



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

**MEMORANDUM OF SUGGESTIONS**  
**ON**  
**THE INCOME TAX BILL, 2025**  
**(PART – 4)**



## INDEX

### SPECIFIC CLAUSE-WISE SUGGESTIONS

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## CHAPTER - XIX

### COLLECTION AND RECOVERY OF TAX

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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
<b>A.—General</b>					
390	190, 202, 199	<b>Deduction at source and advance payment, Credit for tax deducted.</b>	<b>390 Deduction or collection at source and advance payment.</b>		
		<b>Section 190- Deduction at source and advance payment</b> (1) Notwithstanding that the regular assessment in respect of any income is to be made in a later assessment year, the tax on such income shall be payable by deduction or collection at source or by advance payment or by payment under sub-section (1A) of section 192, as the case may be, in accordance	(1) The tax on income shall be payable as per this Chapter by way of— (a) deduction or collection at source; or (b) advance payment; or (c) payment under section 392(2)(a). (2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the assessment to be made later than the relevant tax year.	Sub-section (2) may be reworded as follows: (2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the assessment to be made <b>in the</b>	The current wording of sub-sections (1) and (2) may create ambiguity in situations where the income being paid includes amounts from multiple years. The provision may be interpreted as limiting



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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>with the provisions of this Chapter.</p> <p>(2) Nothing in this section shall prejudice the charge of tax on such income under the provisions of sub-section (1) of section 4.</p> <p><b>Section 202-Deduction only one mode of recovery.</b></p> <p>The power to recover tax by deduction under the foregoing provisions of this Chapter shall be without prejudice to any other mode of recovery.</p> <p><b>Section 199- Credit for tax deducted.</b></p> <p>(1) Any deduction made in accordance with the foregoing provisions of this Chapter and</p>	<p>(3) Nothing contained in this section, shall affect the charge of tax on such income under section 4(1).</p>	<p><b>subsequent tax years to which the income relates.</b></p> <p>Sub-section (4) may be reworded as follows –</p> <p>The payment of tax referred to in sub-section (1) shall be</p>	<p>tax deductions or payments to a single tax year. In real-world scenarios, income may span over several tax years (both previous and future), especially in cases where lump-sum payments cover multiple periods.</p> <p>Rewording of sub-section (2) is suggested to clarify that the tax provisions apply to income related to multiple years, and the assessment can be made in the tax years corresponding to the relevant period of income.</p> <p>Sub-section (4) uses the term <b>"tax collection"</b> to describe the payment of tax in addition to other modes of tax collection. It may be more</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
		<p>paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be.</p> <p>(2) Any sum referred to in sub-section (1A) of <a href="#">section 192</a> and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made.</p> <p>(3) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules</p>	<p>(4) The payment of tax referred to in sub-section (1) shall be in addition to any other mode of tax collection to discharge the liability in respect of income assessed for a tax year.</p> <p>(5) The tax deducted or collected at source or sum referred to in section 392(2)(a) under this Chapter and paid to the Central Government shall be treated as payment of tax on behalf of the person—</p> <p>(a) from or in respect of whose income or payment, such tax has been deducted or paid; or</p> <p>(b) from whom such tax has been collected.</p> <p>(6) The Board may make rules for—</p> <p>(a) giving credit of tax deducted or collected or paid to a person referred to in sub-section (5) and also a person other than the person referred to in the said sub-section;</p>	<p>in addition to any other mode of tax <del>collection</del> <b>recovery</b> to discharge the liability in respect of income assessed for a tax year.</p> <p>Sub-section (7) may be inserted in section 390-</p> <p>(7) Where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax himself to the extent to which</p>	<p>accurate and consistent to use "recovery" as used in sections like section 226 of the Income-tax Act, 1961 and Section 416 of the Income-tax Bill, 2025. "Recovery" better conveys the mandatory nature of the tax payment and includes both voluntary and involuntary tax payments that are due after assessment.</p> <p>Section 401 (Bar against direct demand on assessee provides that where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax himself to the extent to</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
		as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (1) and sub-section (2) and also the assessment year for which such credit may be given.	(b) the tax year for which the credit shall be given.	tax has been deducted from that income.	which tax has been deducted from that income.  However, in actual practice, many a times even where tax has been deducted, the assessee is made to pay the tax himself. Therefore, this provision must be inserted in the beginning of the chapter itself.
391	191	<b>191 Direct payment.</b>	<b>391 Direct payment</b>		
		(1) In the case of income in respect of which provision is not made under this Chapter for deducting income-tax at the time of payment, and in any case where income-tax has not been deducted in accordance with the provisions of this	(1) The income-tax on any income shall be payable directly by the assessee if—  (a) there is no provision under this Chapter to deduct income-tax on such income at the time of payment; or  (b) income-tax has not been deducted as per the provisions of this Chapter.		





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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
		<p>Chapter, income-tax shall be payable by the assessee direct.</p> <p>(2) For the purposes of paying income-tax directly by the assessee under sub-section (1), if the income of the assessee in any assessment year, beginning on or after the 1st day of April, 2021, includes income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares referred to in the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the income-tax on such income shall be payable by the assessee within fourteen days—</p>	<p>(2) If an assessee has any income of the nature of specified security or sweat equity shares as specified in section 17(1)(d) allotted or transferred directly or indirectly by the current employer which is an eligible start-up referred to in section 140, then direct payment of tax for the purposes of sub-section (1) shall be made within the time specified in section 289(3).</p> <p>(3) Where any person, including the principal officer of the company,—</p> <p>(a) who is required to deduct any sum as per the provisions of this Act; or</p> <p>(b) referred to in section 392(2)(a), being an employer, does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, apart from any other</p>	<p>This situation mentioned in the rationale (column 6) does not seem to be fully addressed in sub-section (3). Incorporating this relief in this provision would ensure that the assessee is not penalized for the failure of the deductor to deduct the tax, as long as the assessee fulfills his responsibility to directly</p>	<p>As per sub-section (3), if the person required to deduct tax does not deduct or after deducting fails to pay and where the assessee has also failed to pay such tax directly, he would be deemed to be an assessee-in- default.</p> <p>Let us say, if there is a situation where the tax has not been deducted, but the</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
		<p>(i) after the expiry of forty-eight months from the end of the relevant assessment year; or</p> <p>(ii) from the date of the sale of such specified security or sweat equity share by the assessee; or</p> <p>(iii) from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share,</p> <p>whichever is the earliest.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that if any person including the principal officer of a company,—</p>	consequences that he may incur, be deemed to be an assessee in default within the meaning of section 398(1), in respect of such tax.	pay the tax in a timely manner.	assessee has paid the said tax directly, then, the deductor would not be held to be an assessee in default and the consequences in terms of interest and penalty would not arise. This situation does not seem to be addressed in this sub-section.



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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
		<p>(a) who is required to deduct any sum in accordance with the provisions of this Act; or</p> <p>(b) referred to in sub-section (1A) of section 192, being an employer,</p> <p>does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default within the meaning of sub-section (1) of section 201, in respect of such tax.</p>			



**Tax to be Deducted at Source**  
**Section 393 of the Income-tax Bill, 2025**

1	2	3	4				
Provision 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>(1) Where any income or sum of the nature specified in column B of the Table below, is credited or paid or distributed by the person specified in column C during the tax year, to a resident, the person responsible for paying shall deduct income-tax,—</p> <p>(a) on the entire amount of such income or sum, where the amount or aggregate of amounts exceeds the threshold limit specified in column D;</p> <p>(b) at the rate specified in column D;</p> <p>(c) at the time of credit of such income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and</p> <p>(d) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).</p>	<p>Reducing the number of rates from 6 to 2, namely 1% and 5%, will increase the working capital available which will in turn facilitate ease of doing business. Also, a uniform threshold limit may be prescribed for TDS provisions. It will also facilitate ease of compliance and minimize the possibility of disputes arising from the incorrect application of rates. <b>This change is suggested in all provisions of TDS and hence is not mentioned individually in each section.</b></p>	<p>At present, there are six rates of TDS under the Income-tax Act, 1961, namely, 0.1%, 1%, 2%, 5%, 10% and 20% for residents which are continuing in the Income-tax Bill, 2025. In line with the intent of TDS provisions serving as an audit trail rather than a revenue garnering measure, the number of TDS rates may be reduced to two, for example, 1% and 5%.</p>				
	Table						
	For Payments to Resident						
	<table> <tr> <th>Sl. No.</th><th>Nature of Income or sum</th><th>Payer</th><th>Rate Threshold limit</th></tr> </table>	Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit		
Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit				



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1	2				3	4
Provision 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>Insurance commission.</b>  <b>194D.</b> Any person responsible for paying to a resident any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is	A	B	C	D	<p>While the tabular presentations enhance readability and comprehension, however, the tables in the Bill are not complete in themselves and other provisions have to be referred to capture the correct and complete provision. Currently, there are no cross references to the other related provisions which have to be read together to comprehend the provision holistically. Hence, it is necessary to incorporate cross-references for completeness and ease of reference. For example, in the Income-tax Act, 1961, each TDS provision is self-contained also specifying the exemptions/exclusions therefrom as also the meaning of different terms given by way of different clauses in the Explanation to the relevant section pertaining thereto. However, in the bill, all the provisions have been consolidated in one section i.e., section 393 in tabular form. Section 393(1) contains the TDS provisions pertaining to residents, Section 393(2) contains the TDS provisions pertaining to non-residents and Section 393(3) contains the TDS provisions in respect of payments to any person. These tables have to be referred to with the help of sections and sub-sections. The tables in the Bill have not been numbered. Referring to a particular table would be easier if the table is numbered. For example, the table in section 393(1) can be numbered Table 393.1 and the table in section 393(2) can be numbered</p>	
	1.	Commission or brokerage				
		(i) Income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).	Any person.	Rate: Rates in force. ——— Threshold limit: ₹ 20,000		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
earlier, deduct income-tax thereon at the rates in force :  Provided further that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed twenty thousand rupees		Table 393.2 and so on. This will facilitate ease of reference.  The meanings of the terms used in relation to these provisions are contained separately in the different clauses of section 402 and the exclusions are contained in a table in sub-section (4) of 393. Whereas the table in section 393(4) contains the references of serial number of the tables in sections 393(1)/(2)/(3), there is no such cross referencing in the main tables in sections 393(1)/(2)/(3). Also, cross referencing may be given in these tables to the clauses in section 402 giving the meaning/interpretation of the related terms. The explanations related thereto are appearing separately in section 402 in different clauses. Reference to the clauses may be included in a separate column in the table in sections 393(1)/(2)/(3) itself for ease of reference.  Accordingly, two more columns may be inserted in the above table. The table would now read as follows:	



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1	2	3					4	
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025					Rationale for change	
		Table 393.1 For Payments to Resident						
		A	B	C	D	E	F	
		SI No.	Nature of Income or sum	Payer	Rate	Exclusion - No deduction at source	Interpretation [Section 402]	
		1.	Commission or brokerage					
			(i) Income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).	Any person	Rate: Rates in force Threshold limit Rs.20,000	Table 393.4 Sl. No.1	Sub-section (7) – “Commission or brokerage	
			(ii) Income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage	Specified person	Rate: 2% Threshold limit Rs. 20,000			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
Commission or brokerage. 194H. Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or		(ii) Income by way of commission [not being insurance commission referred to in serial number 1(i)] or brokerage.	Specified person.	Rate: 2% _____ Threshold limit: ₹ 20,000		





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1	2	3	4
Provision 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>by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of [two] per cent :</p> <p>Provided that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed fifteen thousand rupees twenty thousand rupees :</p>			



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1	2	3	4
Provision 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 an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such commission or brokerage is credited or paid, shall be liable to deduct income-tax under this section:</p> <p>Provided also that no deduction shall</p>			



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1	2	3	4
Provision 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 made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "commission or brokerage" includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing, not being securities;  (ii) the expression "professional services" means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
purposes of section 44AA;  (iii) the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) ;  (iv) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this			



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1	2				3	4
Provision 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 shall apply accordingly.						
Rent.  Payment of rent by certain individuals or Hindu undivided family.  194-IB. (1) Any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an	2.	Rent				
		(i) Income by way of Rent	Person other than specified person.	Rate: 2% _____ Threshold limit: ₹50,000 for a month or part of a month		
		(ii) Income by way of rent.	Specified person.	<b>Rate:</b> (a) 2%, for the use of any machinery or, plant, or equipment; and (b) 10%, for the use of any land, or building (including factory building), or land appurtenant to a building (including factory		



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1	2				3	4
Provision 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 equal to two per cent of such income as income-tax thereon.</p> <p>(2) The income-tax referred to in sub-section (1) shall be deducted on such income at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.</p> <p>(3) The provisions of section 203A</p>				<p>building), or furniture, or fittings.</p> <p><b>Threshold limit [for (a) and (b)]:</b> ₹ 50,000 for a month or part of a month.</p>		
	<p>Note 1.— In serial number 2(i), the tax shall be deducted on such income at the time of—</p> <p>(a) credit of rent to the account of the payee; or</p> <p>(b) payment thereof in cash or by way of a cheque or a draft or any other mode, whichever is earlier, for the last month of the tax year or the last month of tenancy</p>					



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1	2	3	4
Provision 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>shall not apply to a person required to deduct tax in accordance with the provisions of this section.</p> <p>(4) In a case where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.</p> <p>Explanation.—For the purposes of this section, "rent" means any payment, by whatever name</p>			





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1	2	3	4
Provision 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>called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.</p> <p>194-I. Rent</p> <p>Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of rent, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other</p>			



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1	2	3	4
Provision 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>mode, whichever is earlier, deduct income-tax thereon at the rate of—</p> <p>(a) two per cent for the use of any machinery or plant or equipment; and</p> <p>(b) ten per cent for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings:</p> <p>Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried</p>			



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1	2	3	4
Provision 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>on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income-tax under this section :</p> <p>Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause</p>			



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1	2	3	4
Provision 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>(23FCA) of section 10, owned directly by such business trust.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "rent" means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,—</p> <p>(a) land; or</p> <p>(b) building (including factory building); or</p> <p>(c) land appurtenant to a building</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(including factory building); or (d) machinery; or (e) plant; or (f) equipment; or (g) furniture; or (h) fittings, whether or not any or all of the above are owned by the payee; (ii) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the			



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
payee and the provisions of this section shall apply accordingly.					
194-IA, 194-IC & 194LA	3. Payment on transfer of certain immovable property other than agricultural land				
Payment on transfer of certain immovable property other than agricultural land.  194-IA. (1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable	(i) Any consideration for transfer of any immovable property (other than agricultural land).	Person (other than the person who are required to deduct tax under serial number 3(iii)).	Rate:1% of such sum or stamp duty value of the property if more than ₹ 50,00,000, whichever is higher.  Threshold limit: ₹50,00,000.		
	(ii) Any consideration, not being consideration in kind,	Any person.	Rate: 10%  Threshold limit: Nil.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon.  (2) No deduction under sub-section (1) shall be made where the consideration for the transfer of an [immovable	under the agreement referred to in section 67(14).  (iii) Sum, being in the nature of— (a) compensation or the enhanced compensation; or (b) consideration or the enhanced consideration, on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land).	Any person.	Rate: 10% _____ Threshold limit: ₹5,00,000		
	Note 1.—Consideration for transfer of any immovable property under serial number 3(i) shall be the aggregate of the amounts paid or payable by all the transferees to the				



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1	2	3	4
Provision 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>property and the stamp duty value of such property, are both, less than fifty lakh rupees:</p> <p>Provided that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.</p> <p>(3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance</p>	<p>transferor or all the transferors for transfer of such immovable property for the purposes of the threshold limit mentioned in column D.</p> <p>Note 2.— In case of consideration on which provisions of both serial numbers 3(i) and 3(ii) are applicable, tax shall be deducted under 3(ii) only.</p>		





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1	2	3	4
Provision 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>with the provisions of this section.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "agricultural land" means agricultural land in India, not being a land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;</p> <p>(aa) "consideration for transfer of any immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee,</p>			



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1	2	3	4
Provision 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>advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property;</p> <p>(b) "immovable property" means any land (other than agricultural land) or any building or part of a building;</p> <p>(c) "stamp duty value" shall have the same meaning as assigned to it in clause (f) of the Explanation to clause (vii) of sub-section (2) of section 56.</p>			



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1	2	3	4
Provision 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>Payment under specified agreement.</b></p> <p><b>194-IC.</b></p> <p>Notwithstanding anything contained in section 194-IA, any person responsible for paying to a resident any sum by way of consideration, not being consideration in kind, under the agreement referred to in sub-section (5A) of section 45, shall at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
amount equal to ten per cent of such sum as income-tax thereon.			
<p><b>Payment of compensation on acquisition of certain immovable property.</b></p> <p><b>194LA.</b> Any person responsible for paying to a resident any sum, being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any immovable</p>			



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1	2	3	4
Provision 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>property (other than agricultural land), shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent of such sum as income-tax thereon:</p> <p>Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed five lakh rupees:</p>			



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1	2	3	4
Provision 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 no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "agricultural land" means agricultural land in India including land situate in any area</p>			



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1	2	3	4												
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change												
referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;  (ii) "immovable property" means any land (other than agricultural land) or any building or part of a building.															
Income in respect of units.  194K. Any person responsible for paying to a resident any income in respect of—  (a) units of a Mutual Fund specified under clause (23D) of section 10; or  (b) units from the Administrator of	<table> <tr> <td><b>4.</b></td><td><b>Income from capital market</b></td><td></td><td></td></tr> <tr> <td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr> <td>(i)</td><td>Any income in respect of— (a) units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21); or (b) units from the Administrator of the</td><td>Any person.</td><td>Rate: 10% — Threshold limit: ₹ 10,000.</td></tr> </table>	<b>4.</b>	<b>Income from capital market</b>			A	B	C	D	(i)	Any income in respect of— (a) units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21); or (b) units from the Administrator of the	Any person.	Rate: 10% — Threshold limit: ₹ 10,000.	<p>The description in column (C) corresponding to Sl. (ii) in column (B), “Any business trust” to be mentioned as “Any business trust specified in section 223” in line with the description in column (C) corresponding to Sl. (iii) and (iv) in Column (B), namely, “any Investment Fund specified in section 224” and “any Securitisation Trust specified in section 221”.</p>	For consistency in the manner of description of the person in column (C) for Sl. No. (ii), (iii) and (iv).
<b>4.</b>	<b>Income from capital market</b>														
A	B	C	D												
(i)	Any income in respect of— (a) units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21); or (b) units from the Administrator of the	Any person.	Rate: 10% — Threshold limit: ₹ 10,000.												



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1	2				3	4
Provision 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 specified undertaking; or  (c) units from the specified company,  shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent:  Provided that the provisions of this section shall not apply—  (i) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or		specified under-taking; or (c) units from the specified company.			Column B of Sl No.(ii) may be reworded as given below –  (ii) Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4), payable to a unitholder	There is duplication of reference to Sl. No.4 which needs to be removed.
	(ii)	Any distributed income referred to in section 223, referred to in Schedule V (Table: Sl. Nos. 3 and 4) or (Table: Sl. No. 4), payable to a unitholder of a Business Trust.	Any Business Trust.	Rate: 10% —— Threshold limit: Nil.		
	(iii)	(iii) Any income, other than that proportion of income which is exempt under Schedule V (Table: Sl. No. 2), in respect of units of an investment fund specified in section	Any Investment fund specified in section 224.	Rate: 10% —— Threshold limit: Nil		





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1	2				3	4
Provision 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>paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed ten thousand rupees; or</p> <p>(ii) if the income is of the nature of capital gains.</p> <p>Explanation 1.— 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</p>		224, payable to its unitholder.				
	(iv)	(iv) Any income, in respect of an investment in a securitisation trust specified in section 221 to an investor.	Any securitisation trust specified in section 221.	<p>Rate: 10% —— Threshold limit: Nil.</p>		



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1	2	3	4
Provision 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>Repeal) Act, 2002 (58 of 2002);</p> <p>(b) "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 (58 of 2002);</p> <p>(c) "specified undertaking" shall have the meaning assigned to it in clause (i) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002).</p> <p>Explanation 2.— For the removal of doubts, it is hereby clarified that where</p>			



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1	2	3	4
Provision 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 income referred to in this section is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.			
Certain income from units of a business trust.  194LBA. (1) Where any distributed income referred to in section 115UA,			



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1	2	3	4
Provision 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 of the nature referred to in clause (23FC) or clause (23FCA) of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.</p> <p>(2A) Nothing contained in sub-sections (1) and (2)</p>			



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1	2	3	4
Provision 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 in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.			
<b>Income in respect of investment in securitization trust.</b> <b>194LBC. (1)</b> Where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust specified in clause (d) of			



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1	2	3	4
Provision 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 Explanation occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of ten percent —</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "investor" shall have the meaning assigned to it in clause (a) of the Explanation occ</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
urring after section 115TCA;  (b) where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.			



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1	2			3	4
Provision 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>Interest on securities.</b>  193. The person responsible for paying to a resident any income by way of interest on securities shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year, deduct income-tax at the rates in force on the	5	(i) Any income by way of Interest on securities	Any person.  Rate: Rates in force. —— Threshold limit: ₹ 10,000		
		(ii) Any income by way of interest other than interest on securities.	(a) A banking company; or (b) a cooperative Society carrying on the business of banking; or (c) a post office for a deposit made under a scheme notified by the Central Government.		





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1	2			3	4
Provision 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 of the interest payable :</p> <p>Provided that no tax shall be deducted from—</p> <p>(i) any interest payable on 4 -1/4 per cent National Defence Bonds, 1972, where the bonds are held by an individual, not being a non-resident; or</p> <p>(ia) any interest payable to an individual on 4-1/4 per cent National Defence Loan, 1968, or 4-3/4 per cent National Defence Loan, 1972; or</p> <p>(ib) any interest payable on National</p>	<p>(iii) Any income being interest other than interest on securities.</p>	<p>Specified person [other than person in Sl. No. 5(ii).C]</p>	<p>Rate: Rates in force.</p> <p>—</p> <p>Threshold limit: ₹ 10,000.</p>		
	<p>Note 1.— In serial number 5(ii) and (iii), where the interest income credited or paid is in respect of—</p> <p>(a) time deposits with a banking company; or</p> <p>(b) time deposits with a co-operative society engaged in carrying on the business of banking; or</p> <p>(c) deposits with a public company formed and registered in India with the main object of carrying on business of long-term finance for construction or purchase of houses in India for residential purposes and is eligible for deduction under section 32(e), and the person mentioned in column C has not adopted core banking solutions, the threshold limit in column D shall be computed with reference to the income credited or paid by a branch of such person.</p> <p>Note 2.—The person responsible for making the payment referred to in serial numbers 5(ii) and (iii) of this Table, may at the time of making any deduction, increase or</p>				



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Development Bonds; (iia) any interest payable on 7-Year National Savings Certificates (IV Issue); or (iib) any interest payable on such debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;	reduce the amount to be deducted for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the tax year.		



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1	2	3	4
Provision 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) any interest payable on 6-1/2 per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, where the Bonds are held by an individual not being a non-resident, and the holder thereof makes a declaration in writing before the person responsible for paying the interest that the total nominal value of the 6 1/2 per cent Gold Bonds, 1977, or, as the case may be, the 7 per cent Gold Bonds, 1980, held by him (including such bonds, if any, held on his behalf by any other person) did not in either case			



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1	2	3	4
Provision 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>exceed ten thousand rupees at any time during the period to which the interest relates;</p> <p>(iv) any interest payable on any security of the Central Government or a State Government:</p> <p>Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or</p>			



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1	2	3	4
Provision 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>any other security of the Central Government or State Government as the Central Government may, by notification in the Official Gazette, specify in this behalf;]</p> <p>(v) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if— (a) the amount of interest or, as the case may be, the aggregate amount of such interest paid</p>			



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1	2	3	4
Provision 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 likely to be paid on such debenture during the financial year by the company to such individual or Hindu undivided family does not exceed five ten thousand rupees; and (b) such interest is paid by the company by an account payee cheque;</p> <p>(vi) any interest payable to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
full beneficial interest; or  (vii) any interest payable to the General Insurance Corporation of India (hereafter in this clause referred to as the Corporation) or to any of the four companies (hereafter in this clause referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
company or in which the Corporation or such company has full beneficial interest; or  (viii) any interest payable to any other insurer in respect of any securities owned by it or in which it has full beneficial interest;  [(ix) any interest payable to a "business trust", as defined in clause (13A) of section 2, in respect of any securities, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10.] Explanation.—For the purposes of this			





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1	2	3	4
Provision 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, where any income by way of interest on securities is credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly			



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1	2	3	4
Provision 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 other than "Interest on securities".</p> <p>194A. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force :</p>			



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1	2	3	4
Provision 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 an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.</p> <p>Explanation.—For the purposes of this section, where any income by way of interest as aforesaid</p>			



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1	2	3	4
Provision 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 credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(2) [Omitted by the Finance Act, 1992, w.e.f. 1-6-1992.]</p> <p>(3) The provisions of sub-section (1) shall not apply—</p> <p>(i) where the amount of such</p>			



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1	2	3	4
Provision 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 or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed—</p> <p>(a) forty fifty thousand rupees, where the payer is 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);</p>			



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1	2	3	4
Provision 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) forty fifty thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking;</p> <p>(c) forty fifty thousand rupees, on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf; and</p> <p>(d) five ten thousand rupees in any other case:</p> <p>Provided that in respect of the income credited or paid in respect of—</p> <p>(a) time deposits with a banking company to which</p>			



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1	2	3	4
Provision 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 Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or</p> <p>(b) time deposits with a co-operative society engaged in carrying on the business of banking;</p> <p>(c) deposits with a public company which is formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes</p>			



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1	2	3	4
Provision 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 which is eligible for deduction under clause (viii) of sub-section (1) of section 36;</p> <p>the aforesaid amount shall be computed with reference to the income credited or paid by a branch of the banking company or the co-operative society or the public company, as the case may be :</p> <p>Provided further that the amount referred to in the first proviso shall be computed with reference to the income credited or paid by the banking company or the co-operative</p>			





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1	2	3	4
Provision 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 or the public company, as the case may be, where such banking company or the co-operative society or the public company has adopted core banking solutions:</p> <p>Provided also that in case of payee being a senior citizen, the provisions of sub-clause (a), sub-clause (b), and sub-clause (c) shall have effect as if for the words "forty fifty thousand rupees", the words "fifty thousand one lakh rupees" had been substituted.</p> <p>Explanation.— [***]</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(ii) [***] (iii) to such income credited or paid to— (a) any banking company to which the Banking Regulation Act, 1949 (10 of 1949), applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or (b) any financial corporation established by or under a Central, State or Provincial Act, or (c) the Life Insurance Corporation of India established			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
under the Life Insurance Corporation Act, 1956 (31 of 1956), or (d) the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), or (e) any company or co-operative society carrying on the business of insurance, or (f) 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,			



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1	2	3	4
Provision 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>notify in this behalf in the Official Gazette:</p> <p>Provided that no notification under this sub-clause shall be issued on or after the 1st day of April, 2020;</p> <p>(iv) to such income credited or paid by a firm to a partner of the firm;</p> <p>(v) to such income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.</p> <p>Explanation.—For the purposes of this</p>			



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1	2	3	4
Provision 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>clause, "co-operative bank" shall have the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949);</p> <p>(vi) to such income credited or paid in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;</p> <p>(vii) to such income credited or paid in respect of deposits (other than time deposits made on or after the 1st day of July, 1995) with a banking company to which the</p>			



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1	2	3	4
Provision 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>Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);</p> <p>(viia) to such income credited or paid in respect of,—</p> <p>(a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;</p> <p>(b) deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society,</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking;  (viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 (11 of 1922), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Super Profits Tax Act, 1963 (14 of 1963), or the Companies (Profits) Surtax Act, 1964 (7			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
of 1964), or the Interest-tax Act, 1974 (45 of 1974);  (ix) to such income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal;  (ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed			





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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
fifty thousand rupees;  (x) to such income which is paid or payable by an infrastructure capital company or infrastructure capital fund or infrastructure debt fund or a public sector company or scheduled bank in relation to a zero coupon bond issued on or after the 1st day of June, 2005 by such company or fund or public sector company or scheduled bank;  (xi) to any income by way of interest referred to in clause (23FC) of section 10:			



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1	2	3	4
Provision 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 a co-operative society referred to in clause (v) or clause (viia) shall be liable to deduct income-tax in accordance with the provisions of sub-section (1), if—</p> <p>(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and</p> <p>(b) the amount of interest, or the aggregate of the</p>			



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1	2	3	4
Provision 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>amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than fifty thousand one lakh rupees in case of payee being a senior citizen and forty fifty thousand rupees in any other case.</p> <p>Explanation 1.— For the purposes of clauses (i), (vii) and (viia), "time deposits" means deposits (including recurring deposits) repayable on the expiry of fixed periods.</p> <p>Explanation 2.— For the purposes of this sub-section, "senior citizen"</p>			



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1	2	3	4
Provision 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>means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.</p> <p>(4) The person responsible for making the payment referred to in sub-section (1) may, at the time of making any deduction, increase or reduce the amount to be deducted under this section for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct during the financial year.</p>			



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
(5) The Central Government may, by notification in the Official Gazette, provide that the deduction of tax shall not be made or shall be made at such lower rate, from such payment to such person or class of persons, as may be specified in the said notification.					
	6. Payments to contractors, fees for professional and technical services, etc.				
Payments to contractors.  194C. (1) Any person responsible for paying any sum to any resident	(i) Any sum for carrying out any work (including supply of labour for carrying out	Any Designated person.	Rate: (a) 1%, if contractor is individual or Hindu undivided family; (b) 2%, if contractor is a person other than the person mentioned in (a).		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
(hereafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to—  (i) one per cent where the payment is being made or credit is being given	any work) in pursuance of a contract between the contractor and a designated person.		Threshold limit: [for (a) and (b)] (a) ₹30,000; or aggregate of amount; and (b) ₹1,00,000 in case of aggregate of amounts.		
	(ii) Any sum— (a) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or (b) by way of fees for professional services; or (c) by way of commission [not	Any person, being an individual or Hindu undivided family [other than those required to deduct income-tax as per Sl. No. 6(i) and (iii) or Sl. No. 1(ii)]	Rate: 2%.  Threshold limit: ₹50,00,000.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
to an individual or a Hindu undivided family;  (ii) two per cent where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family,  of such sum as income-tax on income comprised therein.  (2) Where any sum referred to in sub-section (1) is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income,	being insurance commission referred to in serial number 1(i)] or brokerage.				
	(iii) Any sum by way of— (a) fees for professional services; or (b) fees for technical services; or (c) remuneration or fees or commission by whatever name called, other than those on which tax is	Specified person.	Rate: (a) 2% of such sum in case of— (i) fees for technical services (not being a professional services); or (ii) royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films; or (iii) payee, engaged only in the business of operation of call centre; (b) 10% of such sum in cases other than (a)  Threshold limit: [for (a) and (b)]: ₹ 50,000.		



