

Price per issue: Rs 495

**IN THIS ISSUE**

- > Budget Speech of Minister of Finance.
- > Finance Bill, 2025.
- > Annexure of Schemes.
- > Notes on Clauses.
- > Circulars/Orders/Notifications.

# Income Tax Reports™

The Direct Tax Law  
Weekly

*And more, see inside  
for details*

## BUDGET 2025-26 SPECIAL

**FOUNDED IN 1933**

by  
A.N. AIYAR

**EDITORS**

Lakshmi R. Sundaresan, M.A., B.A.L.  
T.A. Ramakrishnan, B. Sc., B.L.  
Ambujam Venkataraman, M.A., L.L.B.  
T.N. Chandrashekar, B. Sc., B.L., M.B.A

**EBC Publishing Pvt. Ltd., 34-A, Lalbagh, Lucknow - 226 001**

Tel.: +91-11-4575 2323 Fax: +91-4150 4440

E-mail: [salesebc@scconline.com](mailto:salesebc@scconline.com); [sccarticles@ebc-india.com](mailto:sccarticles@ebc-india.com) (for article submissions)

Toll Free: 1800 258 6310 Website: [www.scconline.com](http://www.scconline.com)

Find us on [www.facebook.com](http://www.facebook.com) Follow us on [www.twitter.com/@scconline](http://www.twitter.com/@scconline)

Follow us on [www.instagram.com/@scconline](http://www.instagram.com/@scconline)

Find us on [www.youtube.com/@thesconline](http://www.youtube.com/@thesconline)

**SCC®**  
ONLINE



## ***Table of Contents***

1.	Budget Speech of Minister of Finance for 2025-2026	...	1
2.	<b>FINANCE BILL, 2025</b>	...	45
3.	Notes on Clauses	...	158
4.	Memorandum Explaining the Provisions in the Finance Bill, 2025	...	212



**THE**  
**INCOME TAX REPORTS**  
**FINANCE BILL, 2025**

---

**BUDGET SPEECH OF MINISTER OF FINANCE**  
**FOR 2025-2026**

*(1st February, 2025)*

**Hon'ble Speaker,**

I present the Budget for 2025-26.

**Introduction**

**1.** This Budget continues our Government's efforts to :

- (a) accelerate growth,
- (b) secure inclusive development,
- (c) invigorate private sector investments,
- (d) uplift household sentiments, and
- (e) enhance spending power of India's rising middle class.

**2.** Together, we embark on a journey to unlock our nation's tremendous potential for greater prosperity and global positioning under the leadership of Hon'ble Prime Minister Shri Narendra Modi.

**3.** As we complete the first quarter of the 21st century, continuing geo-political headwinds suggest lower global economic growth over the medium term. However, our aspiration for a Viksit Bharat inspires us, and the transformative work we have done during our Government's first two terms guides us, to march forward resolutely.

**Budget Theme**

**4.** Our economy is the fastest-growing among all major global economies. Our development track record of the past 10 years and structural reforms have drawn global attention. Confidence in India's capability and potential has only grown in this period. We see the next five years as a unique opportunity to realize 'Sabka Vikas', stimulating balanced growth of all regions.

**5.** The great Telugu poet and playwright Gurajada Appa Rao had said, 'Desamante Matti Kaadoi, Desamante Manushuloi' ; meaning, 'A country is not just its soil, a country is its people.' In line with this, for us, Viksit Bharat, encompasses :

- (a) zero-poverty ;
- (b) hundred per cent good quality school education ;
- (c) access to high-quality, affordable, and comprehensive healthcare ;
- (d) hundred per cent skilled labour with meaningful employment ;
- (e) seventy per cent women in economic activities ; and
- (f) farmers making our country the 'food basket of the world'.

**6.** In this Budget, the proposed development measures span ten broad areas focusing on Garib, Youth, Annadata and Nari.

- (1) Spurring Agricultural Growth and Productivity ;
- (2) Building Rural Prosperity and Resilience ;
- (3) Taking Everyone Together on an Inclusive Growth path ;
- (4) Boosting Manufacturing and Furthering Make in India ;
- (5) Supporting MSMEs ;
- (6) Enabling Employment-led Development ;
- (7) Investing in people, economy and innovation ;
- (8) Securing Energy Supplies ;
- (9) Promoting Exports ; and
- (10) Nurturing Innovation.

