) in line with Rule 128.  In the alternative, the new rules can provide the manner of computation of credit for tax paid in respect of a country with which India does not have a DTAA in line with section 160(2).	The manner of computation of deduction provided in section 160(2) of the Income-tax Bill, 2025 is different from the manner provided in Rule 128 of the Income-tax Rules, 1962 on foreign tax credit.  Whereas in section 160(2), deduction is allowed by applying the lower of the Indian rate of tax or the rate of tax of the other country on the doubly taxed income, in Rule 128, the credit shall be the lower of the tax



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		such income which is liable to tax under this Act also; or  (b) of a sum calculated on that income at the Indian rate of tax; whichever is less.	that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included,—  (a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or  (b) at the Indian rate of tax, if both the rates are equal.		payable under the Act on such income and the foreign tax paid on such income.
		(3) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any previous year and such share includes any income accruing or arising outside India during that previous year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 90 for the relief or avoidance of		Sub-section (3) to (5) be inserted after sub-section (2) and sub-section (3) be renumbered as sub-section (6), as under –  (3) The relief under this section shall be allowed only in respect of income that is included in the total income of the assessee in the relevant tax year, and for	Sub-section (3) will provide clarity on year-mismatch scenarios and ensures that relief is granted only on income taxed both in India and abroad, thereby reducing interpretational disputes.



The Institute of Chartered Accountants of India

1	2	3	4	5	6
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		double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.		<p>which income-tax has been paid in the other country during the same or any earlier year, subject to such conditions and documentary evidence as may be prescribed.</p> <p>(4) The amount of relief shall not exceed the foreign income-tax paid on such income or the Indian income-tax payable thereon, whichever is lower, and shall be computed in the prescribed manner.</p> <p>(5) No relief shall be allowed unless the assessee furnishes, in the prescribed form and manner, proof of foreign tax paid, along with a statement of foreign income offered to tax in India.</p>	<p>This change is sought in line with the provisions contained in Rule 128.</p> <p>Sub-section (5) will ensure that the claims are verifiable and genuine, enabling smoother processing and reducing litigation risk at the assessment and CPC levels.</p>



The Institute of Chartered Accountants of India

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
		<p>Explanation.—In this section,—</p> <p>(iv) the expression "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country.</p> <p>(i) the expression "Indian income-tax" means income-tax charged in accordance with the provisions of this Act;</p> <p>(iii) the expression "rate of tax of the said country" means income-tax and super-tax actually paid in the said country in accordance with the corresponding laws in force in the said country after deduction of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of</p>	<p>(3) In this section,—</p> <p>(a) "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country;</p> <p>(b) "Indian income-tax" means income-tax charged as per this Act;</p> <p>(c) "Indian rate of tax" means the rate determined by dividing Indian income-tax after deduction of any relief due under the provisions of this Act but before deduction of any relief due under this section, by the total income; and</p> <p>(d) "rate of tax of the said country" means income-tax and super-tax actually paid in the said country as per the corresponding laws in force in the said country after deduction</p>		



The Institute of Chartered Accountants of India

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 as assessed in the said country;	of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the income as assessed in the said country.		



## CHAPTER X

### SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX

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
162	92A	<b>Meaning of associated enterprise.</b>	<b>Meaning of associated enterprise.</b>		
		<p>(1) For the purposes of this section and sections 92, 92B, 92C, 92D, 92E and 92F, "associated enterprise", in relation to another enterprise, means an enterprise—</p> <p>(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or</p> <p>(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the</p>	<p>(1) In this Chapter, "associated enterprise", in relation to another enterprise, means an enterprise—</p> <p>(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or</p> <p>(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons</p>	<p>A clarification is sought regarding the interpretation of sub-section (1) of section 162, particularly in relation to the phrase "(a) which participates, directly or indirectly, or through one or more intermediaries, in the management, control, or capital of the other enterprise."</p> <p>It is suggested the terms "management,"</p>	<p>It is suggested to define the term "Management", "Control" and "Capital" for better understanding of the provision of law.</p>



The Institute of Chartered Accountants of India

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
		management or control or capital of the other enterprise.	who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.	“control,” and “capital” be explicitly defined.	
		<p>(2) For the purposes of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,—</p> <p>(a) one enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in the other enterprise; or</p> <p>(b) any person or enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in each of such enterprises; or</p> <p>© a loan advanced by one enterprise to the other enterprise constitutes not less than fifty-</p>	<p>(2) Without affecting the generality of the provisions of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the tax year,—</p> <p>(a) one enterprise holds, directly or indirectly, shares carrying at least 26% of the voting power in the other enterprise; or</p> <p>(b) any person or enterprise holds, directly or indirectly, shares carrying at least 26% of the voting power in each of such enterprises; or</p>		



The Institute of Chartered Accountants of India

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
		<p>one per cent of the book value of the total assets of the other enterprise; or</p> <p>(d) one enterprise guarantees not less than ten per cent of the total borrowings of the other enterprise; or</p> <p>(e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or</p> <p>(f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons; or</p>	<p>(c) a loan advanced by one enterprise to the other enterprise constitutes at least 51% of the book value of the total assets of the other enterprise; or</p> <p>(d) one enterprise guarantees at least 10% of the total borrowings of the other enterprise; or</p> <p>(e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or</p> <p>(f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are</p>		



The Institute of Chartered Accountants of India

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
		<p>(g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or</p> <p>(h) ninety per cent or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or</p>	<p>appointed by the same person or persons; or</p> <p>(g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or</p> <p>(h) 90% or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise,</p>		



The Institute of Chartered Accountants of India

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
		<p>(i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or</p> <p>(j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or</p> <p>(k) where one enterprise is controlled by a Hindu undivided family, the other enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or</p> <p>(l) where one enterprise is a firm, association of persons or body of individuals, the other</p>	<p>are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or</p> <p>(i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or</p> <p>(j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or</p> <p>(k) where one enterprise is controlled by a Hindu undivided family, the other</p>	<p>The specified percentage for deeming as controlled may be prescribed.</p> <p>It is suggested to explicitly include <b>REITs, LLPs, and</b></p>	<p>In sub-clauses (j) and (k) of sub-section (2) of this provision, the scope of the word “controlled” is not defined by a percentage like in other sub-clauses.</p>



The Institute of Chartered Accountants of India

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
		<p>enterprise holds not less than ten per cent interest in such firm, association of persons or body of individuals; or</p> <p>(m) there exists between the two enterprises, any relationship of mutual interest, as may be prescribed.</p>	<p>enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or</p> <p>(l) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds at least 10% interest in such firm, association of persons or body of individuals; or</p> <p>(m) there exists between the two enterprises, any relationship of mutual interest, as prescribed.</p>	<p><b>other modern business structures</b> within the definition of Associated Enterprises (AEs) for greater clarity.</p> <p>It is suggested to introduce specific control and ownership thresholds for these entities, aligning them with existing AE criteria such as shareholding, voting rights, or management control, while also addressing indirect participation in capital, management, or control for greater clarity.</p>	<p>This may be prone to litigation.</p> <p>Section 92A of the Income-tax Act, 1961, defines Associated Enterprises (AEs) based on capital, management, or control. However, it does not explicitly cover modern business structures such as Real Estate Investment Trusts (REITs) and Limited Liability Partnerships (LLPs).</p> <p>With the increasing use of REITs and LLPs in cross-border structures, their exclusion creates ambiguity in transfer</p>



The Institute of Chartered Accountants of India

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
				<p>This would clarify the applicability of transfer pricing rules to these entities, ensuring consistency with modern business practices, reducing litigation risks, and preventing tax disputes.</p>	<p>pricing regulations, potentially allowing tax avoidance and inconsistent taxation treatment.</p> <p>While Section 92A(2)(1) includes LLPs as potential AEs, it only considers direct ownership and does not account for indirect control through partnerships or other business structures. REITs also do not fit within the existing AE rules, leading to compliance challenges.</p> <p>Aligning AE definitions with modern corporate structures will enhance tax transparency, prevent tax base erosion, and ensure</p>



The Institute of Chartered Accountants of India

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
					consistency with international best practices.
163	92B	<b>Meaning of international transaction.</b>	<b>Meaning of international transaction.</b>		
		<p>(ii) the expression "intangible property" shall include—</p> <p>(a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos;</p> <p>(b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how;</p> <p>(c) artistic related intangible assets, such as, literary works and copyrights, musical compositions, copyrights, maps, engravings;</p>	<p>(3) The expression “intangible property” shall include the following,—</p> <p>(a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos;</p> <p>(b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how;</p> <p>(c) artistic related intangible assets, such as, literary works and copyrights,</p>		



The Institute of Chartered Accountants of India

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
		<p>(d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters;</p> <p>(e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation;</p> <p>(f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders;</p> <p>(g) contract related intangible assets, such as, favourable supplier, contracts, licence agreements, franchise agreements, non-compete agreements;</p> <p>(h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts;</p>	<p>musical compositions, copyrights, maps, engravings;</p> <p>(d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters;</p> <p>(e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation;</p> <p>(f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders;</p> <p>(g) contract related intangible assets, such as, favourable supplier, contracts,</p>		



The Institute of Chartered Accountants of India

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
		<p>(i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights;</p> <p>(j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill of professional, celebrity goodwill, general business going concern value;</p> <p>(k) methods, programmes, systems, procedures, campaigns, surveys, studies, forecasts, estimates, customer lists, or technical data;</p> <p>(l) any other similar item that derives its value from its intellectual content rather than its physical attributes.</p>	<p>licence agreements, franchise agreements, non-compete agreements;</p> <p>(h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts;</p> <p>(i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights;</p> <p>(j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill of professional, celebrity goodwill, general business going concern value;</p> <p>(k) methods, programmes, systems, procedures, campaigns, surveys,</p>	<p>It is suggested to remove clauses (h) and (i), as they currently classify "organized workforce" and "location savings" as intangible properties for transfer pricing purposes.</p>	<p>The OECD Transfer Pricing Guidelines (2017) redefined the concept of "Intangibles" by specifically excluding "organised workforce" and "location savings" from being classified as intangible assets.</p> <p>Need for Alignment with Global Standards: The definition of "Intangible property" under Income-tax Act, 1961 and Income-tax Bill, 2025 does not align with the updated OECD standards. This can</p>



The Institute of Chartered Accountants of India

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
			studies, forecasts, estimates, customer lists or technical data; and  (1) any other similar item that derives its value from its intellectual content rather than its physical attributes.		lead to inconsistencies in transfer pricing practices, especially for multinational companies involved in cross-border transactions.
166	92CA	<b>Reference to Transfer Pricing Officer.</b>	<b>Reference to Transfer Pricing Officer.</b>		
		(3B) The arm's length price, being determined in relation to the international transaction or the specified domestic transaction under sub-section (3) for any previous year shall apply to similar international transaction or specified domestic transaction for the two consecutive previous years immediately following such previous year, on fulfilment of the following conditions, namely:— (a) the assessee exercises an option or options to the above effect for the said two consecutive previous	(9) The arm's length price, being determined in relation to the international transaction or the specified domestic transaction under sub-section (6) for any tax year shall apply to similar international transaction or specified domestic transaction for the two consecutive tax years immediately following such tax	1. The taxpayer may be permitted to exercise the option for either one or two consecutive years.  2. The taxpayer may be given an option to exercise rollback for the	Providing flexibility to opt for either one or two consecutive years allows the taxpayer to align the option with their business cycle and promotes voluntary compliance.  Allowing rollback enhances certainty and reduces prolonged



The Institute of Chartered Accountants of India

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
		<p>years; (b) such option or options are exercised in such form, manner and within such period as prescribed; and, (c) the Transfer Pricing Officer shall, within one month from the end of the month in which such option or options are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed: Provided that the provisions of this subsection shall not apply to any proceedings under Chapter XIV-B.</p> <p>(4A) Notwithstanding anything contained in sub-section (4), where the Transfer Pricing Officer has declared an option exercised by the assessee as valid option under sub-section (3B), he shall examine and determine the arm's length price in relation to such similar transaction for two consecutive previous years immediately following such previous year, in the order referred to in sub-section (3) and on receipt of such order, the Assessing Officer</p>	<p>year, on fulfilment of the following conditions:—</p> <p>(a) the assessee exercises an option or options to the above effect for the said two consecutive tax years; (b) such option or options are exercised in such form, manner and within such period as prescribed; and, (c) the Transfer Pricing Officer shall, within one month from the end of the month in which such option or options are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed.</p> <p>(10) The provisions of sub-section (9) shall not apply to any proceedings under Chapter XVI-B.</p>	<p>two immediately preceding previous years, subject to fulfilment of specified conditions. Rollback may not be permitted in cases where the determination of ALP of the said international transaction has been subject matter of an appeal before the Appellate Tribunal and the Appellate Tribunal has passed an order disposing of such appeal at any time before exercise of option.</p> <p>3. The phrase “similar transaction” may be</p>	<p>litigation for past years, encouraging taxpayers to opt for the arrangement.</p>



The Institute of Chartered Accountants of India

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
		shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of sub-section (21) of section 155.		elucidated to ensure clarity.	
170	92CE	<b>Secondary adjustment in certain cases.</b>	<b>Secondary adjustment in certain cases</b>		
		<p>(1) Where a primary adjustment to transfer price,—</p> <p>(i) has been made suo motu by the assessee in his return of income;</p> <p>(ii) made by the Assessing Officer has been accepted by the assessee;</p> <p>(iii) is determined by an advance pricing agreement entered into by the assessee under section 92CC, on or after the 1st day of April, 2017;</p>	<p>(1) An assessee shall make a secondary adjustment in every case where primary adjustment of one crore rupees or more to transfer price—</p> <p>(a) has been made on his own in his return of income;</p> <p>(b) made by the Assessing Officer has been accepted by him;</p> <p>(c) is determined by an advance pricing agreement entered into by him under section 168;</p>	<p>In certain cases, secondary adjustments create unnecessary compliance burdens without meaningful benefits, such as:</p> <p>&gt; When the Ultimate Parent Entity (UPE) is in India, as funds remain within the same economic jurisdiction.</p>	<p>Secondary adjustments are intended to ensure that transfer pricing adjustments reflect actual cash repatriation, but in certain cases, they create unnecessary complexities without adding value.</p> <p>In transactions between two Non-Residents (NR to NR), the transaction occurs entirely outside</p>



The Institute of Chartered Accountants of India

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
		<p>(iv) is made as per the safe harbour rules framed under section 92CB; or</p> <p>(v) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or section 90A for avoidance of double taxation, the assessee shall make a secondary adjustment:</p> <p>Provided that nothing contained in this section shall apply, if,—</p> <p>(i) the amount of primary adjustment made in any previous year does not exceed one crore rupees; or</p> <p>(ii) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016:</p> <p>Provided further that no refund of taxes paid, if any, by virtue of provisions of this sub-</p>	<p>(d) is made as per the safe harbour rules made under section 167; or</p> <p>(e) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 159 for avoidance of double taxation.</p>	<p>&gt; When the adjustment is determined in the hands of Non-Residents (NR), including NR-to-NR and NR-to-Resident transactions, where repatriation or fund movement complexities arise.</p> <p>&gt; In cases of Deemed International Transactions (DIT), where no actual cash flow occurs, making secondary adjustments redundant.</p> <p>Providing exemptions in these scenarios would align with practical business considerations,</p>	<p>India, with no direct impact on Indian tax jurisdiction. Imposing secondary adjustments in such cases leads to undue compliance burdens without aligning with the arm's length principle.</p> <p>When the Ultimate Parent Entity (UPE) is in India, secondary adjustments become redundant since the overall economic impact remains within the country. Enforcing such adjustments does not contribute to revenue protection but increases administrative challenges.</p>