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1	2			3	4
Provision 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 crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(3) Where any sum is paid or credited for carrying out any work mentioned in sub-clause (e) of clause (iv) of the Explanation, tax shall be deducted at source—</p> <p>(i) on the invoice value excluding the value of material, if such value is mentioned separately in the invoice; or</p>	<p>deductible under section 392, to a director of a company; or</p> <p>(d) royalty; or</p> <p>(e) any sum referred to in section 26(2)(h).</p>				
	<p>Note.—In serial number 6 (i), if any sum is paid or credited for carrying out any work specified in section 402(47)(e), tax shall be deducted at source—</p> <p>(a) on the invoice value excluding the value of material, if such value is specified separately in the invoice; or</p> <p>(b) on the whole of the invoice value, if the value of material is not specified separately in the invoice.</p>				





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1	2	3	4
Provision 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) on the whole of the invoice value, if the value of material is not mentioned separately in the invoice.</p> <p>(4) No individual or Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family.</p> <p>(5) No deduction shall be made from the amount of any sum credited or paid or likely to be</p>			



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1	2	3	4
Provision 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>credited or paid to the account of, or to, the contractor, if such sum does not exceed thirty thousand rupees :</p> <p>Provided that where the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year exceeds one lakh rupees, the person responsible for paying such sums referred to in sub-section (1) shall be liable to deduct income-tax under this section.</p> <p>(6) No deduction shall be made from any sum credited or paid or likely to be credited or paid</p>			



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1	2	3	4
Provision 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>during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum.</p> <p>(7) The person responsible for paying or crediting any sum to the person referred to in sub-section (6) shall furnish, to the</p>			



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1	2	3	4
Provision 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>prescribed income-tax authority or the person authorised by it, such particulars, in such form and within such time as may be prescribed.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) "specified person" shall mean,—</p> <p>(a) the Central Government or any State Government; or</p> <p>(b) any local authority; or</p> <p>(c) any corporation established by or under a Central, State or Provincial Act; or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(d) any company; or (e) any co-operative society; or (f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or (g) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
that Act in force in any part of India; or (h) any trust; or (i) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or (j) any Government of a foreign State or a foreign enterprise or any association or body established outside India; or (k) any firm; or (l) any person, being an individual			



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1	2	3	4
Provision 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 a Hindu undivided family or an association of persons or a body of individuals, if such person,—</p> <p>(A) does not fall under any of the preceding sub-clauses; and</p> <p>(B) has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such sum is credited or paid to</p>			



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1	2	3	4
Provision 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 account of the contractor;</p> <p>(ii) "goods carriage" shall have the meaning assigned to it in the Explanation to sub-section (7) of section 44AE;</p> <p>(iii) "contract" shall include sub-contract;</p> <p>(iv) "work" shall include—</p> <p>(a) advertising;</p> <p>(b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting;</p> <p>(c) carriage of goods or passengers by any mode of</p>			





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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
transport other than by railways; (d) catering; (e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A, [but does not include—			



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1	2	3	4
Provision 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) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or  (B) any sum referred to in sub-section (1) of section 194J.]			
Payment of certain sums by certain individuals or Hindu undivided family.  194M. (1) Any person, being an individual or a Hindu undivided			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall,			



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1	2	3	4
Provision 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>at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to 3[two] per cent of such sum as income-tax thereon:</p> <p>Provided that no such deduction under this section shall be made if such sum or, as the case may be, aggregate of such sums, credited or paid to a resident during a financial year does not exceed fifty lakh rupees.</p> <p>(2) The provisions of section</p>			



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1	2	3	4
Provision 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>203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "contract" shall have the meaning assigned to it in clause (iii) of the Explanation to section 194C;</p> <p>(b) "commission or brokerage" shall have the meaning assigned to it in clause (i) of the Explanation to section 194H;</p> <p>(c) "professional services" shall have the meaning assigned to it in</p>			



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1	2			3	4												
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change												
clause (a) of the Explanation to section 194J;  (d) "work" shall have the meaning assigned to it in clause (iv) of the Explanation to section 194C.																	
Fees for professional or technical services.  194J. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of—  (a) fees for professional services, or	6(iii) Any sum by way of— (a) fees for professional services; or (b) fees for technical services; or (c) remuneration or fees or commission by whatever name called, other than those on	Specified person.	Rate: (a) 2% of such sum in case of— (i) fees for technical services (not being a professional services);or (ii) royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films;or (iii) payee, engaged only in the business of operation of call centre; (b) 10% of such sum in cases other than (a) —— Threshold limit: [for (a) and (b)]: ₹ 50,000.	Threshold limit: For any sum by way of <table><tr><th></th><th>Nature of income</th><th>Threshold limit</th></tr><tr><td>(a)</td><td>fees for professional services</td><td>₹ 50,000</td></tr><tr><td>(b)</td><td>fees for technical services</td><td>₹ 50,000</td></tr><tr><td>(c)</td><td>remuneration or fees or commission by whatever name called, other than those on which tax is deductible</td><td>₹ 50,000</td></tr></table>		Nature of income	Threshold limit	(a)	fees for professional services	₹ 50,000	(b)	fees for technical services	₹ 50,000	(c)	remuneration or fees or commission by whatever name called, other than those on which tax is deductible	₹ 50,000	It is suggested that independent threshold limit be provided for each category (a) to (e) in line with section 194J of the Income-tax Act, 1961.
	Nature of income	Threshold limit															
(a)	fees for professional services	₹ 50,000															
(b)	fees for technical services	₹ 50,000															
(c)	remuneration or fees or commission by whatever name called, other than those on which tax is deductible	₹ 50,000															



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1	2			3			4
Provision 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) fees for technical services, or (ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or (c) royalty, or (d) any sum referred to in clause (va) of section 28, shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is	which tax is deductible under section 392, to a director of a company; or				under section 392, to a director of a company		
	(d) royalty; or			(d)	royalty	₹ 50,000	
	(e) any sum referred to in section 26(2)(h).			(e)	any sum referred to in section 26(2)(h)	₹ 50,000	



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1	2	3	4
Provision 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>earlier, deduct an amount equal to two per cent of such sum in case of fees for technical services (not being a professional services), or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films and ten per cent of such sum in other cases, as income-tax on income comprised therein :</p> <p>Provided that no deduction shall be made under this section—</p> <p>(A) from any sums as aforesaid credited or paid</p>			





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1	2	3	4
Provision 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 1st day of July, 1995; or</p> <p>(B) where the amount of such sum or, as the case may be, the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed—</p> <p>(i) fifty thousand rupees, in the case of fees for professional services referred to in clause (a), or</p> <p>(ii) fifty thousand rupees, in the case of fees for technical</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
services referred to in clause (b), or (iii) fifty thousand rupees, in the case of royalty referred to in clause (c), or (iv) fifty thousand rupees, in the case of sum referred to in clause (d) : Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately			



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1	2	3	4
Provision 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>preceding the financial year in which such sum by way of fees for professional services or technical services is credited or paid, shall be liable to deduct income-tax under this section :</p> <p>Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any</p>			



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1	2	3	4
Provision 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>member of Hindu undivided family:</p> <p>Provided also that the provisions of this section shall have effect, as if for the words "ten per cent", the words "two per cent" had been substituted in the case of a payee, engaged only in the business of operation of call centre.</p> <p>(2) [***]</p> <p>(3) [***]</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "professional services" means services rendered by a person in the course of carrying</p>			



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1	2	3	4
Provision 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>on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as is notified by the Board for the purposes of section 44AA or of this section;</p> <p>(b) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;</p> <p>(ba) "royalty" shall have the same</p>			



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1	2	3	4
Provision 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 as in Explanation 2 to clause (vi) of sub-section (1) of section 9;</p> <p>(c) where any sum referred to in sub-section (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such sum, such crediting shall be deemed to be credit of such sum to the account of the payee and the provisions of this section shall apply accordingly.</p>			



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1	2				3	4
Provision 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>Dividends.</p> <p>194. The principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-</p>	7.	Dividend Any dividends (including on preference shares) declared.	Any domestic company.	<p>Rate: 10%. —— Threshold limit: <i>Nil</i>.</p>	<p>Threshold limit: (a) Rs.10,000, where shareholder is an individual and dividend is paid by the company by any mode other than cash (b) Nil, in other cases</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in sub-section (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>



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1	2	3	4
Provision 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>clause (c) or sub-clause (d) or sub-clause (e) [or sub-clause (f)] of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rate of ten per cent :</p> <p>Provided that no such deduction shall be made in the case of a shareholder, being an individual, if—</p> <p>(a) the dividend is paid by the company by any mode other than cash; and</p> <p>(b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such</p>			





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Provision 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>dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed ten thousand rupees:</p> <p>Provided further that the provisions of this section shall not apply to such income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has</p>			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
full beneficial interest;  (b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Corporation or such company has full beneficial interest;  (c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;  (d) a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10;  (e) any other person as may be notified by the Central Government in the Official Gazette in this behalf.			



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Provision 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>Payment in respect of life insurance policy.</b> <b>194DA.</b> Any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of <sup>90</sup> [two] per cent on the amount of income comprised therein :	<b>8.</b>	<b>Other cases</b>				
	(i)	Any sum under a life insurance policy, including the sum allocated as bonus on such policy, other than the amount not includible in the total income under Schedule II (Table: Sl. No. 2).	Any person.	Rate: 2% on income comprised in such sum. ——— Threshold limit: ₹1,00,000		



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Provision 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 no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.						
194Q. (1) Any person, being a buyer who is responsible for paying any sum to any resident (hereafter in this section referred to as the seller) for purchase of any goods of the value or aggregate of such	(ii)	Any sum for purchase of any goods.	Any person, being a buyer.	Rate: 0.1% of such sum exceeding ₹ 50,00,000.  Threshold limit: ₹50,00,000.	1. It may be noted that the first para of CBDT Circular No.13/2021 dated 30.6.2021 clarifies that the buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding Rs.50 lakh as income-tax.  Para 3 of CBDT Circular No.20/2021 dated 25 <sup>th</sup> November, 2021 clarifies that the buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required	1. The opening para of section 393(1) requires deduction of tax at source on the entire amount of such income or sum, where the amount or aggregate of amounts exceeds the threshold limit specified in column D at the rate specified in column D, subject to the provisions



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Provision 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>value exceeding fifty lakh rupees in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to 0.1 per cent of such sum exceeding fifty lakh rupees as income-tax. Explanation.— For the purposes of this sub-section, "buyer" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the</p>		<p>to deduct an amount equal to 0.1% of such sum exceeding Rs.50 lakh as income-tax.</p> <p>Accordingly, the opening para of section 393(1) may be modified to make it subject to the provisions of Sl. No.8(ii) also.</p> <p>2. TDS@0.1% of sum exceeding Rs.50 lakhs payable/paid to a resident for purchase of goods [under Section 393(1) Table: Sl. No. 8(ii) corresponding to section 194Q of the Income-tax Act, 1961] may be removed in line with removal of TCS u/s 206C(1H)</p>	<p>of sub-sections (4), (5), (6), (8) and (9). However, in this case the rate of tax is to be applied on such sum exceeding Rs.50 lakh. This contradicts the opening statement.</p> <p>2. This provision applies to any buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding fifty lakh rupees as income tax.</p>



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Provision 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>financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.</p> <p>(2) Where any sum referred to in sub-section (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be</p>			<p>Since GST returns would serve the purpose of audit trail. This would also reduce the compliance burden on such buyers/sellers and facilitate ease of doing business. This will increase the working capital available and minimize the possibility of disputes arising from the incorrect application of rates as well as improve compliance and minimize litigation.</p>



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Provision 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>deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>(3) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid</p>			





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Provision 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 each House of Parliament, and shall be binding on the income-tax authorities and the person liable to deduct tax.</p> <p>(5) The provisions of this section shall not apply to a transaction on which— (a) tax is deductible under any of the provisions of this Act; and (b) tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.</p>			



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Provision 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>Deduction of tax in case of specified senior citizen.</b> 194P. (1) Notwithstanding anything contained in the provisions of Chapter XVII-B, in case of a specified senior citizen, the specified bank shall, after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A, compute the total income of such specified senior citizen for the relevant assessment year and deduct income-tax on such total income on the	(iii)	Total income of a specified senior citizen after allowing deduction under Chapter VIII and rebate under section 156.	specified bank.	Rate: Rates in force. _____ Threshold limit: <i>Nil</i> .		



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Provision 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>basis of the rates in force.</p> <p>(2) The provisions of section 139 shall not apply to a specified senior citizen for the assessment year relevant to the previous year in which the tax has been deducted under sub-section (1).</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "specified bank" means a banking company as the Central Government may, by notification in Official Gazette, specify;</p>			



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Provision 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) "specified senior citizen" means an individual, being a resident in India—</p> <p>(i) who is of the age of seventy-five years or more at any time during the previous year;</p> <p>(ii) who is having income of the nature of pension and no other income except the income of the nature of interest received or receivable from any account maintained by such individual in the same specified bank in which he is receiving his pension income; and</p>			



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Provision 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) has furnished a declaration to the specified bank containing such particulars, in such form and verified in such manner, as may be prescribed.						
<p>[Deduction of tax on benefit or perquisite in respect of business or profession.</p> <p>194R. (1) Any person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession, by such resident, shall, before providing</p>	(iv)	Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession of any resident.	Any specified person.	<p>Rate: 10% of value or aggregate of values of such benefit or perquisite.</p> <p>Threshold limit: ₹ 20,000.</p>		



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Provision 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 benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of ten per cent of the value or aggregate of value of such benefit or perquisite:</p> <p>Provided that in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such benefit or</p>			



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Provision 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>perquisite, the person responsible for providing such benefit or perquisite shall, before releasing the benefit or perquisite, ensure that tax required to be deducted has been paid in respect of the benefit or perquisite:</p> <p>Provided further that the provisions of this section shall not apply in case of a resident where the value or aggregate of value of the benefit or perquisite provided or likely to be provided to such resident during the financial year does not exceed twenty thousand rupees:</p>			



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Provision 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 also that the provisions of this section shall not apply to a person being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover does not exceed one crore rupees in case of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such benefit or perquisite, as the case may be, is provided by such person.</p> <p>(2) If any difficulty arises in giving effect to the</p>			





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Provision 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 this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(3) Every guideline issued by the Board under sub-section (2) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person providing any such benefit or perquisite.</p> <p>Explanation 7[1].— For the purposes of</p>			



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Provision 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 section, the expression "person responsible for providing" means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.]</p> <p>7[Explanation 2.— For the removal of doubts, it is clarified that the provisions of sub-section (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.]</p>			



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Provision 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>Payment of certain sums by e-commerce operator to e-commerce participant.</p> <p>194-O. (1)</p> <p>Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of</p>	(v)	<p>Sale of goods or provision of services by an e-commerce participant, facilitated by an e-commerce operator through its digital or electronic facility or platform.</p>	<p>Any e-commerce operator.</p>	<p>Rate: 0.1% of gross amount of such sale or services or both.</p> <p>Threshold limit: Nil.</p>	<p><b>Threshold limit: (a)</b> Rs.5 lakh, in case the e-commerce participant is an individual or HUF and has furnished PAN or Aadhar No. to the e-commerce operator.</p> <p><b>(b)</b> Nil, in other cases.</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl. No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in sub-section (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>



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Provision 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>sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of [0.1] per cent of the gross amount of such sales or services or both.</p> <p>Explanation.—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of</p>			



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Provision 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>services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this sub-section.</p> <p>(2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce</p>			



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Provision 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>participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.</p> <p>(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or</p>			



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Provision 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>which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:</p> <p>Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).</p> <p>(4) If any difficulty arises in giving</p>			



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Provision 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>effect to the provisions of this section, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(5) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the e-commerce operator.</p> <p>(6) For the purposes of this section, e-commerce operator shall be deemed to be the person</p>			





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Provision 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>responsible for paying to e-commerce participant.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "electronic commerce" means the supply of goods or services or both, including digital products, over digital or electronic network;</p> <p>(b) "e-commerce operator" means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce;</p> <p>(c) "e-commerce participant" means</p>			



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Provision 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 person resident in India selling goods or providing services or both, including digital products, through digital or electronic facility or platform for electronic commerce;</p> <p>(d) "services" includes "fees for technical services" and fees for "professional services", as defined in the Explanation to section 194J.</p>			



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Provision 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>Payment on transfer of virtual digital asset.</p> <p>194S. (1) Any person responsible for paying to any resident any sum by way of consideration for transfer of a virtual digital asset, shall, at the time of credit of such sum to the account of the resident or at the time of payment of such sum by any mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income-tax thereon: Provided that in a case where the consideration for transfer of virtual</p>	(vi)	Any sum by way of consideration for transfer of a virtual digital asset.	Any person.	<p>Rate: 1%. _____</p> <p>Threshold limit: <i>Nil</i>.</p>	<p><b>Threshold limit: (a)</b> Rs.50,000, when payable by an individual or HUF, not having income under the head “Profits and gains of business or profession” or whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed Rs.1,00,00,000 in case of business and Rs.50,00,000 in case of profession, during the tax year immediately preceding the tax year in which virtual digital asset is transferred.</p> <p><b>(b)</b> Rs.10,000, when payable by any other person.</p>	<p>For all other payments, except dividend in Sl. No.7 Payment by e-commerce operator to e-commerce participant in Sl. No.11 and sum by way of consideration for transfer of VDA in Sl No.12, the threshold limits have been given in column D of the table. For these three payments, threshold is mentioned as Nil in the table and given in sub-section (4) in the table containing the conditions for no deduction of tax at source. However, the mention of threshold as nil in Column D in these three cases alone would cause confusion. Hence, the threshold limits have to be incorporated here itself.</p>



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
digital asset is— (a) wholly in kind or in exchange of another virtual digital asset, where there is no part in cash; or (b) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such transfer, the person responsible for paying such consideration shall, before releasing the consideration, ensure that tax required to be deducted has been paid in respect of such consideration for the transfer of virtual digital asset.			



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Provision 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 provisions of sections 203A shall not apply to a specified person.</p> <p>(3) Notwithstanding anything contained in sub-section (1), no tax shall be deducted in a case, where— (a) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed fifty thousand rupees during the financial year; or (b) the consideration is payable by any person other than a specified person and the value or</p>			



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Provision 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>aggregate value of such consideration does not exceed ten thousand rupees during the financial year.</p> <p>(4) Notwithstanding anything contained in section 194-O, in case of a transaction to which the provisions of the said section are also applicable along with the provisions of this section, then, tax shall be deducted under sub-section (1).</p> <p>(5) Where any sum referred to in sub-section (1) is credited to any account, whether called "Suspense</p>			



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Provision 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" or by any other name, in the books of account of the person liable to pay such sum, such credit of the sum shall be deemed to be the credit of such sum to the account of the payee and the provisions of this section shall apply accordingly. (6) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the prior approval of the Central Government, issue guidelines for the purposes of removing the difficulty. (7) Every guideline issued by the Board under sub-section (6) shall			



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person responsible for paying the consideration on transfer of such virtual digital asset. Explanation.—For the purposes of this section "specified person" means a person,— (a) being an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed one crore rupees in case			





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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
of business or fifty lakh rupees in case of profession, during the financial year immediately preceding the financial year in which such virtual digital asset is transferred; (b) being an individual or a Hindu undivided family, not having any income under the head "Profits and gains of business or profession".]			
194Q(5) The provisions of this section shall not apply to a transaction on which— (a) tax is deductible under any of the	Note1.—The deduction of tax under serial number 8(ii) shall not apply to a transaction on which tax is deductible or collectible under any of the provisions of the Act.		



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Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
provisions of this Act;			
Explanation 2 to section 194R(1).—For the removal of doubts, it is clarified that the provisions of sub-section (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.]	Note 2.—The provisions of serial number 8(iv) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind, provided to a resident.	Note 2.—The provisions of serial number 8(iv) shall apply to any benefit or perquisite, whether in cash <b>or by way of a cheque or a draft or by any other mode</b> or in kind or partly in kind and partly in cash <b>or by way of a cheque or a draft or by any other mode</b> provided to a resident.	Modes of payment other than cash be included, since benefit or perquisite may be through other modes of payment like cheque/draft also.
194-O(1) Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, .....	Note 3.—In respect of serial number 8(v)— (a) for deduction of tax, the provisions thereof shall take precedence over any other provisions of this Chapter; (b) any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and this amount shall be included in		



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Provision 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, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of</p>	<p>the gross amount of such sale or services for the purposes of deduction of income-tax under this serial number; (c) e-commerce operator shall be deemed to be the person responsible for paying to e-commerce participant;</p> <p>(d) irrespective of anything contained in this Chapter, if—</p> <p>(i) tax has been deducted on a transaction under this serial number; or</p> <p>(ii) a transaction is not liable for tax deduction as provided in section 393(4) (Table: Sl. No. 11), then tax shall not be deducted on such transaction under any other provision of this Chapter;</p> <p>(e) clause (d) shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for—</p> <p>(i) hosting advertisements; or</p> <p>(ii) providing any other services,</p> <p>which are not in connection with the sale or services referred to in this serial number.</p>		



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1	2	3	4
Provision 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-tax under this sub-section.</p> <p>(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:</p> <p>Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).			
194S(4) Notwithstanding anything contained in section 194-O, in case of a transaction to which the provisions of the said section are also applicable along with the provisions of this section, then, tax shall be deducted under sub-section (1).	Note 4.—In case of a transaction on which provisions of serial number 8(v) are applicable along with the provisions of serial number 8(vi) for deduction of tax, then tax on such transaction shall be deducted only under the provisions of serial number 8(vi).		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
194P. (1) Notwithstanding anything contained in the provisions of Chapter XVII-B,	Note 5.—The provisions of serial number 8(iii) shall take precedence over any other provisions of this Chapter and tax shall be deducted under this provision.		
First proviso to section 194R(1)  Provided that in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such benefit or perquisite, the person responsible for providing such benefit or perquisite shall, before	Note 6.—For serial numbers 8(iv) and (vi),— (a) where the consideration or benefit or perquisite is— (i) in exchange of another virtual digital asset where there is no part in cash, in respect of serial number 8(iv); or (ii) is wholly in kind; or (iii) is partly in kind and partly in cash, but such part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such payment or benefit or perquisite, the person responsible for paying or providing shall ensure that the tax required to be deducted has been paid, before releasing such consideration or providing such benefit or perquisite, as the case may be.	Note 6.—For serial numbers 8(iv) and (vi),— (a) where the consideration or benefit or perquisite is— (i) in exchange of another virtual digital asset where there is no part in cash <b>or by way of a cheque or a draft or by any other mode</b> , in respect of serial number 8(iv); or (ii) is wholly in kind; or (iii) is partly in kind and partly in cash <b>or by way of a cheque or a draft or by any other mode</b> , but such part in cash <b>or by way of a cheque or a draft or by any other mode</b> is not sufficient to meet the liability of deduction of tax in respect of the whole of such payment or benefit or perquisite, the person responsible for paying or providing shall ensure that the tax required to be deducted has been paid, before releasing such consideration or providing such benefit or perquisite, as the case may be.	The consideration or benefit or perquisite may be through modes of payment other than cash. Accordingly, reference to such modes of payment be made in Note 6.



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1	2	3	4
Provision 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>releasing the benefit or perquisite, ensure that tax required to be deducted has been paid in respect of the benefit or perquisite:</p> <p>Proviso to section 194S(1)</p> <p>Provided that in a case where the consideration for transfer of virtual digital asset is— (a) wholly in kind or in exchange of another virtual digital asset, where there is no part in cash; or (b) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
respect of whole of such transfer, the person responsible for paying such consideration shall, before releasing the consideration, ensure that tax required to be deducted has been paid in respect of such consideration for the transfer of virtual digital asset.			
Explanation 7[1] to section 194R.— For the purposes of this section, the expression "person responsible for providing" means the person providing such benefit or perquisite, or in case of a company,	(b) "person responsible for providing" means the person providing such benefit or perquisite, <b>or</b> in case of a company, the company itself including the principal officer thereof.	(b) "person responsible for providing" means the person providing such benefit or perquisite, <b>and</b> in case of a company, the company itself including the principal officer thereof.	"and" should be replaced in the place of "or".





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1	2	3	4
Provision 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 company itself including the principal officer thereof.]			
	<p>(2) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column D during the tax year, to a non-resident specified in column C, the person responsible for paying shall deduct income-tax on the amount of such income or sum,—</p> <p>(a) at the rate specified in column E;</p> <p>(b) at the time of credit of income or sum to the account of the payee or at the time of its payment in cash or by way of a cheque or a draft or by any other mode, whichever is earlier; and</p> <p>(c) subject to the provisions of sub-sections (4), (8) and (9).</p>		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
	Table						
	For Payments to Non-residents						
	Sl. No.	Nature of Income or sum	Payee	Payer	Rate		
	A	B	C	D	E		
<p>ayments to non-resident sportsmen or sports associations.</p> <p>194E. Where any income referred to in section 115BBA is payable to a non-resident sportsman (including an athlete) or an entertainer who is not a citizen of India or a non-resident sports association or institution, the</p>	1.	Any income referred to in section 211.	(a) A non-resident sportsman (including an athlete) or an entertainer, who is not a citizen of India; or (b) a non-resident sports Association or institution.	Any person.	20%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent.							
<b>Income by way of interest from infrastructure debt fund.</b> <b>194LB.</b> Where any income by way of interest is payable to a non-resident, not being a	2.	Any income by way of interest payable in respect of monies borrowed in foreign currency from a source outside India,—	Any non-resident (not being a company) or a foreign company.	Any Indian company or a business trust.	5%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.		(a) under a loan agreement or issue of long-term infrastructure bond on or after the 1st July, 2012 but before the 1st July, 2023; or (b) by way of issue of any long-term bond on or after the 1st October, 2014 but before the 1st July, 2023, which is approved by the Central Government in this behalf.					
<b>Income by way of interest from Indian company.</b>	3.	Any income by way of	Any nonresident	Any Indian	5%.		



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1	2					3	4
Provision 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>194LC.</b> (1) Where any income by way of interest referred to in sub-section (2) is payable to a non-resident, not being a company or to a foreign company by a specified company or a business trust, the person responsible for making the payment, shall at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct the income-tax thereon at the rate of five per cent:		interest payable in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond before the 1st July, 2023.	(not being a company) or a foreign company.	company or a business trust.			
	4.	Any income by way of interest payable in respect of monies borrowed from a source outside India by way of issue of any long-term bond or rupee	Any nonresident (not being a company) or a foreign company.	Any Indian company or a business trust.	(a) 4%, where issued on or after the 1st April, 2020 but before the 1st July, 2023;		



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1	2					3	4
Provision 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 in case of income by way of interest referred to clause (ib) of sub-section (2), the income-tax shall be deducted at the rate of four per cent:</p> <p><sup>99</sup>[Provided further that in case of income by way of interest referred to in clause (ic) of sub-section (2), the income-tax shall be deducted at the rate of nine per cent.]</p> <p>(2) The interest referred to in sub-section (1) shall be the income by way of interest payable by the specified company or the business trust,—</p>	denominated bond, which is listed only on a recognised stock exchange located in any International Financial Services Centre.			or (b) 9%, where issued on or after the 1st July, 2023.			



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1	2	3	4
Provision 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) in respect of monies borrowed by it in foreign currency from a source outside India,—</p> <p>(a) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2023; or</p> <p>(b) by way of issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014; or</p> <p>(c) by way of issue of any long-term bond including long-term infrastructure bond</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
at any time on or after the 1st day of October, 2014 but before the 1st day of July, 2023,  as approved by the Central Government in this behalf; or  (ia) in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2023; or  (ib) in respect of monies borrowed by it from a source outside India by way of issue of any long-term bond or rupee denominated bond on or after the 1st day of April,			





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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
2020 but before the 1st day of July, 2023, which is listed only on a recognised stock exchange located in any International Financial Services Centre, <sup>1</sup> [or]  <sup>2</sup> [(ic) in respect of money borrowed by it from a source outside India by way of issuance of any long-term bond or rupee denominated bond on or after the 1st day of July, 2023, which is listed only on a recognised stock exchange located in an International Financial Services Centre; and]			



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1	2	3	4
Provision 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) to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.</p> <p>Explanation.—For the purpose of this section—</p> <p>(a) "foreign currency" shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);</p>			



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1	2	3	4
Provision 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 company" means an Indian company;  (c) "International Financial Services Centre" shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);  (d) "recognised stock exchange" shall have the meaning assigned to it in clause (ii) of Explanation 1 to clause (5) of section 43.			



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1	2					3	4
Provision 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>Income by way of interest from infrastructure debt fund.</b> <b>194LB.</b> Where any income by way of interest is payable to a non-resident, not being a company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is	5.	Any income by way of interest.	Any non-resident (not being a company) or a foreign company.	Any infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46).	5%.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
earlier, deduct income-tax thereon at the rate of five per cent.							
<b>Certain income from units of a business trust.</b> <b>194LBA.</b> (2) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FC) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company) or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the	6.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 3).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	(a) 5%, in case of income of the nature referred to in Schedule V [Table: Sl. No. 3.B(a)]; and (b) 10%, in case of income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)].	In the fourth column, the description should be “Any business trust specified in section 223”	To ensure consistency with Sl. No.8 and 9.



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1	2	3	4
Provision 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>payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent in case of income of the nature referred to in sub-clause (a) and ten per cent in case of income of the nature referred to in sub-clause (b), of the said clause.</p> <p>(2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.							
(3) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time	7.	Any distributed income referred to in section 223, being of the nature referred to in Schedule V (Table: Sl. No. 4).	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any business trust.	Rates in force.	In the fourth column, the description should be “Any business trust specified in section 223”	To ensure consistency with Sl. No.8 and 9.



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.							
Income in respect of units of investment fund.  194LBB. Where any income, other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the Explanation	8.	Any income, other than that proportion of income which is exempt under Schedule V (Table: Sl. No. 2), in respect of units of an investment fund specified in section 224.	Any unit holder, being a non-resident (not being a company) or a foreign company.	Any investment fund specified in section 224.	Rates in force.		





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1	2	3	4
Provision 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>1 to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon,—</p> <p>(i) at the rate of ten per cent, where the payee is a resident;</p> <p>(ii) at the rates in force, where the payee is a non-resident (not being a company) or a foreign company:</p>			



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1	2	3	4
Provision 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 payee is a non-resident (not being a company) or a foreign company, no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "unit" shall have the meaning assigned to it in clause (c) of the Explanation 1 to section 115UB;</p> <p>(b) where any income as aforesaid is credited to any account, whether called "suspense</p>			



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1	2	3	4
Provision 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" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.			



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1	2					3	4
Provision 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>194LBC – Income in respect of investment in securitization trust</p> <p>(2) Where any income is payable to an investor, being a non-resident (not being a company) or a foreign company, in respect of an investment in a securitisation trust specified in clause (d) of the Explanation occurring after section 115TCA, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof</p>	9.	Any income in respect of an investment in a securitisation trust specified in section 221.	Any investor, being a non-resident (not being a company) or a foreign company.	Any securitisation trust specified in section 221.	Rates in force.		



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1	2	3	4
Provision 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 cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rates in force.</p> <p>Explanation.—For the purposes of this section,— (a) "investor" shall have the meaning assigned to it in clause (a) of the Explanation occurring after section 115TCA;</p> <p>(b) where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income,</p>			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly							
Income in respect of units of non-residents.  196A. (1) Any person responsible for paying to a non-resident, not being a company, or to a foreign company, any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or from the specified company referred to	10.	Any income— (a) in respect of units of a Mutual Fund specified under Schedule VII (Table: Sl. No. 20) or (Table: Sl. No. 21); or (b) from the specified company.	Any non-resident (not being a company) or a foreign company.	Any person.	As Note 2.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
in the Explanation to clause (35) of section 10 shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent: 9[Provided that where an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies to the payee and if the payee has furnished a certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A, as the			



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1	2	3	4
Provision 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>case may be, then, income-tax thereon shall be deducted at the rate of twenty per cent or at the rate or rates of income-tax provided in such agreement for such income, whichever is lower.]</p> <p>(2) Notwithstanding anything contained in sub-section (1), no deduction of tax shall be made from any income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, where the units have been acquired from the Unit Trust of India out of the</p>			





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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
funds in a Non-resident (External) Account maintained with any bank in India or by remittance of funds in foreign currency, in accordance, in either case, with the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), and the rules made thereunder.							
<b>Income from units.</b> <b>196B.</b> Where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the	11.	Any income in respect of units referred to in section 208.	Any Offshore fund.	Any person.	10%.		



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1	2					3	4
Provision 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>person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon <sup>10</sup>at the rate of—</p> <p>(a) ten per cent in respect of income from units referred to in clause (i) of sub-section (1) of section 115AB;</p> <p>(b) ten per cent in respect of long-term capital gains arising from transfer of units referred to</p>	12.	Any income by way of long-term capital gains arising from the transfer of units referred to in section 208;	Any offshore fund.	Any person.	12.5%.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
in section 115AB, which takes place before the 23rd day of July, 2024;  (c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place on or after the 23rd day of July, 2024.]			



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1	2					3	4
Provision 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>Income from foreign currency bonds or shares of Indian company.</b> <b>196C.</b> Where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time	13.	Any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person	10%.		
	14.	Any income by way of long-term capital gains arising from the transfer of bonds or Global Depository Receipts referred to in section 209.	Any non-resident.	Any person	12.5%.		