**7.** For this journey of development,

(a) Our four powerful engines are : Agriculture, MSME, Investment, and Exports

- (b) The fuel : our Reforms
- (c) Our guiding spirit : Inclusivity
- (d) And the destination : Viksit Bharat

**8.** This Budget aims to initiate transformative reforms across six domains. During the next five years, these will augment our growth potential and global competitiveness. The domains are :

- (1) Taxation ;
- (2) Power Sector ;
- (3) Urban Development ;
- (4) Mining ;
- (5) Financial Sector ; and

(6) Regulatory Reforms.

### **Agriculture as the 1st Engine**

9. Now I move to specific proposals, beginning with 'Agriculture as the 1st Engine'.

### **Prime Minister Dhan-Dhaanya Krishi Yojana-Developing Agri District Programme**

10. Motivated by the success of the Aspirational Districts Programme, our Government will undertake a 'Prime Minister Dhan-Dhaanya Krishi Yojana' in partnership with states. Through the convergence of existing schemes and specialized measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to (1) enhance agricultural productivity, (2) adopt crop diversification and sustainable agriculture practices, (3) augment post-harvest storage at the panchayat and block level, (4) improve irrigation facilities, and (5) facilitate availability of long-term and short-term credit. This programme is likely to help 1.7 crore farmers.

### **Building Rural Prosperity and Resilience**

11. A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with states. This will address underemployment in agriculture through skilling, investment, technology, and invigorating the rural economy. The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity.

12. The programme will focus on rural women, young farmers, rural youth, marginal and small farmers, and landless families. Details are in Annexure A.

13. Global and domestic best practices will be incorporated and appropriate technical and financial assistance will be sought from multilateral development banks. In Phase-1, 100 developing agri-districts will be covered.

### **Aatmanirbharta in Pulses**

14. Our Government is implementing the National Mission for Edible Oilseed for achieving atmanirbharta in edible oils. Our farmers have the capability to grow enough for our needs and more.

15. Ten years ago, we made concerted efforts and succeeded in achieving near self-sufficiency in pulses. Farmers responded to the need by increasing the cultivated area by 50 per cent and Government arranged for procurement and remunerative prices. Since then, with rising incomes and better affordability, our consumption of pulses has increased significantly.

**16.** Our Government will now launch a 6-year “Mission for Aatmanirbharta in Pulses” with a special focus on Tur, Urad and Masoor. Details are in Annexure B. Central agencies (NAFED and NCCF) will be ready to procure these 3 pulses, as much as offered during the next 4 years from farmers who register with these agencies and enter into agreements.

### **Comprehensive Programme for Vegetables & Fruits**

**17.** It is encouraging that our people are increasingly becoming aware of their nutritional needs. It is a sign of a society becoming healthier. With rising income levels, the consumption of vegetables, fruits and shree-anna is increasing significantly. A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers will be launched in partnership with states. Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up.

### **Makhana Board in Bihar**

**18.** For this, there is a special opportunity for the people of Bihar. A Makhana Board will be established in the state to improve production, processing, value addition, and marketing of makhana. The people engaged in these activities will be organized into FPOs. The Board will provide hand-holding and training support to makhana farmers and will also work to ensure they receive the benefits of all relevant Government schemes.

### **National Mission on High Yielding Seeds**

**19.** A National Mission on High Yielding Seeds will be launched, aimed at (1) strengthening the research eco-system, (2) targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and (3) commercial availability of more than 100 seed varieties released since July 2024.

### **Fisheries**

**20.** India ranks second-largest globally in fish production and aquaculture. Seafood exports are valued at Rs. 60 thousand crore. To unlock the untapped potential of the marine sector, our Government will bring in an enabling framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.

### **Mission for Cotton Productivity**

**21.** For the benefit of lakhs of cotton growing farmers, I am pleased to announce a ‘Mission for Cotton Productivity’. This 5-year mission will facilitate significant improvements in productivity and sustainability of

cotton farming, and promote extra-long staple cotton varieties. The best of science & technology support will be provided to farmers. Aligned with our integrated 5F vision for the textile sector, this will help in increasing incomes of the farmers, and ensure a steady supply of quality cotton for rejuvenating India's traditional textile sector.

### **Enhanced Credit through KCC**

**22.** Kisan Credit Cards (KCC) facilitate short-term loans for 7.7 crore farmers, fishermen, and dairy farmers. The loan limit under the Modified Interest Subvention Scheme will be enhanced from Rs. 3 lakh to 5 lakh for loans taken through the KCC.