The Institute of Chartered Accountants of India

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
		<p>section as they stood immediately before their amendment by the Finance (No. 2) Act, 2019 shall be claimed and allowed.</p> <p>(2) Where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money or part thereof, as the case may be, which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.</p> <p>Explanation.—For the removal of doubts, it is hereby clarified that the excess money or part thereof may be repatriated from any of the</p>		<p>reduce unnecessary administrative costs, and improve ease of compliance.</p>	<p>In Deemed International Transactions (DIT) cases, where transfer pricing adjustments are determined in the hands of a non-resident, applying secondary adjustments may lead to complexities, particularly when the non-resident does not have a substantial economic nexus with India. This could result in double taxation, excessive compliance requirements, or reporting obligations without any real economic impact on India's tax base.</p> <p>Aligning secondary adjustment requirements</p>



The Institute of Chartered Accountants of India

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
		<p>associated enterprises of the assessee which is not a resident in India.</p> <p>(2A) Without prejudice to the provisions of sub-section (2), where the excess money or part thereof has not been repatriated within the prescribed time, the assessee may, at his option, pay additional income-tax at the rate of eighteen per cent on such excess money or part thereof, as the case may be.</p> <p>(2B) The tax on the excess money or part thereof so paid by the assessee under sub-section (2A) shall be treated as the final payment of tax in respect of the excess money or part thereof not repatriated and no further credit therefor shall be claimed by the assessee or by any other person in respect of the amount of tax so paid.</p> <p>(2C) No deduction under any other provision of this Act shall be allowed to the assessee in</p>	<p>(2) The excess money or part thereof available with its associated enterprise shall be deemed to be an advance made</p>	<p>2. It is suggested that interest income pursuant to secondary adjustments under</p>	<p>with practical realities would streamline compliance, reduce unnecessary administrative costs, and ensure a fairer application of transfer pricing regulations.</p> <p>Further repatriation of profits are subject to FEMA restrictions. Hence, there is a need to realign section 92CE with the restrictions under FEMA regulations.</p> <p>2. Section 92CE provides for computation of interest income in pursuance of secondary adjustment, which is considered as</p>



The Institute of Chartered Accountants of India

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
		<p>respect of the amount on which tax has been paid in accordance with the provisions of sub-section (2A).</p> <p>(2D) Where the additional income-tax referred to in sub-section (2A) is paid by the assessee, he shall not be required to make secondary adjustment under sub-section (1) and compute interest under sub-section (2) from the date of payment of such tax.</p> <p>(3) For the purposes of this section,—</p> <p>(i) "associated enterprise" shall have the meaning assigned to it in sub-section (1) and sub-section (2) of section 92A;</p> <p>(ii) "arm's length price" shall have the meaning assigned to it in clause (ii) of section 92F;</p> <p>(iii) "excess money" means the difference between the arm's length price determined in primary adjustment and the price at which the</p>	<p>by the assessee to such associated enterprise if—</p> <p>(a) as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee; and</p> <p>(b) such excess money or part thereof is not repatriated to India within the time as prescribed.</p> <p>(3) The excess money or part thereof referred to in sub-section (2) may be repatriated from any of the associated enterprises of the assessee which is not a resident in India.</p> <p>(4) The interest on advance as referred to in sub-section (2) shall be computed in such manner as prescribed.</p>	<p>section 92CE may be included in the definition of income under section 2(49).</p>	<p>deemed income. However, the same is not specifically included in the definition of income under section 2(24).</p>



The Institute of Chartered Accountants of 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
		<p>international transaction has actually been undertaken;</p> <p>(iv) "primary adjustment" to a transfer price, means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;</p> <p>(v) "secondary adjustment" means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.</p>	<p>(5) Without prejudice to the provisions of sub-section (2), where the excess money or part thereof has not been repatriated within the prescribed time, the assessee may, at his option, pay additional income-tax at the rate of 18% on such excess money or part thereof, as the case may be</p> <p>(6) The tax on the excess money or part thereof so paid by the assessee under sub-section (5) shall be treated as the final payment of tax in respect of the excess money or part thereof not repatriated and no further credit thereof shall be claimed by the assessee or by any other person in respect of tax so paid.</p> <p>(7) Deduction under any other provision of this Act shall not be allowed to the assessee in respect of the</p>		



The Institute of Chartered Accountants of India

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
			<p>amount on which tax has been paid as per sub-section (5).</p> <p>(8) In a case where the additional income-tax referred to in sub-section (5) is paid by the assessee, he shall not be required to make secondary adjustment under sub-section (1) and compute interest under sub-section (4) from the date of payment of such tax.</p> <p>(9) In this section,—</p> <p>a) “arm’s length price” shall have the meaning assigned to it in section 173(a);</p> <p>(b) “excess money” means the difference between the arm’s length price determined in primary adjustment and the price at which the international transaction has actually been undertaken;</p>		



The Institute of Chartered Accountants of India

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
			<p>(c) “primary adjustment” to a transfer price, means the determination of transfer price as per the arm’s length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;</p> <p>(d) “secondary adjustment” means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.</p>		



The Institute of Chartered Accountants of India

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
177	94B	<b>Limitation on interest deduction in certain cases -</b>	<b>Limitation on interest deduction in certain cases -</b>		
		(1) Notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (2) :	(1) Irrespective of anything contrary in this Act, any expenditure by way of interest or similar payment in respect of excess interest, as specified in sub-section (4), shall not be deductible in computation of income chargeable under the head "Profits and gains of business or profession", if,— (a) it is paid or payable by an Indian company or a permanent establishment of a foreign company in India, in respect of any debt issued by an associated enterprise which is a non-resident; and (b) the sum of such expenditure in a tax year exceeds one crore rupees.	It is suggested that – (a) for the purpose of computing 'excess interest' under section 177(4), the term 'total interest paid or payable' should only include interest paid to the associated enterprises. (b) borrowings by Indian companies backed by corporate guarantee may be excluded from applicability of section 177.	Whereas section 177(4) defines excess interest as the total interest payable in excess of 30% of EBITDA, section 177(1)(a) indicates that the disallowance is in relation to interest in respect of debt issued by a non-resident associated enterprise of the borrower. The issue under consideration is whether for purpose of determining the amount of excess interest under section 177(4), interest paid to



The Institute of Chartered Accountants of India

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
		<p>Provided that where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.</p> <p>(1A) Nothing contained in sub-section (1) shall apply to interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident, being a person engaged in the business of banking.</p> <p>(2) For the purposes of sub-section (1), the excess interest shall mean an amount of total interest paid or payable in excess of thirty per cent of earnings before interest, taxes, depreciation and amortisation of the borrower in the previous year or interest paid or payable</p>	<p>(2) Where a lender, not being an associated enterprise, has issued a debt referred to in sub-section (1), such debt shall be deemed to have been issued by an associated enterprise if an associated enterprise has—</p> <p>(a) provided an implicit or explicit guarantee to the lender in respect of such debt; or</p> <p>(b) deposited a corresponding and matching funds with such lender.</p> <p>(3) The provisions of this section shall not apply to—</p> <p>(a) interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident engaged in the business of banking;</p>	<p>(c) loan taken from an Indian bank which is guaranteed by a non-resident associated enterprise be excluded from the scope of section 177.</p>	<p>third party lenders (i.e. other than associated enterprises) should be included in 'total interest paid or payable' or it should only include interest paid or payable to associated enterprises.</p>



The Institute of Chartered Accountants of India

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
		<p>to associated enterprises for that previous year, whichever is less.</p> <p>(3) Nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance 33[or a Finance Company located in any International Financial Services Centre,] 34-35[or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf].</p> <p>(4) Where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction</p>	<p>(b) an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance or a Finance Company located in any International Financial Services Centre, or such class of non-banking financial companies as notified by the Central Government in this behalf.</p> <p>(4) In sub-section (1), the "excess interest" means— (a) In total interest paid or payable in excess of 30% of earnings before interest, taxes, depreciation and amortisation of the borrower in the tax year; or (b) interest paid or payable to associated enterprises for that tax year, whichever is less.</p> <p>(5) Interest expenditure not wholly deducted against income under the head</p>		



The Institute of Chartered Accountants of India

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
		<p>against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year to the extent of maximum allowable interest expenditure in accordance with sub-section (2):</p> <p>Provided that no interest expenditure shall be carried forward under this sub-section for more than eight assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.</p>	<p>“Profits and gains of business or profession” for any tax year shall be—</p> <p>(a) carried forward to the following tax year or years; and (b) allowed as a deduction against the profits and gains, if any, of any business or profession carried on by it and assessable for such tax year, to the extent of maximum allowable interest expenditure as per sub-section (4).</p> <p>(6) The interest expenditure referred to in sub-section (5) shall not be carried forward for more than eight tax years immediately succeeding the tax year for which the excess interest expenditure was first computed.</p>		



## CHAPTER XI

### GENERAL ANTI-AVOIDANCE RULE

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
179	96	<b>Impermissible avoidance arrangement.</b>	<b>Impermissible avoidance arrangement.</b>		
		<p>(1) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—</p> <p>(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;</p> <p>(b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;</p>	<p>(1) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—</p> <p>(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;</p> <p>(b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;</p>	<p>The meaning of "arm's length" may be defined as follows:</p> <p>‘arm's length’ shall be understood to mean a relationship that reflects independent and commercially rational conduct between unrelated parties”</p> <p>In the alternative, arm's length can be defined to have the meaning assigned in section 173(a)</p>	<p>Definition of ‘arm's length’ may be incorporated to provide clarity or reduce litigations.</p> <p>Alternatively, specific reference may be given to clause (a) of section 173 of the Income-tax Bill, 2025 which defines the meaning of the term “arm's length price”. At present, the meaning of arm's length is defined in clause (a) of section 173 solely for the purpose of transfer pricing provisions.</p>



The Institute of Chartered Accountants of India

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
		<p>(c) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or</p> <p>(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for <i>bona fide</i> purposes.</p> <p>(2) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.</p>	<p>(c) lacks commercial substance or is deemed to lack commercial substance under section 180, in whole or in part; or</p> <p>(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for <i>bona fide</i> purposes.</p> <p>(2) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, irrespective of the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.</p>		



The Institute of Chartered Accountants of India

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
183	100	<b>Application of this Chapter.</b>	<b>Application of this Chapter.</b>		
		The provisions of this Chapter shall apply in addition to, or in lieu of, any other basis for determination of tax liability.	The provisions of this Chapter— (a) in addition to, or in lieu of, any other basis for determination of tax liability; (b) as per such guidelines and subject to such conditions, as prescribed.	Section 183 to be redrafted as follows - The provisions of this Chapter <b>shall apply</b> — (a) in addition to, or in lieu of, any other basis for determination of tax liability; (b) as per such guidelines and subject to such conditions, as prescribed.	The sentence is incomplete and is not conveying the desired meaning without the words <b>“shall apply”</b> . Hence, it needs to be redrafted to include these words.
183	101	<b>Framing of guidelines.</b>			
		The provisions of this Chapter shall be applied in accordance with such guidelines and subject to such conditions, as may be prescribed.			
184	102	<b>Definitions.</b>	<b>Interpretation.</b>		
		In this Chapter, unless the context otherwise requires,— (2) "asset" includes property, or right, of any kind;	In this Chapter, unless the context otherwise requires,— (3) “asset” includes property, or right, of any kind;	Sub-clause (3) may be substituted with the following :	Virtual Digital Asset’ as defined in 2(111) of Income-tax Bill, 2025 may be specifically included in the definition of asset.



The Institute of Chartered Accountants of India

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
				(3) "asset" includes property, or right, of any kind or <b>Virtual Digital Asset</b> ;	
		<p>(10) "tax benefit" includes,—</p> <p>(a) a reduction or avoidance or deferral of tax or other amount payable under this Act; or</p> <p>(b) an increase in a refund of tax or other amount under this Act; or</p> <p>(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or</p> <p>(d) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or</p> <p>(e) a reduction in total income; or</p>	<p>(11) "tax benefit" includes,—</p> <p>(a) a reduction or avoidance or deferral of tax or other amount payable under this Act; or</p> <p>(b) an increase in a refund of tax or other amount under this Act; or</p> <p>(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or</p> <p>(d) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or</p> <p>(e) a reduction in total income; or</p>	<p>1. Computation of tax benefit on deferral of tax (which is merely a timing difference) needs to be clarified.</p> <p>2. In sub-clauses (e) and (f) of clause (11), the reference to</p>	<p>1. Computation of tax benefit on deferral of tax (which is merely a timing difference) needs to be clarified. In cases of tax deferral, the only benefit to the taxpayer is not paying taxes in one year but paying it in a later year. Overall, there may not be any tax benefit but the benefit is in terms of the present value of money.</p> <p>2. Sub-clauses (e) and (f) in the definition refer to "reduction of</p>



The Institute of Chartered Accountants of India

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) an increase in loss, in the relevant previous year or any other previous year;	(f) an increase in loss, in the relevant tax year or any other tax year;	income/loss should not be the base for defining the term 'tax benefit'. Sub-clauses (e) and (f) of clause (11) may be appropriately worded to correspond with the 'tax' amount.  3. For the sake of clarity, it may be specified that "tax benefit" for the purposes of the threshold shall include only income tax and shall not include other amounts like interest, etc.	total income" and "increase in loss" as tax benefit. An ambiguity arises as to how tax benefit is conditioned at income / loss level. This may also defeat the objective of tax benefit threshold to be provided in Rules.  3. The term "tax benefit" has been defined to include tax or other amount payable under this Act or reduction in income or increase in loss. The other amount could cover interest.



## CHAPTER XII

### MODE OF PAYMENT IN CERTAIN CASES, ETC.

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>Mode of Payment in certain Cases, etc.</b>	<b>Mode of Receipt or Repayment in Certain Cases. Etc.</b>	The Chapter heading may be modified to include receipts and repayments as well since section 185 and 186 deal with receipts and section 188 deals with repayment.
185	269SS	<b>Mode of taking or accepting certain loans, deposits and specified sum -</b>	<b>Mode of taking or accepting certain loans, deposits and specified sum -</b>		
		No person shall take or accept from any other person (herein referred to as the depositor), any loan or deposit or any specified sum, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account or	(1) No person shall take or accept from another person any loan or deposit or specified sum, except through— (a) an account payee cheque; (b) account payee bank draft; (c) electronic clearing system through a bank account; or (d) any other prescribed electronic mode,	1. Word “or” may be inserted after clause (a) as well as clause (b) in sub-section (1):  The opening para be redrafted as follows -	1. Since receipt of loan or deposit or specified sum is allowed in any of the modes mentioned in clauses (a) to (d) of sub-section (1), it is necessary to use the word “or” after each of the clauses (a), (b) and (c) to convey the correct intent of the provision.  Alternatively, it may be referred to as “specified banking and online



The Institute of Chartered Accountants of India

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
		<p>through such other electronic mode as may be prescribed, if,—</p> <p>(a) the amount of such loan or deposit or specified sum or the aggregate amount of such loan, deposit and specified sum; or</p> <p>(b) on the date of taking or accepting such loan or deposit or specified sum, any loan or deposit or specified sum taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid; or</p> <p>(c) the amount or the aggregate amount referred to in clause (a) together with the amount or the aggregate amount referred to in clause (b), is twenty thousand rupees or more:</p>	<p>if,—</p> <p>(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or</p> <p>(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in clause (i); or</p> <p>(iii) the aggregate of the amounts referred to in of clauses (i) and (ii), is twenty thousand rupees or more.</p> <p>(2) Sub-section (1) shall not apply to loans or deposits or specified sums taken or accepted from or by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank, or co-operative bank;</p>	<p>(1) No person shall take or accept from another person any loan or deposit or specified sum, except through—</p> <p>(a) an account payee cheque; <b>or</b></p> <p>(b) account payee bank draft; <b>or</b></p> <p>(c) electronic clearing system through a bank account; or</p> <p>(d) any other prescribed electronic mode,</p> <p><b>(or)</b></p>	<p>mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