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1	2	3	4
Provision 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 payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of—</p> <p>(a) ten per cent in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC;</p> <p>(b) ten per cent in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024;</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
(c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024.]			



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1	2					3	4
Provision 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 Foreign Institutional Investors from securities.</p> <p>196D. (1) Where any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier,</p>	15.	Any income in respect of securities referred to in section 210(1)(Table: Sl. No. 1).	Any Foreign Institutional Investor.	Any person.	As per Note 2.		
	16.	Any income in respect of securities referred to in section 210(1)(Table: Sl.No. 1).	a specified fund, referred to in Schedule VI [Note 1(g)].	Any person.	10%.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
deduct income-tax thereon at the rate of twenty per cent: Provided that where an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies to the payee and if the payee has furnished a certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A, as the case may be, then, income-tax thereon shall be deducted at the rate of twenty per cent or at the rate or rates of income-tax provided in such agreement for such income, whichever			





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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
is lower. (1A) Where any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a specified fund [referred to in clause (c) of the Explanation to clause (4D) of section 10], the person responsible for making the payment shall, at the time of credit of such income to the account of the payee, or at the time of payment thereof by any mode, whichever is earlier,			



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
deduct the income-tax thereon at the rate of ten per cent:  Provided that no deduction shall be made in respect of an income exempt under clause (4D) of section 10.  (2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.							
<b>Other sums.</b>  195. (1) Any person responsible for paying to a non-	17.	Any interest (not being interest referred to against	Any non-resident (not being a company) or	Any person.	Rates in force.		



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1	2					3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
resident, not being a company, or to a foreign company, any interest (not being interest referred to in section 194LB or section 194LC or section 194LD) or any other sum chargeable under the provisions of this Act (not being income chargeable under the head "Salaries") shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct		serial numbers 2, 3, 4 and 5) or any other sum chargeable under the provisions of this Act, not being income chargeable under the head "Salaries".	a foreign company.				



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1	2	3	4
Provision 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-tax thereon at the rates in force :</p> <p>Provided that in the case of interest payable by the Government or a public sector bank within the meaning of clause (23D) of section 10 or a public financial institution within the meaning of that clause, deduction of tax shall be made only at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode.</p> <p>Explanation 1.— For the purposes of this section, where any interest or other sum as aforesaid is credited to any</p>			



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1	2	3	4
Provision 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>account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.</p> <p>Explanation 2.— For the removal of doubts, it is hereby clarified that the obligation to comply with sub-section (1) and to make deduction thereunder applies and shall be deemed</p>			



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1	2	3	4
Provision 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 have always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident person has—</p> <p>(i) a residence or place of business or business connection in India; or</p> <p>(ii) any other presence in any manner whatsoever in India.</p> <p>(2) Where the person responsible for paying any such sum chargeable under this Act (other than salary) to a non-resident considers that the</p>			



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1	2	3	4
Provision 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>whole of such sum would not be income chargeable in the case of the recipient, he may make an application in such form and manner to the Assessing Officer, to determine in such manner, as may be prescribed, the appropriate proportion of such sum so chargeable, and upon such determination, tax shall be deducted under sub-section (1) only on that proportion of the sum which is so chargeable.</p> <p>(3) Subject to rules made under sub-section (5), any person entitled to</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
receive any interest or other sum on which income-tax has to be deducted under sub-section (1) may make an application in the prescribed form to the Assessing Officer for the grant of a certificate authorising him to receive such interest or other sum without deduction of tax under that sub-section, and where any such certificate is granted, every person responsible for paying such interest or other sum to the person to whom such certificate is granted shall, so long as the			





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1	2	3	4
Provision 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>certificate is in force, make payment of such interest or other sum without deducting tax thereon under sub-section (1).</p> <p>(4) A certificate granted under sub-section (3) shall remain in force till the expiry of the period specified therein or, if it is cancelled by the Assessing Officer before the expiry of such period, till such cancellation.</p> <p>(5) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette,</p>			



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1	2	3	4
Provision 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>make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (3) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p>(6) The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the</p>			



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1	2	3	4
Provision 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 this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed.</p> <p>(7) Notwithstanding anything contained in sub-section (1) and sub-section (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
application in such form and manner to the Assessing Officer, to determine in such manner, as may be prescribed, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable.			
	(3) Where any income or sum of the nature specified in column B of the Table below, is credited or paid by the person specified in column D during the tax year, to any person, the person responsible for paying the amount specified in column C, shall deduct income-tax on such amount—		



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1	2	3	4								
Provision 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) at the rate specified in column E;</p> <p>(b) at the time of payment thereof in cash or by way of a cheque or a draft or by any other mode, or as specified therein; and</p> <p>(c) subject to the provisions of sub-sections (4), (5), (6), (8) and (9).</p>										
	<b>Table</b>										
	<b>For Payments to any person</b>										
	<table> <tr> <th>Sl. No.</th><th>Nature of Income or sum</th><th>Payer</th><th>Rate Threshold limit</th></tr> <tr> <td>A</td><td>B</td><td>C</td><td>D</td></tr> </table>	Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit	A	B	C	D		
Sl. No.	Nature of Income or sum	Payer	Rate Threshold limit								
A	B	C	D								



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1	2				3	4
Provision 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>Winnings from lottery or crossword puzzle [ etc.].</b></p> <p><b>194B.</b> The person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort [or from gambling or betting of any form or nature whatsoever, being the amount in respect of a single transaction exceeding ten thousand rupees shall, at the time of payment thereof, deduct income-tax</p>	1.	Any income by way of winnings (other than winnings from serial number 2) from— (a) any lottery; or (b) crossword puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever	Any person.	Rate: Rates in force. —— Threshold limit: ₹ 10,000 in case of a single transaction.		



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1	2	3	4
Provision 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>thereon at the rates in force :</p> <p>Provided that in a case where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings:</p> <p>[Provided further that nothing contained in this section shall apply to deduction of income-tax on</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
winnings from any online game on or after the 1st day of April, 2023.  Explanation.—For the purposes of this section, "online game" shall have the meaning assigned to it in clause (iii) of the Explanation to section 115BBJ.]						
<b>Winnings from online games.</b>  <b>194BA. (1)</b> Notwithstanding anything contained in any other provisions of this Act, any person responsible for paying to any person any income	2.	Any income by way of winnings from online game.	Any person.	Rate: Rates in force. —— Threshold limit: Net winnings as per Note 1.		





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1	2	3	4
Provision 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>by way of winnings from any online game during the financial year shall deduct income-tax on the net winnings in his user account, computed in the manner as may be prescribed, at the end of the financial year at the rates in force:</p> <p>Provided that in a case where there is a withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal, as well as on the remaining amount of net</p>			



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1	2	3	4
Provision 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>winnings in the user account, computed in the manner as may be prescribed, at the end of the financial year.</p> <p>(2) In a case where the net winnings are wholly in kind or partly in cash, and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings.</p> <p>(3) If any difficulty arises in giving</p>			



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1	2	3	4
Provision 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>effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purposes of removing the difficulty.</p> <p>(4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person liable to deduct income-tax.</p>			



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1	2	3	4
Provision 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 section—</p> <p>(a) "computer resource", "internet" and "online game" shall have the meanings respectively assigned to them in section 115BBJ;</p> <p>(b) "online gaming intermediary" means an intermediary that offers one or more online games;</p> <p>(c) "user" means any person who accesses or avails any computer resource of an online gaming intermediary;</p> <p>(d) "user account" means account of a</p>			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
user registered with an online gaming intermediary.]						
<p>Winnings from horse race.</p> <p>194BB. Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course, who is responsible for paying to any person any income by way of winnings from any horse race [, being the</p>	3.	Any income by way of winnings from any horse race.	Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course.	<p>Rate: Rates in force.</p> <p>———</p> <p>Threshold limit: ₹10,000 in case of a single transaction.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
amount in respect of a single transaction or exceeding ten thousand rupees during the financial year,] shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.			



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
Commission, etc., on sale of lottery tickets.  194G. (1) Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding twenty thousand rupees shall, at the time of credit of such income to the	4.	Any income, credited or paid to a person, who is or has been stocking, distributing, purchasing or selling lottery tickets, by way of commission, remuneration or prize (by whatever name called) on such tickets.	Any person.	Rate: 2%. _____ Threshold limit: ₹20,000.		



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1	2	3	4
Provision 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>account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of [two] per cent.</p> <p>Explanation.—For the purposes of this section, where any income is credited to any account, whether called "Suspense Account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such</p>			





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1	2	3	4
Provision 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 to the account of the payee and the provisions of this section shall apply accordingly.			
<p>Payment of certain amounts in cash.</p> <p>194N. Every person, being,—</p> <p>(i) 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);</p> <p>(ii) a co-operative society engaged in carrying on the</p>	<p>5. Any sum, paid in cash, from one or more accounts maintained by the deductee.</p> <p>Every person, being,—</p> <p>(a) 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);</p> <p>(b) a cooperative society engaged in carrying on the business of</p>	<p>Rate: 2%.</p> <p>Threshold limit: ₹ 3,00,00,000 in case of deductee being, a cooperative society; or</p> <p>(b) ₹1,00,00,000 in case of deductee being person other than a co-operative society.</p>	



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1	2				3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
business of banking; or  (iii) a post office,  who is responsible for paying any sum, being the amount or the aggregate of amounts, as the case may be, in cash exceeding one crore rupees during the previous year, to any person (herein referred to as the recipient) from one or more accounts maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount equal to two per cent of such sum, as income-tax:  Provided that in case of a recipient			banking; or  (c) a post office.			



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1	2	3	4
Provision 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>who has not filed the returns of income for all of the three assessment years relevant to the three previous years, for which the time limit of file return of income under sub-section (1) of section 139 has expired, immediately preceding the previous year in which the payment of the sum is made to him, the provision of this section shall apply with the modification that—</p> <p>(i) the sum shall be the amount or the aggregate of amounts, as the case may be, in cash</p>			



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1	2	3	4
Provision 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 twenty lakh rupees during the previous year; and</p> <p>(ii) the deduction shall be—</p> <p>(a) an amount equal to two per cent of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash exceeds twenty lakh rupees during the previous year but does not exceed one crore rupees; or</p> <p>(b) an amount equal to five per cent of the sum where the amount or aggregate of amounts, as the case may be, being paid</p>			



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1	2	3	4
Provision 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 cash exceeds one crore rupees during the previous year:</p> <p>Provided further that the Central Government may specify in consultation with the Reserve Bank of India, by notification in the Official Gazette, the recipient in whose case the first proviso shall not apply or apply at reduced rate, if such recipient satisfies the conditions specified in such notification:</p> <p>4[Provided also that where the recipient is a co-operative society, the provisions of this</p>			



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1	2	3	4
Provision 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 shall have effect, as if for the words "one crore rupees", the words "three crore rupees" had been substituted:]</p> <p>Provided also that nothing contained in this section shall apply to any payment made to—</p> <p>(i) the Government;</p> <p>(ii) any banking company or co-operative society engaged in carrying on the business of banking or a post office;</p> <p>(iii) any business correspondent of a banking company or co-operative society engaged in</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);  (iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Act, 2007 (51 of 2007):  Provided also that the Central Government may specify in consultation with the Reserve Bank of India, by notification in the Official Gazette, the recipient in whose case the provision of this section shall not apply or apply at reduced rate, if such recipient satisfies the conditions specified in such notification.			





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1	2				3	4
Provision 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>Payments in respect of deposits under National Savings Scheme, etc. 194EE. The person responsible for paying to any person any amount referred to in clause (a) of sub-section (2) of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of ten per cent :</p> <p>Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the</p>	6.	Any amount referred to in section 80CCA(2)(a) of the Income-tax Act, 1961 (43 of 1961).	Any person.	<p>Rate: 10%. ——</p> <p>Threshold limit: ₹ 2,500.</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
financial year is less than two thousand five hundred rupees :  Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee					
<b>Payments to partners of firms.</b> <b>194T. (1)</b> Any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm,	7.	Any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account).	Any person, being a firm.	Rate: 10% —— Threshold limit: ₹20,000.	The rate of TDS may be reduced to 1% and the threshold limit be increased to Rs.3 lakhs.
					Reducing rate of TDS would improve ease of doing business and better compliance by taxpayers. This is in line with the object of TDS to serve as an audit trail rather than as a revenue garnering measure. Bringing this provision also in line with the other provisions of TDS by increasing the threshold and reducing the rate of TDS will help address



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1	2	3	4
Provision 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>shall, at the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier shall, deduct income-tax thereon at the rate of ten per cent.</p> <p>(2) No deduction shall be made under sub-section (1) where such sum or the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.</p>			<p>the issue of cash flow concern and ensure uniformity in rate of TDS, which will in turn, reduce litigation.</p>



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1	2			3	4
Provision 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) The deduction of tax at source shall not be made under the provisions referred to in column B of the Table below, in respect of the income or sum, specified in column C:				
	Table				
	For No deduction of tax at source				
	Sl. No.	Provisions for tax deduction at source	Condition for no deduction		
	A	B	C		
Section 194H – Third proviso Provided also that no deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their	1.	Commission or Brokerage referred to in section 393(I) [Table: Sl. No.1(ii)].	Commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
public call office franchisees.					
Section 194-I – Third proviso  Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust.	2.	Rent referred to in section 393(I) [Table:Sl. No. 2(ii)].	Income by way of rent credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in Schedule V (Table: Sl. No. 4), owned directly by such business trust.		
Second proviso to section 80LA  Provided further that no deduction shall be	3.	Compensation on acquisition of certain immovable property	Income by way of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).		referred to in section 393(I) [Table: Sl. No. 3(iii)].	Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013).		
Clause (ii) of Proviso to section 194K Provided that the provisions of this section shall not apply—	4.	Income in respect of units referred to in section 393(I) [Table:Sl. No. 4(i)].	If income is of the nature of capital gain.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
(ii) if the income is of the nature of capital gains.					
194LBA (2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.	5.	Income from units of a business trust referred to in section 393(1)[Table: Sl. No. 4(ii)].	Income of the nature referred to in Schedule V [Table: Sl. No. 3.B(b)], if the special purpose vehicle referred to in the said clause has not exercised the option under section 200.		
Provided that no tax shall be deducted from— (i) any interest payable on 4 -1/4 per cent National	6.	Interest on securities referred to in section 393(1)[Table: Sl. No. 5(i)].	(a) Interest payable on— (i) National Development Bonds; (ii) such debentures, issued by such institution or authority or person as the Central Government may,		



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1	2			3	4
Provision 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>Defence Bonds, 1972, where the bonds are held by an individual, not being a non-resident; or</p> <p>(ia) any interest payable to an individual on 4-1/4 per cent National Defence Loan, 1968, or 4-3/4 per cent National Defence Loan, 1972; or</p> <p>(ib) any interest payable on National Development Bonds;</p> <p>(iia) any interest payable on 7-Year National Savings Certificates (IV Issue); or</p> <p>(iib) any interest payable on such</p>			<p>by notification, specify in this behalf;</p> <p>(iii) any security of the Central Government or a State Government, other than—</p> <p>(A) 8% Savings (Taxable) Bonds, 2003; or</p> <p>(B) 7.75% Savings (Taxable) Bonds, 2018; or</p> <p>(C) Floating Rate Savings Bonds, 2020 (Taxable); or</p> <p>(D) any other security of the Central Government or State Government as the Central Government may, by notification, specify in this behalf;</p> <p>(b) interest payable to—</p> <p>(i) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(ii) the General Insurance Corporation of India or to any of the four companies, formed by virtue of the schemes made under section 16(I) of the General Insurance Business</p>		





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1	2		3	4
Provision 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>debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;</p> <p>(iii) any interest payable on 6-1/2 per cent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, where the Bonds are held by an individual not being a non-resident, and the</p>		<p>(Nationalisation) Act, 1972, in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or</p> <p>(iii) any other insurer in respect of any securities owned by it or in which it has full beneficial interest; or</p> <p>(iv) a “business trust”, as defined in section 2(21), in respect of any securities, by a special purpose vehicle referred to in Schedule V (Table: Sl. No. 3 ).</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
holder thereof makes a declaration in writing before the person responsible for paying the interest that the total nominal value of the 61/2 per cent Gold Bonds, 1977, or, as the case may be, the 7 per cent Gold Bonds, 1980, held by him (including such bonds, if any, held on his behalf by any other person) did not in either case exceed ten thousand rupees at any time during the period to which the interest relates;  (iv) any interest payable on any security of the Central			



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1	2	3	4
Provision 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 or a State Government:  Provided that nothing in this clause shall apply to the interest exceeding ten thousand rupees payable during the financial year on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or State Government as the Central Government may, by notification in the Official Gazette,			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
specify in this behalf;]  (v) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if— (a) the amount of interest or, as the case may be, the aggregate amount of such interest paid or likely to be paid on such debenture during the financial year by the company to such individual or Hindu undivided family does not exceed five			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
ten thousand rupees; and (b) such interest is paid by the company by an account payee cheque;  (vi) any interest payable to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has full beneficial interest; or  (vii) any interest payable to the General Insurance Corporation of India (hereafter in this clause referred to as the			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Corporation) or to any of the four companies (hereafter in this clause referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or  (viii) any interest payable to any other insurer in respect of			



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1	2			3	4
Provision 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 securities owned by it or in which it has full beneficial interest;  [(ix) any interest payable to a "business trust", as defined in clause (13A) of section 2, in respect of any securities, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10.]					
Clause (iii) of second proviso to section 194A(3)  (iii) to such income credited or paid to—  (a) any banking company to which the Banking	7.	Interest other than Interest on securities referred to in section 393(I) [Table: Sl. No.5(ii) and 5(iii)].	(a) Interest income credited or paid to— (i) any banking company; or (ii) any financial corporation established by or under a Central Act or State Ac or Provincial Act; or (iii) the Life Insurance Corporation of India		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
Regulation Act, 1949 (10 of 1949), applies, or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or  (b) any financial corporation established by or under a Central, State or Provincial Act, or  (c) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), or  (d) the Unit Trust of India established			established under the Life Insurance Corporation Act, 1956 (31 of 1956); or (iv) the Unit Trust of India; or (v) any company or co-operative society carrying on the business of insurance; or (vi) 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, notified in this behalf before the 1st April, 2020; (b) interest income credited or paid— (i) by a co-operative society (other than a co-operative bank) to a member thereof; or (ii) by a co-operative society to any other co-operative society; or (iii) in respect of deposits with a primary agricultural credit society or a primary credit society or a co-operative land		





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1	2			3	4
Provision 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 the Unit Trust of India Act, 1963 (52 of 1963), or</p> <p>(e) any company or co-operative society carrying on the business of insurance, or</p> <p>(f) 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>Provided that no notification under this sub-clause shall be issued on or after</p>			<p>mortgage bank or a co-operative land development bank; or</p> <p>(iv) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (iii), engaged in the business of banking,</p> <p>Where the total sales, gross receipts or turnover of the co-operative society does not exceed ₹ 50,00,00,000 during the tax year immediately preceding the tax year in which such interest is credited or paid;</p> <p>(c) interest income credited or paid—</p> <p>(i) by the Central Government under any provision of this Act or the Income-tax Act, 1961 (43 of 1961), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), the Companies (Profits) Surtax Act, 1964 (7 of</p>		



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1	2			3	4
Provision 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, 2020;</p> <p>(iv) to such income credited or paid by a firm to a partner of the firm;</p> <p>(v) to such income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.</p> <p>Explanation.—For the purposes of this clause, "co-operative bank" shall have the same meaning as assigned to it in Part V of the Banking</p>			<p>1964), or the Interest-tax Act, 1974 (45 of 1974);</p> <p>(ii) in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf;</p> <p>(iii) in respect of deposits (other than time deposits made on or after the 1st July, 1995) with a banking company;</p> <p>(iv) by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, the aggregate of the amounts of such income does not exceed ₹ 50,000 during the tax year;</p> <p>(v) or payable by an infrastructure capital company; or infrastructure capital fund; or infrastructure debt fund; or a public sector company; or scheduled bank in relation to a zero coupon bond issued on or after the 1<sup>st</sup> June, 2005 by such company or fund or public sector company or scheduled bank;</p>		



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1	2			3	4
Provision 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);</p> <p>(vi) to such income credited or paid in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;</p> <p>(vii) to such income credited or paid in respect of deposits (other than time deposits made on or after the 1st day of July, 1995) with a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred</p>			<p>(vi) as referred to in Schedule V (Table: Sl. No. 3);</p> <p>(vii) by a firm to a partner of the firm.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
to in section 51 of that Act); (viia) to such income credited or paid in respect of,— (a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank; (b) deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
on the business of banking; (viii) to such income credited or paid by the Central Government under any provision of this Act or the Indian Income-tax Act, 1922 (11 of 1922), or the Estate Duty Act, 1953 (34 of 1953), or the Wealth-tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Super Profits Tax Act, 1963 (14 of 1963), or the Companies (Profits) Surtax Act, 1964 (7 of 1964), or the Interest-tax Act, 1974 (45 of 1974); (ix) to such income credited by way of			



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1	2	3	4
Provision 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 on the compensation amount awarded by the Motor Accidents Claims Tribunal;</p> <p>(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;</p> <p>(x) to such income which is paid or payable by an</p>			



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
infrastructure capital company or infrastructure capital fund or infrastructure debt fund or a public sector company or scheduled bank in relation to a zero coupon bond issued on or after the 1st day of June, 2005 by such company or fund or public sector company or scheduled bank;  (xi) to any income by way of interest referred to in clause (23FC) of section 10:  Provided that a co-operative society referred to in clause (v) or clause (viia) shall be liable to deduct income-tax			



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1	2	3	4
Provision 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 accordance with the provisions of sub-section (1), if—</p> <p>(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and</p> <p>(b) the amount of interest, or the aggregate of the amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than</p>			





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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
fifty thousand one lakh rupees in case of payee being a senior citizen and forty fifty thousand rupees in any other case.					
Section 194C(6) No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a	8.	Payments to contractors referred to in section 393(I) [Table: Sl. No.6(i)].	(a) When— (i) any sum credited or paid or likely to be credited or paid during the tax year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages; and (ii) that contractor owns ten or less goods carriages at any time during the tax year; and (iii) furnishes a declaration to that effect along with his Permanent Account Number to the person paying the sum; and (iv) the person responsible for paying to the contractor furnishes to the prescribed income-tax authority the particulars in such		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum.			form and within such time as prescribed;  (b) where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.		
Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any	9.	Fees for professional or technical services referred to in section 393(I) [Table: Sl. No. 6(iii)].	Where such sum is credited or paid by individual or Hindu undivided family exclusively for personal purposes of such individual or any member of Hindu undivided family.		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
member of Hindu undivided family:					
<p>Second proviso to section 194</p> <p>Provided further that the provisions of this section shall not apply to such income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has full beneficial interest;</p>	10.	<p>Dividend referred to in section 393(1) (Table: Sl. No. 7).</p>	<p>Dividend income credited or paid to—</p> <p>(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, in respect of any shares owned by it or in which it has full beneficial interest;</p> <p>(b) the General Insurance Corporation of India or to any of the four companies, formed by virtue of the schemes made under section 16(1) of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest;</p> <p>(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;</p>	<p>In third column in Sl. No.10, (f) can be removed -</p> <p><del>(f) a shareholder, being an individual, if—</del></p> <p><del>(I) the dividend is paid by the company by any mode other than cash; and</del></p> <p><del>(II) amount or aggregate of amounts of such dividend distributed or paid or likely to be distributed or paid during the tax year does not exceed ₹10,000.</del></p>	<p>Since we have suggested that the same be included as threshold in S. No.7 in the table in section 393(1), the same can be removed from here.</p>



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1	2			3	4
Provision 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 General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such			<p>(d) a “business trust”, as defined in section 2(21), by a special purpose vehicle referred to in Schedule V (Note 2);</p> <p>(e) any other person as notified by the Central Government in this behalf;</p> <p>(f) a shareholder, being an individual, if—</p> <p>(I) the dividend is paid by the company by any mode other than cash; and</p> <p>(II) amount or aggregate of amounts of such dividend distributed or paid or likely to be distributed or paid during the tax year does not exceed ₹10,000.</p>		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
company has full beneficial interest;  (c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest;  (d) a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10;  (e) any other person as may be notified by the Central Government in the Official Gazette in this behalf.			



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1	2			3	4
Provision 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 194-O (2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.	11.	Payment by e-commerce operator to e-commerce participant referred to in section 393(I) [Table: Sl. No.8(v)].	If the amount is credited or paid or likely to be credited or paid during the tax year to the account of an e-commerce participant, which is— (a) an individual or a Hindu undivided family; and (b) the gross amount of the sales or services or both during the tax year does not exceed ₹ 5,00,000; and (c) the e-commerce participant has furnished the Permanent Account Number or Aadhaar number to the e-commerce operator.	Sl. No.11 can be removed from this table.	Since the same is being suggested for inclusion as a threshold in the table in section 393(1), it can be removed from here.



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1	2			3	4
Provision 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 194S(3) Notwithstanding anything contained in sub-section (1), no tax shall be deducted in a case, where— (a) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed fifty thousand rupees during the financial year; or (b) the consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed ten thousand rupees	12.	Payment on transfer of virtual digital asset referred to in section 393(1) [Table: Sl. No. 8(vi)]	Where value or aggregate value of such consideration during the tax year does not exceed—(a) ₹50,000, when payable by an individual or a Hindu undivided family,— (i) whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him does not exceed ₹1,00,00,000 in case of business or ₹ 50,00,000 in case of profession, during the tax year immediately preceding the tax year in which such virtual digital asset is transferred; (ii) not having any income under the head “Profits and gains of business or profession”; (b) ₹10,000, when payable by any person other than the person referred to in clause (a).	Sl. No.12 can be removed from the table in sub-section (4).	This is because the same is being suggested for inclusion as a threshold in the table in section 393(1).



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
during the financial year.					
194LBA(2A) Nothing contained in sub-sections (1) and (2) shall apply in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10, if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.	13.	Income from units of a business trust referred to in section 393(2) (Table: Sl. No. 6).	Income of the nature referred to in Schedule V [Table: Sl. No. 3.B (b)], if the special purpose vehicle referred to in the said clause has not exercised the option under section 200.		
Proviso to section 194LBB Provided that where the payee is a non-resident (not being a company) or a foreign company,	14.	Income in respect of units of investment fund referred to in section 393(2) (Table: Sl. No. 8).	Income that is not chargeable to tax under the provisions of this Act.		





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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act.					
196A(2) Notwithstanding anything contained in sub-section (1), no deduction of tax shall be made from any income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, where the units have been acquired from the Unit Trust of India out of the funds in a Non-resident (External) Account maintained	15.	Income in respect of units of non-residents referred to in section 393(2) (Table: Sl. No.10).	Income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family, subject to prescribed conditions.		



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1	2		3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025		Suggested change in the Income-tax Bill, 2025	Rationale for change
with any bank in India or by remittance of funds in foreign currency, in accordance, in either case, with the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), and the rules made thereunder.				
196D(2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.	16.	Income of Foreign Institutional Investors from securities referred to in section 393(2) (Table: Sl. No.15).	Income, by way of capital gains arising from the transfer of securities referred to in section 210, if payable to a Foreign Institutional Investor.	



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1	2			3	4
Provision 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>Proviso to section 196D(1A)</p> <p>Provided that no deduction shall be made in respect of an income exempt under clause (4D) of section 10.</p>	17.	<p>Income of Specified Fund from securities referred to in section 393(2)</p> <p>(Table: Sl. No. 16).</p>	<p>Income exempt at Schedule VI (Table: Sl. No. 1)</p> <p>to (Table: Sl. No. 4).</p>		
<p>Fourth Proviso to 194N.</p> <p>Provided also that nothing contained in this section shall apply to any payment made to—</p> <p>(i) the Government;</p> <p>(ii) any banking company or co-operative society engaged in carrying on the business of</p>	18.	<p>Payment of certain amounts in cash referred to in section 393(3)</p> <p>(Table: Sl. No. 5).</p>	<p>Payment made to—</p> <p>(a) the Government;</p> <p>(b) any banking company or co-operative society engaged in carrying on the business of banking or a post office;</p> <p>(c) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, as per the guidelines issued in this regard by the Reserve Bank of India under the</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
banking or a post office;  (iii) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);  (iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in			Reserve Bank of India Act, 1934 (2 of 1934);  (d) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, as per the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007).		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007):					
Second proviso to section 194EE. Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.	19.	Payment in respect of deposits under National Savings Scheme, etc., referred to in section 393(3) (Table: Sl. No. 6).	Payment made to— (a) an assessee being and individual; (b) heirs of an assessee.		
Interest or dividend or other sums payable to Government, Reserve Bank or	(5) Irrespective of anything contained in this Chapter, the tax shall not be deducted by any person from any amount payable to— (a) the Government; or				



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1	2	3	4
Provision 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>certain corporations.</p> <p>196. Notwithstanding anything contained in the foregoing provisions of this Chapter, no deduction of tax shall be made by any person from any sums payable to—</p> <p>(i) the Government, or</p> <p>(ii) the Reserve Bank of India, or</p> <p>(iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from</p>	<p>(b) the Reserve Bank of India; or</p> <p>(c) a corporation established by or under a Central Act which is, under any law in force, exempt from income-tax on its income; or</p> <p>(d) a Mutual fund as specified at Schedule VII (Table: Sl. No. 20 or 21), where such amount is payable to it by way of—</p> <p>(A) interest; or</p> <p>(B) dividend in respect of any securities or shares owned by it or in which it has full beneficial interest; or</p> <p>(C) any other income accruing or arising to it.</p>		



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1	2	3	4
Provision 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-tax on its income, or</p> <p>(iv) a Mutual Fund specified under clause (23D) of section 10,</p> <p>where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.</p>			
<p><b>197A.</b> (1) Notwithstanding anything contained in section 194 or section 194EE, no deduction of tax</p>	<p>(6) The deduction of tax shall not be made under provisions referred to in column C of the Table below, in the case of a person as specified in column B, if such person furnishes to the person responsible for paying any income or sum of the nature referred to in such provisions, a written declaration in duplicate in such form and manner as</p>		



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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 194 or, as the case may be, section 194EE, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in	prescribed that the tax on such person's estimated total income of the tax year in which such income or sum is to be included in computing his total income shall be <i>nil</i> .				
	Sl. No.	Person	Provisions for tax deduction at source		
	A	B	C		
	1.	An individual, who is a resident of India.	Dividend referred to in section 393(I)(Table: Sl. No. 7).		