### **Urea Plant in Assam**

**23.** For Atmanirbharta in urea production, our Government had reopened three dormant urea plants in the Eastern region. To further augment urea supply, a plant with annual capacity of 12.7 lakh metric tons will be set up at Namrup, Assam.

### **India Post as a Catalyst for the Rural Economy**

**24.** India Post with 1.5 lakh rural post offices, complemented by the India Post Payment Bank and a vast network of 2.4 lakh Dak Sevaks, will be repositioned to act as a catalyst for the rural economy. Details are at Annexure C.

**25.** India Post will also be transformed as a large public logistics organization. This will meet the rising needs of Viswakarmas, new entrepreneurs, women, self-help groups, MSMEs, and large business organizations.

### **Support to NCDC**

**26.** Our Government will provide support to NCDC for its lending operations for the co-operative sector.

### **MSMEs as the 2nd engine**

**27.** Now, I move to MSMEs as the 2nd engine, which encompasses manufacturing and services with a focus on MSMEs numbering 5.7 crore.

### **Revision in classification criteria for MSMEs**

**28.** Currently, over 1 crore registered MSMEs, employing 7.5 crore people, and generating 36 per cent of our manufacturing, have come together to position India as a global manufacturing hub. With their quality products, these MSMEs are responsible for 45 per cent of our exports. To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively. This will



give them the confidence to grow and generate employment for our youth. The details are in Annexure D.

### **Significant enhancement of credit availability with guarantee cover**

**29.** To improve access to credit, the credit guarantee cover will be enhanced :

(a) For Micro and Small Enterprises, from Rs. 5 crore to 10 crore, leading to additional credit of Rs. 1.5 lakh crore in the next 5 years ;

(b) For Startups, from Rs. 10 crore to 20 crore, with the guarantee fee being moderated to 1 per cent for loans in 27 focus sectors important for Atmanirbhar Bharat ; and

(c) For well-run exporter MSMEs, for term loans up to Rs. 20 crore.

### **Credit Cards for Micro Enterprises**

**30.** We will introduce customized Credit Cards with a Rs. 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued.

### **Fund of Funds for Startups**

**31.** The Alternate Investment Funds (AIFs) for startups have received commitments of more than Rs. 91,000 crore. These are supported by the Fund of Funds set up with a Government contribution of Rs. 10,000 crore. Now, a new Fund of Funds, with expanded scope and a fresh contribution of another Rs. 10,000 crore will be set up.

### **Scheme for First-time Entrepreneurs**

**32.** A new scheme will be launched for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. This will provide term loans up to Rs. 2 crore during the next 5 years. The scheme will incorporate lessons from the successful Stand-Up India scheme. Online capacity building for entrepreneurship and managerial skills will also be organized.

### **Measures for Labour-Intensive Sectors**

**33.** To promote employment and entrepreneurship opportunities in labour-intensive sectors, our Government will undertake specific policy and facilitation measures.

### **Focus Product Scheme for Footwear & Leather Sectors**

**34.** To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme will be implemented. The scheme will support design capacity, component manufacturing, and machinery required for production of non-leather quality footwear, besides

the support for leather footwear and products. The scheme is expected to facilitate employment for 22 lakh persons, generate turnover of Rs. 4 lakh crore and exports of over Rs. 1.1 lakh crore.

### **Measures for the Toy Sector**

**35.** Building on the National Action Plan for Toys, we will implement a scheme to make India a global hub for toys. The scheme will focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys that will represent the “Made in India” brand.

### **Support for Food Processing**

**36.** In line with our commitment towards ‘Purvodaya’, we will establish a National Institute of Food Technology, Entrepreneurship and Management in Bihar. The institute will provide a strong fillip to food processing activities in the entire Eastern region. This will result in (1) enhanced income for the farmers through value addition to their produce, and (2) skilling, entrepreneurship and employment opportunities for the youth.

### **Manufacturing Mission-Furthering “Make in India”**

**37.** Our Government will set up a National Manufacturing Mission covering small, medium and large industries for furthering “Make in India” by providing policy support, execution roadmaps, governance and monitoring framework for Central Ministries and States. Details are in Annexure E.

### **Clean Tech Manufacturing**

**38.** Given our commitment to climate-friendly development, the Mission will also support Clean Tech manufacturing. This will aim to improve domestic value addition and build our ecosystem for solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, very high voltage transmission equipment and grid scale batteries.