The Institute of Chartered Accountants of India

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
		<p><i>Provided</i> that the provisions of this section shall not apply to any loan or deposit or specified sum taken or accepted from, or any loan or deposit or specified sum taken or accepted by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank or co-operative bank;</p> <p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013);</p> <p>(e) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to</p>	<p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined under section 2(45) of the Companies Act, 2013;</p> <p>(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p> <p>(3) The provisions of sub-section (1) shall not apply to any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act.</p> <p>(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan, where—</p>	<p>(1) No person shall take or accept from another person any loan or deposit or specified sum, except through <b>specified banking or online mode.</b></p> <p><b>2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.</b></p>	<p><b>2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.</b></p>



The Institute of Chartered Accountants of India

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
		<p>be recorded in writing, notify in this behalf in the Official Gazette:</p> <p><i>Provided further</i> that the provisions of this section shall not apply to any loan or deposit or specified sum, where the person from whom the loan or deposit or specified sum is taken or accepted and the person by whom the loan or deposit or specified sum is taken or accepted, are both having agricultural income and neither of them has any income chargeable to tax under this Act:</p> <p><i>Provided also</i> that the provisions of this section shall have effect, as if for the words "twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,—</p>	<p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member.</p> <p>(5) In this section, "loan or deposit" means loan or deposit of money.</p>		



The Institute of Chartered Accountants of India

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
		<p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.]</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "banking company" means a company to which the provisions of the Banking Regulation Act, 1949 (10 of 1949) applies and includes any bank or banking institution referred to in section 51 of that Act;</p>			



The Institute of Chartered Accountants of India

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
		<p>[(ii) "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 <i>Explanation</i> to sub-section (4) of section 80P;]</p> <p>(iii) "loan or deposit" means loan or deposit of money;</p> <p>(iv) "specified sum" means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>			



The Institute of Chartered Accountants of India

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
186	269ST	<b>Mode of undertaking transactions -</b>	<b>Mode of undertaking transactions -</b>		
		<p>No person shall receive an amount of two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person,</p> <p>otherwise than 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:</p>	<p>(1) No person shall receive two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person, except through—</p> <p>(i) an account payee cheque;</p> <p>(ii) account payee bank draft;</p> <p>(iii) electronic clearing system through a bank account; or</p> <p>(iv) any other electronic mode, as prescribed.</p> <p>(2) Sub-section (1) shall not apply to—</p>	<p>Word “or” may be inserted after clause (i) as well as in clause (ii) in the exceptions stated in sub-section (1), which is reproduced hereunder -</p> <p>“except through—</p> <p>(i) an account payee cheque; <b>or</b></p> <p>(ii) account payee bank draft; <b>or</b></p> <p>(iii) electronic clearing system through a bank account; or</p>	<p>1. Since receipt is allowed in any of the modes mentioned in clauses (i) to (iv) of sub-section (1), it is necessary to use the word “or” after each of the clauses (i), (ii) and (iii) to convey the correct intent of the provision.</p> <p>Alternatively, it may be referred to as “specified banking and online mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



The Institute of Chartered Accountants of India

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
		<p>Provided that the provisions of this section shall not apply to—</p> <p>(i) any receipt by—</p> <p>(a) Government;</p> <p>(b) any banking company, post office savings bank or co-operative bank;</p> <p>(ii) transactions of the nature referred to in section 269SS;</p> <p>(iii) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "banking company" shall have the same meaning as assigned to it in clause (i) of the Explanation to section 269SS;</p>	<p>(a) any receipt by Government, any banking company, post office savings bank, or co-operative bank;</p> <p>(b) transactions of the nature referred to in section 185;</p> <p>(c) such other persons or class of persons or receipts, as notified by the Central Government.</p>	<p>(iv) any other electronic mode, as prescribed.</p> <p><b>(or)</b></p> <p>(1) No person shall receive two lakh rupees or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person, except through</p>	



The Institute of Chartered Accountants of India

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) "co-operative bank" shall have the same meaning as assigned to it in clause (ii) of the Explanation to section 269SS.		specified banking or online mode.  2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.	2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.
188	269T	<b>Mode of repayment of certain loans or deposits.</b>	<b>Mode of repayment of certain loans or deposits.</b>	In the section heading, the words "specified advances" may be inserted –  Mode of repayment of certain loans or deposits <b>or</b>	Since the section covers mode of repayment of certain loans, deposits as well as specified advances, reference to "specified advances" to be included in the section heading."



The Institute of Chartered Accountants of India

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>specified advances.</b>	
		<p>No branch of a banking company or a co-operative bank and no other company or co-operative society and no firm or other person shall repay any loan or deposit made with it or any specified advance received by it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance, or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed if—</p> <p>(a) the amount of the loan or deposit or specified advance</p>	<p>(1) No branch of a banking company or co-operative bank and no other company or co-operative society and no firm or other person shall repay—</p> <p>(a) any loan or deposit made with it; or</p> <p>(b) any specified advance received by it, except through—</p> <p>(i) an account payee cheque; or</p> <p>(ii) account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance; or</p> <p>(iii) by use of electronic clearing system through a bank account, or any other prescribed electronic mode, if,—</p>	<p>1.The opening para of sub-section (1) may be redrafted as follows -</p> <p>(1) No branch of a banking company or co-operative bank and no other company or co-operative society and no firm or other person shall repay—</p> <p>(a) any loan or deposit made with it; or</p>	<p>1.Reference may be given to “specified banking and online mode”. This term has been defined in clause (36) of section 66. It may be incorporated in section 2 so that it is applicable for all sections in the Act.</p>



The Institute of Chartered Accountants of India

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
		<p>together with the interest, if any, payable thereon, or</p> <p>(b) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm, or other person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such loans or deposits, or</p> <p>(c) the aggregate amount of the specified advances received by such person either in his own name or jointly with any other person on the date of such repayment together with the</p>	<p>(A) loan or deposit or specified advance, together with the interest, if any, payable thereon; or</p> <p>(B) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm or other person (either individually or jointly) on the date of such repayment together with interest, if any, payable thereon; or</p> <p>(C) the aggregate amount of the specified advances received by such person (either individually or jointly) on the date of such repayment together with the interest, if any, payable thereon, is twenty thousand rupees or more.</p> <p>(2) Irrespective of the provision in sub-section (1), a branch of a banking company or co-operative bank, may also make the repayment by crediting such</p>	<p>(b) any specified advance received by it,</p> <p>except through <b>specified banking or online mode</b> if-</p> <p><b>2. Alternatively, a consolidated section has been suggested for sections 185, 186 and 188. The section has been given at the end and presented in tabular format.</b></p>	<p><b>2. A consolidated section may be considered for sections 185, 186 and 188 in the form of a table for simplification.</b></p>



The Institute of Chartered Accountants of India

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
		<p>interest, if any, payable on such specified advances,</p> <p>is twenty thousand rupees or more:</p> <p>Provided that where the repayment is by a branch of a banking company or co-operative bank, such repayment may also be made by crediting the amount of such loan or deposit to the savings bank account or the current account (if any) with such branch of the person to whom such loan or deposit has to be repaid :</p> <p>Provided further that nothing contained in this section shall apply to repayment of any loan or deposit or specified advance taken or accepted from—</p>	<p>loan or deposit to the savings bank account or current account, if any, with such branch of the person to whom such loan or deposit has to be repaid.</p> <p>(3) Sub-section (1) shall not apply to repayment of any loan, deposit, or specified advance taken or accepted from—</p> <p>(a)Government;</p> <p>(b)any banking company, post office savings bank, or co-operative bank;</p> <p>(c)any corporation established by a Central, State, or Provincial Act;</p> <p>(d)any Government company as defined in section 2 (45) of the Companies Act, 2013;</p> <p>(e)any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p>		



The Institute of Chartered Accountants of India

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
		<p>(i) Government;</p> <p>(ii) any banking company, post office savings bank or co-operative bank;</p> <p>(iii) any corporation established by a Central, State or Provincial Act;</p> <p>(iv) any Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956);</p> <p>(v) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette:</p> <p><sup>93</sup><i>[Provided also that the provisions of this section shall have effect, as if for the words</i></p>	<p>(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan where—</p> <p>(a) such deposit is paid to a member by a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or</p> <p>(b) such loan is repaid by a member to a primary agricultural credit society or a primary co-operative agricultural and rural development bank.</p> <p>(5) In this section, “loan or deposit” means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.</p>		



The Institute of Chartered Accountants of India

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
		<p>"twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,--</p> <p>(a) such deposit is paid by a primary agricultural credit society or a primary co-operative agricultural and rural development bank to its member; or</p> <p>(b) such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member.</p>			
189			<b>Interpretation.</b>		
		<p>Explanation.—For the purposes of this section,—</p> <p>(i) "banking company" shall have the meaning assigned to it in clause (i) of the Explanation to section 269SS;</p> <p>[(ii) "co-operative bank", "primary agricultural credit</p>	<p>In this Chapter, unless the context otherwise requires,—</p> <p>(a) "banking company" means a company to which the provisions of the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act;</p>	<p>(b) <b>"Co-operative bank"</b>, "primary agricultural credit society", and "primary co-operative agricultural and</p>	<p>The term co-operative bank is used in section 185(2), 186(2), and 188(1)/(2). Thus, it needs to be defined in section 189.</p>



The Institute of Chartered Accountants of India

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
		<p>society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in Explanation to sub-section (4) of section 80P;]</p> <p>(iii) "loan or deposit" means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature;</p> <p>(iv) "specified advance" means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>	<p>(b) "primary agricultural credit society", and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in section 149(6);</p> <p>(c) "specified sum" means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place;</p> <p>(d) "specified advance" means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.</p>	<p>rural development bank" shall have the meanings respectively assigned to them in section 149(6);</p>	



The Institute of Chartered Accountants of India

**Consolidated section for sections 185, 186 and 188 of the Income-tax Bill, 2025**

**185.** No person shall undertake a transaction specified in column (2) of Table 185 of an amount or aggregate of amounts, as the case may be, referred to therein equal to or exceeding the threshold specified in column (3) of the table otherwise than by specified banking or online mode, except in cases mentioned in column 4 thereof.

**Table 185**

1	2	3	4
Sl. No.	Transaction	Threshold	Non-applicability
1	Taking or accepting from another person any loan or deposit of money or specified sum	<p><b>I In cases other than specified in II below -</b></p> <p>(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or</p> <p>(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in (i); or</p> <p>(iii) the aggregate of the amounts referred to in of (i) and (ii),</p> <p><b>the threshold is Rs.20,000.</b></p> <p><b>II In the case of any deposit or loan, where—</b></p> <p>(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or</p> <p>(b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member,</p> <p><b>the threshold mentioned in (i), (ii) or (iii) in I above is Rs.2,00,000.</b></p>	<p>1. Any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from w whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act.</p> <p>2. Loans or deposits or specified sums taken or accepted from or by,—</p> <p>(a) the Government;</p> <p>(b) any banking company, post office savings bank, or co-operative bank;</p> <p>(c) any corporation established by a Central, State or Provincial Act;</p> <p>(d) any Government company as defined under section 2(45) of the Companies Act, 2013;</p> <p>(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</p>



The Institute of Chartered Accountants of India

2	Receiving sum of money	<p>Rs. 2 lakh or more—</p> <p>(a) in aggregate from a person in a day; or</p> <p>(b) in respect of a single transaction; or</p> <p>(c) in respect of transactions relating to one event or occasion from a person,</p>	<ol style="list-style-type: none"> <li>any receipt by Government, any banking company, post office savings bank, or co-operative bank;</li> <li>transactions of the nature referred to in section 185;</li> <li>such other persons or class of persons or receipts, as notified by the Central Government.</li> </ol>
3	Repayment of loan or deposit or specified advance	<p><b>I In cases, other than specified in (II) below -</b></p> <p>(A) loan or deposit or specified advance, together with the interest, if any, payable thereon; or</p> <p>(B) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm or other person (either individually or jointly) on the date of such repayment together with interest, if any, payable thereon; or</p> <p>(C) the aggregate amount of the specified advances received by such person (either individually or jointly) on the date of such repayment together with the interest, if any, payable thereon,</p> <p>the threshold is Rs.20,000 .</p> <p><b>II Any deposit or loan where—</b></p> <p>(a) such deposit is paid to a member by a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or</p> <p>(b) such loan is repaid by a member to a primary agricultural credit society or a primary co-operative agricultural and rural development bank,</p> <p><b>the threshold mentioned in (i), (ii) or (iii) in I above is Rs.2,00,000.</b></p>	<ol style="list-style-type: none"> <li>Repayment by a branch of a banking company or a co-operative bank by crediting such loan or deposit to the savings bank account or current account, if any, with such branch of the person to whom such loan or deposit has to be repaid.</li> <li>Repayment of any loan, deposit, or specified advance taken or accepted from— <ol style="list-style-type: none"> <li>Government;</li> <li>any banking company, post office savings bank, or co-operative bank;</li> <li>any corporation established by a Central, State, or Provincial Act;</li> <li>any Government company as defined in section 2(45) of the Companies Act, 2013;</li> <li>any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.</li> </ol> </li> </ol>



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Note – In case of Sl. No.3 above,

(i) person repaying refers to a branch of a banking company or co-operative bank or any other company or co-operative society or firm or other person.

(ii) loan or deposit” means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.

Clause (36) of section 66 defines “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. This definition may be incorporated in section 2 and reference of the clause of section 2 can be given in this section.



## CHAPTER XIII

### DETERMINATION OF TAX IN SPECIAL CASES

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>A.—Determination of tax in certain special cases</b>					
194	115B, 115BB, 115BBF, 115BBG, 115BBH, 115BBJ		<b>Tax on certain incomes.</b>		
		<p><b>115BB - Tax on winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling or betting of any form or nature whatsoever.</b></p> <p>Where the total income of an assessee includes any income by way of winnings from any lottery or crossword puzzle or race including horse race (not being income from the activity of owning and maintaining race horses) or card</p>	<p>(1) Irrespective of anything contained in any other provision of this Act, where the total income of an assessee as mentioned in column B of the Table below, includes income of the nature specified in column C of the said Table, the income-tax payable by such assessee, for a tax year, shall be the aggregate of—</p> <p>(a) income-tax calculated on income mentioned in column C, at the rate mentioned in column D,</p>		



The Institute of Chartered Accountants of India

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																				
		<p>game and other game of any sort or from gambling or betting of any form or nature whatsoever, the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on income by way of winnings from such lottery or crossword puzzle or race including horse race or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, at the rate of thirty per cent; and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (i):</p> <p>[Provided that nothing contained in this section shall apply to income by way of winnings from any online game for the assessment year beginning on or after the 1st day of April, 2024.</p> <p>Explanation.— For the purposes of this section,—</p>	<p>subject to the conditions specified in the Notes relating to the respective serial number; and</p> <p>(b) income-tax with which the assessee would have been chargeable had his total income been reduced by income mentioned in column C thereof.</p> <table><tr><th colspan="5">Table</th></tr><tr><th>Sl. No.</th><th>Assessee</th><th>Income</th><th>Rate of tax</th><th>Conditions</th></tr><tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th></tr><tr><td>1.</td><td>Any person.</td><td>Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or</td><td>30%</td><td>Nil.</td></tr></table>	Table					Sl. No.	Assessee	Income	Rate of tax	Conditions	A	B	C	D	E	1.	Any person.	Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or	30%	Nil.		
Table																									
Sl. No.	Assessee	Income	Rate of tax	Conditions																					
A	B	C	D	E																					
1.	Any person.	Winnings (other than from any online game) from— (a) lottery; or (b) crossword puzzle; or	30%	Nil.																					