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1	2			3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025			Suggested change in the Income-tax Bill, 2025	Rationale for change
computing his total income will be nil.					
197A(1A) Notwithstanding anything contained in section 192A or section 193 or section 194A or section 194D or section 194DA or section 194-I or section 194K, no deduction of tax shall be made under any of the said sections in the case of a person (not being a company or a firm), if such person furnishes to the person responsible for paying any income of the nature referred to in section 192A or section 193 or	2.	(a) An individual, resident of India, who is of the age of sixty years or more at any time during the tax year;  (b) any person (not being a company or a firm).	(a) Payment of accumulated balance due to an employee referred to in section 392(7);  (b) Insurance Commission referred to in section 393(I) [Table: Sl. No. 1(i)];  (c) rent referred to in section 393(I)[Table: Sl. No. 2(ii)];  (d) income in respect of units referred to in section 393(I)[Table: Sl. No. 4(i)];  (e) interest referred to in section 393(I)[Table:Sl. No. 5(i), [(ii)] and (iii)];  (f) payment in respect of Life Insurance Policy referred to in section 393(I)[Table: Sl. No. 8(i)].	In column (2), (a) to be removed, since as per (b) declaration can be filed by any person (not being a company or a firm). Column 2 of Sl. No.2 to read as follows -  Person  <del>(a) An individual, resident of India, who is of the age of sixty years or more at any time during the tax year;</del> <del>(b) any person (not being a company or a firm).</del>  Further, it is suggested to include as (g) in column (3) – (g) any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account) in section 393[Table: Sl. No. 7]	Column (2) of Sl. No. 2 mentions the persons who can file declaration in respect of the different provisions of TDS listed in corresponding row of Column (3). There is a common list of provisions of TDS for persons mentioned in 2(a) and (b).  2(b) mentions that any person (not being a company or a firm) can file a declaration, which implies that an individual resident in India can file a declaration for no deduction of tax at source. However, (a) mentions that only individual resident of India who is of the age of



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1	2	3	4
Provision 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 194A or section 194D or section 194DA or section 194-I or section 194K, as the case may be, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil			60 years or more at any time during the tax year can file a declaration. There is no need for (a) when such persons are already covered in (b). On account of inclusion of (a), it is possible to wrongly interpret that other individuals resident in India who are not senior citizens cannot file a declaration, which is not the intent, since (b) permits any person, other than a company or firm, to file the declaration. Therefore, (a) may be removed.
197A(1B) The provisions of this section shall not apply where the amount of any income of the nature referred to in	Note.—The provisions of this sub-section shall not apply where the aggregate of amounts of any income or sum of the nature referred to in provision mentioned in column C of this Table, is credited or paid or likely to be credited or paid during the relevant tax year in which such income or	Note to be removed, since the taxpayer will give declaration that tax on his estimated total income shall be Nil as required under sub-section (6).	The Note to be removed, since sub-section (6) provides that the deduction of tax shall not be made under provisions referred to in column C of the Table, in



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
sub-section (1) or sub-section (1A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax	sum is to be included, exceeds the maximum amount not chargeable to tax.		<p>the case of a person as specified in column B, if such person furnishes to the person responsible for paying any income or sum of the nature referred to in such provisions, a written declaration in duplicate in such form and manner as prescribed that <b>the tax on such person's estimated total income of the tax year in which such income or sum is to be included in computing his total income shall be nil.</b></p> <p><b>In line with the tax payer's charter, the tax payer should be treated as honest unless there is a reason to believe otherwise.</b></p>
197A(2) The person responsible for	(7) The person responsible for paying any income or sum of the nature referred in sub-section (6) shall deliver or	Competent Authority can be defined to mean the Principal Chief Commissioner or Chief	In sections 377 and 378 pertaining to revision of



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
paying any income of the nature referred to in sub-section (1) or sub-section (1A) or sub-section (1C) shall deliver or cause to be delivered to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner one copy of the declaration referred to in subsection (1) or sub-section (1A) or sub-section (1C) on or before the seventh day of the month next following the month in which the declaration is furnished to him.	cause to be delivered, one copy of the declaration referred therein, received from the person to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month in which the declaration is furnished to him.	Commissioner or Principal Commissioner or Commissioner. Thereafter, at all places in the section” the term “competent authority” may be used.	orders, “Competent Authority” has been mean the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner. Thereafter, the words “Competent Authority” has been used in these sections. Likewise, in this section also, the authorities can be referred to as “Competent authority”.



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
197A(1D) Notwithstanding anything contained in this section, no deduction of tax shall be made by the Offshore Banking Unit from the interest paid— (a) on deposit made on or after the 1st day of April, 2005, by a non-resident or a person not ordinarily resident in India; or (b) on borrowing, on or after the 1st day of April, 2005, from a non-resident or a person not ordinarily resident in India. Explanation.—For the purposes of this sub-section "Offshore Banking	(8) Irrespective of anything contained in sub-section (6), the deduction of tax shall not be made from the interest paid by an Offshore Banking Unit on a borrowing or deposit made on or after 1st April, 2005, by a non-resident or a person not ordinarily resident in India.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Unit" shall have the same meaning as assigned to it in clause (u) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).			
197A (1E) Notwithstanding anything contained in this Chapter, no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.	(9) Irrespective of anything contained in this Chapter, the deduction of tax shall not be made from any payment to a person for, or on behalf of, the New Pension System Trust referred to in Schedule VII (Table: Sl. No. 41).		
Income payable "net of tax". 195A. In a case other than that	(10) In a case other than that referred to in section 392(2)(a), where under an agreement or an arrangement, if the tax chargeable on any income of the recipient referred to in this Chapter is to be borne by the payer, then, for the purposes of deduction of tax, the income shall be increased to an		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
referred to in sub-section (1A) of section 192, where under an agreement or other arrangement, the tax chargeable on any income referred to in the foregoing provisions of this Chapter is to be borne by the person by whom the income is payable, then, for the purposes of deduction of tax under those provisions such income shall be increased to such amount as would, after deduction of tax thereon at the rates in force for the financial year in which such income is payable, be equal	amount which after deduction of tax as per provisions of this Chapter becomes equal to the net amount payable under such agreement or arrangement.		



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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
to the net amount payable under such agreement or arrangement.			
Explanation to section 193 Explanation to section 194A(1) Section 194C(2) Explanation to section 194G Clause (iv) of Explanation to section 194H Clause (ii) of Explanation to section 194-I Clause (c) of Explanation to section 194-J Explanation 2 to section 194K Clause (b) of Explanation to section 194LBB and 194LBC Section 194Q(2) Section 194S(5)	(11) The credit of any income or sum to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income or sum, shall be deemed to be the credit of such income or sum to the account of the payee and the provisions of this section shall apply accordingly.		





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1	2	3	4
Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
Explanation 1 to section 195 Clause (d) of Explanation to section 196A			



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025			
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source	Corresponding section of the Income-tax Bill 2025
Circular No.3/2010 dated 2.3.2010	194A	<p><b><u>Clarification regarding deduction of tax at source on payment of interest on time deposits under section 194A by banks following Core-branch Banking Solutions (CBS) software</u></b></p> <p><i>Explanation</i> to section 194A is not meant to apply in cases of banks where credit is made to provisioning account on daily/monthly basis for the purpose of macro monitoring only by the use of CBS software.</p> <p>It has been further clarified that since no constructive credit to the depositor's/ payee's account takes place while calculating interest on time deposits on daily or monthly basis in the CBS software used by banks, tax need not be deducted at source on such provisioning of interest by banks for the purposes of macro monitoring only. In such cases, tax shall be deducted at source on accrual of interest at the end of financial year or at periodic intervals as per practice of the bank or as per the depositor's/ payee's requirement or on maturity or on encashment of time deposits, whichever event takes place earlier, whenever the aggregate of amounts of interest income credited or paid or likely to be credited or paid during the financial year by the banks exceeds the limits specified in section 194A.</p>	393(4)-In column C of Sl. No.7 of the Table
Circular No.23/2015 dated 28.12.2015	194A	<p>Interest on FD made in the name of Registrar General of the Court or the depositor of the fund on the directions of the Court, will not be subject to TDS till the matter is decided by the Court.</p> <p>However, once the Court decides the ownership of the money lying in the fixed deposit, the provisions of section 194A will apply to the recipient of the income.</p>	393(4)-In column C of Sl. No.7 of the Table



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025				
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source		Corresponding section of the Income-tax Bill 2025
Circular no. 18/2022 dated 13.9.2022	194R	1	<p>One-time loan settlement with borrowers or waiver of loan granted on reaching settlement with the borrowers by the following would not be subjected to tax deduction at source under section 194R:</p> <p>(i) Public Financial Institution</p> <p>(ii) Scheduled Bank</p> <p>(iii) Cooperative bank (other than a primary agricultural credit society)</p> <p>(iv) Primary co-operative Agricultural and Rural Development Bank</p> <p>(v) State Financial Corporation</p> <p>(vi) State Industrial Investment Corporation being a Government company, engaged in the business of providing long-term finance for industrial projects;</p> <p>(vii) Deposit taking Non-Banking Financial Company</p> <p>(viii) Systemically Important Non-deposit Taking Non-Banking Financial Company</p> <p>(ix) Public company engaged in providing long term finance for construction or purchase of houses in India for residential purpose and which is registered in accordance with the guidelines/ direction issued by the National Housing Bank formed under National Housing Bank Act 1987;</p> <p>(x) Registered Asset Reconstruction Companies</p> <p>This clarification is only for the purposes of section 194R. The treatment of such settlement/ waiver in the hands of the person who had got benefitted from such waiver</p>	Insert a new Sl. No. in the table in section 393(4)



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025				
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source		Corresponding section of the Income-tax Bill 2025
			would not be impacted by this clarification. Taxability of such settlement/ waiver in the hands of the beneficiary will be governed by the relevant provisions of the Act.	
		2	The provisions of section 194R is not applicable on benefit/perquisite provided by, an organization in scope of The United Nations (Privileges and Immunity Act) 1947, an international organization whose income is exempt under a specific Act of Parliament (such as the Asian Development Bank Act 1966), an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign state.	
		3	Tax under section 194R is not required to be deducted on the issuance of bonus or right shares by a company in which the public are substantially interested, where bonus shares are issued to all shareholders by such a company or right shares are offered to all shareholders by such a company, as the case may be.	
Circular No.5/2016 dated 29.2.2016	194H	TDS under section 194H is not attracted on retentions by an advertising agency (for booking or procuring of or canvassing for advertisements) from payments remitted to television channels/newspaper companies. The CBDT has issued this clarification on the basis of the Allahabad High Court ruling in Jagran Prakashan Ltd.’s case and Delhi High Court ruling in Living Media Ltd.’s case that the relationship between the media company and advertising agency is that of a “principal to principal”. However, the Supreme Court, in this case, has distinguished from the Allahabad High Court ruling, on the basis of the fact that an agreement has been entered into by Doordarshan with the accredited agencies specifically appointing them as agents; and the agreement also contains a specific clause for deduction of tax at source on trade discount, which is in the nature of commission. Accordingly, the Supreme Court held that the relationship between Doordarshan and its accredited agencies is that of a principal and agent, consequent to which TDS provisions under section 194H would get attracted in respect of		393(4)-In column C of Sl. No.1 of the Table



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025			
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source	Corresponding section of the Income-tax Bill 2025
		retentions by accredited advertising agencies from payments remitted to Doordarshan. Therefore, the applicability or otherwise of the CBDT Circular will depend on the facts of the specific case.	
Circular No.4/2002 dated 16.07.2002	Chapter XVII-B	<p>There would be no requirement for tax deduction at source in respect of payments made to such entities, whose income is unconditionally exempt under section 10 of the Income-tax Act, 1961 and who are statutorily not required to file return of income as per the section 139. The said Circular also lists the entities which are unconditionally exempt under section 10 and who are statutorily not required to file return of income as per section 139.</p> <p>Section 10(26BBB) provides that any income of a corporation established by a Central, State or Provincial Act for the welfare and economic upliftment of ex-servicemen being the citizens of India does not form part of the total income. The corporations covered under section 10(26BBB) are also statutorily not required to file return of income as per the section 139.</p> <p>The corporations covered under section 10(26BBB) satisfy the two conditions of Circular No. 4/2002 i.e., such corporations are statutorily not required to file return of income as per section 139 and their income is also unconditionally exempt under section 10 of the Income-tax Act, 1961. Accordingly, CBDT has examined the matter and extended the benefit of the said Circular to such corporations whose income is exempt under section 10(26BBB). Hence, there would be no requirement for tax deduction at source from the payments made to such corporations, since their income is anyway exempt under the Income-tax Act, 1961.</p>	Section 393



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025			
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source	Corresponding section of the Income-tax Bill 2025
Notification No. 52/2023 dated 20.07.2023	194	<p><b>No deduction of tax at source under section 194 on dividend paid by any unit of an IFSC, primarily engaged in the business of leasing of an aircraft to a company, being a Unit of an IFSC primarily engaged in the business of leasing of an aircraft [Notification No. 52/2023 dated 20.07.2023]</b></p> <p>In exercise of the power provided under section 197A(1F), the Central Government has, vide this notification, notified that, no tax is required to be deducted under section 194 from dividend paid by any unit of an IFSC, primarily engaged in the business of leasing of an aircraft (payer) to a company, being a Unit of an IFSC primarily engaged in the business of leasing of an aircraft (payee) subject to the following:</p> <p>(i) The payee has to furnish and verified a statement-cum-declaration to the payer giving details of previous year relevant to the assessment year in which the dividend income eligible for exemption under section 10(34B) is payable.</p> <p>(ii) The payer would not deduct tax on payment made or credited to the recipient of such dividend (payee) after the date of receipt of copy of statement-cum-declaration from payee and furnish the particulars of all the payments made to the recipient of such dividend on which tax has not been deducted in the statement of deduction of tax under section 200(3) read with the Rule 31A.</p>	393(4)-In column C of Sl. No.10 of the Table
Notification No. 110/2021, dated 17.09.2021	194A	<p><b>No deduction of tax at source 194A on payment made to a member of Schedule Tribe referred u/s 10(26) by a Scheduled Bank</b></p> <p>In exercise of the power provided under section 197A(1F), the Central Government notified that no tax is required to be deducted on the following payment under section 194A, namely, payment in the nature of interest, other than interest on securities, made by a Scheduled Bank</p>	393(4)-In column C of Sl. No.7 of the Table



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025			
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source	Corresponding section of the Income-tax Bill 2025
		located in a specified area to a member of Scheduled Tribe residing in any specified area as referred to in section 10(26), subject to the following conditions:  (i) the payer satisfies itself that the receiver is a member of Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26), during the previous year relevant for the assessment year in which the payment is made, by obtaining necessary documentary evidences in support of the same;  (ii) the payer reports the above payment in the statements of deduction of tax as referred to in section 200(3)  (iii) the payment made or aggregate of payments made during the previous year does not exceed ` 20 lakh	
Notification No. 65/2022, dated 16.06.2022	194-I	The Central Government has, specified that no tax is required to be deducted under section 194-I on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a lessee to a lessor, being a Unit located in IFSC, for lease of an aircraft subject to the following conditions-  (a) The lessor has to, -  (i) furnish a statement-cum-declaration to the lessee giving details of previous years relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction under section 80LA(1A) read with section 80LA(2); and  (ii) such statement-cum-declaration has to be furnished for each previous year relevant to the ten consecutive assessment years for which the lessor opts for claiming deduction.	393(4)-In column C of Sl. No.2 of the Table



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Significant circulars on TDS issued by CBDT which can be incorporated in Section 393(4) of the Income-tax Bill 2025			
Circular/ Notification No.	Section of the Income-tax Act, 1961	Clarification given relating to non-deduction of tax at source	Corresponding section of the Income-tax Bill 2025
		(b) The lessee would –  (i) not deduct tax on payment made or credited to lessor after the date of receipt of copy of statement cum-declaration from the lessor; and  (ii) furnish the particulars of all the payments made to lessor on which tax has not been deducted in view of this notification in the statement of deduction of tax.	

**Note – This is only an illustrative list. All circulars/notifications providing exemption from TDS need to be incorporated in the table in section 393(4).**





## CHAPTER XIX

### B- Deduction and Collection at Source

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
394	206C	206C Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	<b>394 Collection of tax at source.</b>		
		(1) Every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of	(1) Every person, as specified in column C of the Table below shall collect tax— (a) on receipts specified in column B; (b) at the rate as specified in column D; and (c) at the time of debiting of the amount payable by the buyer or licensee or lessee to the account of the buyer or licensee or lessee or at the time of receipt of such amount from the said buyer or licensee or lessee in cash or by way of a cheque of a draft or any other mode, whichever is earlier.		



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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
		the said Table, of such amount as income-tax:	Sl. No.	Nature of receipt	Person	Rate of TCS	Sl. No.4 of the table in sub-section (1) may be deleted. Thereafter, Sl. No.5 to 9 may be renumbered Sl. No.4 to 8.	Scrap and waste may be removed from scope of TCS. The rationale for introduction of levy of TCS on scrap around 30 years back was to prevent excise duty evasion, because manufacturing industries used to sell fresh goods by wrongly classifying as scrap on which no excise duty was payable. To track sale of such scrap by excise department and by income tax
		Nature of goods	A	B	C	D		
		Alcoholic Liquor for human consumption	1.	Sale of alcoholic liquor for human consumption.	Seller.	1%		
		Tendu leaves	2.	Sale of tendu leaves.	Seller.	5%		
		Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	3.	Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained under a forest lease.	Seller.	2%		
		Timber obtained by any mode other than under a forest lease						
		Scrap	4.	Sale of scrap.	Seller.	1%		



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section no. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<div>Minerals, being coal or lignite or iron ore</div> <div>One per cent:</div> <p>Provided that every person, being a seller shall at the time, during the period beginning on the 1st day of June, 2003 and ending on the day immediately preceding the date on which the Taxation Laws (Amendment) Act, 2003 comes into force, of debiting of the amount payable by the buyer to the account of the buyer or of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table as it stood immediately before the 1st day of June, 2003, a sum equal to the</p>	<div>5. Sale of minerals, being coal or lignite or iron ore. Seller. 1%</div> <div>6. Sale consideration exceeding ₹ 10,00,000 in case of— (a) motor vehicle; or (b) any other goods, as notified by the Central Government. Seller. 1%</div> <div>7. Remittance under the Liberalised Remittance Scheme of an amount or aggregate of the amounts exceeding ₹10,00,000— Authorised dealer. (a) 5% for purposes of education or medical treatment; (b) 20% for</div>		<p>department, TCS was introduced on scrap. However, since GST is now leviable on scrap and waste it may not be necessary to continue TCS on sale of scrap.</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
		percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax in accordance with the provisions of this section as they stood immediately before the 1st day of June, 2003.  Explanation.—For the purposes of this sub-section, “forest produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.  (1A) Notwithstanding anything contained in sub-section (1), no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and				purposes other than education or medical treatment.		
			8.	Sale of “overseas tour programme package” including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.	Seller.	(a) 5% of amount of aggregate of amounts up to ₹ 10,00,000; (b) 20% of amount or aggregate of amounts exceeding ₹ 10,00,000.		



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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			
		<p>verified in the prescribed manner to the effect that the goods referred to in column (2) of the aforesaid Table are to be utilised for the purposes of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.</p> <p>(1B) The person responsible for collecting tax under this section shall deliver or cause to be delivered to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner one copy of the declaration referred to in sub-section (1A) on or before the seventh day of the month next following the month in which the declaration is furnished to him.</p> <p>(1C) Every person, who grants a lease or a licence or enters into a</p>	<table><tr><td>9.</td><td>Use of parking lot or toll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas).</td><td>Licensor or Lessor.</td><td>2%</td></tr></table> <p>(2) The collection of tax shall not to be made in respect of receipts specified in sub-section (1) (Table: Sl. No. 1 to 5) in respect of the buyer, who is a resident in India, if he furnishes a written declaration in duplicate in such form and manner, as prescribed, to the person responsible for collecting tax, mentioning that such goods are to be utilised—</p> <p>(a) for the purposes of manufacturing, processing or producing articles or things or for generating power; and</p> <p>(b) not for trading purposes.</p>	9.	Use of parking lot or toll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas).	Licensor or Lessor.	2%			<p>For Section 394(3):- (3) Where no collection of tax is to be made under sub-section (2), the person responsible for collecting tax shall deliver, one copy of the declaration referred to in that sub-section <b>to the prescribed authority in the manner prescribed,—to—the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner</b></p>	<p>With the transition to digital platforms, the declarations are submitted online only to prescribed authority in the manner prescribed.</p> <p>It is not clear as to the point of time when the declaration should be obtained from the buyer, which may be</p>
9.	Use of parking lot or toll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas).	Licensor or Lessor.	2%								



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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
		contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public sector company (hereafter in this section referred to as "licensee or lessee") for the use of such parking lot or toll plaza or mine or quarry for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the	<p>(3) Where no collection of tax is to be made under sub-section (2), the person responsible for collecting tax shall deliver, one copy of the declaration referred to in that sub-section, to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, on or before the seventh day of the month following the month of receipt of that declaration.</p> <p>(4) The collection of tax shall not be made by the authorised dealer in respect of receipt specified in serial number 7 of the Table in sub-section (1) on such amount on which tax has been collected by the seller referred to in serial number 8 of the Table in sub-section (1).</p> <p>(5) The collection of tax shall not be made by the authorised dealer or seller, in respect of receipt specified in sub-section (1) (Table: Sl. No. 7 and 8), if the buyer is liable to deduct tax at source under any other provisions of this Act and he has deducted such tax.</p> <p>(6) For the purposes of this sub-section, "forest produce" shall have the same meaning as defined in any</p>	<del>or Commissioner,</del> on or before the seventh day of the month following the month of receipt of that declaration. <b>The person responsible for collecting shall obtain such declaration from the buyer at the time of each sale transaction or at the time of receipt or debit of first amount in respect of any such sale, whichever is earlier.</b>	incorporated in the section.



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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								
		<div>corresponding entry in column (3) of the said Table, of such amount as income-tax:</div> <table><tr><td>Nature of contract or licence or lease, etc.</td><td>Percentage</td></tr><tr><td>Parking lot</td><td>Two per cent</td></tr><tr><td>Toll plaza</td><td>Two per cent</td></tr><tr><td>Mining and quarrying</td><td>Two per cent</td></tr></table> <div>Explanation 1.—For the purposes of this sub-section, "mining and quarrying" shall not include mining and quarrying of mineral oil.</div> <div>Explanation 2.—For the purposes of Explanation 1, "mineral oil" includes petroleum and natural gas.</div>	Nature of contract or licence or lease, etc.	Percentage	Parking lot	Two per cent	Toll plaza	Two per cent	Mining and quarrying	Two per cent	State Act for the time being in force, or in the Indian Forest Act, 1927.		
Nature of contract or licence or lease, etc.	Percentage												
Parking lot	Two per cent												
Toll plaza	Two per cent												
Mining and quarrying	Two per cent												



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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
		<p>(1F) Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax.</p> <p>(1F) Every person, being a seller, who receives any amount as consideration for sale of—</p> <p>(i) a motor vehicle; or</p> <p>(ii) any other goods, as may be specified by the Central Government by notification in the Official Gazette,</p> <p>of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer,</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
		<p>a sum equal to one per cent of the sale consideration as income-tax.</p> <p>(1G) Every person,—</p> <p>(a) being an authorised dealer, who receives an amount, for remittance 23[***] from a buyer, being a person remitting such amount under the Liberalised Remittance Scheme of the Reserve Bank of India;</p> <p>(b) being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the</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
		<p>buyer, a sum equal to 24[five] per cent of such amount as income-tax:</p> <p>Provided that the authorised dealer shall not collect the sum, if the amount or aggregate of the amounts being remitted by a buyer is less than ten lakh rupees in a financial year</p> <p>Provided further that the sum to be collected by an authorised dealer from the buyer shall be equal to [twenty] per cent of the amount or aggregate of the amounts in excess of ten lakh rupees remitted by the buyer in a financial year, where the amount being remitted [is for purposes other than] education or medical treatment]:</p> <p>Provided also that the authorised dealer shall not collect the sum if the amount being remitted out is a loan obtained from any financial</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
		<p>institution as defined in clause (b) of sub-section (3) of section 80E, for the purpose of pursuing any education [Provided also that the seller of an overseas tour programme package shall collect a sum of twenty per cent of the amount or aggregate of amounts in excess of ten lakh rupees received from the buyer in a financial year:]</p> <p>Provided also that the authorised dealer shall not collect the sum on an amount in respect of which the sum has been collected by the seller:</p> <p>Provided also that the provisions of this sub-section shall not apply, if the buyer is,—</p> <p>(i) liable to deduct tax at source under any other provision of this Act and has deducted such amount;</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
		<p>(ii) the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein:</p> <p>[Provided also that the sum to be collected under this sub-section on or after the 1st day of July, 2023 and before the 1st day of October, 2023, shall be collected in accordance with the provisions of this sub-section as they stood on the 1st day of April, 2023.]</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
		<p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) "authorised dealer" means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) to deal in foreign exchange or foreign security;</p> <p>(ii) "overseas tour programme package" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.</p> <p>(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such</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
		<p>value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:</p> <p>Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:</p> <p>Provided further that the provisions of this sub-section shall not apply, if</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
		<p>the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.</p> <p>Provided also that nothing contained in the provisions of this sub-section shall apply from the 1st day of April, 2025</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(a) "buyer" means a person who purchases any goods, but does not include,—</p> <p>(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or</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
		<p>(B) a local authority as defined in the Explanation to clause (20) of section 10; or</p> <p>(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;</p> <p>(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this</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
		<p>purpose, subject to such conditions as may be specified therein.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "accountant" shall have the meaning assigned to it in the Explanation to sub-section (2) of section 288;</p> <p>(aa) "buyer" with respect to—</p> <p>(i) sub-section (1) means a person who obtains in any sale, by way of auction, tender or any other mode, goods of the nature specified in the Table in sub-section (1) or the right to receive any such goods but does not include,—</p> <p>(A) a public sector company, the Central Government, a State Government, and an embassy, a High Commission, legation,</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
		<p>commission, consulate and the trade representation, of a foreign State and a club; or</p> <p>(B) a buyer in the retail sale of such goods purchased by him for personal consumption;</p> <p>(ii) [***]</p> <p>(iii) sub-section (1F) means a person who obtains in any sale, goods of the nature specified in the said sub-section, but does not include,—</p> <p>(A) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or</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
		<p>(B) a local authority as defined in Explanation to clause (20) of section 10; or</p> <p>(C) a public sector company which is engaged in the business of carrying passengers.</p> <p>(b) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;</p> <p>(c) "seller" with respect to sub-section (1) and sub-section (1F) means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an</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
		individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) are sold.			



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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
395	197, 203, 206C	197 Certificate for deduction at lower rate, 203 Certificate for tax deducted, 206C Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	395 Certificates.		
		<p><b>Section 197- Certificate for deduction at lower rate</b></p> <p>(1) Subject to rules made under sub-section (2A), where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, [194LBA,]</p>	<p>(1) Where tax is required to be deducted on any income or sum under this Chapter, then subject to the rules made under this Act,—</p> <p>(a) the payee may make an application before the Assessing Officer for deduction of tax at a lower rate; and</p> <p>(b) the Assessing Officer on being satisfied that the total income of the payee justifies a lower deduction, shall issue a certificate as appropriate; and</p> <p>(c) when a certificate is issued under clause (b), the person responsible for paying the income or amount</p>	<p>(i) Considering the decision of the Supreme Court in Transmission Corporation of A.P. Ltd.'s case, <b>a report of a chartered accountant in the prescribed form certifying the sum chargeable to tax be obtained.</b> Tax@12.5% to be deductible where the sum chargeable to tax represents capital gains on transfer of a long-term</p>	<p>In Transmission Corporation of A.P. Ltd. vs. Commissioner of Income Tax (1999) 239 ITR 587, the Supreme Court has held that the obligation of the assessee to deduct tax at source under section 195 of the Income-tax Act, 1961 is limited only</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
		<p>194LBB, 194LBC, 194M, 194-O [194Q] and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.</p> <p>(2) Where any such certificate is given, the person responsible for paying the income shall, until such certificate is cancelled by the Assessing Officer, deduct income-tax at the rates specified in such certificate or deduct no tax, as the case may be.</p> <p>(2A) The Board may, having regard to the convenience of assesseees and</p>	<p>shall deduct the tax at the rate specified in such certificate till its validity.</p> <p>(2) (a) The person responsible for paying to a non-resident any sum chargeable under this Act (other than salary), may make an application to the Assessing Officer in such form and manner as prescribed, where he considers that the whole of such sum would not be chargeable in the case of the recipient;</p> <p>(b) the application under clause (a) shall be for determination of the appropriate proportion of the sum chargeable to tax, by the Assessing Officer in the manner as prescribed; and</p> <p>(c) when the determination is made by the Assessing Officer as per clause (b), the tax shall be deducted under section 393(2)(Table: Sl. No. 17) only on that proportion of sum which is chargeable to tax under the Act.</p> <p>(3) Where tax is required to be collected on any amount under this Chapter, then subject to the rules made under this Act,—</p>	<p>capital asset and tax@ 30% to be deductible where the sum chargeable to tax represents capital gains from transfer of a short-term capital asset. This would alleviate the requirement of having to obtain certificate for lower deduction of tax at source.</p> <p>(ii) The transferee responsible for paying to a non-resident transferor may be exempted from the requirement to obtain TAN.</p>	<p>to the appropriate proportion of income chargeable under the Act. Accordingly, the deductee may not be made to undergo such a cumbersome process for obtaining lower tax deduction certificate, if tax at the applicable rate is deducted on the sum chargeable to tax and not the entire consideration. Also, drawing a parallel reference to section 194-IA (which applies to resident</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
		<p>the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (1) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p><b>Section 203- Certificate for tax deducted</b></p> <p>(1) Every person deducting tax in accordance with the foregoing provisions of this Chapter shall, within such period as may be prescribed from the time of credit or payment of the sum, or, as the case may be, from the time of issue of a cheque or warrant for payment of</p>	<p>(a) the buyer or licensee or lessee may make an application before the Assessing Officer for collection of tax at a lower rate; and;</p> <p>(b) the Assessing Officer on being satisfied that the total income of the buyer or licensee or lessee justifies a lower collection, shall issue a certificate as may be appropriate; and</p> <p>(c) when a certificate is issued under clause (b), the person responsible for collecting tax shall collect it at the rates specified in such certificate till its validity.</p> <p>(4) (a) Every person deducting or collecting tax shall issue a certificate to the deductee or collectee, as the case may be, specifying—</p> <p>(i) the amount of tax that has been deducted or collected;</p> <p>(ii) the rate at which tax has been deducted or collected; and</p> <p>(iii) any other particulars, as prescribed, within such period as prescribed.</p>		<p>transferors), where a transferee responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property is required to deduct tax@1% on actual consideration or stamp duty value of the property, whichever is higher, without the requirement to obtain a TAN. A similar provision may be introduced where a transferee</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
		<p>any dividend to a shareholder, furnish to the person to whose account such credit is given or to whom such payment is made or the cheque or warrant is issued, a certificate to the effect that tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted and such other particulars as may be prescribed.</p> <p>(2) Every person, being an employer, referred to in sub-section (1A) of section 192 shall, within such period, as may be prescribed, furnish to the person in respect of whose income such payment of tax has been made, a certificate to the effect that tax has been paid to the Central Government, and specify the amount so paid, the rate at which the</p>	<p>(b) An employer referred to in section 392(2)(a) shall issue a certificate to the employee, in respect of whose income payment of tax has been made by the employer, that the tax has been paid to the Central Government, and specify—</p> <p>(i) the amount of tax so paid;</p> <p>(ii) the rate at which tax has been paid; and</p> <p>(iii) any other particulars, as prescribed, within such period, as prescribed.</p> <p>(5) The assessing officer may cancel the certificate granted under subsection (1) or (3) after giving reasonable opportunity to the applicant.</p>		<p>is responsible for paying to a non-resident transferor any sum by way of consideration for transfer of any immovable property. In such cases, the resident transferee may be allowed to deduct tax at source on payments made to a non-resident seller at the applicable rate without obtaining a TAN.</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
		<p>tax has been paid and such other particulars as may be prescribed.</p> <p><b>Section 206C- Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc Relevant Extracts</b></p> <p>(9)Where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in [sub-section (1), sub-section (1C)], the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in</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
		<p>35[sub-section (1), sub-section (1C)].</p> <p>(10) Where a certificate under sub-section (9) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.</p> <p>(10A) In case the provisions of sub-section (1) [except the goods referred at serial number (i) in the TABLE], (1C), (1F) require collection of tax at source during the period commencing from the 14th day of May, 2020 to the 31st day of March, 2021, then, notwithstanding anything contained in these sub-sections the collection of tax shall be made at the rate being the three-</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
		<p>fourth of the rate specified in these sub-sections.</p> <p>(11) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (9) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p> <p><i>[(12) Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including</i></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
		<i>institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.]</i>			
400	206C	<b>206C (Relevant extracts)</b>	<b>400 Power of Central Government to relax provisions of this Chapter.</b>		
		<p><b>Section 206C</b></p> <p>(1-I) If any difficulty arises in giving effect to the provisions of sub-section (1G) or sub-section (1H), the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.</p> <p>(1J) Every guideline issued by the Board under sub-section (1-I) shall be laid before each House of Parliament, and shall be binding on</p>	<p>(1) The Central Government may, by notification provide that deduction or collection of tax shall not be made or is to be made at such lower rate, from such payment or receipt and in respect of such person or class of persons.</p> <p>(2) The Board may issue guidelines with the previous approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of this Chapter and these guidelines shall be laid before each House of Parliament.</p> <p>(3) The Board may notify, a class of person, or cases, where the person responsible for paying to a non-</p>	<p>This is a welcome provision which empowers the Central Government to relax provisions in relation to the deduction or collection of tax by issue of notification</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
		<p>the income-tax authorities and on the person liable to collect the sum.</p> <p>(2) The power to recover tax by collection under this section shall be without prejudice to any other mode of recovery.</p>	<p>resident, not being a company, or to a foreign company, any sum, to make an application in such form and manner as prescribed to the Assessing Officer, to determine the appropriate proportion of sum chargeable in the manner as prescribed, and accordingly tax shall be deducted under section 393(2) (Table: Sl. No. 17) on that proportion of the sum which is so chargeable.</p> <p>(4) The Board may by notification, make rules specifying the cases in which, and the circumstances under which, an application may be made for grant of a certificate under section 395(1) to (3), and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.</p>		
401	205	<b>205 Bar against direct demand on assessee.</b>	<b>401 Bar against direct demand on assessee.</b>		
		Where tax is deductible at the source under the foregoing provisions of this Chapter, the assessee shall not be called upon to pay the tax himself	Where tax is deductible at the source under this Chapter, the assessee shall not be called upon to pay the tax	This provision should appear in the beginning of Chapter XIX, preferably,	This is because in actual practice, many a times even where tax has been



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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
		to the extent to which tax has been deducted from that income.	himself to the extent to which tax has been deducted from that income.	as sub-section (6) of section 390.	deducted, the assessee is made to pay the tax himself. Therefore, this provision must be inserted in the beginning of the chapter itself.