### **Investment as the 3rd engine**

**39.** Now, I move to Investment as the 3rd engine, which encompasses investing in people, investing in the economy and investing in innovation.

#### **A. Investing in People**

##### **Saksham Anganwadi and Poshan 2.0**

**40.** The Saksham Anganwadi and Poshan 2.0 programme provides nutritional support to more than 8 crore children, 1 crore pregnant women and lactating mothers all over the country, and about 20 lakh adolescent girls in aspirational districts and the north-east region. The cost norms for the nutritional support will be enhanced appropriately.

**Atal Tinkering Labs**

41. Fifty thousand Atal Tinkering Labs will be set up in Government schools in next 5 years to cultivate the spirit of curiosity and innovation, and foster a scientific temper among young minds.

**Broadband Connectivity to Government Secondary Schools and PHCs**

42. Broadband connectivity will be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.

**Bharatiya Bhasha Pustak Scheme**

43. We propose to implement a Bharatiya Bhasha Pustak Scheme to provide digital-form Indian language books for school and higher education. This aims to help students understand their subjects better.

**National Centres of Excellence for Skilling**

44. Building on the initiative announced in the July 2024 Budget, five National Centres of Excellence for skilling will be set up with global expertise and partnerships to equip our youth with the skills required for “Make for India, Make for the World” manufacturing. The partnerships will cover curriculum design, training of trainers, a skills certification framework, and periodic reviews.

**Expansion of Capacity in IITs**

45. Total number of students in 23 IITs has increased 100 per cent from 65,000 to 1.35 lakh in the past 10 years. Additional infrastructure will be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students. Hostel and other infrastructure capacity at IIT, Patna will also be expanded.

**Centre of Excellence in AI for Education**

46. I had announced three Centres of Excellence in Artificial Intelligence for agriculture, health, and sustainable cities in 2023. Now a Centre of Excellence in Artificial Intelligence for education will be set up with a total outlay of Rs. 500 crore.

**Expansion of medical education**

47. Our Government has added almost 1.1 lakh UG and PG medical education seats in ten years, an increase of 130 per cent. In the next year, 10,000 additional seats will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years.

**Day Care Cancer Centres in all District Hospitals**

48. Our Government will facilitate setting up of Day Care Cancer Centres in all district hospitals in the next 3 years. 200 Centres will be established in 2025-26.

**Strengthening urban livelihoods**

49. Our Government has been giving priority to assisting urban poor and vulnerable groups. A scheme for socio-economic upliftment of urban workers will be implemented to help them improve their incomes, have sustainable livelihoods and a better quality of life.

**PM SVANidhi**

50. PM SVANidhi scheme has benefitted more than 68 lakh street vendors giving them respite from high-interest informal sector loans. Building on this success, the scheme will be revamped with enhanced loans from banks, UPI linked credit cards with Rs. 30,000 limit, and capacity building support.

**Social Security Scheme for Welfare of Online Platform Workers**

51. Gig workers of online platforms provide great dynamism to the new-age services economy. Recognising their contribution, our Government will arrange for their identity cards and registration on the e-Shram portal. They will be provided healthcare under PM Jan Arogya Yojana. This measure is likely to assist nearly 1 crore gig-workers.

**B. Investing in the Economy****Public Private Partnership in Infrastructure**

52. Each infrastructure-related Ministry will come up with a 3-year pipeline of projects that can be implemented in PPP mode. States will also be encouraged to do so and can seek support from the IIPDF (India Infrastructure Project Development Fund) scheme to prepare PPP proposals.

**Support to States for Infrastructure**

53. An outlay of Rs. 1.5 lakh crore is proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.

**Asset Monetization Plan 2025-30**

54. Building on the success of the first Asset Monetization Plan announced in 2021, the second Plan for 2025-30 will be launched to plough back capital of Rs. 10 lakh crore in new projects. Regulatory and fiscal measures will be finetuned to support the Plan.

**Jal Jeevan Mission**

**55.** Since 2019, 15 crore households representing 80 per cent. of India's rural population have been provided access to potable tap water connections. To achieve 100 per cent. coverage, I am pleased to announce the extension of the Mission until 2028 with an enhanced total outlay.

**56.** The Mission's focus will be on the quality of infrastructure and O&M of rural piped water supply schemes through "Jan Bhagidhari". Separate MoUs will be signed with states/UTs, to ensure sustainability and citizen-centric water service delivery.