The Institute of Chartered Accountants of India

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) "horse race" shall have the meaning assigned to it in section 74A;  (ii) "online game" shall have the meaning assigned to it in section 115BBJ.]			(c) race including horse race (not being income from the activity of owning and maintaining race horses); or  (d) card game and other game of any sort; or  (e) gambling or betting of any form or nature.			
			(2) In this section,—  (d) “horse race” shall have the meaning assigned to it in section 115;				Clause (d) of sub-section (2) may be substituted as follows:  (d) “horse race” shall have the meaning assigned to it in section <del>115</del> <b>94(6)</b> .	Section 115(4)(c) defines the term “race horse” not “horse race” In this section, term income from horse race is taxable, thus the term “horse race” needs to be



The Institute of Chartered Accountants of India

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
					defined. The term “horse race” is defined u/s 94(6). Accordingly, sub-section (2)(d) may be amended to give reference of section 94(6) instead of section 115.
		<p><b>115BBF- Tax on income from patent.</b></p> <p>(1) Where the total income of an eligible assessee includes any income by way of royalty in respect of a patent developed and registered in India, the income-tax payable shall be the aggregate of—</p> <p>(a) the amount of income-tax calculated on the income by way of royalty in respect of the patent at the rate of ten per cent; and</p> <p>(b) the amount of income-tax with which the assessee would have been chargeable had his</p>	<p>2 A person, resident in India and who is a patentee (herein referred to as an eligible assessee).</p> <p>Royalty in respect of a patent developed and registered in India.</p> <p>10%</p> <p>(a) No deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in</p>	<p>In point (2) column C, the text may be amended as follows:</p> <p>Royalty in respect of a patent, <b>industrial design, copyright, trademark, etc.</b> developed and registered in India.</p>	<p>At present, the coverage of regime has been restricted to Patents only and not available to other IPRs, like industrial design, copyrights, trademarks, etc.</p>



The Institute of Chartered Accountants of India

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
		<p>total income been reduced by the income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in computing his income referred to in clause (a) of sub-section (1).</p> <p>(3) The eligible assessee may exercise the option for taxation of income by way of royalty in respect of a patent developed and registered in India in accordance with the provisions of this section, in the prescribed manner, on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the relevant previous year.</p> <p>(4) Where an eligible assessee opts for taxation of income by way of royalty in respect of a patent developed and registered in India for any previous year in accordance with the provisions of this section and the assessee offers the income for taxation for any of the five</p>				<p>computing his income referred to in column C;</p> <p>(b) an option for taxation of income by way of royalty in respect of a patent developed and registered in India is exercised in the prescribed manner, on or before the due date specified under section 263(1) for furnishing the return of</p>		<p>The benefit of the regime may be extended to other forms of IPRs, like industrial design, copyrights, trademarks, etc. so as to promote IPR registration in India.</p>



The Institute of Chartered Accountants of India

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
		assessment years relevant to the previous year succeeding the previous year not in accordance with the provisions of sub-section (1), then, the assessee 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 such income has not been offered to tax in accordance with the provisions of sub-section (1).				income for the relevant tax year;  (c) where an option is exercised under clause (b) and the eligible assessee does not offer its income for taxation as per the provisions of columns C and D for any of the five tax years, succeeding such tax year, then such assessee shall		



The Institute of Chartered Accountants of India

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 be eligible to claim the benefit of the provisions of columns C and D for five tax years subsequent to the tax year in which such income has not been offered to tax as per such provisions.		
		<p>Explanation.—For the purposes of this section,—</p> <p>(a) "developed" means at least seventy-five per cent of the expenditure incurred in India by the eligible assessee for any invention in respect of which patent is granted under the Patents Act,</p>	<p>(2) In this section,—</p> <p>(c) "developed" means at least 75% of the expenditure incurred in India by the eligible assessee for any invention in respect of which patent is granted under the Patents Act, 1970 (herein referred to as the Patents Act);</p>					<p>The term "patentee" defined in clause (k) of section 194(2) may be amended as follows:</p>	<p>The benefit is available to the true and first inventor of the invention only. However, where a company or</p>



The Institute of Chartered Accountants of India

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
		<p>1970 (39 of 1970) (herein referred to as the Patents Act);</p> <p>(b) "eligible assessee" means a person resident in India and who is a patentee;</p> <p>(c) "invention" shall have the meaning assigned to it in clause (j) of sub-section (1) of section 2 of the Patents Act;</p> <p>(d) "lump sum" includes an advance payment on account of such royalties which is not returnable;</p> <p>(e) "patent" shall have the meaning assigned to it in clause (m) of sub-section (1) of section 2 of the Patents Act;</p> <p>(f) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;</p>	<p>(f) "invention" shall have the same meaning as assigned to it in section 2(1)(j) of the Patents Act;</p> <p>(g) "lump sum" includes an advance payment on account of such royalties which is not returnable;</p> <p>(h) "online game" means a game that is offered on the internet and is accessible by a user through a computer resource including any telecommunication device;</p> <p>(i) "patent" shall have the meaning assigned to it in section 2(1)(m) of the Patents Act;</p> <p>(j) "patented article" and "patented process" shall have the meanings as respectively assigned to them in section 2(1)(o) of the Patents Act;</p> <p>(k) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, as per the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;</p> <p>(l) "royalty", in respect of a patent, means</p>	<p>"patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, as per the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent <b>or a person who</b></p>	<p>other person acquires a patent developed by a person and invests to develop it further to make it marketable, it may not be eligible for the benefit.</p> <p>The existing regime may be liberalised to grant benefit to a person who acquires patent from the 'true and first inventor' and further makes it</p>



The Institute of Chartered Accountants of 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
		<p>(g) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (o) of sub-section (1) of section 2 of the Patents Act;</p> <p>(h) "royalty", in respect of a patent, 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" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the—</p> <p>(i) transfer of all or any rights (including the granting of a licence) in respect of a patent; or</p> <p>(ii) imparting of any information concerning the working of, or the use of, a patent; or</p> <p>(iii) use of any patent; or</p> <p>(iv) rendering of any services in connection with the activities referred to in sub-clauses (i) to (iii);</p>	<p>consideration (including any lump sum consideration but excluding any consideration which would be the</p> <p>income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the—</p> <p>(i) transfer of all or any rights (including the granting of a licence) in respect of a patent; or</p> <p>(ii) imparting of any information concerning the working of, or the use of, a patent; or</p> <p>(iii) use of any patent; or</p> <p>(iv) rendering of any services in connection with the activities referred to in sub-clauses (i) to (iii);</p> <p>(m) "true and first inventor" shall have the same meaning as assigned to it in section 2(1)(y) of the Patents Act;</p>	<p><b>acquires patent from the 'true and first inventor' and further makes it commercially usable.</b></p>	<p>commercially usable</p> <p>Further, there are no guidelines on outsourcing of R&amp;D functions. Thus, limited outsourcing may also raise an issue on availability of benefit under patent box regime. The benefit of the regime may be available, subject to a reasonable threshold, in cases where IP</p>



The Institute of Chartered Accountants of 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
		(i) "true and first inventor" shall have the meaning assigned to it in clause (y) of sub-section (1) of section 2 of the Patents Act.							development is outsourced.
		<p><b>115BBG-Tax on income from transfer of carbon credits.</b></p> <p>(1) Where the total income of an assessee includes any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of—</p> <p>(a) the amount of income-tax calculated on the income by way of transfer of carbon credits, at the rate of ten per cent; and</p> <p>(b) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his</p>	3.	Any person.	Income by way of transfer of carbon credits.	10%	No deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his income referred to column C.	It is suggested that section 2(49) may be amended to include income from transfer of carbon credits in the definition of “Income”.	<p>This provision helped resolve the uncertainty and litigation over the taxability of income from transfer of carbon credits.</p> <p>Consequent amendment is required in the definition of the term ‘income’ under section 2(49) to include the income from transfer of carbon credits.</p>
			(2) In this section,—						
			(a) “carbon credit”, in respect of one unit, means reduction of one tonne of carbon dioxide emissions or emission of its equivalent gases which is validated by the United Nations Framework on						



The Institute of Chartered Accountants of 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	
		income referred to in clause (a) of sub-section (1).  Explanation.—For the purposes of this section, "carbon credit" in respect of one unit shall mean reduction of one tonne of carbon dioxide emissions or emissions of its equivalent gases which is validated by the United Nations Framework on Climate Change and which can be traded in market at its prevailing market price.	Climate Change and which can be traded in market at its prevailing market price;						
		<b>115BBH - Tax on income from virtual digital asset.</b>  (1) Where the total income of an assessee includes any income from the transfer of any virtual digital asset, notwithstanding anything contained in any other provision of this Act, the income-tax payable shall be the aggregate of,—  (a) the amount of income-tax calculated on the income from transfer of such virtual digital asset at the rate of thirty per cent; and	4.	Any person .	Any income from the transfer of any virtual digital asset.	30%	(a) No deduction in respect of any expenditure (other than cost of acquisition, if any) or allowance or set off of any loss shall be allowed to the assessee under any	The provision given in point (a) in Column (D) at point (4) may be amended as follows:  No deduction in respect of any expenditure (other than cost of acquisition, if any,	Deduction in respect of brokerage on transfer of virtual digital asset may be allowed while computing income from virtual digital asset, since such expenditure



The Institute of Chartered Accountants of India

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
		<p>(b) the amount of income-tax with which the assessee would have been chargeable, had the total income of the assessee been reduced by the income referred to in clause (a).</p> <p>(2) Notwithstanding anything contained in any other provision of this Act, —</p> <p>(a) no deduction in respect of any expenditure (other than cost of acquisition, if any) or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in clause (a) of sub-section (1); and</p> <p>(b) no set off of loss from transfer of the virtual digital asset computed under clause (a) of sub-section (1) shall be allowed against income computed under any provision of this Act to the assessee and such loss shall not be allowed to be carried forward to succeeding assessment years.</p> <p>(3) For the purposes of this section, the word "transfer" as defined in <u>clause (47) of section 2</u>,</p>				<p>provision of this Act in computing the income referred to in column C; and</p> <p>(b) no set off of loss from transfer of the virtual digital asset computed herein shall be allowed against income computed under any provision of this Act to the assessee and such loss shall not be allowed to be carried forward to</p>	<p><b>brokerage on transfer of virtual digital asset and interest on loan borrowed for acquiring such asset)</b> or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in column C; and</p> <p>Further, point (b) in the same column may be amended as follows:</p> <p>(b) No set off of loss from transfer</p>	<p>incurred should qualify as deduction.</p> <p>Further, it is to be clarified that loss arising from one virtual digital asset can be allowed to set-off against the income from other virtual digital asset. It is an intra-source set-off i.e., set-off within the same source of income, which should be permissible.</p>



The Institute of Chartered Accountants of India

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
		shall apply to any virtual digital asset, whether capital asset or not.					succeeding tax years.	of the virtual digital asset computed herein shall be allowed against income computed under any provision of this Act <b>(other than against income arising from any other virtual digital asset)</b> to the assessee and such loss shall not be allowed to be carried forward to succeeding tax years.	



The Institute of Chartered Accountants of India

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
195	115BBE	<b>Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.</b>	<b>Tax on income referred to in section 102 or 103 or 104 or 105 or B.—Special provisions relating to tax on capital gains</b>		
		<p>(1) Where the total income of an assessee,—</p> <p>(a) includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under section 139; or</p> <p>(b) determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such income is not covered under clause</p> <p>(a) the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of sixty per cent; and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his</p>	<p>(1) Where the total income of an assessee—</p> <p>(a) includes any income referred to in section 102 or 103 or 104 or 105 or 106 and reflected in the return of income furnished under section 263; or</p> <p>(b) determined by the Assessing Officer includes any income referred to in any of the said sections, if such income is not covered under clause (a),</p> <p>the income-tax payable shall be the aggregate of—</p> <p>(i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of 60%; and</p> <p>(ii) income-tax with which the assessee would have been chargeable had his total income been reduced by income referred to in clause (i).</p> <p>(2) Irrespective of anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to</p>	<p>Section 195(1)(b)(i) may be amended as follows:</p> <p>(i) income-tax calculated on the income referred to in clauses (a) and (b), at the rate of <del>60%</del> <b>30%</b>;</p>	<p>It is suggested that the rate of tax u/s 195 be rationalized. It may be kept @ 30% plus surcharge at the applicable rate and cess @ 4%. Penalty@10% of tax payable under section 443 may continue.</p>



The Institute of Chartered Accountants of India

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
		total income been reduced by the amount of income referred to in clause (i).(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) and clause (b) of sub-section (1).	the assessee under any provision of this Act in computing his income referred to in sub-section (1)(a) and (b).		



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>B.-Special provisions relating to tax on capital gains</b>					
197	112	<b>Tax on long-term capital gains.</b>	<b>Tax on long-term capital gains.</b>		
		<p>(1) Where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,—</p> <p>(a) in the case of an individual or a Hindu undivided family, being a resident,—</p> <p>(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and</p>	<p>(1) Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income, subject to sub-sections (2) and (3), shall be the aggregate of—</p> <p>(a) income-tax payable on the total income as reduced by such long-term capital gains, had the total income, as so reduced, been his total income; and</p> <p>(b) income-tax calculated on such long-term capital gains at the rate of 12.5%.</p>		



The Institute of Chartered Accountants of India

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
		<p>(ii) the amount of income-tax calculated on such long-term capital gains,—</p> <p>(A) at the rate of twenty per cent for any transfer which takes place before the 23rd day of July, 2024; and</p> <p>(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024:</p>			
		<p>Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause.</p>	<p>(2) In the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by long-term capital gains computed under sub-section (1) is below the maximum amount which is not chargeable to income tax, then,—</p> <p>(a) such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax; and</p>		



The Institute of Chartered Accountants of India

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 tax on the balance of such long-term capital gains shall be computed at the rate as referred in sub-section (1).		
		(ii) Provided further that in the case of transfer of a long-term capital asset, being land or building or both, which is acquired before the 23rd day of July, 2024, where the income-tax computed under item (B) exceeds the income-tax computed in accordance with the provisions of this Act, as they stood immediately before their amendment by the Finance (No. 2) Act, 2024, such excess shall be ignored;	<p>(3) In the case of an individual or a Hindu undivided family, being a resident, in the case of transfer of a long-term capital asset, being land or building, or both, which is acquired before the 23rd July, 2024, the excess income-tax computed as per the following formula shall be ignored:—</p> $E = A - B$ <p>where—</p> <p>E = excess income-tax to be ignored;</p> <p>A = income-tax computed under clause (b) of sub-section (1);</p> <p>B = income-tax computed under clause (b) of sub-section (1) taking the rate as 20% and the capital gains is computed by taking the cost of acquisition</p>	<p>New sub-section (4) may be inserted as follows:</p> <p>(4) Where a long-term capital loss is computed by taking the cost of acquisition as indexed cost of acquisition and the cost of improvement as indexed cost of improvement, the provisions of Chapter VII shall</p>	<p>Though resident individuals and HUFs can avail the benefit of paying lower taxes/no taxes on account of applying the erstwhile indexation provisions, however, if the resultant figure is a loss, the same cannot be set-off or carried forward, since</p>



The Institute of Chartered Accountants of India

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 indexed cost of acquisition and the cost of improvement as indexed cost of improvement.	apply in respect of such loss.  Alternatively, the option to the assessee being an individual or a HUF resident in India may be allowed while computing long-term capital gain applying the provisions of section 72.	the erstwhile provisions can be applied only for computing tax liability and not for computation of capital gains to be included in total income.
		(2) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by the amount of such income and the deduction	(4) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by such income and the deduction under Chapter VIII shall be allowed as if the gross total		



The Institute of Chartered Accountants of India

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
		<p>under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(a) the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (32 of 1956);</p> <p>(aa) "listed securities" means the securities which are listed on any recognised stock exchange in India;</p> <p>(ab) "unlisted securities" means securities other than listed securities.</p>	<p>income as so reduced were the gross total income of the assessee.</p> <p>(5) In this section,—</p> <p>(a) "securities" shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;</p> <p>(b) "listed securities" means the securities which are listed on any recognised stock exchange in India;</p> <p>(c) "unlisted securities" means securities other than listed securities;</p> <p>(d) "indexed cost of acquisition" and "indexed cost of improvement" shall have the meanings respectively assigned to them in section 72.</p>		