## Interpretation [Section 402]

Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill 2025	Rationale for change
402(3)	200A(2)	<p>Explanation to Section 200A(2)</p> <p>For the purposes of this sub-section, "an incorrect claim apparent from any information in the statement" shall mean a claim, on the basis of an entry, in the statement— (i) of an item, which is inconsistent with another entry of the same or some other item in such statement; (ii) in respect of rate of deduction of tax at source, where such rate is not in accordance with the provisions of this Act</p>	<p>In this chapter,—</p> <p>(3) “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—</p> <p>(a) of an item, which is inconsistent with another entry of the same or some other item in such statement;</p> <p>(b) in respect of rate of deduction of tax at source, where such rate is not as per the provisions of the Act;</p>	<p>Section 402(3) to be worded as follows:</p> <p>(3) “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—</p> <p>(a) of an item, which is inconsistent with another entry of the same or some other item in such statement;</p> <p>(b) in respect of rate of deduction of tax at source, where such rate</p>	<p>Section 402(3) defines “an incorrect claim apparent from any information in the statement” only with reference to TDS statements and not TCS statements.</p> <p>This phrase was explained separately in the Income-tax Act, 1961 in section 200A and 206CB with reference to TDS and TCS, respectively.</p> <p>Accordingly, Section 402(3) has to be amended to include reference to TCS statements.</p> <p>In Section 402(3), there is no reference in respect of TCS as was in section 206CB of the Income-tax Act, 1961 for an incorrect claim,</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
		<p>Explanation to Section 206CB(2)</p> <p>For the purposes of this sub-section, "an incorrect claim apparent from any information in the statement" shall mean a claim, on the basis of an entry, in the statement— (i) of an item, which is inconsistent with another entry of the same or some other item in such statement; (ii) in respect of rate of collection of tax at source, where such rate is not in accordance with the provisions of this Act.</p>		<p>is not as per the provisions of the Act;</p> <p><b>(c) in respect of rate of tax collection at source, where such rate is not as per the provisions of the Act;</b></p>	<p>apparent from any information in the statement under section 397(3)(d).</p>
402(18)	194C	"goods carriage" shall have the meaning assigned to it	"goods carriage" shall have the meaning as assigned to it in section 58(10)(d)	The words unladen weight may be	The section does not specify where the unladen weight is to be





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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>Clause (ii) of Explanation</p> <p>Clause (a) of Explanation to section 44AE</p>	<p>in the Explanation to sub-section (7) of section 44AE;</p> <p>The expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the respective meanings assigned to them in section 2 of the Motor Vehicles Act, 1988 (59 of 1988);</p>	<p>Section 58(10)(d)-</p> <p>the expressions "goods carriage", "gross vehicle weight" and "unladen weight" shall have the same meaning as respectively assigned to them in section 2 of the Motor Vehicles Act, 1988;</p>	<p>removed from section 58(10)(d)</p>	<p>considered and where the gross vehicle weight is to be used, therefore, only "gross vehicle weight" will suffice. Alternatively, it may be clarified that unladen weight is to be applied only in case of road roller and tractors.</p>
402(31)	206C	<p>Explanation to section 206C</p> <p>(b) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage,</p>	<p>(31) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;</p>	<p>This definition may be removed in line with the suggestion for removal of Sl. No. 4 in the table in sub-section (1) of section 394.</p> <p>If TCS on scrap is to continue, then, the definition of scrap may</p>	<p>In line with the suggestion that there should be no TCS on scrap, this definition may be removed.</p> <p>If TCS is to continue on scrap and waste, then, the definition may be modified, so that all scrap and waste are covered and not only the scrap arising out of manufacturing industries. The definition as it stands at present is litigation prone.</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
		cutting up, wear and other reasons		be amended as follows - “Scrap” means waste and scrap sold by any seller during the course of business or otherwise.	Gujarat High Court and certain ITAT rulings have held that scrap arising out of manufacturing alone is covered, whereas Jaipur ITAT and Rajkot ITAT have held that waste and scrap would be covered even if not arising out of manufacturing. Presently, State and Central Government and charitable and religious trust and institutions are also collecting TCS on scrap, but actually they are not liable because it is not during the course of business. Therefore, the phrase “during the course of business or otherwise” may be added to cover all types of waste and scrap.



## CHAPTER XIX

### C - Advance Payment 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
		<b>XVII C – Advance Estimated Payment of tax</b>	<b>XIX – C – Advance Estimated Payment of tax</b>	<b>The heading of Chapter XIX-C may be -</b>  <b>XIX-C- Estimated payment of tax</b>	The use of words “advance tax” is appropriate in the context of “assessment year” under the Income-tax Act 1961. However, in the context of the Income-tax Bill, 2025, since tax is being paid in the tax year itself, therefore, this is an estimated tax on current income. The heading and the provisions of this chapter may be appropriately modified.



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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
403	207	<b>207 Liability for payment of advance tax.</b>	<b>403 Liability for payment of advance tax.</b>	<b>403 Liability for payment of <del>advance</del> estimated tax.</b>	
		<p>(1) Tax shall be payable in advance during any financial year, in accordance with the provisions of sections 208 to 219 (both inclusive), in respect of the total income of the assessee which would be chargeable to tax for the assessment year immediately following that financial year, such income being hereafter in this Chapter referred to as "current income".</p> <p>(2) The provisions of sub-section (1) shall not apply to an individual resident in India, who—</p>	<p>(1) Advance tax shall be payable during any tax year in respect of the current income of the assessee, as per the provisions of this Part.</p> <p>(2) For the purposes of this Part, "current income" means the total income of the assessee which would be chargeable to tax for that tax year.</p> <p>(3) The provisions of sub-section (1) shall not apply to an individual resident in India, who—</p> <p>(a) does not have any income chargeable under the head "Profits</p>	<p>(1) <del>Advance</del> <b>Estimated tax</b> shall be payable during any tax year in respect of the current income of the assessee, as per the provisions of this Part.</p>	Same rationale as given for the heading of the chapter. "Advance tax" to be substituted with "Estimated tax".



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) does not have any income chargeable under the head "Profits and gains of business or profession"; and  (b) is of the age of sixty years or more at any time during the previous year.	and gains of business or profession"; and  (b) is of the age of sixty years or more at any time during the tax year.		
404	208	<b>208 Conditions of liability to pay advance tax.</b>	<b>404 Conditions of liability to pay advance tax.</b>	<b>404 Conditions of liability to pay <del>advance</del> Estimated tax.</b>	
		Advance tax shall be payable during a financial year in every case where the amount of such tax payable by the assessee during that year, as computed in accordance with the provisions of this Chapter, is ten thousand rupees or more.	Advance tax shall be payable by the assessee during a tax year, where the amount of such tax during that year, as computed under this Part, is ten thousand rupees or more.	<del>Advance</del> <b>Estimated</b> tax shall be payable by the assessee during a tax year, where the amount of such tax during that year, as computed under this Part, is ten thousand rupees or more.	Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
405	209	<b>209 Computation of advance tax.</b>	<b>405 Computation of advance tax.</b>	<b>405 Computation of <del>advance</del> estimated tax.</b>	
		<p>(1) The amount of advance tax payable by an assessee in the financial year shall, subject to the provisions of sub-sections (2) and (3), be computed as follows, namely :—</p> <p>(a) where the calculation is made by the assessee for the purposes of payment of advance tax under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, he shall first estimate his current income and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(b) where the calculation is made by the Assessing Officer for the purpose of making an order under sub-section (3)</p>	<p>(1) The amount of advance tax payable by an assessee under section 404, on his own accord under section 406, or in pursuance of an order of an Assessing Officer under section 407, in the tax year shall, subject to the provisions of sub-section (2), be computed as under—</p> <p><math>A = B - C</math></p> <p>where,—</p> <p>A = the amount of advance tax payable in a tax year;</p>	<p>(1) The amount of <del>advance</del> <b>estimated</b> tax payable by an assessee under section 404, on his own accord under section 406, or in pursuance of an order of an Assessing Officer under section 407, in the tax year shall, subject to the provisions of sub-section (2), be computed as under—</p> <p><math>A = B - C</math></p> <p>where,—</p> <p>A = the amount of <del>advance</del> <b>estimated</b> tax payable in a tax year;</p>	Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>of section 210, the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment or the total income returned by the assessee in any return of income furnished by him for any subsequent previous year, whichever is higher, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(c) where the calculation is made by the Assessing Officer for the purpose of making an amended order under sub-section (4) of section 210, the total income declared in the return furnished by the assessee for the later previous year, or, as the case may be, the total income in respect of which the regular assessment, referred to in that sub-section has been</p>	<p>B = income-tax on the specified sum calculated at the rates in force in the tax year, where “specified sum” shall have the meaning assigned to it in section 406 or 407;</p> <p>C = amount of income-tax which would be deductible or collectible at source during the said tax year under any provision of this Act from any income subject to the following:—</p> <p>(a) such income is computed before allowing any deduction admissible under this Act and has been taken into account in computing the specified sum; and</p> <p>(b) the person responsible for deducting tax has paid or credited</p>	<p>B = income-tax on the specified sum calculated at the rates in force in the tax year, where “specified sum” shall have the meaning assigned to it in section 406 or 407;</p> <p>C = amount of income-tax which would be deductible or collectible at source during the said tax year under any provision of this Act from any income subject to the following:—</p> <p>(a) such income is computed before allowing any deduction admissible under this Act and has been taken into account in computing the specified sum; and</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
		<p>made, shall be taken and income-tax thereon shall be calculated at the rates in force in the financial year;</p> <p>(d) the income-tax calculated under clause (a) or clause (b) or clause (c) shall, in each case, be reduced by the amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income (as computed before allowing any deductions admissible under this Act) which has been taken into account in computing the current income or, as the case may be, the total income aforesaid; and the amount of income-tax as so reduced shall be the advance tax payable:</p> <p>Provided that for computing liability for advance tax, income-tax calculated under</p>	<p>such income after deduction of tax; or</p> <p>(c) the person responsible for collecting tax has received or debited such income after collection of tax.</p> <p>(2) In the case of any class of assessee, where the Finance Act of the relevant year provides that, net agricultural income shall be taken into account for the purposes of computing advance tax, then,—</p> <p>(a) for the purposes of order as mentioned in section 407(1) and (4), the net agricultural income shall be the amount that has been taken into account for the purposes of charging income-tax on the</p>	<p>(b) the person responsible for deducting tax has paid or credited such income after deduction of tax; or</p> <p>(c) the person responsible for collecting tax has received or debited such income after collection of tax.</p> <p>(2) In the case of any class of assessee, where the Finance Act of the relevant year provides that, net agricultural income shall be taken into account for the purposes of computing <del>advance</del> <b>estimated</b> tax, then,—</p> <p>(a) for the purposes of order as mentioned in section 407(1) and (4), the net agricultural</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
		<p>clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the aforesaid amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income, if the person responsible for deducting tax has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collecting tax without collection of such tax.</p> <p>(2) Where the Finance Act of the relevant year provides that, in the case of any class of assessees, net agricultural income (as defined in that Act) shall be taken into account for the purposes of computing advance tax, then, the net agricultural income to be taken into account in the</p>	<p>specified sum as mentioned in sub-sections (3) and (6) of the said section; or</p> <p>(b) in any other situation, the net agricultural income as estimated by the assessee for the tax year.</p>	<p>income shall be the amount that has been taken into account for the purposes of charging income-tax on the specified sum as mentioned in sub-sections (3) and (6) of the said section; or</p> <p>(b) in any other situation, the net agricultural income as estimated by the assessee for the tax year.</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
		<p>case of any assessee falling in that class, shall be—</p> <p>(a) in cases where the Assessing Officer makes an order under sub-section (3) or sub-section (4) of section 210,—</p> <p>(i) if the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment forms the basis of computation of advance tax payable by him, the net agricultural income which has been taken into account for the purposes of charging income-tax for the assessment year relevant to that previous year; or</p> <p>(ii) if the total income declared by the assessee for the later previous year referred to in sub-section (4) of section</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
		<p>210 forms the basis of computation of advance tax, the net agricultural income as returned by the assessee in the return of income for the assessment year relevant to such later previous year;</p> <p>(b) in cases where the advance tax is paid by the assessee on the basis of his estimate of his current income under sub-section (1) or sub-section (2) or sub-section (5) or sub-section (6) of section 210, the net agricultural income, as estimated by him, of the period which would be the previous year for the immediately following assessment year.</p> <p>(3) Where the Finance Act of the relevant year specifies any separate rate or rates for the purposes of computing advance tax in the case of every Hindu undivided family which has at least one member</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
		<p>whose total income of the previous year exceeds the maximum amount not chargeable to income-tax in his case, then, the Assessing Officer shall, for making an order under sub-section (3) or sub-section (4) of section 210 in the case of any such Hindu undivided family, compute (subject to the provisions of section 164) the advance tax at such rate or rates—</p> <p>(a) in a case where the total income of the latest previous year in respect of which the Hindu undivided family has been assessed by way of regular assessment forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such latest previous year</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
		<p>exceeds the maximum amount not chargeable to income-tax in his case;</p> <p>(b) in a case where the total income of the previous year in respect of which a return of income is furnished by the Hindu undivided family under section 139 or in response to a notice under sub-section (1) of section 142 forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such previous year exceeds the maximum amount not chargeable to income-tax in his case.</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
406	210	<b>210 Payment of advance tax by the assessee of his own accord or in pursuance of order of Assessing Officer [relevant portion]</b>	<b>406 Payment of advance tax by assessee on his own accord.</b>	<b>406 Payment of <del>—advance</del> estimated tax by assessee on his own accord.</b>	
		(1) Every person who is liable to pay advance tax under section 208 (whether or not he has been previously assessed by way of regular assessment) shall, of his own accord, pay, on or before each of the due dates specified in section 211, the appropriate percentage, specified in that section, of the advance tax on his current income, calculated in the manner laid down in section 209.  (2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax payable in the	(1) Every person, who is liable to pay advance tax under section 404 (whether or not he has been previously assessed by way of regular assessment) shall, on his own accord, pay advance tax on the specified sum, calculated in the manner laid down in section 405, at the appropriate percentage, and on or before the due date of each instalment, as specified in section 408.	(1) Every person, who is liable to pay <del>—advance estimated</del> tax under section 404 (whether or not he has been previously assessed by way of regular assessment) shall, on his own accord, pay <b>advance estimated</b> tax on the specified sum, calculated in the manner laid down in section 405, at the appropriate percentage, and on or before the due date of each instalment, as specified in section 408.	Same rationale as given for the heading of the chapter. Advance tax to be substituted with Estimated tax.



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1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		remaining instalment or instalments to accord with his estimate of his current income and the advance tax payable thereon, and make payment of the said amount in the remaining instalment or instalments accordingly.	<p>(2) A person who pays any instalment or instalments of advance tax under sub-section (1), may increase or reduce the amount of advance tax to accord with specified sum and the advance tax payable thereon, and make payment of the said tax in the remaining instalment or instalments, accordingly.</p> <p>(3) In this section, the expression “specified sum” means current income as estimated by the assessee.</p>	<p>(2) A person who pays any instalment or instalments of <b>advance estimated</b> tax under sub-section (1), may increase or reduce the amount of <b>advance estimated</b> tax to accord with specified sum and the <b>advance estimated</b> tax payable thereon, and make payment of the said tax in the remaining instalment or instalments, accordingly.</p> <p>(3) In this section, the expression “specified sum” means current income as estimated by the assessee.</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
407	210	<b>210 Payment of advance tax by the assessee of his own accord or in pursuance of order of Assessing Officer [relevant portion]</b>	<b>407 Payment of advance tax by assessee in pursuance of order of Assessing Officer.</b>	<b>407 Payment of <del>—advance</del> estimated tax by assessee in pursuance of order of Assessing Officer.</b>	
		(3) In the case of a person who has been already assessed by way of regular assessment in respect of the total income of any previous year, the Assessing Officer, if he is of opinion that such person is liable to pay advance tax, may, at any time during the financial year but not later than the last day of February, by order in writing, require such person to pay advance tax calculated in the manner laid down in section 209, and issue to such person a notice of demand under section 156 specifying the	(1) Where a person has already been assessed for the total income of any tax year by way of regular assessment and the Assessing Officer is of the opinion that such person is liable to pay advance tax, he may require such person to pay advance tax on the specified sum, calculated in the manner laid down in section 405, by an order in writing, and specifying the instalment or instalments in which such tax is to be paid, on or before	Sub-section (1) may be redrafted as follows -  (1) Where a person has already been assessed for the total income of any assessment year or tax year by way of regular assessment and the Assessing Officer is of the opinion that such person is liable to pay <del>advance</del> <b>estimated tax in the current tax year</b> , he may require such person to pay <del>advance</del> <b>estimated</b> tax on the specified sum, calculated in the manner laid down in section	Same rationale as given for the heading of the chapter. “Advance tax” to be substituted with “Estimated tax”.  Also, reference to “current tax year” needs to be added for the sake of clarity.





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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
		<p>instalment or instalments in which such tax is to be paid.</p> <p>(4) If, after the making of an order by the Assessing Officer under sub-section (3) and at any time before the 1st day of March, a return of income is furnished by the assessee under section 139 or in response to a notice under sub-section (1) of section 142, or a regular assessment of the assessee is made in respect of a previous year later than that referred to in sub-section (3), the Assessing Officer may make an amended order and issue to such assessee a notice of demand under section 156 requiring the assessee to pay, on or before the due date or each of the due dates specified in section 211 falling after the date of the amended order, the appropriate percentage,</p>	<p>the due date of each instalment specified in section 408.</p> <p>(2) The order referred to in sub-section (1) may be passed at any time during the tax year but not later than the last day of February of such tax year and it shall be followed by a notice of demand under section 289.</p> <p>(3) In sub-section (1), “specified sum” means a sum, being higher of,—</p> <p>(a) the total income of the latest tax year in respect of which the assessee has been assessed by way of regular assessment; or</p> <p>(b) total income returned by the assessee in any return of income</p>	<p>405, by an order in writing, and specifying the instalment or instalments in which such tax is to be paid, on or before the due date of each instalment specified in section 408.</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
		<p>specified in section 211, of the advance tax computed on the basis of the total income declared in such return or in respect of which the regular assessment aforesaid has been made.</p> <p>(5) A person who is served with an order of the Assessing Officer under sub-section (3) or an amended order under sub-section (4) may, if in his estimation the advance tax payable on his current income would be less than the amount of the advance tax specified in such order or amended order, send an intimation in the prescribed form to the Assessing Officer to that effect and pay such advance tax as accords with his estimate, calculated in the manner laid down in section 209, at the appropriate percentage thereof specified in section 211, on or before the</p>	<p>furnished by him for any subsequent tax year.</p> <p>(4) The Assessing Officer may amend the order referred to in sub-section (1), and may require such person to pay advance tax on the specified sum, calculated in the manner laid down in section 405, if after passing an order under sub-section (1),—</p> <p>(a) a return of income is furnished by the assessee, under section 263 or in response to a notice under section 268; or</p> <p>(b) a regular assessment of the income is made in respect of a tax year later than the assessment</p>	<p>Section 407(4) may be redrafted as follows –</p> <p>(4) The Assessing Officer may amend the order referred to in sub-section (1), and may require such person to pay <b>advance estimated</b> tax on the specified sum, calculated in the manner laid down in section 405, <b>in relation to the current tax year</b>, if after passing an order under sub-section (1),—</p> <p>(a) a return of income is furnished by the assessee, under section 263 or in response to a notice under section 268; or</p> <p>(b) a regular assessment of the income is made</p>	<p>The last part from “in respect of a tax year later than the assessment referred to in sub-section (1), on or before the due date of <b>any</b> instalment specified in section 408” is common for both (a) and (b). Hence it should be separated from (b). Further “each installment” to be substituted with “any installment” and “in relation to the current tax year” to be added for greater clarity.</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
		<p>due date or each of the due dates specified in section 211 falling after the date of such intimation.</p> <p>(6) A person who is served with an order of the Assessing Officer under sub-section (3) or amended order under sub-section (4) shall, if in his estimation the advance tax payable on his current income would exceed the amount of advance tax specified in such order or amended order or intimated by him under sub-section (5), pay on or before the due date of the last instalment specified in section 211, the appropriate part or, as the case may be, the whole of such higher amount of advance tax as accords with his estimate, calculated in the manner laid down in section 209.</p>	<p>referred to in sub-section (1), on or before the due</p> <p>date of each instalment specified in section 408.</p> <p>(5) The order referred to in sub-section (4) may be passed at any time before the 1st March of that tax year and it shall be followed by issuance of a demand notice under section 289.</p> <p>(6) In sub-section (4), “specified sum” means the total income declared in the return of income or computed in regular assessment</p>	<p>in respect of a tax year later than the assessment referred to in sub-section (1), on or before the due date of <b>any</b> instalment specified in section 408.</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
			<p>mentioned in sub-section (4) (a) and (b), respectively.</p> <p>(7) If the notice of demand issued under section 289, as referred in sub-sections (2) and (5), is served after any of the due dates specified in section 408, the appropriate part or, the whole of the amount of the advance tax specified in such notice, shall be payable on or before each of the due date falling after the date of service of the notice of demand.</p> <p>(8) Where a person, who is served with an order referred to in sub-sections (1) and (4), estimates the advance tax payable on his current income to be lower than the amount of advance tax specified in</p>	<p>For Section 407(8) may be redrafted as follows:-</p> <p>(8) Where a person, who is served with an order referred to in sub-sections (1) <del>and or</del> (4), <del>estimates</del> <b>expects</b> the <del>advance</del> <b>estimated</b> tax payable on his current income to be lower than the amount of <del>advance</del> <b>estimated</b> tax specified in the</p>	<p>Same rationale as given for the heading of the chapter. “Advance tax” to be substituted with “Estimated tax”.</p> <p>The order may be under sub-section (1) or sub-section (4). Therefore,</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
			<p>the said order, then, he may send an intimation in the prescribed form to the Assessing Officer to that effect, and pay such advance tax on the current income, calculated in the manner laid down in section 401 as accords with his estimate, at an appropriate percentage thereof on or before the due date of each instalment specified in section 408 falling after the date of such intimation.</p> <p>(9) Where a person, who is served with an order referred in sub-sections (1) and (4), estimates that advance tax payable on his current income would exceed the amount of advance tax specified in such</p>	<p>said order, then, he may send an intimation in the prescribed form to the Assessing Officer to that effect, and pay such <del>advance</del> <b>estimated</b> on the current income, calculated in the manner laid down in section 401 as accords with his estimate, at an appropriate percentage thereof on or before the due date of each instalment specified in section 408 falling after the date of such intimation.</p> <p>(9) Where a person, who is served with an order referred in sub-sections (1) <del>and or</del> (4), <del>estimates</del> <b>expects</b> that <del>advance</del> <b>estimated</b> tax payable on his current income would exceed</p>	<p>“and” to be replaced with “or”.</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
			order or intimated by him under sub-section (8), he shall pay such advance tax on the current income, calculated in the manner laid down in section 405 at the appropriate part or whole of such higher amount of advance tax as accords with his estimate, on or before the due date of the last instalment specified in section 408.	the amount of <del>advance</del> <b>estimated</b> tax specified in such order or intimated by him under sub-section (8), he shall pay such <del>advance</del> <b>estimated</b> tax on the current income, calculated in the manner laid down in section 405 at the appropriate part or whole of such higher amount of advance tax as accords with his estimate, on or before the due date of the last instalment specified in section 408.	
410	219	<b>219 Credit for advance tax.</b>	<b>410 Credit for advance tax.</b>	<b>410 Credit for <del>advance</del> estimated tax.</b>	
		Any sum, other than a penalty or interest, paid by or recovered from an assessee as	Any sum, other than a penalty or interest, paid by or recovered from	Any sum, other than a penalty or interest, paid by or recovered	The word “therefor” is to be replaced with “thereof”.



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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
		advance tax in pursuance of this Chapter shall be treated as a payment of tax in respect of the income of the period which would be the previous year for an assessment for the assessment year next following the financial year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment.	an assessee as advance tax in pursuance of this Part shall be treated as a payment of tax in respect of the income of the tax year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment.	from an assessee as estimated tax in pursuance of this Part shall be treated as a payment of tax in respect of the income of the tax year in which it was payable, and credit <b>thereof</b> shall be given to the assessee in the regular assessment.	
2(4)	2(1)	<b>2(1) Advance Tax</b>	<b>2(4) Advance Tax</b>	<b>2(4) Estimated <del>Advance</del> Tax</b>	
		"advance tax" means the advance tax payable in accordance with the provisions of Chapter XVII-C	"advance tax" means the advance tax payable as per Chapter XIX-C	<del>"Advance</del> Estimated tax" means the <del>advance</del> <b>estimated</b> tax payable as per Chapter XIX-C	