**Urban Sector Reforms**

**57.** Building on the July Budget proposals, urban sector reforms related to governance, municipal services, urban land, and planning will be incentivized.

**Urban Challenge Fund**

**58.** The Government will set up an Urban Challenge Fund of Rs. 1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation' announced in the July Budget.

**59.** This fund will finance up to 25 per cent. of the cost of bankable projects with a stipulation that at least 50 per cent. of the cost is funded from bonds, bank loans, and PPPs. An allocation of Rs. 10,000 crore is proposed for 2025-26.

**Power Sector Reforms**

**60.** We will incentivize electricity distribution reforms and augmentation of intra-state transmission capacity by states. This will improve financial health and capacity of electricity companies. Additional borrowing of 0.5 per cent. of GSDP will be allowed to states, contingent on these reforms.

**Nuclear Energy Mission for Viksit Bharat**

**61.** Development of at least 100 GW of nuclear energy by 2047 is essential for our energy transition efforts. For an active partnership with the private sector towards this goal, amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be taken up.

**62.** A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of Rs. 20,000 crore will be set up. At least 5 indigenously developed SMRs will be operationalized by 2033.

**Shipbuilding**

63. The Shipbuilding Financial Assistance Policy will be revamped to address cost disadvantages. This will also include credit notes for ship-breaking in Indian yards to promote the circular economy.

64. Large ships above a specified size will be included in the infrastructure harmonized master list (HML).

65. Shipbuilding clusters will be facilitated to increase the range, categories and capacity of ships. This will include additional infrastructure facilities, skilling and technology to develop the entire ecosystem.

**Maritime Development Fund**

66. For long-term financing for the maritime industry, a Maritime Development Fund with a corpus of Rs. 25,000 crore will be set up. This will be for distributed support and promoting competition. This will have up to 49 per cent. contribution by the Government, and the balance will be mobilized from ports and private sector.

**UDAN-Regional Connectivity Scheme**

67. UDAN has enabled 1.5 crore middle-class people to meet their aspirations for speedier travel. The scheme has connected 88 airports and operationalized 619 routes. Inspired by that success, a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly, aspirational, and North East region districts.

**Greenfield Airport in Bihar**

68. Greenfield airports will be facilitated in Bihar to meet the future needs of the State. These will be in addition to the expansion of the capacity of Patna airport and a brownfield airport at Bihta.

**Western Koshi Canal Project in Mithilanchal**

69. Financial support will be provided for the Western Koshi Canal ERM Project benefitting a large number of farmers cultivating over 50,000 hectares of land in the Mithilanchal region of Bihar.

**Mining Sector Reforms**

70. Mining sector reforms, including those for minor minerals, will be encouraged through sharing of best practices and institution of a State Mining Index.

71. A policy for recovery of critical minerals from tailings will be brought out.

**SWAMIH Fund 2**

**72.** Under the Special Window for Affordable and Mid-Income Housing (SWAMIH) fifty thousand dwelling units in stressed housing projects have been completed, and keys handed over to home-buyers. Another forty thousand units will be completed in 2025, further helping middle-class families who were paying EMIs on loans taken for apartments, while also paying rent for their current dwellings.

**73.** Building on this success, SWAMIH Fund 2 will be established as a blended finance facility with contribution from the Government, banks and private investors. This fund of Rs. 15,000 crore will aim for expeditious completion of another 1 lakh units.

**PM Gati Shakti Data for Private Sector**

**74.** For furthering PPPs and assisting the private sector in project planning, access to relevant data and maps from the PM Gati Shakti portal will be provided.

**Tourism for employment-led growth**

**75.** Top 50 tourist destination sites in the country will be developed in partnership with states through a challenge mode. Land for building key infrastructure will have to be provided by states. Hotels in those destinations will be included in the infrastructure HML.

**76.** The following measures will be taken for facilitating employment-led growth :

- (1) Organizing intensive skill-development programmes for our youth including in Institutes of Hospitality Management ;
- (2) Providing MUDRA loans for homestays ;
- (3) Improving ease of travel and connectivity to tourist destinations ;
- (4) Providing performance-linked incentives to states for effective destination management including tourist amenities, cleanliness, and marketing efforts ; and
- (5) Introducing streamlined e-visa facilities along with visa-fee waivers for certain tourist groups.

**77.** Continuing with the emphasis on places of spiritual and religious significance in the July Budget, there will be a special focus on destinations related to the life and times of Lord Buddha.