The Institute of Chartered Accountants of India

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>Part C.-New Tax Regime</b>					
200	115BAA	<b>Tax on income of certain domestic companies.</b>	<b>Tax on income of certain domestic companies.</b>		
		<p>(1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAB, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of twenty-two per cent, if the conditions contained in sub-section (2) are satisfied:</p> <p>(2) For the purposes of sub-section (1), the total income of the company shall be computed,—</p>	<p>(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part, other than sections 199 and 201, the income-tax payable for a tax year shall be at the rate of 22%, at the option of a person being a domestic company, in respect of the total income of such person computed in the following manner:—</p> <p>(a) without any deduction under—</p> <p>(i) sections 45(2)(c) and 47(1)(b); or</p> <p>(ii) Chapter VIII other than the provisions of section 146; or</p> <p>(iii) sections specified in section 205(1)(a) to (g);</p>	<p>Sub-section (1) to be redrafted as follows-</p> <p>(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part, other than sections 199 and 201, the income-tax payable for a tax year shall be at the rate of 22%, at the option of a person being a domestic company, in respect of the total income of</p>	<p>Section 115BAA of the Income-tax Act, 1961 contains the special tax regime for computing total income and tax liability of domestic companies. The domestic companies were subject to a concessional rate of</p>



The Institute of Chartered Accountants of India

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
		<p>(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;</p> <p>(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);</p> <p>(iii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and</p>	<p>(b) without set off of any loss carried forward or depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred to in clause (a);</p> <p>(c) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 116(1), if such loss or depreciation is attributable to any of the deductions referred to in clause (a).</p> <p>(2) Where the person fails to satisfy the requirements contained in sub-section (1) in any tax year, the option shall become invalid in respect of the said tax year and subsequent years and other provisions of the Act shall apply, as if the option had not been exercised for such tax year and for subsequent years.</p>	<p>such person computed in the following manner:—</p> <p>(a) without any deduction under—</p> <p>(i) sections 45(2)(c) and 47(1)(b); or</p> <p>(ii) Chapter VIII other than the provisions of section 133, 146 and 148; or</p> <p>(iii) sections specified in section 205(1)(a) to (g);</p>	<p>tax@22% (plus surcharge@10% and cess@4%) on total income computed without deductions, inter alia, under Chapter VI-A, except deduction for additional employee cost under section 80JJAA and inter corporate dividends under section 80M. Deductions in respect of</p>



The Institute of Chartered Accountants of India

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
		<p>(iv) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.</p> <p>Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.</p>			<p>additional employee cost and inter corporate dividends were, thus, permitted even if the company opts for the special tax regime under section 115BAA.</p> <p>The corresponding clause 200 in the Income-tax Bill, 2025 containing the special tax regime for domestic</p>



The Institute of Chartered Accountants of India

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
					companies, however, permits deduction only in respect of additional employee cost under section 146 and not inter corporate dividends under section 148. Reference to section 148 needs to be included in section 200(1)(a)(ii) which should read as "Chapter VIII



The Institute of Chartered Accountants of India

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
					<p>other than the provisions of section 146 and 148".</p> <p>Otherwise, it would result in the dividend income being taxed in the hands of the company declaring the dividend, the company receiving the dividend and the shareholders.</p> <p>Also, deduction under, inter alia, section 133 is</p>



The Institute of Chartered Accountants of India

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 allowed while computing total income where the companies have opted for beneficial provisions of section 200 and subject to a concessional tax rate thereunder.  Donations for charitable purpose may be promoted by the Government for wellbeing of society at large. Deduction for donation made



The Institute of Chartered Accountants of India

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
					would motivate the donor to donate towards charitable activities.
202	115BAC	<b>Tax on income of individuals, Hindu undivided family and others].</b>	<b>New tax regime for individuals, Hindu undivided family and others.</b>		
		(1A) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income- tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—	(1) Irrespective of anything contained in this Act but subject to the provisions of Parts A, B and this Part the income-tax payable by a person, being— (a) an individual; or (b) a Hindu undivided family; or (c) an association of persons (other than a co-operative society); or (d) a body of individuals, whether incorporated or not; or	(i) It is suggested that deduction u/s 126 i.e. premium paid for keeping medical insurance policy for self and family members and/or medical expenditure incurred be allowed as a deduction even for assessee's opting for section 202 in order encourage such	(i) Under section 126, premium paid towards medical insurance for family members is allowed as deduction from gross total income. Till the time



The Institute of Chartered Accountants of 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																																	
		<p>(iii) for any previous year relevant to the assessment year beginning on or after the 1st April, 2026, shall be computed at the rate of tax given in the following Table, namely:</p> <table><tr><th>S. No.</th><th>Total income</th><th>Rate of tax</th></tr><tr><th>(1)</th><th>(2)</th><th>(3)</th></tr><tr><td>1.</td><td>Upto Rs. 4,00,000</td><td>NIL</td></tr><tr><td>2.</td><td>From Rs. 4,00,001 to Rs. 8,00,000</td><td>5%</td></tr><tr><td>3.</td><td>From Rs. 8,00,001 to Rs. 12,00,000</td><td>10%</td></tr></table>	S. No.	Total income	Rate of tax	(1)	(2)	(3)	1.	Upto Rs. 4,00,000	NIL	2.	From Rs. 4,00,001 to Rs. 8,00,000	5%	3.	From Rs. 8,00,001 to Rs. 12,00,000	10%	<p>(e) an artificial juridical person referred to in section 2(77)(g), in respect of the total income for a tax year, shall, unless the person exercises the option in the manner provided under sub-section (4), be computed at the rate of tax given in the following Table:—</p> <table><tr><th colspan="3">Table</th></tr><tr><th>Sl. No.</th><th>Total income</th><th>Rate of tax</th></tr><tr><td>1.</td><td>Upto ₹ 4,00,000</td><td>Nil</td></tr><tr><td>2.</td><td>From ₹ 4,00,001 to ₹ 8,00,000</td><td>5%</td></tr><tr><td>3.</td><td>From ₹8,00,001 to ₹12,00,000</td><td>10%</td></tr><tr><td>4.</td><td>From ₹12,00,001 to ₹16,00,000</td><td>15%</td></tr></table>	Table			Sl. No.	Total income	Rate of tax	1.	Upto ₹ 4,00,000	Nil	2.	From ₹ 4,00,001 to ₹ 8,00,000	5%	3.	From ₹8,00,001 to ₹12,00,000	10%	4.	From ₹12,00,001 to ₹16,00,000	15%	tax payers to continue their mediclaim policy by paying premium, considering limited affordable healthcare facilities in the country.	subsidized medical/health care facilities are available to all taxpayers, it may be considered that at least medical insurance premium paid for family members allowable as deduction u/s 126 be allowed u/s 202. It would continue to encourage all taxpayers
S. No.	Total income	Rate of tax																																				
(1)	(2)	(3)																																				
1.	Upto Rs. 4,00,000	NIL																																				
2.	From Rs. 4,00,001 to Rs. 8,00,000	5%																																				
3.	From Rs. 8,00,001 to Rs. 12,00,000	10%																																				
Table																																						
Sl. No.	Total income	Rate of tax																																				
1.	Upto ₹ 4,00,000	Nil																																				
2.	From ₹ 4,00,001 to ₹ 8,00,000	5%																																				
3.	From ₹8,00,001 to ₹12,00,000	10%																																				
4.	From ₹12,00,001 to ₹16,00,000	15%																																				



The Institute of Chartered Accountants of 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
		4.	From Rs. 12,00,001 to Rs. 16,00,000	15%	5.	From ₹16,00,001 to ₹20,00,000	20%	(ii) It is suggested that a separate deduction be introduced under Chapter VIII of the Income-tax Bill, 2025 to allow the expenditure on the education of girl children both under	including the taxpayers paying tax under the default tax regime to keep their mediclaim policy alive to secure the health of the family members.  (ii) Presently, only tuition fees paid to educational institutions and contribution to Sukanya
		5.	From Rs. 16,00,001 to Rs. 20,00,000	20%	6.	From ₹20,00,001 to ₹24,00,000	25%		
		6.	From Rs. 20,00,001 to Rs. 24,00,000	25%	7.	Above ₹24,00,000	30%		
		7.	Above Rs. 24,00,000	30%	(2) For the purposes of sub-section (1), the total income of the assessee shall be computed— (a) without any exemption or deduction under the provisions of or in— (i) Schedule III (Table: Sl. No. 5 or 6 or 7 or 8 or 11 or 17); (ii) Schedule III (Table: Sl. No. 12 or 13) (other than those as prescribed for this purpose); (iii) section 144; (iv) section 19(1) (Table: Sl. No. 1);				
		(2) For the purposes of sub-section (1A), the total income of the person referred to therein, shall be computed—  (i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14)(other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or clause (ii) or clause (iii) of							



The Institute of Chartered Accountants of India

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
		<p>section 16 or clause (b) of section 24 [in respect of the property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or sub-section (2) of section 80CCH or section 80JJAA;]</p> <p>(ii) without set off of any loss,—</p> <p>(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);</p> <p>(b) under the head "Income from house property" with any other head of income;</p>	<p>(v) section 22(1)(b), in respect of properties referred to in section 21(6);</p> <p>(vi) section 33(8);</p> <p>(vii) section 48;</p> <p>(viii) section 49;</p> <p>(ix) section 45(3)(a) or (b) or (c);</p> <p>(x) section 46;</p> <p>(xi) section 47(1)(a);</p> <p>(xii) of Chapter VIII other than the provisions of sections 124(1), 125(3) and 146; and</p> <p>(b) without set off of—</p> <p>(i) any loss carried forward or depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred to in clause (a); or</p> <p>(ii) any loss under the head "Income from house property" with any other head of income; and</p>	<p>the default tax regime under section 202 and under the optional tax regime. Furthermore, the deduction should cover a broader spectrum of educational expenses (including expenses for pursuing professional accounting education) beyond just tuition fees and contribution to Sukanya Samriddhi Scheme.</p>	<p>Samriddhi Scheme are eligible for deduction under Section 123. Section 123 is available only where an individual opts out of the default tax regime. There is a need for a separate and enhanced deduction specifically for expenses incurred on the education of</p>



The Institute of Chartered Accountants of India

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
		<p>(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub- section (1) of the said section, determined in such manner as may be prescribed; and</p> <p>(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.</p> <p>(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:</p> <p>(6) Nothing contained in sub-section (1A) shall apply to a person where an option is exercised by such person, in the manner as may be prescribed, for any assessment year, and such option is exercised,--</p> <p>(i) on or before the due date specified under</p>	<p>(c) without any exemption or deduction for allowances or perquisite, called by any name, provided under any other law in force.</p> <p>(3) The loss and depreciation referred to in sub-section (2)(b) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.</p> <p>(4) Nothing contained in sub-section (1) shall apply to a person, where an option is exercised by such person under this section, in such manner as prescribed, for any tax year, and such option is exercised,—</p> <p>(a) in case of a person having income from business or profession,—</p> <p>(i) on or before the due date specified under section 263(1) for furnishing the returns of income for such tax year;</p>	<p>(iii) It is suggested that the threshold limit above which surcharge is attracted be suitably increased under the default tax regime under section 202.</p>	<p>girl children, both under the default tax regime and the optional tax regime.</p> <p>(iii) The Income Tax Bill, 2025 has rationalized the tax slabs and the corresponding rates of taxes under the default tax regime under section 202. However, there is no change in the</p>



The Institute of Chartered Accountants of India

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
		<p>sub-section (1) of section 139 for furnishing the return of income for such assessment year, in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; or</p> <p>(ii) along with the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in case of a person not having income referred to in clause (i):</p> <p>Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.</p>	<p>(ii) such option, once exercised, shall apply to subsequent tax years;</p> <p>(iii) such option, once exercised, may be withdrawn only once for a tax year other than the tax year for which it was exercised; and</p> <p>(iv) after such withdrawal, the person shall never be eligible to exercise the option under this sub-section, except where such person ceases to have any income from business or profession, and in such a case the option under clause (b) shall be available;</p> <p>(b) in case of a person not having income from business or profession, along with the return of income to be furnished under section 263(1) for the tax year.</p> <p>(5) In case of a person, having a Unit in the International Financial Services Centre, who has exercised the option under sub-section (4) for any tax year from 2020-21 to 2023-24, the provisions of sub-section (2) shall be modified</p>		<p>threshold of total income for attracting surcharge. Since the total income computed under the default tax regime under section 202 would always be higher than the total income computed under the regular provisions of the Act, the threshold for</p>



The Institute of Chartered Accountants of India

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
		<p>(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA,—</p> <p>(i) who has exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021 but before the 1st day of April, 2024;</p> <p>(ii) whose total income is computed under sub-section (1A), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.</p> <p>Explanation. —For the purposes of this sub-section, the term "Unit" shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.</p>	<p>to the extent that deduction under the said section shall be available to such Unit subject to fulfilment of the conditions contained in that section.</p>		<p>attracting surcharge should also be higher under the default tax regime.</p>



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>D. Special provisions relating to minimum alternate tax and alternate minimum tax</b>					
206	115JA 115JAA, 115JB, 115JC, 115JD, 115JE, 115JEE, 115JF		<b>Special provision for minimum alternate tax and alternate minimum tax.</b>  <b>E.—Special provisions relating to non-residents and foreign company</b>		
		<b>Section 115JB</b> <b>Explanation 1.</b> —For the purposes of this section, "book profit" means the profit as shown in the statement of profit and loss for the relevant previous year prepared under sub-section (2), <b>as increased by—</b>	(2) The book profit under this section shall be computed in the following manner:— $B = P + (I - R)$ where,— B = book profit for the purposes of this section;	In Sub-section (2), in the formula I and R may represent as follows:  <b>I</b> - amounts mentioned in column B of Table	This suggestion is for avoiding repetition of words.