## CHAPTER XIX

### D.—Collection and recovery

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision 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>XVII D – Collection and Recovery</b>	<b>Chapter XIX-D - Collection and Recovery</b>		
<b>411</b>	<b>220</b>	<b>When tax payable and when assessee deemed in default.</b>	<b>When tax payable and when assessee deemed in default.</b>		
		<p>(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 156 shall be paid within thirty days of the service of the notice at the place and to the person mentioned in the notice :</p> <p><i>Provided that, where the Assessing Officer has any reason to believe that it will be detrimental to revenue if the full</i></p>	<p>(1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 289 <b>at the place and to the person mentioned in the notice</b> shall be paid within—</p> <p>(a) thirty days of the service of the notice; or</p> <p>(b) such lesser period, as specified in the notice with the previous approval of the Joint Commissioner, where the Assessing Officer has any reason to believe that it shall be detrimental to revenue if the full period of thirty days is allowed.</p>	<p>The opening portion of Section 411(1) may be reworded as follows:-</p> <p>(1) Any amount, otherwise, than by way of advance tax, specified as payable in a notice of demand under section 289 <del>at the place and</del> to the person mentioned in the notice shall be paid within -</p>	<p>The words, “at the place, may be removed because tax is not paid at a place but mostly paid online or in bank.</p> <p>Section 411(11) also to be amended similar to Section 411(1).</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
		<p>period of thirty days aforesaid is allowed, he may, with the previous approval of the Joint Commissioner, direct that the sum specified in the notice of demand shall be paid within such period being a period less than the period of thirty days aforesaid, as may be specified by him in the notice of demand.</p> <p>(1A) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal</p>	<p>(2) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then—</p> <p>(a) such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings; and</p> <p>(b) any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.</p> <p>(3) If the amount specified in any notice of demand under section 289 is not paid within the period limited under sub-section (1),—</p> <p>(a) the assessee shall be liable to pay simple interest at 1% for every month or part of a month; and</p> <p>(b) such period shall commence from the day immediately following the end of the period</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
		<p>of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964 (11 of 1964).</p> <p>(2) If the amount specified in any notice of demand under section 156 is not paid within the period limited under sub-section (1), the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the</p>	<p>mentioned in sub-section (1) and end with the day on which the amount is paid.</p> <p>(4) No interest shall be charged under sub-section (3) on any amount for any period, where interest is charged on the same amount for the same period under section 398(3) on the amount of tax specified in the intimation issued under section 399.</p> <p>(5) Nothing contained in sub-section (3) shall prevent the Assessing Officer, where an application is made by the assessee before the expiry of the due date under sub-section (1), to extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.</p> <p>(6) Where as a result of an order under section 287 or 288 or 359 or 363 or 365(10) or 368 or 378 or</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
		<p>day on which the amount is paid:</p> <p><i>Provided</i> that, where as a result of an order under section 154, or section 155, or section 250, or section 254, or section 260, or section 262, or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded :</p> <p>Provided further that where as a result of an order under sections specified in the first proviso, the amount on which interest was payable under this section had</p>	<p>an order of the Settlement Commission under section 245D (4) of the Income-tax Act, 1961,—</p> <p>(a) the amount on which interest was payable under sub-section (3) had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded; and</p> <p>(b) if subsequent to such reduction, as a result of an order under said sections or section 377, the amount on which interest was payable is increased,</p> <p>the assessee shall be liable to pay interest under sub-section (3),—</p> <p>(i) from the day immediately following the end of the period</p> <p>mentioned in the first notice of demand, referred to in sub-section (1); and</p> <p>(ii) ending with the day on which the amount is paid.</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
		<p>been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under this section is increased, the assessee shall be liable to pay interest under sub-section (2) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1) and ending with the day on which the amount is paid:</p> <p><i>Provided also</i> that in respect of any period commencing on or before the 31st day of March, 1989 and ending after that date, such interest shall, in respect of so much of such period as falls after that date, be calculated at</p>	<p>(7) In respect of any period commencing on or before the 31st March, 1989 and ending after that date, interest under sub-section (3) shall, in respect of so much of such period as falls after that date, be calculated at the rate of 1.5% for every month or part of a month.</p> <p>(8) Irrespective of the provisions contained in sub-section (3), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner</p> <p>may, on an application by the assessee, reduce or waive the amount of interest paid or payable by an assessee under sub-section (3) if he is satisfied that—</p> <p>(a) payment of such amount has caused or would cause genuine hardship to the assessee;</p> <p>(b) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and</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
		<p>the rate of one and one-half per cent for every month or part of a month.</p> <p>(2A) Notwithstanding anything contained in sub-section (2), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may reduce or waive the amount of interest paid or payable by an assessee under the said sub-section if he is satisfied that—</p> <p>(i) payment of such amount has caused or would cause genuine hardship to the assessee ;</p> <p>(ii) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was</p>	<p>(c) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.</p> <p>(9) The order under sub-section (8) accepting or rejecting the application of the assessee, either in full or in part, shall be passed within twelve months from the end of the month in which the application is received.</p> <p>(10) No order under sub-section (8) rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard.</p> <p>(11) If the amount is not paid within the specified time under sub-section (1) or extended under sub-section (5), at the place and to the person mentioned in the said notice, the assessee shall be deemed to be in default.</p> <p>(12) If, in a case where payment by instalments is allowed under sub-section (5), the assessee</p>	<p>(11) If the amount is not paid within the specified time under</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
		<p>due to circumstances beyond the control of the assessee ; and</p> <p>(iii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him:</p> <p><i>Provided</i> that the order accepting or rejecting the application of the assessee, either in full or in part, shall be passed within a period of twelve months from the end of the month in which the application is received:</p> <p><i>Provided further</i> that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been</p>	<p>commits defaults in paying any one of the instalments within the time fixed under that sub-section,—</p> <p>(a) the assessee shall be deemed to be in default as to the whole of the amount then outstanding; and</p> <p>(b) the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.</p> <p>(13) Where an assessee has presented an appeal under section 356 or 357 the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, till the time such appeal remains undisposed of.</p> <p>(14) Where an assessee has been assessed in respect of income arising outside India in a country the laws of which prohibit or restrict the</p>	<p>sub-section (1) or extended under sub-section (5), <del>at the place</del> and to the person mentioned in the said notice, the assessee shall be deemed to be in default.</p>	<p>Section 411(11) also to be amended similar to Section 411(1).</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
		<p>given an opportunity of being heard:</p> <p><i>Provided also</i> that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.</p> <p>(2B) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (1A) of section 201 on the amount of tax specified in the intimation issued under sub-section (1) of section 200A for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.</p>	<p>remittance of money to India, the Assessing Officer shall—</p> <p>(a) not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India; and</p> <p>(b) continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.</p> <p>(15) For the purposes of sub-section (14), income shall be deemed to have been brought into India, if—</p> <p>(a) it has been utilised or could have been utilised for the purposes of any expenditure actually incurred by the assessee outside India; or</p> <p>(b) the income, whether capitalised or not, has been brought into India in any form.</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
		<p>(2C) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (7) of section 206C on the amount of tax specified in the intimation issued under sub-section (1) of section 206CB for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.</p> <p>(3) Without prejudice to the provisions contained in sub-section (2), on an application made by the assessee before the expiry of the due date under sub-section (1), the Assessing Officer may extend the time for payment or allow payment by instalments, subject to such</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
		<p>conditions as he may think fit to impose in the circumstances of the case.</p> <p>(4) If the amount is not paid within the time limited under sub-section (1) or extended under sub-section (3), as the case may be, at the place and to the person mentioned in the said notice the assessee shall be deemed to be in default.</p> <p>(5) If, in a case where payment by instalments is allowed under sub-section (3), the assessee commits defaults in paying any one of the instalments within the time fixed under that sub-section, the assessee shall be deemed to be in default as to the whole of the amount then outstanding, and the other</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
		<p>instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.</p> <p>(6) Where an assessee has presented an appeal under section 246 or section 246A the Assessing Officer may, in his discretion and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, as long as such appeal remains undisposed of.</p> <p>(7) Where an assessee has been assessed in respect of income arising outside India in a</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
		<p>country the laws of which prohibit or restrict the remittance of money to India, the Assessing Officer shall not treat the assessee as in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India, and shall continue to treat the assessee as not in default in respect of such part of the tax until the prohibition or restriction is removed.</p> <p>Explanation.—For the purposes of this section, income shall be deemed to have been brought into India if it has been utilised or could have been utilised for the purposes of any expenditure</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
		actually incurred by the assessee outside India or if the income, whether capitalised or not, has been brought into India in any form.			
416	226	<b>226 Other modes of recovery.</b>	<b>416 Other modes of recovery.</b>		
		<p>(1) Where no certificate has been drawn up under section 222, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.</p> <p>(1A) Where a certificate has been drawn up under section 222, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.</p>	<p>(1) Where no certificate has been drawn up under section 413, the Assessing Officer may recover the tax by any one or more of the modes provided in this section.</p> <p>(2) Where a certificate has been drawn up under section 413, the Tax Recovery Officer may, without prejudice to the modes of recovery specified in that section, recover the tax by any one or more of the modes provided in this section.</p> <p>(3) If any assessee is in receipt of any income chargeable under the head “Salaries”, the Assessing Officer or Tax Recovery Officer may require any person paying the same to deduct from any payment subsequent to the date of such</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
		<p>(2) If any assessee is in receipt of any income chargeable under the head "Salaries", the Assessing Officer or Tax Recovery Officer may require any person paying the same to deduct from any payment subsequent to the date of such requisition any arrears of tax due from such assessee, and such person shall comply with any such requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs:</p> <p><i>Provided</i> that any part of the salary exempt from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure,</p>	<p>requisition any arrears of tax due from such assessee and such person shall comply with the said requisition and shall pay the sum so deducted to the credit of the Central Government or as the Board directs.</p> <p>(4) Nothing contained in sub-section (3) shall apply to any part of the salary exempted from attachment in execution of a decree of a civil court under section 60 of the Code of Civil Procedure, 1908.</p> <p>5. (a) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, by notice in writing require any person—</p> <p>(i) from whom money is due or may become due to the assessee; or</p> <p>(ii) who holds or may subsequently hold money for or on account of the assessee, to pay to the Assessing Officer or Tax Recovery Officer—</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
		<p>1908 (5 of 1908), shall be exempt from any requisition made under this sub-section.</p> <p>(3) (i) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, by notice in writing require any person from whom money is due or may become due to the assessee or any person who holds or may subsequently hold money for or on account of the assessee to pay to the Assessing Officer or Tax Recovery Officer either forthwith upon the money becoming due or being held or at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due</p>	<p>(I) either forthwith upon the money becoming due or being held; or</p> <p>(II) at or within the time specified in the notice (not being before the money becomes due or is held), so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount;</p> <p>(b) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person;</p> <p>(c) For the purposes of this sub-section, the shares of the joint holders in the account, as referred in clause (b), shall be presumed, until the contrary is proved, to be equal;</p> <p>(d) A copy of the notice under this sub-section shall be forwarded to—</p> <p>(i) the assessee; and</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
		<p>by the assessee in respect of arrears or the whole of the money when it is equal to or less than that amount.</p> <p>(ii) A notice under this sub-section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person and for the purposes of this sub-section, the shares of the joint holders in such account shall be presumed, until the contrary is proved, to be equal.</p> <p>(iii) A copy of the notice shall be forwarded to the assessee at his last address known to the Assessing Officer or Tax Recovery Officer, and in the case of a joint account to all the</p>	<p>(ii) in the case of a joint account to all the joint holders, at his or their last addresses known to the Assessing Officer or Tax Recovery Officer;</p> <p>(e) Save as otherwise provided in this sub-section, every person to whom a notice is issued under that sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, irrespective of any rule, practice or requirement to the contrary;</p> <p>(f) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as</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
		<p>joint holders at their last addresses known to the Assessing Officer or Tax Recovery Officer.</p> <p>(iv) Save as otherwise provided in this sub-section, every person to whom a notice is issued under this sub-section shall be bound to comply with such notice, and, in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary.</p>	<p>against any demand contained in the notice;</p> <p>(g) Where a person, to whom a notice under this sub-section is issued, objects to it by a statement on oath that—</p> <p>(a) the sum demanded or any part thereof is not due to the assessee; or</p> <p>(b) he does not hold any money for or on account of the assessee, then nothing contained in that sub-section shall be deemed to require such person to pay any such sum or part thereof;</p> <p>(h) Where it is discovered that the statement under was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less;</p> <p>(i) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, amend or revoke any notice issued under this sub-section or</p>	<p>Sub-section (5)(h) may be reworded as given below -</p> <p>(h) Where it is discovered that the statement under <b>(g) above</b> was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less;</p>	<p>In sub-section (5)(h), reference to statement under “(g) above” is missing and needs to be included.</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
		<p>(v) Any claim respecting any property in relation to which a notice under this sub-section has been issued arising after the date of the notice shall be void as against any demand contained in the notice.</p> <p>(vi) Where a person to whom a notice under this sub-section is sent objects to it by a statement on oath that the sum demanded or any part thereof is not due to the assessee or that he does not hold any money for or on account of the assessee, then nothing contained in this sub-section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, but if it is discovered that such statement</p>	<p>extend the time for making any payment in pursuance of a notice issued under the said sub-section;</p> <p>(j) The Assessing Officer or Tax Recovery Officer shall grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid;</p> <p>(k) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the Assessing Officer or the Tax Recovery Officer—</p> <p>(i) to the extent of his own liability to the assessee so discharged; or</p> <p>(ii) to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(l) If the person to whom a notice under this sub-section is issued fails to make</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
		<p>was false in any material particular, such person shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(vii) The Assessing Officer or Tax Recovery Officer may, at any time or from time to time, amend or revoke any notice issued under this sub-section or extend the time for making any payment in pursuance of such notice.</p> <p>(viii) The Assessing Officer or Tax Recovery Officer shall</p>	<p>payment in pursuance thereof to the Assessing Officer or Tax Recovery Officer,—</p> <p>(i) he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 413 to 415; and</p> <p>(ii) the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 413.</p> <p>(6) The Assessing Officer or Tax Recovery Officer may apply to the court in whose custody there is money belonging to the assessee—</p> <p>(a) for payment to him of the entire amount of such money; or</p> <p>(b) if it is more than the tax due, an amount sufficient to discharge the tax.</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
		<p>grant a receipt for any amount paid in compliance with a notice issued under this sub-section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.</p> <p>(ix) Any person discharging any liability to the assessee after receipt of a notice under this sub-section shall be personally liable to the Assessing Officer or Tax Recovery Officer to the extent of his own liability to the assessee so discharged or to the extent of the assessee's liability for any sum due under this Act, whichever is less.</p> <p>(x) If the person to whom a notice under this sub-section is sent fails to make payment in</p>	<p>(7) The Assessing Officer or Tax Recovery Officer may, if so authorised by an income-tax authority not below the rank of commissioner by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner as prescribed.</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
		<p>pursuance thereof to the Assessing Officer or Tax Recovery Officer, he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax due from him, in the manner provided in sections 222 to 225 and the notice shall have the same effect as an attachment of a debt by the Tax Recovery Officer in exercise of his powers under section 222.</p> <p>(4) The Assessing Officer or Tax Recovery Officer may apply to the court in whose custody there is money belonging to the</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
		<p>assessee for payment to him of the entire amount of such money, or, if it is more than the tax due, an amount sufficient to discharge the tax.</p> <p>(5) The Assessing Officer or Tax Recovery Officer may, if so authorised by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner by general or special order, recover any arrears of tax due from an assessee by distraint and sale of his movable property in the manner laid down in the Third Schedule.</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
419	229	<b>229 Recovery of penalties, fine, interest and other sums.</b>	<b>419 Recovery of penalties, fine, interest and other sums.</b>		
		Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Chapter for the recovery of arrears of tax.	Any sum imposed by way of interest, fine, penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Part for the recovery of arrears of tax.	Any sum imposed by way of interest, fine, <b>fee</b> , penalty, or any other sum payable under the provisions of this Act, shall be recoverable in the manner provided in this Part for the recovery of arrears of tax	Recovery of fee may also be specifically included.



## CHAPTER XIX

### F. Levy of Fee in certain cases

A consolidated section is suggested for levy of fee in certain cases covering sections 427 to 430. The section has been numbered as section 427.

#### Consolidated Section for levy of fee in certain cases covering sections 427 to 430

**427** Where a person referred to in column B of Table 427 fails to comply with the requirement contained in column C thereof, such person shall be liable to pay by way of fee, a sum specified in Column D, which shall not exceed the maximum limit specified therein within the time stipulated in Column E thereof.

**Table 427**

Sl. No.	Person	Requirement	Quantum of Fee	Time of payment
A	B	C	D	E
1	Any Person	To deliver or cause to be delivered a statement within the time prescribed in section 393(3)(b)	A sum of Rs. 200 per day during which the failure continues.  The amount of fee shall not exceed the amount of tax deductible or collectible.	Before delivering or causing to be delivered the statement
2	Any Person required to furnish a return of income under section 263	To furnish a return of income u/s 263 within the time prescribed in section 263(1)	(a) A sum of Rs. 5,000, if the total income of such person exceeds five lakh rupees;  (b) A sum not exceeding Rs. 1,000 in any other case.	

Sl. No.		Person	Requirement	Quantum of Fee	Time of payment
A		B	C	D	E
3	(a)	Research association, University, college or other institution referred to in section 45(3)(a) or the company referred to in section 45(3)(b)	To deliver or cause to be delivered the documents as prescribed in section 45(4)(a) within the time as prescribed therein or furnish a certificate as prescribed under section 45(4)(a);	A sum of Rs. 200 for every day during which the failure continues.  The amount of fee shall not exceed the amount in respect of which the failure referred to therein has occurred.	Before delivering or causing to be delivered the statement or before furnishing the certificate
	(b)	An Institution or fund	To deliver or cause to be delivered a statement within the time as prescribed u/s 354(1)(e), or furnish a certificate as prescribed u/s 354(1)(f)		
4		Any person who is required to intimate his Aadhar number	To intimate his Aadhaar number u/s 262(6) on or before the prescribed date	Upto Rs. 1,000	At the time of making intimation after the prescribed date





## CHAPTER XX

### REFUNDS

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
432	238	Person entitled to claim refund in certain special cases.	Person entitled to claim refund in certain special cases.		
433	239	Form of claim for refund and limitation.	Form of claim for refund and limitation		
		(1) Every claim for refund under this Chapter shall be made by furnishing return in accordance with the provisions of section 139.	Every claim for refund under this Part shall be made by furnishing return as per section 263.	This section may be substituted as follows:  Every claim for refund under this <del>Part</del> <b>Chapter</b> shall be made by furnishing return as per section 263.	In the Income-tax Bill, 2025, Chapter XX has no 'Parts'. Thus, in place of the word "part word chapter to be used.



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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
434	239A	<b>Refund for denying liability to deduct tax in certain cases.</b>	<b>Refund for denying liability to deduct tax in certain cases.</b>		
		(1) Where under an agreement or other arrangement, in writing, the tax deductible on any income, other than interest, under section 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income, may, within a period of thirty days from the date of payment of such tax, file an application before the Assessing Officer for refund of such tax in such form and such manner as may be prescribed.	(1) Where,—  (a) under an agreement or other arrangement, in writing, the tax deductible on any income, other than interest in section 393(2) (Table: Sl. No. 17), is to be borne by the person by whom the income is payable; and  (b) such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income,  he may, within thirty days from the date of payment of such tax, file an application	Clause (b) of sub-section (1) may be substituted as follows:  (b) such person having paid such tax to the credit of the Central Government claims that no tax was required to be deducted on such income <b>or tax</b>	Refund may also arise under other circumstances such as deduction of TDS at higher rate though lower rate is applicable. To cover these cases, reference is to be made to Circular



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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
			before the Assessing Officer for refund of such tax in such form and such manner, as prescribed.	<b>is required to be deducted at lower rate but deducted at higher rate</b> , he may, within thirty days from the date of payment of such tax, file an application before the Assessing Officer for refund of such tax in such form and such manner, as prescribed.	No. 7/2011 dated 27.9.2011 and Circular No. 7/2007 dated 23.10.2007.  Inserting these words would cover some more genuine cases of refund.
436	242	<b>Correctness of assessment not to be questioned.</b>	<b>Correctness of assessment not to be questioned</b>		
		In a claim under this Chapter, it shall not be open to the assessee to question the correctness of any assessment or other matter decided which has become final and conclusive or ask for a review of	In a claim under this part, it shall not be open to the assessee to question the correctness of any assessment, or other matter decided which has become final and	Instead of the words “this part” words “this	In the Income-tax Bill, 2025, Chapter XX has no ‘Parts’.



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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
		the same, and the assessee shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.	conclusive, or ask for a review of the aforesaid assessment or matter; and the assessee shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.	chapter” may be substituted.	
437	244A	<b>Interest on refunds.</b>	<b>Interest on refunds.</b>		
		(2) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, <b>as the case may be</b> , whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable under sub-section (1) or (1A) or (1B), and where any question arises as to the period to be excluded, it shall be decided by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or	(7) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable under this section.  (8) Where any question arises as to the period to be excluded under sub-section (7), it shall be decided by the Principal	Sub-section (7) may be redrafted as follows:  (7) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee or the deductor, <b>as the case may be</b> , whether wholly or in part, the	To eliminate interpretational issues, the words “as the case may be” may be inserted.



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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
		Commissioner whose decision thereon shall be final.	Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner whose decision thereon shall be final.	period of the delay so attributable to him shall be excluded from the period for which interest is payable under this section.	
		(3) Where, as a result of an order under sub-section (3) of section 115WE or section 115WF or section 115WG or sub-section (3) of section 143 or section 144 or section 147 or section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under sub-section (1) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and in a case where the interest is reduced, the Assessing Officer shall serve on the assessee a notice of demand in	(9) Where, as a result of an order under section 270(10) or 271 or 279 or 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378, the amount on which interest was payable under sub-section (1) has been increased or reduced, the interest shall be increased or reduced accordingly.	In sub-section (9) after the words “sub-section (1)” the word “ or (3)” may be inserted.  Sub-section (9) may be redrafted as follows –  (9) Where, as a result of an order under section 270(10) or 271 or 279 or 287 or 288 or 359 or 363 or 365(10) or 368 or 377 or 378,	Reference of sub-section (3) seems to be an inadvertent omission in sub-section (9).



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the prescribed form specifying the amount of the excess interest paid and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 156 and the provisions of this Act shall apply accordingly.	<p>(10) In a case where the interest is reduced under sub-section (9), the Assessing Officer shall serve on the assessee a notice of demand in the form as prescribed specifying the amount of the excess interest paid and requiring him to pay such amount.</p> <p>(11) The notice of demand under sub-section (10) shall be deemed to be a notice under section 289 and the provisions of this Act shall apply accordingly.</p>	the amount on which interest was payable under sub-section (1) <b>or (3)</b> has been increased or reduced, the interest shall be increased or reduced accordingly.	



## CHAPTER XXI

### PENALTIES

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
439	270A	<b>Penalty for under-reporting and misreporting of income.</b>	<b>Penalty for under-reporting and misreporting of income.</b>		
		(1) The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Principal Commissioner or Commissioner may, during the course of any proceedings under this Act, direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income.  (2) A person shall be considered to have under-reported his income, if—	(1) The Competent Authority may, during the course of any proceedings under this Act, impose penalty on any person who has under-reported his income and such penalty shall be payable in addition to tax, if any.  (2) A person shall be deemed to have under-reported his income, if—		



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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
		<p>(a) the income assessed is greater than the income determined in the return processed under clause (a) of sub-section (1) of section 143;</p> <p>(b) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 148;</p> <p>(c) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment;</p> <p>(d) the amount of deemed total income assessed or reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income determined in the return processed under clause (a) of sub-section (1) of section 143;</p> <p>(e) the amount of deemed total income assessed as per the provisions of section 115JB or section</p>	<p>(a) the income assessed is greater than the income determined in the return processed under section 270(1)(a);</p> <p>(b) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 280;</p> <p>(c) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment;</p> <p>(d) the amount of deemed total income assessed or reassessed as per section 206, is greater than the deemed total income determined in the return processed under section 270(1)(a);</p> <p>(e) the amount of deemed total income assessed as per section 206, is greater than</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
		<p>115JC is greater than the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 148;</p> <p>(f) the amount of deemed total income reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income assessed or reassessed immediately before such reassessment;</p> <p>(g) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.</p>	<p>the maximum amount not chargeable to tax, where no return of income has been furnished or where return has been furnished for the first time under section 280;</p> <p>(f) the amount of deemed total income reassessed as per section 206, is greater than the total income assessed or reassessed under the said sections immediately before such reassessment;</p> <p>(g) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.</p>		
		<p>(3) The amount of under-reported income shall be,—</p> <p>(i) in a case where income has been assessed for the first time,—</p>	<p>(3) The amount of under-reported income shall be,—</p> <p>(a) if income has been assessed for the first time,—</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
		<p>(a) if return has been furnished, the difference between the amount of income assessed and the amount of income determined under clause (a) of sub-section (1) of section 143;</p> <p>(b) in a case where no return of income has been furnished or where return has been furnished for the first time under section 148,—</p> <p>(A) the amount of income assessed, in the case of a company, firm or local authority; and</p> <p>(B) the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (A);</p> <p>(ii) in any other case, the difference between the amount of income reassessed or recomputed and the amount of income assessed, reassessed or recomputed in a preceding order:</p>	<p>(i) Where return has been furnished, the difference between the amount of income assessed and the amount of income determined under section 270(1)(a);</p> <p>(ii) Where no return of income has been furnished or if return has been furnished for the first time under section 280,—</p> <p>(A) the amount of income assessed, in the case of a company, firm or local authority; and</p> <p>(B) the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (A);</p> <p>(b) in any other case, the difference between the amount of income reassessed or recomputed and the amount of 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
			assessed, reassessed or recomputed in a preceding order.		
		<p>Provided that where under-reported income arises out of determination of deemed total income in accordance with the provisions of section 115JB or section 115JC, the amount of total under-reported income shall be determined in accordance with the following formula—</p> $(A - B) + (C - D)$ <p>where,</p> <p>A = the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (herein called general provisions);</p> <p>B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported income;</p>	<p>(4) If under-reported income arises out of determination of deemed total income as per section 206, the amount of total under-reported income shall be determined as under—</p> $(A-B) + (C-D)$ <p>where,—</p> <p>A = the total income assessed as per the provisions other than the provisions contained in section 206 (herein referred to as “general provisions”);</p> <p>B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported 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
		<p>C = the total income assessed as per the provisions contained in section 115JB or section 115JC;</p> <p>D = the total income that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of under-reported income:</p> <p>Provided further that where the amount of under-reported income on any issue is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "preceding order" means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated;</p>	<p>C = the total income assessed as per section 206;</p> <p>D = the total income that would have been chargeable had the total income assessed as per section 206 been reduced by the amount of under-reported income.</p> <p>(5) (a) If the amount of under-reported income on any issue is considered both under section 206 and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under D referred to in sub-section (4);</p> <p>(b) in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference</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) in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference between the loss claimed and the income or loss, as the case may be, assessed or reassessed.	between the loss claimed and the income or loss, assessed or reassessed.		
		(4) Subject to the provisions of sub-section (6), where the source of any receipt, deposit or investment in any assessment year is claimed to be an amount added to income or deducted while computing loss, as the case may be, in the assessment of such person in any year prior to the assessment year in which such receipt, deposit or investment appears (hereinafter referred to as "preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.	(6) Subject to sub-section (8), where the source of any receipt, deposit or investment in any tax year is claimed to be an amount added to income or deducted while computing loss, in the assessment of such person in any year prior to the tax year in which such receipt, deposit or investment appears (herein referred to as "the preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.		



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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
		<p>(5) The amount referred to in sub-section (4) shall be deemed to be amount of income under-reported for the preceding year in the following order—</p> <p>(a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and</p> <p>(b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.</p> <p>(6) The under-reported income, for the purposes of this section, shall not include the following, namely:—</p>	<p>(7) The amount referred to in sub-section (6) shall be deemed to be income under-reported for the preceding year in the following order—</p> <p>(a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and</p> <p>(b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.</p> <p>(8) The under-reported income, for the purposes of this section, shall not include the following:—</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
		<p>(a) the amount of income in respect of which the assessee offers an explanation and the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, is satisfied that the explanation is bona fide and the assessee has disclosed all the material facts to substantiate the explanation offered;</p> <p>(b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer or 96[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, but the method employed is such that the income cannot properly be deduced therefrom;</p> <p>(c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount</p>	<p>(a) the amount of income in respect of which the assessee offers an explanation and the Competent Authority, is satisfied that the explanation is <i>bona fide</i> and the assessee has disclosed all the material facts to substantiate the explanation offered;</p> <p>(b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Competent Authority, but the method employed is such that the income cannot properly be deduced therefrom;</p> <p>(c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount of addition or disallowance on the same issue, has included such amount in the computation of his 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
		<p>of addition or disallowance on the same issue, has included such amount in the computation of his income and has disclosed all the facts material to the addition or disallowance;</p> <p>(d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 92D, declared the international transaction under Chapter X, and, disclosed all the material facts relating to the transaction; and</p> <p>(e) the amount of undisclosed income referred to in section 271AAB.</p> <p>(7) The penalty referred to in sub-section (1) shall be a sum equal to fifty per cent of the amount of tax payable on under-reported income.</p>	<p>and has disclosed all the facts material to the addition or disallowance; and</p> <p>(d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 171, declared the international transaction under Chapter X and disclosed all the material facts relating to the transaction.</p> <p>(9) The penalty referred to in sub-section (1) shall be 50% of the tax payable on under-reported income.</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
		(8) Notwithstanding anything contained in sub-section (6) or sub-section (7), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be equal to two hundred per cent of the amount of tax payable on under-reported income.	(10) Irrespective of anything contained in sub-section (8) or (9), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be 200% of the tax payable on under-reported income.		
		(9) The cases of misreporting of income referred to in sub-section (8) shall be the following, namely:— (a) misrepresentation or suppression of facts; (b) failure to record investments in the books of account; (c) claim of expenditure not substantiated by any evidence; (d) recording of any false entry in the books of account;	(11) The cases of misreporting of income referred to in sub-section (10) shall be the following:— (a) misrepresentation or suppression of facts; (b) failure to record investments in the books of account; (c) claim of expenditure not substantiated by any evidence;	Dual penalty to be removed.  <b>Please refer detailed note and table prepared for penalties specified u/s 441 to 468.</b>	For recording of any false entry in the books of account, penalty @200% of the tax payable on under-reported income is leviable u/s 439 and penalty equal to the aggregate amount of false entry is leviable



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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>(e) failure to record any receipt in books of account having a bearing on total income; and</p> <p>(f) failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply.</p>	<p><b>(d) recording of any false entry in the books of account;</b></p> <p>(e) failure to record any receipt in books of account having a bearing on total income; and</p> <p><b>(f) failure to report any international transaction or any transaction considered to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply.</b></p>		<p>u/s 444. This is an example of dual penalty.</p> <p>Additionally, for failure to report any international transaction or any specified domestic transaction in addition to penalty u/s 439, penalty @2% of the value of each international transaction is leviable u/s 442. This is another example of dual penalty.</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
					It should, therefore, be excluded from one section.
		<p>(10) The tax payable in respect of the under-reported income shall be—</p> <p>(a) where no return of income has been furnished or where return has been furnished for the first time under section 148 and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income;</p> <p>(b) where the total income determined under clause (a) of sub-section (1) of section 143 or assessed, reassessed or recomputed in a preceding order is a</p>	<p>(12) The tax payable in respect of the under-reported income shall be—</p> <p>(a) where no return of income has been furnished or where return has been furnished for the first time under section 280 and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income;</p> <p>(b) if the total income determined under section 270(1)(a) or assessed, reassessed or recomputed in a preceding order is a</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
		<p>loss, the amount of tax calculated on the under-reported income as if it were the total income;</p> <p>(c) in any other case, determined in accordance with the formula—</p> <p>(X-Y)</p> <p>where,</p> <p>X = the amount of tax calculated on the under-reported income as increased by the total income determined under clause (a) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and</p> <p>Y = the amount of tax calculated on the total income determined under clause (a) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order.</p>	<p>loss, the amount of tax calculated on the under-reported income as if it were the total income;</p> <p>(c) in any other case, determined as follows—</p> <p>(X-Y)</p> <p>where,—</p> <p>X = the amount of tax calculated on the under-reported income as increased by the total income determined under section 270(1)(a) or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and</p> <p>Y = the amount of tax calculated on the total income determined under section 270(1)(a) or total income assessed, reassessed or recomputed in a preceding order.</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
		(11) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year.	(13) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has already formed the basis for penalty in the case of the person for the same or any other tax year.	<p><b>New sub-section to be inserted after section 439(13) to provide that: -</b></p> <p><b>The competent authority shall record a satisfaction in the order with reference to the addition made as to whether penalty proceedings are initiated for –</b></p> <p><b>(a) underreporting of income for which penalty is leviable under sub-section (9) or</b></p> <p><b>(b) underreporting consequent to cases of misreporting as per</b></p>	<p>There are number of litigations where the Assessing Officer does not record his satisfaction whether the addition made by him is underreporting of income or misreporting of income.</p> <p><b>Therefore, to avoid litigation this amendment is suggested.</b></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
				sub-section (11), for which penalty is leviable under sub-section (10).	
		<p>(12) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by the Assessing Officer, the Joint Commissioner (Appeals) or] the Commissioner (Appeals), the Commissioner or the Principal Commissioner, as the case may be.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(a) "preceding order" means an order immediately preceding the order during the course of which</p>	<p>14) The penalty referred to in sub-section (1) shall be imposed, by an order in writing by the Competent Authority.</p> <p>(15) In this section,—</p> <p>(a) “Competent Authority” means the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner; and</p> <p>(b) “preceding order” means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated.</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
		the penalty under sub-section (1) has been initiated;			
440	270AA	<b>Immunity from imposition of penalty, etc.</b>	<b>Immunity from imposition of penalty, etc.</b>		
		(3) The Assessing Officer shall, subject to fulfilment of the conditions specified in sub-section (1) and after the expiry of the period of filing the appeal as specified in clause (b) of sub-section (2) of section 249, grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C or section 276CC, where the proceedings for penalty under section 270A has not been initiated under the circumstances referred to in sub-section (9) of the said section 270A.	(3) The Assessing Officer, on fulfilment of the conditions as specified in sub-section (1), and after the expiry of the period of filing appeal as specified in section 358(3)(a), shall grant immunity from penalty under section 439 and initiation of proceedings under section 478 or 479.  (4) No immunity under sub-section (3) shall be granted if penalty has been initiated under circumstances referred to in sub-section 439(11).	Sub-section (4) may be substituted with the following sub-section:  (4) Immunity under sub-section 3 shall be	In case of misreporting of income, penalty @ 200% of tax payable on under-reported income is



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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
		(4) The Assessing Officer shall, within a period of three months from the end of the month in which the application under sub-section (1) is received, pass an order accepting or rejecting such application:	(5) The Assessing Officer shall pass an order accepting or rejecting the application as referred to in sub-section (1) within three months from the end of the month of its receipt.	granted in cases falling under sub-section 439(11), if along with tax and interest, penalty equal to tax payable on under-reported income is paid within the period specified in the notice of demand and no appeal against the order has been filed. Consequential changes be made in sub-section 5.	levied. To reduce litigation, immunity from penalty for misreporting of income on payment of lower penalty may be allowed.
441	271A	<b>Failure to keep, maintain or retain books of account, documents, etc.</b>	<b>Failure to keep, maintain or retain books of account, documents, etc.</b>		
		Without prejudice to the provisions of section 270A or section 271, if any person fails to keep and maintain any such books of account and other documents as required by section 44AA or the rules	A penalty of twenty-five thousand rupees <b>shall</b> be imposed on a person by the Assessing Officer or the Joint	A penalty of twenty-five thousand rupees <b>shall</b> <b>may</b> be imposed on a person by the Assessing	As per section 470, no penalty shall be imposed on a person or assessee,





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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
		made thereunder, in respect of any previous year or to retain such books of account and other documents for the period specified in the said rules, the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum of twenty-five thousand rupees.	Commissioner (Appeals) or the Commissioner (Appeals), if he fails to— (a) keep and maintain the books of account and other documents as per section 62 or the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.	Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), if he fails to— (a) keep and maintain the books of account and other documents as per section 62 or the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.	if he proves that there was reasonable cause for the said failure.  On proving reasonable cause no penalty would be levied; thus, the word “may” be used in place of “shall”.  The effect of same has been given in the consolidation section for penalties specified u/s 441 to section 468 presented in the form of a table.



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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
442	271AA	<b>Penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.</b>	<b>Penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.</b>		
		<p>(1) Without prejudice to the provisions of section 270A or section 271 or section 271BA, if any person in respect of an international transaction or specified domestic transaction,—</p> <p>(i) fails to keep and maintain any such information and document as required by sub-section (1) or sub-section (2) of section 92D;</p> <p>(ii) fails to report such transaction which he is required to do so; or</p> <p>(iii) maintains or furnishes an incorrect information or document,</p> <p>the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of</p>	<p>(1) The Assessing Officer or Commissioner (Appeals) may impose a penalty of 2% of the value of each international transaction or specified domestic transaction entered into by a person, if in respect of such transaction he,—</p> <p>(a) fails to keep and maintain any such information and document as required by section 171(1);</p> <p>(b) fails to report such transaction as he is required to do so; or</p> <p>(c) maintains or furnishes an incorrect information or document.</p>	<p>(1) The Assessing Officer or Commissioner (Appeals) may impose a penalty of 2% of the value of each international transaction or specified domestic transaction entered into by a person, if in respect of such transaction he -</p> <p>(a) fails to keep and maintain any such information and</p>	<p>Dual penalty is leviable in respect of failure to report such transaction as he is required to do so. This needs to be addressed.</p> <p>This has also been indicated in the consolidated section covering penalties specified u/s 441 to section 468, presented in the form of a table.</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
		penalty, a sum equal to two per cent of the value of each international transaction or specified domestic transaction entered into by such person.		document as required by section 171(1); <del>(b) fails to report such transaction as he is required to do so; or</del> (c) maintains or furnishes an incorrect information or document.  Further, new sub-section (2) to be inserted after section 442(1) to provide that -  <b>The amount of penalty in sub-section (1) shall not exceed Rs. 25 lakhs.</b>	The penalty in this case is very high. Therefore, it is suggested to put maximum ceiling on the amount of penalty so as to avoid undue hardship.