**Medical Tourism and Heal in India**

**78.** Medical Tourism and Heal in India will be promoted in partnership with the private sector along with capacity building and easier visa norms.

### **C. Investing in Innovation**

#### **Research, Development and Innovation**

**79.** To implement private sector driven Research, Development and Innovation initiative announced in the July Budget, I am now allocating Rs. 20,000 crore.

#### **Deep Tech Fund of Funds**

**80.** A Deep Tech Fund of Funds will also be explored to catalyze the next generation startups as a part of this initiative.

#### **PM Research Fellowship**

**81.** In the next five years, under the PM Research Fellowship scheme, we will provide ten thousand fellowships for technological research in IITs and IISc with enhanced financial support.

#### **Gene Bank for Crops Germplasm**

**82.** The 2nd Gene Bank with 10 lakh germplasm lines will be set up for future food and nutritional security. This will provide conservation support to both public and private sectors for genetic resources.

#### **National Geospatial Mission**

**83.** We will start a National Geospatial Mission to develop foundational geospatial infrastructure and data. Using PM Gati Shakti, this Mission will facilitate modernization of land records, urban planning, and design of infrastructure projects.

#### **Gyan Bharatam Mission**

**84.** A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors will be undertaken to cover more than 1 crore manuscripts. We will set up a National Digital Repository of Indian knowledge systems for knowledge sharing.

**85.** Now, I move to Exports as the 4th engine.

#### **Exports as the 4th engine**

#### **Export Promotion Mission**

**86.** We will set up an Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.



### **BharatTradeNet**

**87.** A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. This will complement the Unified Logistics Interface Platform. The BTN will be aligned with international practices.

### **Support for integration with Global Supply Chains**

**88.** Support will be provided to develop domestic manufacturing capacities for our economy's integration with global supply chains. Sectors will be identified based on objective criteria.

**89.** Facilitation groups with participation of senior officers and industry representatives will be formed for select products and supply chains.

**90.** Through this, there are huge opportunities related to Industry 4.0, which needs high skills and talent. Our youth have both. Our Government will support the domestic electronic equipment industry to leverage this opportunity for the benefit of the youth.

### **National Framework for GCC**

**91.** A national framework will be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities. This will suggest measures for enhancing availability of talent and infrastructure, building-by-law reforms, and mechanisms for collaboration with industry.

### **Warehousing facility for air cargo**

**92.** Our Government will facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce. Cargo screening and customs protocols will be streamlined and made user-friendly.

### **Reforms as the Fuel**

**93.** Now I move to 'Reforms as the Fuel', and detail specific reforms.

### **Tax Reforms**

**94.** Over the past 10 years, our Government has implemented several reforms for convenience of tax payers, such as (1) faceless assessment, (2) tax payers charter, (3) faster returns, (4) almost 99 per cent. returns being on self-assessment, and (5) Vivad se Vishwas Scheme. Continuing these efforts, I reaffirm the commitment of the tax Department to "trust first, scrutinize later". I also propose to introduce the new income-tax bill next week. I will detail the indirect tax reforms and changes in direct taxes in Part B.

## **Financial Sector Reforms and Development**

### **FDI in Insurance Sector**

**95.** The FDI limit for the insurance sector will be raised from 74 to 100 per cent. This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.

### **Expanding Services of India Post Payment Bank**

**96.** The services of India Post Payment Bank will be deepened and expanded in rural areas.

### **Credit Enhancement Facility by NaBFID**

**97.** NaBFID will set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

### **Grameen Credit Score**

**98.** Public Sector Banks will develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

### **Pension Sector**

**99.** A forum for regulatory coordination and development of pension products will be set up.

### **KYC Simplification**

**100.** To implement the earlier announcement on simplifying the KYC process, the revamped Central KYC Registry will be rolled out in 2025. We will also implement a streamlined system for periodic updating.

### **Merger of Companies**

**101.** Requirements and procedures for speedy approval of company mergers will be rationalized. The scope for fast-track mergers will also be widened and the process made simpler.

### **Bilateral Investment Treaties**

**102.** As proposed in the Interim Budget, we signed Bilateral Investment Treaties (BIT) with two countries in 2024. To encourage sustained foreign investment and in the spirit of "first develop India", the current model BIT will be revamped and made more investor-friendly.