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												
		<p>(a) the amount of income-tax paid or payable, and the provision therefor; or</p> <p><b>Explanation 2.</b>—For the purposes of clause (a) of Explanation 1, the amount of income-tax shall include—</p> <p>(i) any tax on distributed profits under section 115-O or on distributed income under section 115R;</p> <p>(ii) any interest charged under this Act;</p> <p>(iii) surcharge, if any, as levied by the Central Acts from time to time;</p> <p>(iv) Education Cess on income-tax, if any, as levied by the Central Acts from time to time; and</p> <p>(v) Secondary and Higher Education Cess on income-tax, if any, as levied by the Central Acts from time to time.</p>	<p>P = profit, as shown in the statement of profit and loss for the relevant tax year prepared as per sub-section (3);</p> <p>I = amounts mentioned in column B of Table below;</p> <p>R = amounts mentioned in column C of said Table.</p> <table><tr><th colspan="3">Table</th></tr><tr><th>Sl. No.</th><th>Amounts (to be increased)</th><th>Amounts (to be reduced)</th></tr><tr><th>A</th><th>B</th><th>C</th></tr><tr><td>1.</td><td>(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b></td><td>(a) The amount withdrawn from any reserve or</td></tr></table>	Table			Sl. No.	Amounts (to be increased)	Amounts (to be reduced)	A	B	C	1.	(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b>	(a) The amount withdrawn from any reserve or	<p>below, if <b>such amount is debited to the statement of profit and loss</b></p> <p>R = amounts mentioned in column C of said Table, if such amount is credited to <b>the statement of profit and loss.</b></p> <p>Consequently, such words “if any such amount is debited to the statement of profit and loss” can be removed from the point (a) to (j) in column B and the words “is credited to</p>	
Table																	
Sl. No.	Amounts (to be increased)	Amounts (to be reduced)															
A	B	C															
1.	(a) Income-tax paid or payable and the provision therefor, <b>if any such amount is debited to the</b>	(a) The amount withdrawn from any reserve or															



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
		<p>(b) the amounts carried to any reserves, by whatever name called, other than a reserve specified under section 33AC; or</p> <p>(c) the amount or amounts set aside to provisions made for meeting liabilities, other than ascertained liabilities; or</p> <p>(d) the amount by way of provision for losses of subsidiary companies; or</p> <p>(e) the amount or amounts of dividends paid or proposed ; or</p> <p>(f) the amount or amounts of expenditure relatable to any income to which section 10 (other than the provisions contained in clause (38) thereof) or section 11 or section 12 apply; or</p> <p>(g) the amount of depreciation,</p>	<p><b>statement</b> of profit and loss, where income-tax shall include—</p> <p>(i) any interest charged under this Act;</p> <p>(ii) surcharge, if any, as levied under the Central Acts;</p> <p>(iii) Education Cess on income-tax, if any, as levied under the Central Acts; and</p> <p>(iv) Secondary and Higher Education Cess on income-tax,</p>	<p>provision, where,—</p> <p>(i) any such amount is credited to the statement of profit and loss (excluding a reserve created before the 1st April, 1997 otherwise than by way of a debit to the statement of profit and loss); and</p> <p>(ii) the book profit of such</p>	<p>the statement of profit and loss” from (a) to (e) in column C.</p> <p>Further, in this Table, Column A may be deleted since there is only (1) in the Sl. No.</p> <p>Further, point (k) can be removed from this table since it is in relation to those adjustments separately stated in sub-section (4).</p> <p>Also, point (f) can be stated as a note below the Table.</p>



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
		<p>(h) the amount of deferred tax and the provision therefor,</p> <p>(i) the amount or amounts set aside as provision for diminution in the value of any asset,</p> <p>(j) the amount standing in revaluation reserve relating to revalued asset on the retirement or disposal of such asset,</p> <p>(k) the amount of gain on transfer of units referred to in clause (xvii) of section 47 computed by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be; if any amount referred to in clauses (a) to (i) is debited to the</p>	<p>if any, as levied under the Central Acts;</p> <p>(b) the amounts carried to any reserves, called by any name, if any such amount is debited to the statement of profit and loss;</p> <p>(c) the amount or amounts set aside for meeting liabilities, other than ascertained liabilities, if any such amount is debited to the statement of profit and loss;</p>	<p>year has been increased by those reserves or provisions out of which the said amount was withdrawn;</p> <p>(b) income to which any of the provisions of section 11 apply or any regular income of a registered non-profit organisation referred in section 335, if any such</p>	



The Institute of Chartered Accountants of India

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
		<p>statement of profit and loss or if any amount referred to in clause (j) is not credited to the statement of profit and loss, and <b>as reduced by,—</b></p> <p>(i) the amount withdrawn from any reserve or provision (excluding a reserve created before the 1st day of April, 1997 otherwise than by way of a debit to the statement of profit and loss), if any such amount is credited to the statement of profit and loss:</p> <p>Provided that where this section is applicable to an assessee in any previous year, the amount withdrawn from reserves created or provisions made in a previous year relevant to the assessment year commencing on or after the 1st day of April, 1997 shall not be reduced from the book profit unless the book profit of such</p>	<p>(d) the amount by way of provision for losses of subsidiary companies, if any such amount is debited to the statement of profit and loss;</p> <p>(e) dividends paid or proposed, if any such amount is debited to the statement of profit and loss;</p> <p>(f) expenditure relatable to any income to which provisions of section 11 apply or any expenditure out of</p>	<p>amount is credited to the statement of profit and loss;</p> <p>(c) depreciation debited to the statement of profit and loss excluding the depreciation on account of revaluation of assets;</p> <p>(d) the amount withdrawn from revaluation reserve and credited to the</p>	



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
		<p>year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under this Explanation or Explanation below the second proviso to section 115JA, as the case may be; or</p> <p>(ii) the amount of income to which any of the provisions of section 10 (other than the provisions contained in clause (38) thereof) or section 11 or section 12 apply, if any such amount is credited to the statement of profit and loss; or</p> <p>(iia) the amount of depreciation debited to the statement of profit and loss (excluding the depreciation on account of revaluation of assets); or</p> <p>(iib) the amount withdrawn from revaluation reserve and credited to the statement of profit and loss, to the extent</p>	<p>regular income of a registered non-profit organisation referred in section 335, if any such amount is debited to the statement of profit and loss;</p> <p>(g) depreciation, if any such amount is debited to the statement of profit and loss;</p> <p>(h) deferred tax and the provision therefor, if any such amount is debited to the statement of profit and loss;</p>	<p>statement of profit and loss, to the extent it does not exceed depreciation on account of revaluation of assets referred to in clause (c);</p> <p>(e) deferred tax, if any such amount is credited to the statement of profit and loss;</p> <p>(f) loss brought forward (excluding depreciation)</p>	



The Institute of Chartered Accountants of India

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
		<p>it does not exceed the amount of depreciation on account of revaluation of assets referred to in clause (iia); or</p> <p>(iii) the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account in case of a company other than the company referred to in clause (iih).</p> <p>Explanation.—For the purposes of this clause,—</p> <p>(a) the loss shall not include depreciation;</p> <p>(b) the provisions of this clause shall not apply if the amount of loss brought forward or unabsorbed depreciation is nil</p> <p>(viii) the amount of deferred tax, if any such amount is credited to the statement of profit and loss.</p>	<p>(i) the amount or amounts set aside as provision for diminution in the value of any asset, if any such amount is debited to the statement of profit and loss;</p> <p>(j) the amount standing in revaluation reserve relating to revalued asset on the retirement or disposal of such asset, if any such amount is not credited to the</p> <p>or unabsorbed depreciation, whichever is less, as per books of account, except, where either of such amount is nil, in case of a company other than the company referred to in sub-section (4) (Table: Sl. No. 6 or 7); and (g) such amounts mentioned in column D of</p>		



The Institute of Chartered Accountants of 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												
				statement of profit and loss; and  (k) such amounts mentioned in column C of the Table under sub-section (4), in case of an assessee mentioned in column B of the said Table.	the Table in sub-section (4), in case of an assessee mentioned in column B of the said Table.															
		<b>Section 115JB Explanation [1]</b> <b>As increased by,-</b>  (fa) the amount or amounts of expenditure relatable to income, being share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86.	(4) While computing the book profit under sub-section (2), the following amounts shall be further adjusted:— <table><tr><th colspan="4">Table</th></tr><tr><th>S. No.</th><th>Assessee</th><th>Amounts (to be increased)</th><th>Amount (to be decreased)</th></tr><tr><td></td><td></td><td></td><td></td></tr></table>				Table				S. No.	Assessee	Amounts (to be increased)	Amount (to be decreased)						
Table																				
S. No.	Assessee	Amounts (to be increased)	Amount (to be decreased)																	



The Institute of Chartered Accountants of India

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									
		<p><b>As reduced by,-</b></p> <p><b>(iic)</b> the amount of income, being the share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86, if any, such amount is credited to the statement of profit and loss; or</p>	<table><thead><tr><th>A</th><th>B</th><th>C</th><th>D</th></tr></thead><tbody><tr><td>1.</td><td>A company being a member of association of persons or body of individuals</td><td>The amount or amounts of expenditure relatable to income referred to in Note if any such amount is debited to the statement of profit and loss</td><td>Income referred to in Note if any such amount is credited to the statement of profit and loss</td></tr></tbody></table>				A	B	C	D	1.	A company being a member of association of persons or body of individuals	The amount or amounts of expenditure relatable to income referred to in Note if any such amount is debited to the statement of profit and loss	Income referred to in Note if any such amount is credited to the statement of profit and loss			
A	B	C	D														
1.	A company being a member of association of persons or body of individuals	The amount or amounts of expenditure relatable to income referred to in Note if any such amount is debited to the statement of profit and loss	Income referred to in Note if any such amount is credited to the statement of profit and loss														
			Note : Income, being share of the assessee in the income of an association of persons or body of														



The Institute of Chartered Accountants of India

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
			individuals, on which no income-tax is payable as per the provisions of section 310.					
		<b>Section 115JB Explanation [1]</b> <b>As increased by,-</b> <b>(fb)</b> the amount or amounts of expenditure relatable to income accruing or arising to an assessee, being a foreign company, from,— <b>(A)</b> the capital gains arising on transactions in securities; or <b>(B)</b> the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates specified in Chapter XII, if the income-tax payable thereon in accordance with the provisions of this Act, other than the provisions of this	A	B	C	D		
			2.	A foreign company	The amount or amounts of expenditure relatable to income referred to in Note ,if any such amount is debited to the statement of profit and loss.	Income referred to in Note , if such income is credited to the statement of profit and loss		



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
		<p>Chapter, is at a rate less than the rate specified in sub-section (1); or</p> <p><b>As reduced by,-</b></p> <p><b>(iid)</b> the amount of income accruing or arising to an assessee, being a foreign company, from,—</p> <p>(A) the capital gains arising on transactions in securities; or</p> <p>(B) the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates</p> <p>specified in Chapter XII, if such income is credited to the statement of profit and loss and the income-tax payable thereon in accordance with the provisions of this Act, other than the provisions of this Chapter, is at a rate less than the rate specified in sub-section (1); or</p>	<p>Note: Income, accruing or arising to an assessee from—</p> <p>(a) the capital gains arising on transactions in securities; or</p> <p>(b) the interest, dividend, royalty or fees for technical services chargeable to tax at the rate or rates specified in Chapter XIII, if the income-tax payable thereon as per the provisions of this Act, other than the provisions of this Part, is at a rate less than the rate specified in sub-section (1).</p>		



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								
		<p><b>Section 115JB Explanation [1]</b></p> <p><b>As increased by,-</b></p> <p><b>(fc)</b> the amount representing notional loss on transfer of a capital asset, being share of a special purpose vehicle, to a business trust in exchange of units allotted by the trust referred to in clause (xvii) of section 47 or the amount representing notional loss resulting from any change in carrying amount of said units or the amount of loss on transfer of units referred to in clause (xvii) of section 47;</p> <p><b>As reduced by,-</b></p> <p><b>(iie)</b> the amount representing,—</p> <p>(A) notional gain on transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of</p>	<table><tr><th>A</th><th>B</th><th>C</th><th>D</th></tr><tr><td>3.</td><td>A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust</td><td>Amount referred to in Note, if any such amount is debited to the statement of profit and loss.</td><td>Amount referred to in Note, if any such amount is credited to the statement of profit and loss.</td></tr></table>	A	B	C	D	3.	A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust	Amount referred to in Note, if any such amount is debited to the statement of profit and loss.	Amount referred to in Note, if any such amount is credited to the statement of profit and loss.	<p>Note: The amount representing—</p> <p>(a) the notional loss on transfer of such capital asset, to a business trust in exchange of units</p>				
A	B	C	D													
3.	A company, which has transferred any capital asset, being share of a special purpose vehicle to a business trust	Amount referred to in Note, if any such amount is debited to the statement of profit and loss.	Amount referred to in Note, if any such amount is credited to the statement of profit and loss.													



The Institute of Chartered Accountants of India

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
		units allotted by that trust referred to in clause (xvii) of section 47; or (B) notional gain resulting from any change in carrying amount of said units; or (C) gain on transfer of units referred to in clause (xvii) of section 47, if any, credited to the statement of profit and loss; or	allotted by the trust referred to in section 70(1)(zi); or (b) the notional loss resulting from any change in carrying amount of the said units; or (c) the loss on transfer of units referred to in section 70(1)(zi).					
		(iif) the amount of loss on transfer of units referred to in clause (xvii) of section 47 computed by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be; or	A	B	C	D		
			4.	A company, which has transferred any capital asset, as referred to against serial number 3	Gain on transfer of units referred to in Note	Loss on transfer of units referred to in Note		



The Institute of Chartered Accountants of India

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>Note:</b> Units referred to in section 70(1)(zi), computed by taking into account the cost of the shares exchanged with units referred to in the said clause, or the carrying amount of the shares at the time of exchange, where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be.					
		<b>Section 115JB Explanation [1]</b>  <b>As increased by,-</b>  <b>(fd)</b> the amount or amounts of expenditure relatable to income by way of royalty in respect of patent chargeable to tax under section 115BBF  <b>As reduced by,-</b>	A	B	C	D		
			5.	Where total Income includes income by way of royalty in respect of a patent which is chargeable to tax under	The amount or amounts of expenditure relatable to such royalty income, if any such amount is debited to	Income by way of such royalty.		



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
		(iig) the amount of income by way of royalty in respect of patent chargeable to tax under section 115BBF;		section 194(1)(Table: Sl. No. 2).	the statement of profit and loss			
		<b>Section 115JB Explanation [1]</b> <b>(iih)</b> the aggregate amount of unabsorbed depreciation and loss brought forward in case of a— <b>(A)</b> company, and its subsidiary and the subsidiary of such subsidiary, where, the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013 (18 of 2013) has suspended the Board of Directors of such company and has appointed new directors who are nominated by the Central	6	A company, and its subsidiary and the subsidiary of such subsidiary, where, the Tribunal, on an application moved by the Central Government under section	Nil	The aggregate of unabsorbed depreciation and loss (excluding depreciation) brought forward.		



The Institute of Chartered Accountants of India

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
		<p>Government under section 242 of the said Act;</p> <p><b>(B)</b> company against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).</p> <p>Explanation.—For the purposes of this clause,—</p> <p>(i) "Adjudicating Authority" shall have the meaning assigned to it in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016);</p> <p>(ii) "Tribunal" shall have the meaning assigned to it in clause (90) of section 2 of the Companies Act, 2013 (18 of 2013);</p>		241 of the Companies Act, 2013 has after suspension of the Board of Directors of such company has nominated new directors under section 242 of the said Act				
			7.	A company against whom corporate Insolvency resolution	Nil	The aggregate of unabsorbed depreciation and loss (excluding depreciation)		



The Institute of Chartered Accountants of India

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) a company shall be a subsidiary of another company, if such other company holds more than half in the nominal value of equity share capital of the company; (iv) "loss" shall not include depreciation;		process has been admitted by the Adjudicating Authority under section 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016		brought forward.		
		<b>Section 115JB Explanation [1]</b> (vii) the amount of profits of sick industrial company for the assessment year commencing on and from the assessment year relevant to the previous year in which the said company has	8.	A sick industrial company under section 17(1) of the Sick	Nil	Profits for the tax year in which the such company has become a sick industrial company and		



The Institute of Chartered Accountants of India

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
		<p>become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) and ending with the assessment year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.</p> <p>Explanation.—For the purposes of this clause, "net worth" shall have the meaning assigned to it in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986);</p>	Industrial Companies (Special Provisions) Act, 1985, as it stood immediately before its repeal by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003	ending with the tax year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.		