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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
		(2) If any person fails to furnish the information and the document as required under sub-section (4) of section 92D, the prescribed income-tax authority referred to in the said sub-section may direct that such person shall pay, by way of penalty, a sum of five hundred thousand rupees.	(2) The prescribed income-tax authority referred to in section 171(4) may impose a penalty of five lakh rupees on a person, if he fails to furnish the information and document required under the said section.	For Example, in respect of sub-clauses of clause 171 and 172, penalty is leviable u/s 442, 447, 457. Sections 442, 447 and 457 can be placed in sequence as given in the consolidated section on penalties at the end of this comparative table. In the said table, the penalties are placed in Sl. No.2, 3 and 4 in a sequence.	In order to reduce the number of sections in the new Act the penalties u/s 441 to 468 can be consolidated in a single section and presented in the form of a table. Penalties for related defaults can be placed one after the other in a sequence for simplification and for easy reference.



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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
443	271AAC	<b>Penalty in respect of certain income.</b>	<b>Penalty in respect of certain income.</b>		
		(3) The provisions of sections 274 and 275 shall, as far as may be, apply in relation to the penalty referred to in this section.	(5) The provisions of sections 471 and 472 shall as far as may be, apply in relation to the penalty referred to in this section.	Sub-section (5) may be omitted.	Section 471 [Procedure (including giving reasonable opportunity of being heard)] and 472 [Time limit for imposing penalties] is applicable for all penalties under this chapter. Thus, inclusion of specific sub-section (5) may not be required.



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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
444	271AA D	Penalty for false entry, etc., in books of account.	Penalty for false entry, etc., in books of account.		
			<b>444.</b> The Assessing Officer -----	<b>444. (1)</b> The Assessing Officer -----	<p>The numbering of Sub-section (1) has been inadvertently omitted, the same may be included.</p> <p>In sub-section (2) reference of sub-section (1) has been made but presently there is no numbering of sub-section (1) to Section 444 due to this inadvertent omission.</p>



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		<p>(1) Without prejudice to any other provisions of this Act, if during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(i) a false entry; or</p> <p>(ii) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability,</p> <p>the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may direct that such person shall pay by way of penalty a sum equal to the aggregate amount of such false or omitted entry.</p>	<p>The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may impose a penalty equal to the aggregate amount of false or omitted entry, where during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(a) a false entry; or</p> <p>(b) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability.</p> <p>(2) Without prejudice to sub-section (1), the Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may impose a penalty equal to the aggregated amount of false or omitted entry, on any other person, who causes the person referred to in the said sub-section in any manner to make a false entry or omits or causes to omit any entry referred to in that sub-section.</p>	<p>(1) The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals), may impose a penalty equal to the aggregate amount of false or omitted entry, where during any proceeding under this Act, it is found that in the books of account maintained by any person there is—</p> <p>(a) a false entry; or</p> <p>(b) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability.</p> <p><b>Dual penalty to be removed.</b></p> <p>Sub-section (2A) may be inserted to provide that no penalty would be levied under this section</p>	<p>For false entry, penalty is levied under section 439 for misreporting of income. Accordingly for same failure, penalty is attracted both u/s 439 and section 444.</p> <p>There is a possibility of a false entry emanating later due to recasting of books and/or errors/ omissions. Since the definition of ‘false entry’ under section 444(3) is an inclusive one, there is a possibility that the penalty may be invoked in respect of cases not specifically listed in clauses (a) to (c) thereunder.</p>
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		<p>Explanation.—For the purposes of this section, "false entry" includes use or intention to use—</p> <p>(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or</p> <p>(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or</p> <p>(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.</p>	<p>(3) In this section, "false entry" includes use or intention to use—</p> <p>(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or</p> <p>(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or</p> <p>(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.</p>	<p>if penalty is levied u/s 439.</p> <p>The opening sentence should read "(3) In this section, "false entry" <del>includes</del> <b>means</b> use or intention to use –"</p>	<p>Therefore, the definition must be an exhaustive one and penalty should be attracted only when such entry has been made with an intent to evade tax liability.</p> <p>The portion "which is relevant for computation of total income of such person, to evade tax liability" must be common for both (a) and (b).</p>
				<p>New sub-section (4) to be inserted after section 444(3) to provide that:-</p> <p><b>The amount of penalty under sub-section (1) and sub-section (2) should be restricted to the tax impact on the false entry.</b></p>	<p>The penalty in this case is very high. Therefore, it is suggested to put maximum ceiling on the amount of penalty so as to avoid undue hardship.</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
447	271BA	<b>Penalty for failure to furnish report under section 92E.</b>	<b>Penalty for failure to furnish report under section 172.</b>		
		If any person fails to furnish a report from an accountant as required by section 92E, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one hundred thousand rupees.	If any person fails to furnish a report from an accountant as required by section 172, the Assessing Officer may impose a penalty of one lakh rupees on such person.	Penalty provisions in sections 442, 447 and 457 be placed in a sequence in Sl. No.2, 3 and 4 as shown in the consolidated section for penalties at the end of this comparative table.	For Example, in respect of sub-clauses of clause 171 and 172, penalty is levied u/s 442, 447, 457. Section 447 and 457, can be placed immediately after section 442 and included in sequence.  The grouping of similar provisions will provide greater clarity and ease of comprehension.



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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
448	271C	<b>Penalty for failure to deduct tax at source.</b>	<b>Penalty for failure to deduct tax at source.</b>		
		<p>(1) If any person fails to—</p> <p>(a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or</p> <p>(b) pay or ensure payment of, the whole or any part of the tax as required by or under—</p> <p>(i) sub-section (2) of section 115-O;</p> <p>(ii) the proviso to section 194B;</p> <p>(iii) the first proviso to sub-section (1) of section 194R; or</p> <p>(iv) the proviso to sub-section (1) of section 194S; or</p> <p>(v) sub-section (2) of section 194BA,</p>	<p>(1) If any person fails to—</p> <p>(a) deduct the whole or in part, the tax as required under Chapter XIX-B; or</p> <p>(b) pay or ensure the payment of, the whole or any part of the tax as required by or under—</p> <p>(i) Note 3 in Table in section 393(3); or</p> <p>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</p> <p>[This note is in respect of benefit of perquisite in cash or in kind and for VDA]</p>	<p>There should be no prosecution for cases covered in (1)(b), since there is no unjust enrichment in such cases.</p>	<p>Reference to “Note 3 in section 393(3)” is not correct. At present there is no note 3 in Table in section 393(3) though 393(3) provides TDS in respect of winnings from casual incomes and online winnings.</p> <p>In respect of winnings and VDA, penalty and prosecution are</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
		<p>then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay or ensure payment of, as aforesaid.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>then, the Assessing Officer may impose on him, a penalty equal to the tax which such person failed to deduct or pay or ensure payment of, as aforesaid.</p>		<p>both attracted, where payment is made in kind. Penalty is attracted by virtue of clause (b). Prosecution is attracted for non-deposit.</p> <p>For TDS obligations other than in kind, failure to deduct TDS results in a penalty, while non-deposit cases attract prosecution.</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
449	271CA	<b>Penalty for failure to collect tax at source.</b>	<b>Penalty for failure to collect tax at source.</b>		
		<p>(1) If any person fails to collect the whole or any part of the tax as required by or under the provisions of Chapter XVII-BB, then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to collect as aforesaid.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>(1) If any person fails to collect the whole or in part, the tax as required under Chapter XIX-B, the Assessing Officer may impose on him, a penalty equal to the tax which such person failed to collect.</p>	<p>The number (1) may be removed since there is no other sub-section in this section.</p>	<p>There is no sub-section in this section, still number (1) is written, which can be removed.</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
450	271D	<b>Penalty for failure to comply with the provisions of section 269SS.</b>	<b>Penalty for failure to comply with provisions of section 185.</b>		
		<p>(1) If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 269SS, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified sum so taken or accepted.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 185, the Assessing Officer may impose on him, a penalty equal to the amount of the loan or deposit or specified sum so taken or accepted.</p>	<p>If a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of section 185, the Assessing Officer may impose on him, a penalty equal to <b>30% of</b> the amount of the loan or deposit or specified sum so taken or accepted.</p>	<p>The quantum of penalty is too high vis-à-vis the nature of default. The same may be restricted to 30% of the sum received in contravention (considering the highest rate of income-tax@30%</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
451	271DA	<b>Penalty for failure to comply with provisions of section 269ST</b>	<b>Penalty for failure to comply with provisions of section 186.</b>		and also the disallowance of 30% of expenditure in case payment is made without deduction of tax at source.
		<p>(1) If a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt:</p> <p>Provided that no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.</p> <p>“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.</p>	<p>The Assessing Officer may impose on a person, a penalty equal to the sum received by him in contravention of the provisions of section 186 except where he proves that there were good and sufficient reasons for the said contravention.</p>	<p>This section may be substituted as follows:</p> <p>The Assessing Officer may impose on a person, a penalty equal <b>to 30%</b> the sum received by him in contravention of the provisions of section 186 except where he proves that there were good and sufficient reasons for the said contravention.</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
452	271DB	<b>Penalty for failure to comply with provisions of section 269SU.</b>	<b>Penalty for failure to comply with provisions of section 187.</b>		
		<p>(1) If a person who is required to provide facility for accepting payment through the prescribed electronic modes of payment referred to in section 269SU, fails to provide such facility, he shall be liable to pay, by way of penalty, a sum of five thousand rupees, for every day during which such failure continues:</p> <p>Provided that no such penalty shall be imposable if such person proves that there were good and sufficient reasons for such failure.</p> <p>(2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner of Income-tax.</p>	<p>The Assessing Officer may impose on a person, a penalty of five thousand rupees for every day of the duration of failure where he fails to provide a facility for accepting payments through the prescribed electronic modes of payment, as referred to in section 187 except when he proves that there were good and sufficient reason for such failure.</p>	<p>Section 452 may be rephrased as given below-</p> <p>The Assessing Officer may impose on a person, a penalty of five <del>thousand</del> <b>hundred</b> rupees for every day of the duration of failure where he fails to provide a facility for accepting payments through the prescribed electronic</p>	<p>The quantum of penalty is very high vis-à-vis the nature of default. It needs to be rationalized. Penalty may be imposed - Rs.500 per day of default instead of Rs.5,000 per day of default.</p> <p>As per section 470, no penalty shall be</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
				modes of payment, as referred to in section 187 except when he proves that there were good and sufficient reason for such failure.	imposed on a person or assessee, if he proves that there was reasonable cause for the said failure. Section 452 is not included in the list of sections in section 470. It is suggested that section 452 be included in the said list.
453	271E	<b>Penalty for failure to comply with the provisions of section 269T.</b>	<b>Penalty for failure to comply with provisions of section 188.</b>		
		(1) If a person repays any loan or deposit or specified advance referred to in section 269T otherwise than in accordance with the provisions of	If a person repays any loan or deposit or specified advance referred to in section 188 otherwise than in accordance with the	If a person repays any loan or deposit or specified advance	This penalty is very high vis-à-vis





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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
		that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified advance so repaid.  (2) Any penalty imposable under sub-section (1) shall be imposed by the Joint Commissioner.  “Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.	provisions of that section, the Assessing Officer may impose on him, a penalty equal to the loan or deposit or specified advance so repaid.	referred to in section 188 otherwise than in accordance with the provisions of that section, the Assessing Officer may impose on him, a penalty equal to <b>30% of</b> the loan or deposit or specified advance so repaid.	the nature of default.  The quantum of penalty has to be in line with the nature of default and not to exceed the tax sought to be evaded.
456	271FA B	<b>Penalty for failure to furnish statement or information or document by an eligible investment fund.</b>	<b>Penalty for failure to furnish statement or information or document by an eligible investment fund.</b>		
		If any eligible investment fund which is required to furnish a statement or any information or document, as required under sub-section (5) of section 9A fails to furnish such statement or information or document within the time prescribed under that sub-section, the income-tax authority prescribed under	If any eligible investment fund required to furnish a statement or any information or document under section 9(12)(e) [section 9A(5)], fails to do so within the time prescribed under that section, the income-tax authority prescribed under the said	Reference to be given to sub-paragraph (4) of para 1 of Schedule I and reference to section 9A(5) to be removed.	Reference is to the provision in the Income-tax Act, 1961, which is not required.



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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
		the said sub-section may direct that such fund shall pay, by way of penalty, a sum of five hundred thousand rupees.	section may direct that such fund shall pay, by way of penalty, a sum of five lakh rupees.	If any eligible investment fund required to furnish a statement or any information or document under section 9(12)(e) [ <del>section 9A(5)</del> ], fails to do so within the time prescribed under <del>that</del> <b>section sub-paragraph (4) of para 1 of Schedule I</b> , the income-tax authority prescribed under the said section may direct that such fund shall pay, by way of penalty, a sum of five lakh rupees.	



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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
461	271H	<b>Penalty for failure to furnish statements, etc.</b>	<b>Penalty for failure to furnish statements, etc.</b>		
		<p>(1) Without prejudice to the provisions of the Act, the Assessing Officer may direct that a person shall pay by way of penalty, if, he—</p> <p>(a) fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C; or</p> <p>(b) furnishes incorrect information in the statement which is required to be delivered or caused to be delivered under sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.</p> <p>(2) The penalty referred to in sub-section (1) shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.</p>	<p>(1) Where a person, who is required to deliver or causes to be delivered a statement prescribed in section 397(3)(b), fails to do so within the time prescribed in the said section, or furnishes incorrect information in the said statement, the Assessing Officer may impose on such person, a penalty of a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.</p>	<p>It is suggested that suitable clarification be incorporated in the law as to what constitutes incorrect information.</p>	<p>Mistakes in name, PAN etc. do not constitute incorrect information for levy of penalty as it does not lead to any tax evasion. Also, an incorrect claim which is apparent from any information in the statement, for which adjustment is made while processing the statement under</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
					section 399 should not constitute incorrect information for levy of penalty. These clarifications may be incorporated in the new law so that the deductors/collectors are not put to any hardship
462	271-I	<b>Penalty for failure to furnish information or furnishing inaccurate information under section 195.</b>	<b>Penalty for failure to furnish information or furnishing inaccurate information under section 397(3)(d).</b>		
		If a person, who is required to furnish information under sub-section (6) of section 195, fails to furnish such information, or furnishes inaccurate information, the Assessing Officer may direct that	If a person, who is required to furnish information under section 397(3)(d), fails to furnish such information, or furnishes inaccurate information, the Assessing	For failure to furnish information, the penalty	The quantum of penalty has to be in line with the nature of default and not



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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
		such person shall pay, by way of penalty, a sum of one lakh rupees.	Officer may impose a penalty of one lakh rupees.	may be restricted to Rs.10,000.	to exceed the tax sought to be evaded.  A very high penalty is being imposed for failure to furnish information relating to a sum whether or not the same is chargeable to tax.  The penalty is very high vis-à-vis the nature of default.



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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
470	273B	<b>Penalty not to be imposed in certain cases.</b>	<b>Penalty not to be imposed in certain cases.</b>		
		Notwithstanding anything contained in the provisions of clause (b) of sub-section (1) of section 271, section 271A, section 271AA, section 271B, section 271BA, section 271BB, section 271C, section 271CA, section 271D, section 271E, section 271F, section 271FA, 25[section 271FAA,] section 271FAB, section 271FB, section 271G, section 271GA, section 271GB, section 271GC, section 271H, section 271-I, section 271J, clause (c) or clause (d) of sub-section (1) or sub-section (2) of section 272A, sub-section (1) of section 272AA or section 272B or sub-section (1) or sub-section (1A) of section 272BB or sub-section (1) of section 272BBB or clause (b) of sub-section (1) or clause (b) or clause (c) of sub-section (2) of section 273, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred	Irrespective of anything contained in the provisions of section 441 or 442 or 446 or 447 or 448 or 449 or 450 or 451 or 454 or 455 or 456 or 457 or 458 or 459 or 460 or 461 or 462 or 463 or 465(1)(c) or 465(1)(d) or 465(2)(c) or 465(2)(d) or 466 or 467 or 468(1) or 468(2), no penalty shall be imposed on a person or assessee for any failure referred to in the said provisions, if he proves that there was reasonable cause for the said failure.	Irrespective of anything contained in the provisions of <b>this Chapter</b> , no penalty shall be imposed on a person or assessee for any failure referred to in the said provisions, if he proves that there was a reasonable cause for the said failure.	If a reasonable cause is proved for any failure for which penalty is leviable under this Chapter, then no penalty shall be imposed.



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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
		to in the said provisions if he proves that there was reasonable cause for the said failure.			

**Consolidated Section for Penalties covered in sections 441 to 468**

There can be a single section for penalties contained in sections 441 to 468, wherein the penalties can be detailed in a Table serial number wise with appropriate Notes. This would further reduce the number of sections in this Bill.

**441.** The authority referred to in Column D of Table 441 below may impose penalty at the percentage of, or of an amount equal to, as the case may be, referred to in column C in respect of default of the nature specified in column B.

**Table 441**

Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note
A	B	C	D	E
1	Failure to— (a) keep and maintain the books of account and other documents as per section 62 or	Rs.25,000	Assessing Officer or Joint Commissioner (Appeals) or Commissioner (Appeals)	-

**ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.**



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	the relevant rules, in respect of any tax year; or (b) retain such books of account and other documents for the period specified in the said rules.					
2	(a)	In respect of an international transaction or specified domestic transaction, (a) Failure to keep and maintain any such information and document as required by section 171(1); <del>(b) Failure to report such transaction as he is required to do so;</del> or (c) Maintaining or furnishing an incorrect information or document.	2% of the value of each international transaction or specified domestic transaction entered into by a person.  <b>The amount of penalty shall not exceed Rs. 25 lakhs.</b>	Assessing Officer or Commissioner (Appeals)	-	Failure to report such transaction as he is required to do so is considered as misreporting u/s 439(11) and penalty is levied @200% of the tax payable. Thus, dual penalty is leviable in respect of same default, which needs to be addressed by removing clause (b) of Sl. No.2 or alternatively, removing clause (f) in sub-section (11) of section 439.  It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.2 (a).
	(b)	Failure to furnish the information and document required under section 171(4).	Rs.5,00,000	The prescribed income-tax authority referred to in section 171(4)	-	
3	Failure to furnish report from an accountant as required by section 172		Rs.1,00,000	Assessing Officer		





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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
4	Failure to furnish information or document as required by section 171(2)		2% of the value of such transaction (or) Rs.25 lakhs Whichever is lower.	Assessing Officer or the Transfer Pricing Officer or the Commissioner (Appeals)		It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.4.
5	Where the income determined in an assessee's case for any tax year includes any income referred to in section 102, 103, 104, 105 or 106		10% of the tax payable under section 195(1)(i)	The Assessing Officer or the Joint Commissioner (Appeals) or Commissioner (Appeals)	<b>Note 1</b>	
6	(a)	False entry in the books of account or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability.	A Sum equal to the aggregate amount of false or omitted entry  <b>The amount of penalty to be restricted to the tax impact on the false entry.</b>	The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals),	<b>Note 2</b>	Recording of false entry is also considered as misreporting u/s 439(11) and penalty @200% of the tax payable is levied in respect of the said default. Thus, dual penalty is leviable in respect of same default. Hence, removal of "False entry in the books of account or" is suggested in this section.  Also, penalty should be restricted to the tax impact on the false entry.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	(b)	Causing the person referred to in above Sl. No. 4(a) in any manner to make a false entry or omits or causes to omit any entry.	A sum equal to the aggregate amount of false or omitted entry	The Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals)		
7	If during any proceedings under this Act, it is found that a registered non-profit organisation has any specified income which is chargeable to tax as per section 337 (Table: Sl. No. 2)		Sum equal to aggregate amount of income so applied, directly or indirectly by such person, for the benefit of any related person referred to in section 355(i) - (i) 100% where the violation is noticed for the first time during any previous year; and (ii) 200% where violation is noticed again in any subsequent previous year.	Assessing Officer		
8	Failure to get accounts audited for any tax year or years or furnish the audit report as required under section 63		Lesser of- (a) 0.5% of the total sales, turnover, or gross	Assessing Officer		



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
		receipts in business, or the gross receipts in profession for such tax year or years; or (b) Rs.1,50,000			
9	Failure to— (a) deduct the whole or in part, the tax as required under Chapter XIX-B; or (b) pay or ensure the payment of, the whole or any part of the tax as required by or under— (i) Note 3 in Table in section 393(3); or (ii) Note 6 to section 393(1) (Table: Sl. No. 8)	A sum equal to the amount of tax which such person failed to deduct or pay or ensure payment of, said tax at source.	Assessing Officer		Reference to Note 3 in Table in section 393(2) in Sl. No.9 is not correct, since there is no note in that table.
10	Failure to collect the whole or in part, the tax as required under Chapter XIX-B,	A sum equal to the amount of tax which he failed to collect	Assessing Officer		
11	Failure to comply with provisions of section 185	A sum equal to <b>30% of</b> the amount of the loan or deposit or specified sum so taken or accepted.	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
12	Failure to comply with provisions of section 186 except where he proves that there were good and sufficient reasons for the said failure.	A sum equal to <b>30% of</b> the amount received by him in contravention of the provisions of section 186	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.
13	Failure to comply with provisions of section 187 except when he proves that there were good and sufficient reason for such failure.	<b>Rs.500</b> <del>5,000</del> per day of continuing default, if the person who is required to provide facility for accepting payment through the prescribed electronic modes of payment referred to in section 187, fails to provide such facility	Assessing Officer		Penalty to be restricted to Rs.500 per day of continuing default.
14	Failure to comply with provisions of section 188	A sum equal to <b>30% of</b> the amount of loan or deposit or specified advance repaid otherwise than by an account payee cheque/bank draft or	Assessing Officer		Penalty to be restricted to 30% in line with the nature of default.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
			use of ECS through a bank A/c.			
15	(a)	Failure to furnish Statement of financial transaction or reportable account within the time prescribed u/s 508(2).	A sum of Rs. 500 Per day during which failure continues.	Income-tax Authority		
	(b)	Failure to furnish Statement of Financial Transaction or Reportable Account within the time prescribed u/s 508(7).	A sum of Rs. 1,000 per day during which failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the statement expires.	Income-tax Authority		
16	(a)	Furnishing of inaccurate information in the statement or fails to furnish correct information within the period specified u/s 508(8) or fails to comply with due diligence u/s 508(9)	Rs. 50,000	Income-tax authority		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	(b)	Furnishing inaccurate reportable account by reporting financial institution if –  (a) the said institution provides inaccurate information in the statement required to be furnished under section 508(1); and  (b) the inaccuracy in the said statement is due to false or inaccurate information furnished by the holder or holders of the relevant reportable account or accounts.	Rs. 5,000	Income-tax authority	Note 3	
17	Failure to furnish within the time prescribed under <del>that section</del> <b>sub-paragraph (4) of para 1 of Schedule I</b> , a statement or any information or document as required u/s <del>9A(5)</del> 9(12)(e) by an eligible investment fund		Rs. 5,00,000	Income-tax Authority		
18	Failure to furnish information or document by an Indian concern under section 506.		(a) 2% of the value of the transaction in respect of which such failure has taken place, if such transaction has	Income-tax Authority		It is suggested that there be a maximum limit of Rs.25 lakhs on penalty leviable under Sl. No.18.



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
			the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern.  (or) Rs.25 lakhs, whichever is lower  (b)In any other case : 5,00,000.			
19	(a)	Failure to furnish report or for furnishing inaccurate report under section 511.	(a) Rs. 5,000 per day if period of failure does not exceed one month, or  (b) Rs. 15,000 per day if period of failure exceed one month	Prescribed Authority		
	(b)	Failure to produce the information and documents within the period allowed u/s 511(7)	Rs. 5,000 per day of continuing failure, beginning from the day immediately following	Prescribed Authority		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
			the day on which the period for furnishing the information and document expires			
	(c)	Continuing default even after service of penalty order	Rs. 50,000 per day for the period of default beyond the date of service of penalty order.	Prescribed Authority		
	(d)	Providing inaccurate information in the report furnished u/s 511(2) by the reporting entity referred to in section 511	Rs. 5,00,000	Prescribed Authority	Note 4	
20	Failure to submit statement under section 505.		(a) Rs. 1,000 per day for the period of default, if the period of default does not exceed three months; or (b) one lakh rupees in any other case.	Assessing Officer		





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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
21	Failure to deliver or causes to be delivered a statement prescribed in section 397(3)(b) or furnish incorrect information in the said statement	Rs. 10,000 to 1,00,000	Assessing Officer	Note 5	A note may be inserted to specify as to what constitutes inaccurate information in order provide clarity and reduce litigation.
22	Failure to furnish information or furnishing inaccurate information under section 397(3)(d).	Rs. 1,00,000 [For failure to furnish information, maximum penalty is Rs.10,000]	Assessing Officer		A very high penalty is being imposed for failure to furnish information relating to a sum whether or not the same is chargeable to tax. The same can be rationalized and fixed at Rs.10,000.
23	Furnishing incorrect information in reports or certificates furnished by an accountant, merchant banker or a registered valuer	Rs. 10,000 for each such report or certificate	Assessing Officer or the Joint Commissioner (Appeals) or the Commissioner (Appeals)	Note 6	
24	Failure to deliver or furnish the documents as prescribed under section 45(4)(a) by research association, university, college or other institution referred to in section 45; or Failure to deliver or cause to be delivered a statement within the time prescribed under section 354(1)(e) or (f) or furnish a	Rs. 10,000 to 1,00,000	Assessing Officer		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
	certificate prescribed under section 354(1)(g) by an institution or a fund.					
25	(a)	(a) Refusal to answer questions put by income tax authority (b) Refusal to sign statements made in the course of income tax proceedings. (c) Non-compliance with summons issued u/s 246(1) to give evidence or to produce books of accounts or other documents at a certain place and time omits to attend or produce books of account or documents at the place or time (d) Failure to comply with a notice issued u/s 268(1) or (2) or 270(8) or failure to comply with a direction issued u/s 268(5)	10,000 for each such default or failure	- Joint Director or the Joint Commissioner - However, where the contravention, failure or default occurs in the course of any proceeding before an income-tax authority not below the rank of Joint Director or a Joint Commissioner, by such income-tax authority; - Income-tax Authority in case of (d) .	Note 7	
	(b)	Failure: (a) To comply with notice u/s	Rs. 500 for every day during which default continues.	- Joint Director or the Joint Commissioner		



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Sl. No.	Nature of default	Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B	C	D	E	
	<p>175(7)</p> <p>(b) To give notice of discontinuance of his business/ profession u/s 320(3)</p> <p>(c) To furnish in due time any of the returns, statements or particular mentioned in section 252 or section 397(3) or 507; or</p> <p>(d) To allow inspection of register referred in section 255 or of any entry in such register or to allow copies of such register or of any entry therein to be taken</p> <p>(e) To furnish return of income u/s 263(1)(a)(iii) or (iv) or to furnish it within the time allowed and, in the manner, required u/s 263(1) and (2); or</p> <p>(f) To deliver or cause to be delivered in due time a copy of the declaration mentioned in section 393(6); or</p> <p>(g) To furnish a certificate u/s 395(4)</p> <p>(h) To deduct and pay tax u/s</p>	<p>However, the amount of penalty shall not exceed the amount of tax deductible or collectible for failures in relation to the following:—</p> <p>(a) a declaration mentioned in section 393(6);</p> <p>(b) a certificate as required by section 395(4); and</p> <p>(c) statements u/s 397(3)(b) or (e).</p>	<p>- However, where the contravention, failure or default occurs in the course of any proceeding before an income-tax authority not below the rank of Joint Director or a Joint Commissioner, by such income-tax authority;</p> <p>- The Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in case of (f)</p>		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
		416(3); or (i) To furnish a statement u/s 389(5)(a); or (j) To deliver or cause to be delivered in due time a copy of the declaration referred to in section 394(2); or (k) To deliver or cause to be delivered the statement within the time specified in section 397(3)(g); or (l) To deliver or cause to be delivered a statement within the time as prescribed under section 397(3)(e)				
26	Failure to comply with the provisions of section 254		Any amount upto Rs.1,000	The Joint Commissioner, Deputy Director or Assistant Director or the Assessing Officer		
27	(a)	Failure to comply with the provisions of section 262	Rs.10,000	Assessing Officer		
	(b)	Failure to quote/intimate PAN/Aadhaar No. in any document	Rs.10,000	Assessing Officer		



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Sl. No.	Nature of default		Quantum of penalty	Income-tax authority authorized to impose penalty	Note	ICAI's Suggestions given above incorporated in this section relating to the respective Sl. No.
A	B		C	D	E	
		referred to in section 262(9)(a) or to intimate a number which is false, knowing or believing it to be false				
	(c)	Failure to quote or authenticate his permanent account number or Aadhaar number in any document referred to in section 262(9)(a),	Rs.10,000	Assessing Officer		
	(d)	Failure to quote or authenticate PAN/ Aadhaar No. in documents relating to transactions prescribed under section 262(9)(a)	Rs. 10,000	Assessing Officer		
28	(a)	Failure to comply with the provisions of section 397	Rs. 10,000	Assessing Officer		
	(b)	Quoting false TAN willfully in challans/certificates/statements/other documents referred to in section 397(1)(b).				



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**Notes:**

Sl. No.	Particulars	
1	(i)	The penalty referred to in Sl.5. shall be payable in addition to the tax payable under section 195
	(ii)	No penalty shall be levied on income referred to in section 102, 103, 104, 105 or 106 to the extent such income has been included by the assessee in the return of income furnished under section 263 and the tax as per section 195(1)(i) has been paid on or before the end of the relevant tax year.
	(iii)	No penalty under section 439 shall be imposed upon the assessee in respect of income referred to in Sl.5.
	(iv)	<del>The provisions of sections 471 and 472 shall, as far as may be, apply in relation to the penalty referred to in Sl.5.</del>
2	<p>“false entry” <del>includes</del> <b>means</b> use or intention to use—</p> <p>(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or</p> <p>(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or</p> <p>(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.</p>	
3	<p>The reporting financial institution shall be entitled to —</p> <p>(a) recover the amount paid under sub-section (2) on behalf of the reportable account holder; or</p> <p>(b) retain an amount equal to the sum so paid out of any moneys that may be in its possession, or may come to it from every such account holder.</p>	



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Sl. No.	Particulars	
4	Penalty is leviable if – (a) the entity has knowledge of the inaccuracy at the time of furnishing the report but fails to inform the prescribed authority; or (b) the entity discovers the inaccuracy after the report is furnished and fails to inform the prescribed authority and furnish correct report within fifteen days of such discovery; or (c) the entity furnishes inaccurate information or document in response to the notice issued under section 511(7).	
5	No penalty shall be levied for delay in filing or non-filing of statement referred therein, if the person proves that— (a) tax deducted or collected along with the fee and interest, if any, was paid to the credit of the Central Government; and (b) the said statement was also delivered before the expiry of one month from the time prescribed in section 397(3)(b)	
6	(i)	“merchant banker” means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992;
	(ii)	“registered valuer” means a person registered as a valuer under section 514
7	“income-tax authority” includes a Principal Director General or Director General, Principal Director or Director, Joint Director and an Assistant Director or Deputy Director while exercising the powers vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the matters specified in section 246(1).	