### **Regulatory Reforms**

**103.** In the last ten years in several aspects, including financial and non-financial, our Government has demonstrated a steadfast commitment to "Ease of Doing Business". We are determined to ensure that our regulations must keep up with technological innovations and global policy

developments. A light-touch regulatory framework based on principles and trust will unleash productivity and employment. Through this framework, we will update regulations that were made under old laws. To develop this modern, flexible, people-friendly, and trust-based regulatory framework appropriate for the twenty-first century, I propose four specific measures :

### **High Level Committee for Regulatory Reforms**

**104.** A High-Level Committee for Regulatory Reforms will be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions. The committee will be expected make recommendations within a year. The objective is to strengthen trust-based economic governance and take transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances. States will be encouraged to join in this endeavour.

### **Investment Friendliness Index of States**

**105.** An Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive co-operative federalism.

### **FSDC Mechanism**

**106.** Under the Financial Stability and Development Council, a mechanism will be set up to evaluate impact of the current financial regulations and subsidiary instructions. It will also formulate a framework to enhance their responsiveness and development of the financial sector.

### **Jan Vishwas Bill 2.0**

**107.** In the Jan Vishwas Act, 2023, more than 180 legal provisions were decriminalized. Our Government will now bring up the Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

### **Fiscal Policy**

**108.** Now I move to fiscal policy matters.

### **Fiscal Consolidation**

**109.** In the July Budget, I had committed to staying the course for fiscal consolidation. Our endeavour will be to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP. The roadmap for the next 6 years has been detailed in the FRBM statement.

### **Revised Estimates 2024-25**

**110.** The Revised Estimate of the total receipts other than borrowings is Rs. 31.47 lakh crore, of which the net tax receipts are Rs. 25.57 lakh crore.

The Revised Estimate of the total expenditure is Rs. 47.16 lakh crore, of which the capital expenditure is about Rs. 10.18 lakh crore.

**111.** The Revised Estimate of the fiscal deficit is 4.8 per cent. of GDP.

### **Budget Estimates 2025-26**

**112.** Coming to 2025-26, the total receipts other than borrowings and the total expenditure are estimated at Rs. 34.96 lakh crore and Rs. 50.65 lakh crore respectively. The net tax receipts are estimated at Rs. 28.37 lakh crore.

**113.** The fiscal deficit is estimated to be 4.4 per cent. of GDP.

**114.** To finance the fiscal deficit, the net market borrowings from dated securities are estimated at Rs. 11.54 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at Rs. 14.82 lakh crore.

I will now move to Part B.

## **PART B**

### **Indirect Taxes**

**115.** My proposals relating to Customs aim to rationalize tariff structure and address duty inversion. These will also support domestic manufacturing and value addition, promote exports, facilitate trade and provide relief to common people.

#### **Rationalisation of Customs Tariff Structure for Industrial Goods**

**116.** As a part of comprehensive review of Customs rate structure announced in July 2024 Budget, I propose to :

(i) remove seven tariff rates. This is over and above the seven tariff rates removed in 2023-24 budget. After this, there will be only eight remaining tariff rates including "zero" rate.

(ii) apply appropriate cess to broadly maintain effective duty incidence except on a few items, where such incidence will reduce marginally.

(iii) levy not more than one cess or surcharge. Therefore, I propose to exempt Social Welfare Surcharge on 82 tariff lines that are subject to a cess.

**117.** I shall now take up sector specific proposals.

#### **Relief on import of Drugs/Medicines**

**118.** To provide relief to patients, particularly those suffering from cancer, rare diseases and other severe chronic diseases, I propose to add 36 lifesaving drugs and medicines to the list of medicines fully exempted from Basic Customs Duty (BCD). I also propose to add 6 lifesaving medicines to the list attracting concessional customs duty of 5%. Full exemption and

concessional duty will also respectively apply on the bulk drugs for manufacture of the above.

**119.** Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies are fully exempt from BCD, provided the medicines are supplied free of cost to patients. I propose to add 37 more medicines along with 13 new patient assistance programmes.

### **Support to Domestic Manufacturing and Value addition**

#### **Critical Minerals**

**120.** In the July 2024 Budget, I had fully exempted BCD on 25 critical minerals that are not domestically available. I had also reduced BCD of 2 other such minerals to provide a major fillip to their processing especially by MSMEs. Now, I propose to fully exempt cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals. This will help secure their availability for manufacturing in India and promote more jobs for our youth.