The Institute of Chartered Accountants of India

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					
		<p><b>Section 115JB(2A):</b> For a company whose financial statements are drawn up in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the book profit as computed in accordance with Explanation 1 to sub-section (2) shall be further—</p> <p>(a) increased by all amounts credited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";</p> <p>(b) decreased by all amounts debited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";</p>	<table><tr><th>S. No.</th><th>Assessee</th><th>Amount to be Increased</th><th>Amount to be decreased</th></tr><tr><td>9.</td><td>A company whose financial statements are drawn up in compliance with the Indian Accounting Standards, specified in Annexure to the Companies (Indian</td><td>(a) All amounts credited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts debited to the statement of profit and loss on</td><td>(a) All amounts debited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts credited to the statement of profit and</td></tr></table>	S. No.	Assessee	Amount to be Increased	Amount to be decreased	9.	A company whose financial statements are drawn up in compliance with the Indian Accounting Standards, specified in Annexure to the Companies (Indian	(a) All amounts credited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts debited to the statement of profit and loss on	(a) All amounts debited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts credited to the statement of profit and	In place of the terms credited/debited to the statement of profit and loss terms “credited/debited to other comprehensive income in the statement of profit and loss” may be used.	
S. No.	Assessee	Amount to be Increased	Amount to be decreased										
9.	A company whose financial statements are drawn up in compliance with the Indian Accounting Standards, specified in Annexure to the Companies (Indian	(a) All amounts credited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts debited to the statement of profit and loss on	(a) All amounts debited to the statement of profit and loss as referred in Note 1; (b) the amounts or aggregate of the amounts credited to the statement of profit 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
		<p>(c) increased by amounts or aggregate of the amounts debited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10;</p> <p>(d) decreased by all amounts or aggregate of the amounts credited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10:</p> <p><b>Provided that</b> nothing contained in clause (a) or clause (b) shall apply to the amount credited or debited to other comprehensive income under the head "Items that will not be re-classified to profit or loss" in respect of —</p>		Accounting Standards) Rules, 2015 made under the Companies Act, 2013	distribution as referred in Note 2;	loss on distribution as referred in Note 2;		
					(c) one-fifth of the transition amount, in the year of convergence and each of the following four tax years, if such amount is not decreased;	(c) one-fifth of the transition amount, in the year of convergence and each of the following four tax years, if such amount is not increased;		
					(d) the amount or the aggregate of the amounts	(d) the amount or the aggregate		



The Institute of Chartered Accountants of India

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
		<p>(i) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38; or</p> <p>(ii) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109:</p>			<p>referred to in Note 3, if such amount is not decreased;</p> <p>(e) the amount or the aggregate of the amounts referred to in Note 4, if such amount is not decreased.</p>	<p>of the amounts referred to in Note 3, if such amount is not increased;</p> <p>(f) the amount or the aggregate of the amounts referred to in Note 4, if such amount is not increased.</p>		
Note 1: Other comprehensive income in the statement of profit and loss under the head "Items								



The Institute of Chartered Accountants of India

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
			<p>that will not be re-classified to profit or loss”, excluding—</p> <p>(i) revaluation surplus for assets as per the Indian Accounting Standards 16 and Indian Accounting Standards 38; or</p> <p>(ii) gains or losses from investments in equity instruments designated at fair value through other comprehensive income as per the Indian Accounting Standards 109; and the amount or the aggregate of the amounts referred to in clause (a) (i) and (ii) for the tax year or any of the preceding tax years, and relatable to such asset or investment, in the tax year in which the said asset or investment referred to in clause (a) is retired, disposed, realised or otherwise transferred.</p> <p>Note 2: On distribution of non-cash assets to shareholders in a demerger as per Appendix A of the Indian Accounting Standards 10.</p>		



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
			<p>Note 3: Sub-section (19)(f)(ii) to (v) relating to such asset or investment, in the tax year in which the asset or investment referred to in such sub-clauses is retired, disposed, realised or otherwise transferred.</p> <p>Note 4: Sub-section (19)(f)(ii) to (v) relating to such foreign operations, in the tax year in which the foreign operation referred to in such sub-clause is disposed or otherwise transferred</p>		
		<p><b>Section 115JAA (1):</b> Where any amount of tax is paid under sub-section (1) of section 115JA by an assessee being a company for any assessment year, then, credit in respect of tax so paid shall be allowed to him in accordance with the provisions of this section.</p> <p>(1A) Where any amount of tax is paid under sub-section (1) of section 115JB by an assessee, being a company for the</p>	(13) Where any tax is paid under sub-section (1) by an assessee, then, credit shall be allowed to him of an amount which shall be the difference of the tax paid for any tax year under sub-section (1) and tax payable by the assessee on his total income computed as per the other provisions of this Act.	It may be clarified whether surcharge should be considered while computing the credit, and similarly, whether the credit eligible for set-off in the year of utilization is inclusive or	Controversy has arisen in the past regarding how to compute credit while comparing regular tax and MAT, particularly



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
		<p>assessment year commencing on the 1st day of April, 2006 and any subsequent assessment year, then, credit in respect of tax so paid shall be allowed to him in accordance with the provisions of this section.</p> <p>(2) The tax credit to be allowed under sub-section (1) shall be the difference of the tax paid for any assessment year under sub-section (1) of section 115JA and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act:</p> <p>(2A) The tax credit to be allowed under sub-section (1A) shall be the difference of the tax paid for any assessment year under sub-section (1) of section 115JB and the amount of tax payable by the assessee on</p>		exclusive of surcharge.	whether to include surcharge on either side—especially in the year of seeking set-off.



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
		<p>his total income computed in accordance with the other provisions of this Act:</p> <p><b>Section 115JD:</b></p> <p>(1) The credit for tax paid by a person under section 115JC shall be allowed to him in accordance with the provisions of this section.</p> <p>(2) The tax credit of an assessment year to be allowed under sub-section (1) shall be the excess of alternate minimum tax paid over the regular income-tax payable of that year:</p>			
	115JEE	<p>(1) The provisions of this Chapter shall apply to a person who has claimed any deduction under—</p> <p>(a) any section (other than section 80P) included in Chapter VI-A under the</p>		The provisions similar to section 115JEE of the Income-tax Act, 1961 be correspondingly included in Section	Under section 115JEE(1) of the Income-tax Act, 1961, the provisions of Chapter XII-



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
		<p>heading "C.—Deductions in respect of certain incomes"; or</p> <p>(b) section 10AA; or</p> <p>(c) section 35AD.</p> <p>(2) The provisions of this Chapter shall not apply to an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, if the adjusted total income of such person does not exceed twenty lakh rupees.</p> <p>(2A) The provisions of this Chapter shall not apply to specified fund referred to in clause (c) of the Explanation to clause (4D) of section 10.</p>		206 of the Income-tax Bill, 2025.	BA would apply to a person who has claimed deduction under any section included in Chapter VI-A under the heading "Deductions in respect of certain incomes" or section 10AA or section 35AD. This provision is not present in



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
		(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD.			clause 206 of the Income-tax Bill, 2025, due to which the scope of applicability of AMT provisions may be considerably expanded.



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									
E.—Special provisions relating to non-residents and foreign company														
207	115A	Tax on dividends, royalty and technical service fees in the case of foreign companies.	Tax on dividends, royalty and technical service fees in case of foreign companies.											
		<p>(1) Where the total income of—</p> <p>(a) a non-resident (not being a company) or of a foreign company, includes any income by way of—</p> <p>(i) dividends; the income-tax payable shall be aggregate of—</p> <p>(A) the amount of income-tax calculated on the amount of income by way of dividends, if any, included in the total income, at the rate of twenty per cent :</p>	<p>(1) The income-tax payable on the total income of a non-resident (not being a company) or a foreign company, which includes any income specified in the column B of the Table below, shall be the aggregate of income-tax specified in the column C thereof.</p> <table><tr><th colspan="3">Table</th></tr><tr><th>Sl. No.</th><th>Income</th><th>Income-tax payable</th></tr><tr><td>A</td><td>B</td><td>C</td></tr></table>	Table			Sl. No.	Income	Income-tax payable	A	B	C		
Table														
Sl. No.	Income	Income-tax payable												
A	B	C												



The Institute of Chartered Accountants of India

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 the amount of income-tax calculated on the amount of income by way of dividend received from a unit in an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, shall be ten per cent;]	1.	Dividend [other than dividends specified against serial number 2.	20%		
			2.	Dividend received from a unit in an International Financial Services Centre	10%		
		(ii) interest received from Government or an Indian concern on monies borrowed or debt incurred by Government or the Indian concern in foreign currency not being interest of the nature referred to in sub-clause (iia) or sub-clause (iiaa); or the income-tax payable shall be aggregate of—  (B) the amount of income-tax calculated on the amount of income by way of interest referred to in sub-clause (ii), if any, included in the total income, at the rate of twenty per cent ;	3.	Interest received from Government or an Indian concern on monies borrowed or debt incurred by Government or the Indian concern in foreign currency not being interest referred to against serial numbers 4 and 5.	20%		



The Institute of Chartered Accountants of India

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
		<p>(iia) interest received from an infrastructure debt fund referred to in clause (47) of section 10; or (iiaa) interest of the nature and extent referred to in section 194LC; or</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(i) sub-clause (iia), if any, included in the total income, at the rate of five per cent;</p>	4.	Interest received from an infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46)	5%		
		<p>(iiab) interest of the nature and extent referred to in section 194LD; or</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(ii) sub-clause (iiaa) or sub-clause (iiab) or sub-clause (iiac), if any, included in the total income, at the rate provided in the respective sections referred to in the said sub-clauses;</p>	5.	Interest of the nature and extent referred to in section 393(2) (Table: Sl. No. 2), (Table: Sl. No. 3 and 4).	Rates specified in section 393(2) (Table: Sl. No. 2, 3 and 4).	It is suggested that the rates of tax on income by way of interest and dividend from business trust, interest from Indian company in respect of money borrowed by it in	The TDS provisions under Section 393 may refer to rates specified in Section 207, as TDS is a mechanism for recovering tax



The Institute of Chartered Accountants of India

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
				foreign currency from a source outside India and income by way of interest on certain rupee denominated bonds of an Indian company and municipal debt securities be provided in section 207 itself; and the TDS provisions under section 393 can make a reference to the rates in section 207.	on chargeable income. Aligning the structure this way ensures logical consistency and clarity in the relationship between charging and procedural provisions.



The Institute of Chartered Accountants of India

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
		<p>(iiac) distributed income being interest referred to in sub-section (2) of section 194LBA;</p> <p>(1)(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in,—</p> <p>(ii) sub-clause (iiaa) or sub-clause (iiab) or sub-clause (iiac), if any, included in the total income, at the rate provided in the respective sections referred to in the said sub-clauses;</p>	6.	<p>Distributed income being interest referred to in section 393(2) (Table: Sl. No. 6).</p> <p>Rate specified in section 393(2) (Table: Sl. No. 6).</p>	<p>It is suggested that point 6 in table 1 of section 207 may be reworded as follows –</p> <p>“distributed income being interest <b>and dividend</b> referred to in section 393(2) (Table: Sl. No. 6).</p>	<p>The business trust has to deduct tax@10% on dividend as per section 393, which should have also been the rate of tax on such income under section 207. However, since Sl No.6 refers to distributed income being interest referred to in section 393(2), the rate of tax</p>



The Institute of Chartered Accountants of India

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 dividend received from SPV and distributed by a business trust to its unit holders would become 20%, being the rate of tax applicable for dividend distributed directly by the company to shareholders. To bring consistency rates can be defined here in



The Institute of Chartered Accountants of India

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 section itself.
		(iii) income received in respect of units, purchased in foreign currency, of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India;  (C) the amount of income-tax calculated on the income in respect of units referred to in sub-clause (iii), if any, included in the total income, at the rate of twenty per cent ; and	7.	Income received in respect of units, purchased in foreign currency, of a Mutual Fund specified in Schedule VII (Table: Sl. No. 20 or 21) or of the Unit Trust of India.	20%		
		(D) the amount of income-tax with which he or it would have been chargeable had his or its total income been reduced by the amount of income referred to in sub-clause (i), sub- clause (ii), sub-clause (iia), sub-clause (iiaa), sub-clause (iiab), sub-clause (iiac) and sub- clause (iii) ;	8.	Total income as reduced by income referred to against serial numbers 1 to 7.	Income-tax chargeable on such income.		



The Institute of Chartered Accountants of India

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
		<p>(b) a non-resident (not being a company) or a foreign company, includes any income by way of royalty or fees for technical services other than income referred to in sub-section (1) of section 44DA received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976, and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy, then, subject to the provisions of sub-sections (1A) and</p> <p>(2), the income-tax payable shall be the aggregate of,—</p>	<p>(2) Where the total income of a non-resident (not being a company) or of a foreign company, includes any income by way of royalty or fees for technical services received from Government or an Indian concern in pursuance of an agreement made after the 31st March, 1976, other than income referred to in section 59(1), and—</p> <p>(a) the agreement is approved by the Central Government where such agreement is with an Indian concern; or</p> <p>(b) where the agreement relates to a matter included in the industrial policy, for the time being in force, of the Government of India, it is as per that policy, then, subject to the provisions of sub-section (3), the income-tax payable shall be the aggregate of income-tax specified in column C of the Table below:—</p>		



The Institute of Chartered Accountants of India

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) the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of 45[twenty] per cent;	<table><tr><th colspan="3">Table</th></tr><tr><th>Sl. No.</th><th>Income</th><th>Income-tax payable</th></tr><tr><th>A</th><th>B</th><th>C</th></tr><tr><td></td><td>Royalty [other than income referred to in section 59(1)].</td><td>20%</td></tr></table>	Table			Sl. No.	Income	Income-tax payable	A	B	C		Royalty [other than income referred to in section 59(1)].	20%		
Table																	
Sl. No.	Income	Income-tax payable															
A	B	C															
	Royalty [other than income referred to in section 59(1)].	20%															
		(2), the income-tax payable shall be the aggregate of,—  (B) the amount of income-tax calculated on the income by way of fees for technical services, if any, included in the total income, at the rate of twenty per cent; and	<table><tr><td></td><td>Fees for technical services [other than income referred to in section 59(1)].</td><td>20%</td></tr></table>		Fees for technical services [other than income referred to in section 59(1)].	20%											
	Fees for technical services [other than income referred to in section 59(1)].	20%															



The Institute of Chartered Accountants of India

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
		<p>(2), the income-tax payable shall be the aggregate of,—</p> <p>(C) the amount of income-tax with which it would have been chargeable had its total income been reduced by the amount of income by way of royalty and fees for technical services.</p>		Total income as reduced by income referred to against serial numbers 1 and 2.	Income-tax chargeable on such income.		
		<p>(1A) Where the royalty referred to in clause (b) of sub-section (1) is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book to an Indian concern or in respect of any computer software to a person resident in India, the provisions of sub-section (1) shall apply in relation to such royalty as if the words the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the</p>	<p>(3) Where the royalty referred to in sub-section (2) is in consideration for the transfer or grant of all or any rights (including the granting of a licence)—</p> <p>(a) in respect of copyright in any book to an Indian concern; or</p> <p>(b) in respect of any computer software to a person resident in India, then the provisions of sub-section (2) shall apply in relation to such royalty without application of provisions of clause (a) or (b) of that sub-section.</p>				



The Institute of Chartered Accountants of India

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
		<p>agreement is in accordance with that policy occurring in the said clause had been omitted :</p> <p>Provided that such book is on a subject, the books on which are permitted, according to the Import Trade Control Policy of the Government of India for the period commencing from the 1st day of April, 1977, and ending with the 31st day of March, 1978, to be imported into India under an Open General Licence :</p> <p>Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.</p> <p>Explanation 1.—In this sub-section, "Open General Licence" means an Open General Licence issued by the Central Government in pursuance of the Imports (Control) Order, 1955.</p> <p>Explanation 2.—In this sub-section, the expression "computer software" shall have the</p>			



The Institute of Chartered Accountants of India

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
		<p>meaning assigned to it in clause (b) of the Explanation to section 80HHE.</p> <p>(2) Nothing contained in sub-section (1) shall apply in relation to any income by way of royalty received by a foreign company from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, if such agreement is deemed, for the purposes of the first proviso to clause (vi) of sub-section (1) of section 9, to have been made before the 1st day of April, 1976; and the provisions of the annual Finance Act for calculating, charging, deducting or computing income-tax shall apply in relation to such income as if such income had been received in pursuance of an agreement made before the 1st day of April, 1976.</p>			



The Institute of Chartered Accountants of India

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												
209	115AC	<p><b>Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer</b></p> <p>(1) Where the total income of an assessee, being a non-resident, includes—</p> <p>(a) income by way of interest on bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by him in foreign currency; or the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income by way of interest, as the case may be, in respect of bonds referred to in clause (a) if</p>	<p><b>Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.</b></p> <p>(1) The income -tax payable, on the total income of an assessee, being a non- resident, which includes income specified in column B of the Table below, shall be the aggregate of the amounts mentioned in column C thereof.</p> <table><tr><th colspan="3">Table</th></tr><tr><th>Sl. No.</th><th>Income</th><th>Income-tax payable</th></tr><tr><td>A</td><td>B</td><td>C</td></tr><tr><td>1.</td><td>From interest on—</td><td>10%</td></tr></table>	Table			Sl. No.	Income	Income-tax payable	A	B	C	1.	From interest on—	10%	<p>In column B of table in serial no: 1 and 2 - the word "From" may be deleted.</p>	<p>The word “from” in Income from interest and dividend is not required as interest and dividend by themselves are in the nature of income and the heading of column B clearly mentions the</p>
Table																	
Sl. No.	Income	Income-tax payable															
A	B	C															
1.	From interest on—	10%															