## CHAPTER XXII

### OFFENCES AND PROSECUTION

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
476	276B	<b>Failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B.</b>	<b>Failure to pay tax to credit of Central Government under Chapter XIX-B.</b>		
		<p>If a person fails to—</p> <p>(a) pay to the credit of the Central Government, the tax deducted] at source by him as required by or under the provisions of Chapter XVII-B; or</p> <p>(b) pay tax or ensure payment of tax to the credit of the Central Government, as required by or under—</p>	<p>(1) If a person fails to—</p> <p>(a) pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XIX-B; or</p> <p>(b) pay tax or ensure payment of tax to the credit of the Central Government, as required under—</p>	<p>The section may be redrafted to include “willfully” and exclude the case where assessee “fails to ensure payment of tax to the credit of Central Government”.</p> <p>The section to read as follows:</p>	<p>The essential requirement of <i>mens rea</i> is missing in clause 476 which may be included by inserting the word “willfully” before the words “fails to”. It needs to be rationalized for providing relief in genuine cases.</p> <p>At present, TDS compliance is classified in two parts: (a) Tax not deducted at source. (b) Tax</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
		<p>(i) sub-section (2) of section 115-O;</p> <p>(ii) the proviso to section 194B;</p> <p>(iii) the first proviso to sub-section (1) of section 194R;</p> <p>(iv) the proviso to sub-section (1) of section 194S; or</p> <p>(v) sub-section (2) of section 194BA,]</p> <p>he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine:</p>	<p>(i) Note 3 in Table in section 393(3); or</p> <p>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</p> <p>he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and shall also be liable to fine.</p>	<p>(1) If a person <b>willfully</b> fails to—</p> <p><del>(a) pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XIX-B ; or</del></p> <p><del>(b) pay tax or ensure payment of tax to the credit of the Central Government, as required under—</del></p> <p><del>(i) Note 3 in Table in section 393(3); or</del></p> <p><del>(ii) Note 6 to section 393(1) (Table: Sl. No. 8),</del></p>	<p>deducted but not deposited at source.</p> <p>For failure to deduct tax, penalty is attracted u/s 448 and for failure to deposit tax after deducting prosecution is attracted under this section. However, prosecution provisions are being attracted even for failure to ensure payment of tax by the deductee where consideration or benefit or perquisite arising from business or profession is wholly or partly in kind in certain cases. In such cases, both penalty under clause 448 and prosecution under clause 476 are attracted. The prosecution provision in clause 476 may be removed, since this</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
				he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and shall also be liable to fine.	is not a case of unjust enrichment.  Further the reference of Note no. 3 in Section 476(1)(b)(i) is erroneous. There does not exist "Note 3 in Table in section 393(3)"
		Provided that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement for such payment under sub-section (3) of section 200.]	(2) The provisions of this section shall not apply if the payment referred to in sub-section (1)(a) has been credited to the Central Government on or before the time prescribed for filing the statement for such payment under section 397(3)(b).	Sub-section (2) may be substituted as follows:  (2) The provisions of this section shall not apply if the payment referred to in sub-section (1)(a) has been credited to the Central Government on or before <del>the time prescribed for filing the statement for such payment under</del>	Relief from prosecution provisions be extended to deductors who have paid tax to the credit of the Central Government after the prescribed time limit but voluntarily at any time before service of any notice.  Also, many of the TDS provisions get triggered at the time of payment or credit, whichever is earlier. In cases



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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
				<del>section — 397(3)(b)</del> the service of notice.	<p>where a credit entry is passed in the name a party / payee at the end of a financial year but no payment is actually made, then, prosecution provisions should not be attracted for non-deposit.</p> <p>In such cases, a delayed payment may be made by the assessee before the date of filing of tax audit report or before the due date of filing ITR but still assessee may be treated as the one who has deducted tax at source at the end of the year but not deposited the same on time.</p> <p>In such cases, consequent prosecution notices are issued by the department (which may be based on the data extracted from TDS returns filed by the</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>Further, new sub-section (3) may be inserted to provide that the provisions of this section shall not apply, where the tax has been deducted at source from the amount credited to the account of the payee, but actual payment of the said amount has not been made to the deductee.</b>	<p>assessee). This causes injustice to the assessee who has already paid such tax suo-moto along with interest, to either face prosecution proceedings or to agree for compounding proceedings.</p> <p>To provide relief, it may be provided that no prosecution proceedings may be attracted till the due date of filing return of 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
477	276BB	<b>Failure to pay the tax collected at source.</b>	<b>Failure to pay tax collected at source.</b>		
		If a person fails to pay to the credit of the Central Government, the tax collected by him as required under the provisions of section 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.	(1) Where a person fails to pay to the credit of the Central Government the tax collected by him as required under section 394, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and shall also be liable to fine.	Sub-section (1) may be redrafted to include “wilfully”  (1) Where a person <b>wilfully</b> fails to pay to the credit of the Central Government the tax collected by him as required under section 394, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven	Same rationale will apply here as stated in section 476 for inclusion of term ‘wilfully’.  This section can be combined with section 476. The same have been grouped in the same Sl. No. in the table in the consolidated section for offences and prosecution given at the end.



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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
				years and shall also be liable to fine.	
		<p><b>“Provided that the provisions of this section shall not apply if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under the proviso to sub-section (3) of section 206C in respect of such payment.”.</b></p>	<p>(2) The provisions of this section shall not apply if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under section 397(3)(b) in respect of such payment.</p>	<p>Sub-section (2) may be substituted as follows:</p> <p>(2) The provisions of this section shall not apply if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before <del>the time prescribed for filing the statement for such payment under section 397(3)(b)</del> <b>the service of notice.</b></p>	<p>Same rationale will apply here as stated in section 476.</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
478	276C	<b>Wilful attempt to evade tax, etc.</b>	<b>Wilful attempt to evade tax, etc.</b>		
		<p>(1) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under reports his income, under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,—</p> <p>(i) in a case where the amount sought to be evaded or tax on under-reported income exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;</p> <p>(ii) in any other case, with rigorous imprisonment for a term which shall not be</p>	<p>(1) If a person wilfully attempts in any manner to evade payment of any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable,—</p> <p>(a) in a case, where the amount sought to be evaded or tax on under-reported income exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and shall also be liable to fine;</p>		<p>Title of the section: ‘Wilful attempt to evade tax etc.’</p> <p>This section attracts prosecution proceedings on wilful default in terms of any evasion of payment of tax, interest, penalty etc. by the assessee. Imprisonment of 6 months to 7 years and fine is attracted, where tax on under-reported income exceeds Rs.25 lakh. The imprisonment would be 3 months to 2 years in other cases.</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
		less than three months but which may extend to two years and with fine.	(b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall also be liable to fine,  and shall also be liable for penalty that may be imposable on him under any other provision of this Act.	Clause (b) of sub-section (1) may be substituted as follows:  (b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall also be liable to fine.	In addition to prosecution provision, penalty is also attracted.  Since the present chapter is dealing with prosecution provision, hence, levy of penalty under a prosecution related section and Chapter may be removed.
		(2) If a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term	(2) If a person wilfully attempts in any manner to evade the payment of any tax, penalty or interest under this Act, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to		





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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
		which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.	two years and shall, in the discretion of the court, also be liable to fine.	Also, sub-section (3) providing for liability for penalty to be deleted.	
			(3) In addition to the punishment referred to in sub-section (2), the person referred to in the said sub-section shall also be liable for penalty that may be imposable on him under any other provision of this Act.		
		Explanation.—For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—	(4) For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act, or the		



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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
		<p>(i) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or</p> <p>(ii) makes or causes to be made any false entry or statement in such books of account or other documents; or</p> <p>(iii) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or</p> <p>(iv) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.</p>	<p>payment thereof, shall include a case where any person—</p> <p>(a) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or</p> <p>(b) makes or causes to be made any false entry or statement in such books of account or other documents; or</p> <p>(c) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or</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
			(d) causes any other circumstance to exist which may have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.	In clause (d) word “may” should be replaced with the word “will”.  d) causes any other circumstance to exist which <del>may</del> <b>will</b> have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.	In the Income-tax Act, 1961, in clause (iv) of the Explanation to section 276C the language is:  “cause any other circumstance to exist which <b>will</b> have the effect of .....”  Whereas in the Income-tax Bill, 2025, the language of clause (d) uses the expression:  “causes any other circumstances which <b>may</b> have the effect of enabling such person to .....”  Use of term ‘ <b>may have the effect of</b> ’ would further increase the scope of prosecution provision, even based on mere remote possibility, which would be too harsh.



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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
479	276CC	<b>Failure to furnish returns of income.</b>	<b>Failure to furnish returns of income.</b>		
		<p>If a person wilfully fails to furnish in due time the return of fringe benefits which he is required to furnish under sub-section (1) of section 115WD or by notice given under sub-section (2) of the said section or section 115WH or the return of income which he is required to furnish under sub-section (1) of section 139 or by notice given under clause (i) of sub-section (1) of section 142 or section 148 or section 153A, he shall be punishable,—</p> <p>(i) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five hundred thousand rupees, with rigorous imprisonment for a term which shall not be</p>	<p>(1) If a person wilfully fails to furnish in due time the return of income, which is required to be furnished under section 263(1), or by notice given under sections 268(1) or 280, he shall be punishable,—</p> <p>(a) in a case, where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but</p>	<p>Prosecution proceedings under clause (b) not to be initiated in cases where there is no tax evasion.</p>	<p>Prosecution proceedings under clause (b) i.e., imprisonment for 3 months to two years and fine not to be attracted for failure to furnish return of income if there is no evasion of tax.</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
		less than six months but which may extend to seven years and with fine;  (ii) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine:	which may extend to seven years and shall also be liable to fine;  (b) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and shall also be liable to fine.		
481	276D	<b>Failure to produce accounts and documents.</b>	<b>Failure to produce accounts and documents</b>		
		If a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice or wilfully fails to comply with a direction issued to him under sub-section	If a person wilfully fails to produce, or cause to be produced, the accounts and documents as are referred to in the notice served on him under section 268(1) on or before the date specified in such notice, or wilfully fails to comply	This section to be removed	Failure to produce accounts and documents is not an offence warranting initiation of prosecution proceedings. Best Judgement Assessment can be done even if a person does not produce books of account and



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		(2A) of that section, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.	with a direction issued to him under section 268(5) of, he shall be punishable with rigorous imprisonment for a term which may extend to one year and shall also be liable to fine.		there are different provisions in which case penalty can be levied.
486	278AA	<b>Punishment not to be imposed in certain cases.</b>	<b>Punishment not to be imposed in certain cases.</b>		
		Notwithstanding anything contained in the provisions of section 276A, section 276AB, or section 276B, or section 276BB no person shall be punishable for any failure referred to in the said provisions if he proves that there was reasonable cause for such failure.	No person shall be punishable for any failure referred to in section 476 or 477, irrespective of anything contained in that section, if he proves that there was reasonable cause for such failure.	No person shall be punishable for any failure referred to in <b>any section in this Chapter</b> , irrespective of anything contained in that section, if he proves that there was reasonable cause for such failure.	In line with the objective of decriminalisation under the Jan Vishwas Act, a person should be allowed to prove if there is a reasonable cause for failure referred to in any provision in this chapter so that punishment is not imposed. This will enhance trust based governance.
491	279	<b>Prosecution to be at instance of Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.</b>	<b>Prosecution to be at instance of Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.</b>		
		(1) A person shall not be proceeded against for an offence under section 275A, section	(1) A person shall not be proceeded against for an offence under section	(1) A person shall not be proceeded against for an	As per the hierarchy, Commissioner (Appeals) to be



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		275B, section 276, section 276A, section 276B, section 276BB, section 276C, section 276CC, section 276D, section 277, section 277A or section 278 except with the previous sanction of the Principal Commissioner or Commissioner [or Joint Commissioner (Appeals)] or Commissioner (Appeals) or the appropriate authority:	473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, or 484 except with the previous sanction of the Principal Commissioner or Commissioner or Joint Commissioner (Appeals) or Commissioner (Appeals).	offence under section 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, or 484 except with the previous sanction of the Principal Commissioner or Commissioner or <b>Commissioner (Appeals) or Joint Commissioner (Appeals).</b>	mentioned before Joint Commissioner (Appeals).
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### Consolidated Section for Offences and Prosecution covered in sections 473 to 484 of the Income-tax Bill, 2025

**473.** Where a person commits an offence of the nature referred to in column (B) of Table 473, he shall be punishable with rigorous imprisonment for a term specified in corresponding row of column (C) of the table.

**Table 473**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Sl. No.</b>	<b>Nature of default/failure/ contravention</b>	<b>Rigorous imprisonment</b>	<b>Note</b>
1	Contravenes any order referred to in section 247(1)(viii) or (4).	Upto 2 Years and liable to fine	
2	Fails to afford authorised officer with the necessary facility to inspect the books of account or other documents under section 247(1)(b)(ii)	Upto 2 years and liable to fine	



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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
3	Fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, with the intent to prevent such property or interest from being taken in execution of a certificate as prescribed		Upto 2 years and liable to fine	
4	(a)	<b>Wilfully fails</b> to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XIX-B or tax collected by him as required under section 394;	From 3 months upto 7 years and liable to fine	Note 1
	(b)	<del>Failure to pay tax or ensure payment of tax to the credit of the Central Government, as required under—</del> (i) <del>Note 3 in Table in section 393(3); or</del> (ii) <del>Note 6 to section 393(1) (Table: Sl. No. 8).</del>	<del>From 3 months upto 7 years and liable to fine</del>	
5	(a)	Wilfully attempts in any manner to evade payment of any tax, penalty or interest chargeable or imposable, or under-reports his income under this Act –		Note 2
	(i)	Where the amount sought to be evaded or tax on under-reported income exceeds Rs.25 lakh	From 6 months to 7 years and fine	
	(ii)	In any other case	From 3 months to 2 years and liable to fine	





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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
	(b)	Wilfully attempts to evade the payment of any tax, penalty or interest under this Act	3 months to 2 years and, at the discretion of the court, liable to fine.	
6	Wilfully fails to furnish in due time the return of income which is required to be furnished under section 263(1), or by notice given under sections 268(1) or 280			Note 3 & 4
	(i)	Where the amount of tax sought to be evaded or tax on under-reported income exceeds Rs.25 lakh	6 months to 7 years and liable to fine	
	(ii)	In any other case	3 months to 2 years and liable to fine.	
7	Wilfully fails to furnish in due time the return of total income which is required to be furnished by notice given under section 294 (1)(a)		3 months to 3 years and liable to fine	
8	<del>Wilfully fails to produce, or cause to be produced, the accounts and documents as are referred to in the notice served on him under section 268(1) on or before the date specified in such notice, or wilfully fails to comply with a direction issued to him under section 268(5)</del>		Upto 1 year and liable to fine	



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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
9	Makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false and which he either knows or believes to be false, or does not believe to be true -			
	(a)	In a case where the amount of tax which would have been evaded if the statement or account had been accepted as true, exceeds Rs.25 lakh	6 months to 7 years and liable to fine	
	(b)	In any other case	3 months to 2 years and liable to fine.	
10	<p>If any person (herein referred to as the first person) wilfully and with intent to enable any other person (herein referred to as the second person) to evade any tax or interest or penalty chargeable and imposable under this Act in the circumstances referred to below, the first person shall be punishable.</p> <p>Where the first person makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person or the second person, under this Act.</p>		3 months to 2 years and liable to fine	Note 5
11	If a person abets or induces in any manner another person to make and deliver an account or a statement or declaration relating to any income chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under section 478(1)			



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A	B		C	D
Sl. No.	Nature of default/failure/ contravention		Rigorous imprisonment	Note
	(i)	Where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds Rs.25 lakh	6 months to 7 years and liable to fine.	
	(ii)	In any other case	3 months to 2 years and liable to fine.	

Notes:		
1	The provisions of Sl. No.4 of Table 473 would not apply, if -	
	(a)	If the payment of tax deducted at source by him as required by or under the provisions of Chapter XIX-B or tax collected at source by him as required under section 394, has been made to the credit of the Central Government on or before <del>the time prescribed for filing the statement for such payment under section 397(3)(b)</del> the service of notice,
	(b)	<b>The tax has been deducted at source from the amount credited to the account of the payee, but actual payment of the said amount credited has not been made to the deductee.</b>
2	For the purpose of Sl. No. 5(a) and 5(b)- a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act, or the payment thereof, shall include a case where any person— (a) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or	



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	(b) makes or causes to be made any false entry or statement in such books of account or other documents; or (c) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or (d) causes any other circumstance to exist which <del>may</del> <b>will</b> have the effect of enabling such person to evade any tax, penalty
3	A person shall not be proceeded against for failure to furnish in due time the return of income under section 263(1) for any tax year, if f the return is furnished by him before the expiry of one year from the end of the tax year or a return is furnished by him under section 263(6) within the time provided in that section; or the tax payable by such person, not being a company, on the total income determined on regular assessment, as reduced by the advance tax or self-assessment tax, if any, paid before the expiry of one year from the end of the tax year, and any tax deducted or collected at source, does not exceed ten thousand rupees.
4	<b>Prosecution under clause (b) i.e., imprisonment for 3 months to two years and fine not to be attracted for failure to furnish return of income if there is no evasion of tax.</b>
5	In relation to Sl. No.10, it shall not be necessary to prove that the second person has actually evaded any tax, penalty or interest chargeable or imposable under this Act.



## CHAPTER XXIII

### MISCELLANEOUS PROVISIONS

1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
499	281	<b>Certain transfers to be void.</b>	<b>Certain transfers to be void.</b>		
		Explanation.—In this section, "assets" means land, building, machinery, plant, shares, securities and fixed deposits in banks, to the extent to which any of the assets aforesaid does not form part of the stock-in-trade of the business of the assessee.	(4) In this section,— (a) “assets” means land, building, machinery, plant, shares, securities and fixed deposits in banks, virtual digital asset, to the extent to which any of the said assets does not form part of the stock-in-trade of the business of the assessee; and (b) the modes of creating a charge on or parting with the possession of such assets shall include sale, mortgage, gift, exchange or any other mode of transfer.	Definition of the term “asset” may be reworded as follows: “assets” means land, building, machinery, plant, shares, securities, fixed deposits in banks, <b>and virtual digital assets</b> , to the extent to which any of the said assets	This revision ensures: Consistent use of plurals ("virtual digital assets" instead of singular "virtual digital asset"); •Consistent structuring by adding "and" before the last item.



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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
				does not form part of the stock-in-trade of the business of the assessee.	
500	281B	<b>Provisional attachment to protect revenue in certain cases.</b>	<b>Provisional attachment to protect revenue in certain cases.</b>		
		(1) Where, during the pendency of any proceeding for the assessment of any income or for the assessment or reassessment of any income which has escaped assessment or for imposition of penalty under section 271AAD where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner,	(1) Where, during the pendency of any proceeding for - (a) the assessment of any income or for the assessment or reassessment of any income, which has escaped assessment; or (b) imposition of penalty under section 444, where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for protecting the interests of the revenue it is	Clause (a) of section 500(1) may be redrafted as given below - (a) the assessment of any income or for the assessment or reassessment of any income which has escaped assessment; or”	The consequence of the placement of comma in clause (a) of section 500(1) is that the phrase “which has escaped assessment” would become relevant for both the category (i) assessment of any income and (ii) assessment or



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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
		Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.	necessary so to do, he may, with the previous approval of the Competent Authority by order in writing, attach provisionally any property belonging to the assessee in the manner prescribed in section 413.		reassessment of any income. In such a case, the implication may be that only in cases where income has escaped assessment, can provisional attachment be made, which is not correct. Therefore, the comma is to be removed to convey that the phrase “income which has escaped assessment” is in continuation of and relevant to part (ii) assessment or reassessment of any income.



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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
		(1) Where, during the pendency of any proceeding for the assessment of any income or for the assessment or reassessment of any income which has escaped assessment or for imposition of penalty under section 271AAD where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.	(1) Where, during the pendency of any proceeding for— (a) the assessment of any income or for the assessment or reassessment of any income, which has escaped assessment; or (b) imposition of penalty under section 444, where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees, the Assessing Officer is of the opinion that for protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Competent Authority by order in writing, attach provisionally <b>any property</b> belonging to the assessee in the manner prescribed in section 413.	The term “property” may be defined as follows: 'property' connotes everything which is subject of ownership, corporeal or incorporeal, movable or immovable, tangible or intangible, visible or invisible, real or personal; everything that has an exchangeable value or which goes to make up wealth or estate or status.	The term “property” may be defined to reduce litigation.





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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
501	282	<b>Service of notice generally.</b>	<b>Service of notice, generally.</b>		
		<p>(1) The service of a notice or summon or requisition or order or any other communication under this Act (<b>hereafter in this section referred to as "communication"</b>) may be made by delivering or transmitting a copy thereof, to the person therein named,—</p> <p>(a) by post or by such courier services as may be approved by the Board; or</p> <p>(b) in such manner as provided under the Code of Civil Procedure, 1908 (5 of 1908) for the purposes of service of summons; or</p> <p>(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000 (21 of 2000); or</p> <p>(d) by any other means of transmission of documents as provided by rules made by the Board in this behalf.</p>	<p>(1) The service of a notice, or summon, or requisition, or order, or any other communication, under this Act may be made by delivering or transmitting a copy thereof, to the person therein named—</p> <p>(a) by post or by such courier services as may be approved by the Board; or</p> <p>(b) as provided under the Code of Civil Procedure, 1908 for the purposes of service of summons; or</p> <p>(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000; or</p> <p>(d) by any other means of transmission of documents, as prescribed.</p>	<p>The opening para of section 501(1) may be modified as follows -</p> <p>“(1) The service of a notice, or summon, or requisition, or order, or any other communication, under this Act (<b>hereafter in this section referred to as "communication"</b>) may be made by delivering or transmitting a copy thereof, to the</p>	<p>Under section 282 of the Income-Tax Act 1961, “The service of a notice, or summon, or requisition, or order, or any other communication” was referred to as communication under the section. Since the bracketed portion is missing in section 501 of the Income-tax Bill, 2025, the use of the word communication” under 501(2) may not serve the intended purpose. Accordingly,</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
				person therein named –	section 501(1) has to be redrafted to include the bracketed portion.
		Explanation.—For the purposes of this section, the expressions "electronic mail" and "electronic mail message" shall have the meanings as assigned to them in Explanation to section 66A of the Information Technology Act, 2000 (21 of 2000).	(3) In this section, “electronic mail” and “electronic mail message” means a message or information created or transmitted or received on a <b>computer, computer system, computer resource or communication device</b> including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message.	The terms - computer, computer system, computer resource or communication device may be defined in section 2 itself.  Reference to the meaning of these terms in the Information Technology Act, 2000 may be given.	Under the Income-tax Act, 1961, the meaning of the expressions "electronic mail" and "electronic mail message" were to be taken from the Information Technology Act, 2000. In the Income-tax Bill, 2025, the referencing has been removed in section 501 and the definition makes reference to computer, computer



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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
					system, computer resource, computer device, which have not been defined thereunder. Therefore, there is no specific meaning attributed to the terms – Computer; Computer resource; computer system, e-record in this Chapter. All these terms can be defined in Section 2. They may be defined to have the same meaning as in Information Technology Act, 2000. The definitions which



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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
					have been given for Computer Resource, Computer system in other chapters may be removed.
506	285A	<b>Furnishing of information or documents by an Indian concern in certain cases.</b>	<b>Furnishing of information or documents by an Indian concern in certain cases.</b>		
		Where any share of, or interest in, a company or an entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India, as referred to in Explanation 5 to clause (i) of sub-section (1) of section 9, and such company or, as the case may be, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern, then, such Indian concern shall, for the purposes of determination of any income accruing or arising in India under clause (i) of	Where,— (a) any share of, or interest in, a company or an entity registered or incorporated outside India, derives, directly or indirectly, its value substantially from the assets located in India, as referred to in <b>section 9(9)(a)</b> ; and (b) such company or, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern,	This section may be reworded as follows: Where, - (a) any share of, or interest in, a company or an entity registered or incorporated outside India, derives,	There is mentioning of “under the said clause” in the latter part of the section, without any clause being referred to earlier in the section. Section 9(9)(a) in clause (a) of Section 506 may be written as



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<b>sub-section (1) of section 9, furnish</b> within the prescribed period to the prescribed income-tax authority the information or documents, in such manner, as may be prescribed.	then, such Indian concern shall, for the determination of any income accruing or arising in India <b>under the said clause</b> , furnish within such period, the information or documents in such manner, as prescribed, to the prescribed income-tax authority.	directly or indirectly, its value substantially from the assets located in India, as referred to in <b>clause (a) of section 9(9)(a)</b> ; and  then, such Indian concern shall, for the determination of any income accruing or arising in India under the said clause, furnish within such period, the information or documents in such manner, as prescribed, to the	clause (a) of section 9(9).  Then, the usage of “under the said clause” in the latter part would be correct.



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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
				prescribed income-tax authority.	
511	286	<b>Furnishing of report in respect of international group.</b>	<b>Furnishing of report in respect of international group.</b>		
		<p>(4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period as may be prescribed, if the parent entity is resident of a country or territory,—</p> <p>(a) where the parent entity is not obligated to file the report of the nature referred to in sub-section (2);</p> <p>(aa) with which India does not have an agreement providing for exchange of the report of the nature referred to in sub-section (2); or</p>	<p>(4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period, as prescribed, if the parent entity is resident of a country or territory,—</p> <p>(a) where the parent entity is not obligated to file the report of the nature referred to in the said sub-section;</p> <p>(b) with which India does not have an agreement providing for exchange of the</p>	<p>Clause (c) of sub-section (4) may be substituted with the following:</p>	<p>The removal of “of the country or territory” after systemic failure makes the sentence</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) there has been a <b>systemic failure of the country or territory</b> and the said failure has been intimated by the prescribed authority to such constituent entity:	report of the nature referred to in the said sub-section;  (c) where there has been a <b>systemic failure</b> and such failure has been intimated by the prescribed income-tax authority to such constituent entity.	(c) where there has been a <b>systemic failure of the country or territory</b> , and such failure has been intimated by the prescribed income-tax authority to such constituent entity	incomplete and may create a disconnect between this paragraph and the definition of “systemic failure” provided under 511(10).
514		<b>NEW</b>	<b>Registration of valuers.</b>		
			(1) The Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, shall maintain a register of valuers in which the names and addresses of persons registered under sub-section (2) shall be entered.  (2) Any person, possessing such qualification for valuing such class of assets, may apply to	The term “Competent Authority” may be used in place of the different authorities. Accordingly, sub-sections (1) and (2)	Including the authorities within the meaning of “Competent Authority” will help avoid repetition at different places.



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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 Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, for getting registered as a valuer, in such form, verified in such manner and accompanied by such fee, as prescribed, along with a declaration stating that the applicant will—</p> <p>(a) conduct an impartial and true valuation of any asset required to be valued;</p> <p>(b) furnish a valuation report in the prescribed form;</p> <p>(c) charge fees not exceeding the prescribed rate or rates; and</p> <p>(d) refrain from undertaking the valuation of any asset in which such person has a direct or indirect interest.</p> <p>(3) The valuation report prepared by a registered valuer for any asset shall be in such</p>	<p>may be substituted as follows:</p> <p>(1) The Competent Authority shall maintain a register of valuers in which the names and addresses of persons registered under sub-section (2) shall be entered.</p> <p>(2) Any person, possessing such qualification for valuing such class of assets, may apply to the Competent Authority, for getting registered as a valuer,.....</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
			form and verified in such manner, as prescribed.	Further, the following sub-section (4) may be inserted -  (4) In this section “The Competent Authority” means the Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General.	
515	288	Appearance by authorised representative.	Appearance by authorised representative.		
		(4) No person—	(4) No person,— (a) who has been dismissed or removed from Government service; or	(4) No person,— (a) who has been dismissed or	There is no Clause (ii) under 275(1) of



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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>(a) who has been dismissed or removed from Government service after the 1st day of April, 1938; or</p> <p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, other than a penalty imposed on him under clause (ii) of sub-section (1) of section 271 or clause (d) of sub-section (1) of section 272A; or</p> <p>(c) who has become an insolvent; or</p> <p>(d) who has been convicted by a court for an offence involving fraud,</p> <p>shall be qualified to represent an assessee under sub-section (1),</p> <p>for all times in the case of a person referred to in clause (a),</p> <p>for such time as the Principal Chief Commissioner or Chief Commissioner or</p>	<p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, except a penalty imposed under section 275(1)(ii) of the Income-tax Act, 1961 or section 465(1)(d); or</p> <p>(c) who has become an insolvent; or</p> <p>(d) who has been convicted by a court for an offence involving fraud,</p> <p>shall be qualified to represent an assessee under sub-section (1), for—</p> <p>(i) all times, in case of a person referred to in clause (a);</p> <p>(ii) for such time as the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner</p>	<p>removed from Government service; or</p> <p>(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, except a penalty imposed under <del>section 275(1)(ii)</del> <b>271(1)(ii)</b> of the Income-tax Act, 1961 or section 465(1)(d); or</p>	<p><b>the Income-tax Act, 1961</b></p> <p><b>In clause (b), the reference to Section 275(1)(ii) to be corrected as 271(1)(ii).</b></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
		Principal Commissioner or Commissioner may by order determine in the case of a person referred to in clause (b),  for the period during which the insolvency continues in the case of a person referred to in clause (c), and  for a period of ten years from the date of conviction in the case of a person referred to in clause (d).	may by order determine, in case of a person referred to in clause (b);  (iii) for the period during which the insolvency continues, in case of a person referred to in clause (c); and  (iv) for ten years from the date of conviction, in case of a person referred to in clause (d).		
530	294	<b>Act to have effect pending legislative provision for charge of tax.</b>	<b>Act to have effect pending legislative provision for charge of tax.</b>		
		If on the 1st day of April in any assessment year provision has not yet been made by a Central Act for the charging of income-tax for that assessment year, this Act shall nevertheless have effect until such provision is so made as if the provision in force in the preceding assessment year or the provision proposed in the Bill then	If on the 1st April in any tax year, provision has not yet been made by a Central Act for the charging of income-tax for that tax year, this Act shall nevertheless have effect until such provision is so made, as if the provision in force in the preceding tax year or the provision proposed in the Bill then before	If on the 1st April in any tax year, provision has not yet been made by a Central Act for the charging of income-tax for that tax year,	Since this provision is with respect to the pending legislative provision for charge of tax, reference to the term assessment year as referred under the



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		before Parliament, whichever is more favourable to the assessee, were actually in force.	Parliament, whichever is more favourable to the assessee, were actually in force.	<p>this Act shall nevertheless have effect until such provision is so made, as if the provision in force in the preceding tax year or <b>assessment year referred under section 2(8) of the Income-tax Act, 1961</b> or the provision proposed in the Bill then before Parliament, whichever is more favourable to the assessee, were actually in force.</p> <p>The term “assessment year”</p>	Income-tax Act, 1961 is necessary to be included for the period upto which Income-tax Bill, 2025 becomes effective.



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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
				referred u/s 2(8) of the Income-tax Act, 1961 is as follows:  Assessment year means the period of twelve months commencing on the 1 <sup>st</sup> day of April of every year.	
536			536. (1) The Income-tax Act, 1961 is hereby repealed.  (2) Irrespective of the repeal of the Income-tax Act, 1961 (hereinafter referred to as the repealed Income-tax Act), and subject to subsection (3)—  (a) affect the previous operation of the repealed Act and orders or anything duly done or suffered thereunder; or	Sections 108(2)(a) and 111(2)(a) may be aligned with the provisions of clause 536(2)(n) permitting set-off of brought forward long-term capital loss from the Income-tax Act, 1961 against any capital gain of a tax	Clause (n) of section 536(2) permits set-off of brought forward long-term capital loss from the Income-tax Act, 1961 against both long-term and short-term capital gains of tax year beginning on or after 1.4.2026 under the Income-tax



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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) affect any right, privilege, obligation or liability acquired, accrued or incurred under the repealed Act or orders under such repealed Act; (c)... (d)... (e) .... (f) .... (g).... (h).... (i).... (j).... (k).... (l).... (m)....	year beginning on or after 1.4.2026.  Further, as suggested in Chapter VII, inter-head set-off may 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	Bill, 2025. However, clause (a) of section 108(2) of the Income-tax Bill 2025 provides that long-term capital loss can be set-off only against long-term capital gains. Further clause (a) of section 111(2) provides that unabsorbed capital loss from transfer of long-term capital asset can be set-off only against capital gains from transfer of any other long-term capital asset during the subsequent tax year and so on.



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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
			(n) any amount of loss under the head capital gains, whether related to a long-term capital asset or a short term capital asset, referred to in section 74 of the repealed Income-tax Act, brought forward from the tax year beginning before the 1st April, 2026 had the Income-tax Act, 1961 not been repealed, shall be set off and carried forward against the income under the head “Capital gains” computed under this Act for any tax year beginning on or after the 1st April, 2026 upto eight financial years immediately succeeding the financial year in which such loss was first computed under the repealed Income-tax Act;	with the principle of taxation of real income after set-off of losses and would relieve the burden of the taxpayers.	