The Institute of Chartered Accountants of India

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, included in the total income, at the rate of ten per cent;		(a) bonds of an Indian company issued in accordance with such scheme as notified by the Central Government; or  (b) bonds of a public sector company sold by the Government, and purchased in foreign currency.			same as “Income”.
		(b) income by way of dividends on Global Depository Receipts—  (i) issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the initial issue of shares of an Indian company and purchased by him in foreign currency through an approved intermediary; or	2.	From dividends on Global Depository Receipts—  (a) issued as per such scheme as the Central Government may, notified, against the initial issue of shares of an Indian company and purchased in foreign currency through an approved intermediary; or	10%		



The Institute of Chartered Accountants of India

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			
		<p>(ii) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p> <p>(iii) issued or re-issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the existing shares of an Indian company purchased by him in foreign currency through an approved intermediary; or</p> <p>(iv) the income-tax payable shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income by way of dividends, as the case may be, in respect of Global Depository Receipts referred to in clause (b), if any, included in the total income, at the rate of ten per cent;</p>	<table><tr><td></td><td><p>(b) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p><p>(c) issued or re-issued in accordance with a scheme notified by the Central Government, against the existing shares of an Indian company purchased in foreign currency through an approved intermediary.</p></td><td></td></tr></table>				<p>(b) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p> <p>(c) issued or re-issued in accordance with a scheme notified by the Central Government, against the existing shares of an Indian company purchased in foreign currency through an approved intermediary.</p>			
	<p>(b) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or</p> <p>(c) issued or re-issued in accordance with a scheme notified by the Central Government, against the existing shares of an Indian company purchased in foreign currency through an approved intermediary.</p>									



The Institute of Chartered Accountants of India

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
		<p>(c) income by way of long-term capital gains arising from the transfer of bonds referred to in clause (a) or, as the case may be, Global Depository Receipts referred to in clause (b),</p> <p>(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, included in the total income,—</p> <p>(A) at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024;</p> <p>and (B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23<sup>rd</sup> day of July, 2024; and</p>	3.	Long-term capital gains arising from the transfer of bonds referred to against serial number 1 or Global Depository Receipts referred to against serial number 2.	12.5%		
		<p>(iii) the amount of income-tax with which the non-resident would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a), (b) and (c).</p>	4.	Total income as reduced by income referred to against serial numbers 1 to 3.	Income tax chargeable on such income.		



The Institute of Chartered Accountants of India

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									
214	115E	<b>Tax on investment income and long-term capital gains.</b>	<b>Tax on investment income and long-term capital gains.</b>											
		<p>Where the total income of an assessee, being a non-resident Indian, includes—</p> <p>(a) any income from investment or income from long-term capital gains of an asset other than a specified asset; the tax payable by him shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income in respect of investment income referred to in</p> <p>clause (a), if any, included in the total income, at the rate of twenty per cent;</p>	<p>The Income-tax payable, on the total income of an assessee, being a non-resident Indian, which includes income specified in column B of the Table below, shall be the aggregate of the amounts mentioned in column C thereof.</p> <table><tr><th>Sl. No</th><th>Income</th><th>Income-tax payable</th></tr><tr><th>A</th><th>B</th><th>C</th></tr><tr><td>1</td><td>Income from investment or income from long-term capital gains of an asset other than a specified asset</td><td>20%</td></tr></table>	Sl. No	Income	Income-tax payable	A	B	C	1	Income from investment or income from long-term capital gains of an asset other than a specified asset	20%	<p>In table, at S No. 1, the phrase can be reworded as follows -</p> <p>Income from investment <del>or income from long-term capital gains of an asset other than a specified asset</del></p>	<p>The Income from any asset other than specified asset (income/ capital gains) does not form part of this Chapter. Hence, specifying rate for such income under this chapter is not required. This may be considered to be removed.</p>
Sl. No	Income	Income-tax payable												
A	B	C												
1	Income from investment or income from long-term capital gains of an asset other than a specified asset	20%												



The Institute of Chartered Accountants of India

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
		<p>(b) income by way of long-term capital gains, the tax payable by him shall be the aggregate of—</p> <p>(i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty per cent;</p> <p>[(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income,--</p> <p>(A) at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024; and</p> <p>(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024; and</p>	2	Income from long-term capital gains on specified asset.	12.5%		



The Institute of Chartered Accountants of India

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) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).	3	Total income as reduced by income referred to against serial numbers 1 and 2.	Income-tax chargeable on such income.		
		<p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) "cost", in relation to any new asset, being a deposit referred to in sub-clause (iii), or specified under sub-clause (v), of clause (f) of section 115C, means the amount of such deposit;</p> <p>(ii) "net consideration", in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p>	<p>(2) For the In sub-section (1),—</p> <p>(a) "cost", in relation to any new asset, being a deposit referred to in section 212(e)(iii)(v), means the amount of such deposit;</p> <p>(b) "net consideration" in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.</p> <p>(3) Where the new asset is transferred or converted (otherwise than by transfer) into money, within three years from date of its acquisition, the capital gain arising from transfer of original asset not so charged under</p>			<p>The following words may be deleted.</p> <p>(2) <del>For the</del> In sub-section (1),—</p>	Words "for the" are not required.



The Institute of Chartered Accountants of India

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) Where the new asset is transferred or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, 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 capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted (otherwise than by transfer) into money.	section 67 shall be deemed to be income by way of capital gains of the tax year in which such transfer or conversion takes place relating to capital assets other than short-term capital assets of the tax year in which the new asset is transferred or converted (otherwise than by transfer) into money.		



The Institute of Chartered Accountants of India

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
217	115H	<b>Benefit under Chapter to be available in certain cases even after the assessee becomes resident.</b>	<b>Benefit to be available in certain cases even after assessee becomes resident.</b>		
		Where a person, who is a non-resident Indian in any previous year, becomes assessable as resident in India in respect of the total income of any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with his return of income under section 139 for the assessment year for which he is so assessable, to the effect that the provisions of this Chapter shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an asset of the nature referred to in sub-clause (ii) or sub-clause (iii) or sub-clause (iv) or sub-clause (v) of clause (f) of section 115C; and if he does so, the provisions of this	(1) Where a non-resident Indian in any tax year,— (a) becomes assessable as a resident in India in a subsequent tax year; and (b) furnishes a declaration in writing to the Assessing Officer along with his return of income under section 263 for the tax year for which he is so assessable, to the effect that provisions of sections 212 to 218 shall continue to apply to him in relation to the investment income derived from any foreign exchange asset referred to in section 212(e) other than a share in an Indian company,  then the provisions of this Chapter shall continue to apply in relation to such income until the transfer or conversion (otherwise than by transfer) of such assets into money.	Form is yet to be prescribed for electing to be governed by special provisions to avail the benefit of this provision. The requirement of selection of this Scheme may be made as part of return of income itself.	Since the ROI is annexure less and electronic, suitable provisions may be incorporated in the ROI itself to be governed by the provisions of Chapter XIII-E.



The Institute of Chartered Accountants of India

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 shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.			



The Institute of Chartered Accountants of India

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>F.-Special provisions relating to pass-through entities</b>					
223	115UA	<b>Tax on income of unit holder and business trust</b>	<b>Tax on income of unit holder and business trust.</b>		
		<p>(1) Notwithstanding anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.</p> <p>(2) Subject to the provisions of sections 111A, 112 and 112A, the total income of a business trust shall be charged to tax at the maximum marginal rate.</p> <p>(3) If in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in clause (23FC) or clause (23FCA)</p>	<p>(1) Irrespective of anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.</p> <p>(2) Subject to the provisions of sections 196 and 197, the total income of a business trust shall be charged to tax at the maximum marginal rate.</p> <p>(3) If in any tax year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in Schedule V (Table: Sl. No. 3) or (Table: Sl. No. 4), then, such distributed income or part thereof shall be deemed to be income of</p>	<p>Sub-section (2) of section 223 may be reworded as follows -</p> <p>(2) Subject to the provisions of sections 196 <del>and</del> 197 <b>and 198</b> the total income of a business trust shall be charged to tax at the maximum marginal rate</p>	<p>Capital gains on transfer of long-term capital assets referred to in section 198 also has to be charged to tax at the rate of 12.5% and not at MMR. However, there is no reference to section 198 in section 223(2).</p>



The Institute of Chartered Accountants of India

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
		<p>of section 10, then, such distributed income or part thereof shall be deemed to be income of such unit holder and shall be charged to tax as income of the previous year.</p> <p>3A) The provisions of sub-section (1) shall not apply in respect of any sum referred to in clause (xii) of sub-section (2) of section 56, received by a unit holder from a business trust.</p> <p>(4) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner as may be prescribed, giving the details of the nature of the income paid during the previous year and such other details as may be prescribed.</p>	<p>such unit holder and shall be charged to tax as income of the tax year.</p> <p>(4) The provisions of sub-section (1) shall not apply in respect of any sum referred to in section 92(2)(k) received by a unit holder from a business trust.</p> <p>(5) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder, shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner, as prescribed, giving the details of the nature of the income paid during the tax year and such other details, as prescribed.</p>		Accordingly, reference to Section 198 to be added.



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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>G.-Special provisions relating to income of shipping companies</b>					
225	115VA	<b>Computation of profits and gains from the business of operating qualifying ships</b>	<b>Income from the business of operating qualifying ships.</b>		
		Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of a company, the income from the business of operating qualifying ships, may, at its option, be computed in accordance with the provisions of this Chapter and such income 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".	Irrespective of anything contained in sections 26 to 54, in the case of a company, the income from the business of operating qualifying ships— (a) may, at its option, be computed as per provisions of this Part; and (b) such income 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"		



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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
232	115VT, 115VU, 115VV, 115VW, 115VZA		<b>Certain conditions for applicability of tonnage tax scheme.</b>		
		<b>115VZA-Effect of temporarily ceasing to operate qualifying ships</b> (1) A temporary cessation (as against permanent cessation) of operating any qualifying ship by a company shall not be considered as a cessation of operating of such qualifying ship and the company shall be deemed to be operating such qualifying ship for the purposes of this Chapter.	(22) A temporary cessation (as against permanent cessation) of operating any qualifying ship by a company shall not be considered as a cessation of operating of such qualifying ship and the company shall be deemed to be operating such qualifying ship for the purposes of this Part.  (23) Where a qualifying company continues to operate a ship or new inland vessel, as the case may be, which temporarily ceases to be	Clause (23) of Section 233 may be amended as under:	The discrepancy may have arisen due to the substitution of



The Institute of Chartered Accountants of 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
		(2) Where a qualifying company continues to operate a ship or inland vessel, as the case may be, which temporarily ceases to be a qualifying ship, such ship or inland vessel, as the case may be, shall not be considered as a qualifying ship for the purposes of this Chapter.	a qualifying ship, such ship or inland vessel, as the case may be shall not be deemed as a qualifying ship for the purposes of this Part.	Where a qualifying company continues to operate a ship or <del>new</del> <b>inland vessel</b> , as the case may be, which temporarily ceases to be a qualifying ship, such ship or inland vessel, as the <del>case</del> <b>case</b> may be shall not be deemed as a qualifying ship for the purposes of this Part.	the term 'inland vessel' with 'new inland vessel' in other provisions of this Part. However, using it in this particular clause may not be appropriate. The use of the term 'new inland vessel' herein may constitute an apparent discrepancy, which may require clarification or definition.



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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
235	115V, 115VC, 115VD		<b>Interpretation.</b>		
		<p><b>115V- Definitions.</b></p> <p>In this Chapter, unless the context otherwise requires,—</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be for a stipulated period on terms which give the charterer possession and control of the ship or inland vessel, as the case may be, including the right to appoint the master and crew;</p> <p>(b) "bareboat charter-cum-demise" means a bareboat charter where the ownership of the ship or inland vessel, as the case may be is intended to be</p>	<p>In this Part,—</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be, for a stipulated period on terms which give the charterer possession and control of the ship or new inland vessel, as the case may be, including the right to appoint the master and crew;</p> <p>(b) "bareboat charter-cum-demise" means a bareboat charter where the ownership of the ship or inland vessel, as the case may be, is intended to be transferred after a specified</p>	<p>It is suggested that section 235(a) may be amended as under:</p> <p>(a) "bareboat charter" means hiring of a ship or inland vessel, as the case may be, for a stipulated period on terms which give the charterer possession and control of the ship or <b>new inland vessel</b>, as the case may be, including the right to appoint the master and crew;</p>	<p>Use of the word "new" with "inland vessel" is not needed as the word "new" is not used with "ship". The use of "new" with "inland vessel" may result in interpretational issues.</p>



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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
		transferred after a specified period to the company to whom it has been chartered;	period to the company to whom it has been chartered;		
		<p><b>115VD-Qualifying ship.</b></p> <p>For the purposes of this Chapter, a ship or inland vessel, as the case may be, is a qualifying ship if—</p> <p>(a) it is a seagoing ship or vessel or inland vessel, as the case may be of fifteen net tonnage or more;</p> <p>(b) it is a ship registered under the Merchant Shipping Act, 1958 (44 of 1958), or a ship registered outside India in respect of which a licence has been issued by the Director-General of Shipping under section 406 or section 407 of the Merchant Shipping Act, 1958 (44 of 1958) or an inland vessel</p>	<p>(i) “qualifying ship” means a ship or inland vessel, as the case may be, if—</p> <p>(i) it is a seagoing ship or vessel or inland vessel, as the case may be, of fifteen net tonnage or more;</p> <p>(ii) it is a ship registered under the Merchant Shipping Act, 1958, or a ship registered outside India in respect of which a licence has been issued by the Director-General of Shipping under section 406 or 407 of said Act or an inland vessel registered under the Inland Vessels Act, 2021, as the case may be; and</p>	The provision must be amended to provide a clear inclusive definition of “qualifying ship”.	There is lack of clarity on what a “qualifying ship” is and whether it includes offshore support vessels, dredgers etc. The current definition is not inclusive and this may lead companies engaged in offshore services to face adverse tax assessments due to restrictive



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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
		<p>registered under the Inland Vessels Act, 2021, as the case may be; and</p> <p>(c) a valid certificate in respect of such ship or inland vessel, as the case may be, indicating its net tonnage is in force, but does not include—</p> <p>(i) a seagoing ship or vessel or inland vessel, as the case may be, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;</p> <p>(ii) fishing vessels;</p> <p>(iii) factory ships;</p> <p>(iv) pleasure crafts;</p> <p>(v) harbour and river ferries;</p> <p>(vi) offshore installations;</p>	<p>(iii) a valid certificate in respect of such ship or inland vessel, as the case may be, indicating its net tonnage is in force, but does not include—</p> <p>(A) a seagoing ship or vessel or inland vessel, as the case may be, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;</p> <p>(B) fishing vessels;</p> <p>(C) factory ships;</p> <p>(D) pleasure crafts;</p> <p>(E) harbour and river ferries;</p> <p>(F) offshore installations; and</p> <p>(G) a qualifying ship which is used as a fishing vessel for more than thirty days during a tax year;</p>	<p>There must be a clarification regarding non-requirement of valid certificate in indicating net tonnage for slot charter arrangements.</p>	<p>interpretation. Therefore, this clarification would be beneficial for companies engaged in offshore services.</p> <p>In cases of slot charter arrangements, valid certificate is not required as it would fall within “deemed tonnage” as envisioned by the Legislature.</p>



The Institute of Chartered Accountants of India

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		(vii) [***]  (viii) a qualifying ship which is used as a fishing vessel for a period of more than thirty days during a previous year.			Therefore, there must be an express provision excluding the same. (CIT v Trans Asian Shipping Services P Ltd. Civil Appeal No. 5870/2016 (SC))