#### **Textiles**

**121.** To promote domestic production of technical textile products such as agro-textiles, medical textiles and geo textiles at competitive prices, I propose to add two more types of shuttle-less looms to the list of fully exempted textile machinery. I also propose to revise the BCD rate on knitted fabrics covered by nine tariff lines from "10% or 20%" to "20% or Rs. 115 per kg. whichever is higher".

#### **Electronic Goods**

**122.** In line with our "Make in India" policy, and to rectify inverted duty structure, I propose to increase the BCD on Interactive Flat Panel Display (IFPD) from 10% to 20% and reduce the BCD to 5% on Open Cell and other components.

**123.** In 2023-24 Budget, for the manufacture of Open Cells of LCD/LED TVs, I had reduced the BCD on parts of Open Cells from 5% to 2.5% . To further boost the manufacture of such Open Cells, the BCD on these parts will now stand exempted.

#### **Lithium Ion Battery**

**124.** To the list of exempted capital goods, I propose to add 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing. This will boost domestic manufacture of lithium-ion battery, both for mobile phones and electric vehicles.

**Shipping Sector**

**125.** Considering that shipbuilding has a long gestation period, I propose to continue the exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships for another ten years. I also propose the same dispensation for ship breaking to make it more competitive.

**Telecommunication**

**126.** To prevent classification disputes, I propose to reduce the BCD from 20% to 10% on Carrier Grade ethernet switches to make it at par with Non-Carrier Grade ethernet switches.

**Export Promotion****Handicraft Goods**

**127.** To facilitate exports of handicrafts, I propose to extend the time period for export from six months to one year, further extendable by another three months, if required. I also propose to add nine items to the list of duty-free inputs.

**Leather sector**

**128.** I propose to fully exempt BCD on Wet Blue leather to facilitate imports for domestic value addition and employment. I also propose to exempt crust leather from 20% export duty to facilitate exports by small tanners.

**Marine products**

**129.** To enhance India's competitiveness in the global seafood market, I propose to reduce BCD from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products. I also propose to reduce BCD from 15% to 5% on fish hydrolysate for manufacture of fish and shrimp feeds.

**Domestic MROs for Railway Goods**

**130.** In July 2024 Budget, to promote development of domestic MROs for aircraft and ships, I had extended the time limit for export of foreign origin goods that were imported for repairs, from 6 months to one year and further extendable by one year. I now propose to extend the same dispensation for railway goods.

**Trade facilitation****Time-limit for Provisional Assessment**

**131.** Presently, the Customs Act, 1962 does not provide any time limit to finalize Provisional Assessments leading to uncertainty and cost to trade.

As a measure of promoting ease of doing business, I propose to fix a time-limit of two years, extendable by a year, for finalising the provisional assessment.

### **Voluntary Compliance**

**132.** I propose to introduce a new provision that will enable importers or exporters, after clearance of goods, to voluntarily declare material facts and pay duty with interest but without penalty. This will incentivise voluntary compliance. However, this will not apply in cases where department has already initiated audit or investigation proceedings.

### **Extended Time for End Use**

**133.** For industry to better plan their imports, I propose to extend the time-limit for the end-use of imported inputs in the relevant rules, from six months to one year. This will provide operational flexibility in view of cost and uncertainty of supply. Further, such importers will now have to file only quarterly statements instead of a monthly statement.

### **Direct Taxes**

I now come to my Direct tax proposals.

**134.** In Part A, I have briefly underlined Taxation Reforms as one of key reforms to realize our vision of Viksit Bharat. In respect of criminal law, Our Government had earlier ushered in Bharatiya Nyaya Sanhita replacing Bharatiya Danda Sanhita. I am happy to inform this August House and the country that the new income-tax bill will carry forward the same spirit of "Nyaya". The new bill will be clear and direct in text with close to half of the present law, in terms of both chapters and words. It will be simple to understand for taxpayers and tax administration, leading to tax certainty and reduced litigation.

**135.** Reforms, however, are not a destination. They are a means to achieve good governance for our people and economy. Providing good governance primarily involves being responsive. The Thirukkural captures this in Verse 542, which reads :

வானோக்கி வாழும் உலகெல்லாம் மன்னவன்  
கோல்நோக்கி வாழுங் குடி.

*vaanokki vaalum ulakellaam mannavan  
koalnokki vaalung kuti*

Meaning :

Just as living beings live expecting rains,  
Citizens live expecting good governance.

Our Government is committed to keeping an ear to the ground and a finger on the pulse, and responding while balancing our nation-building efforts. The following measures will detail just how our Government under the guidance of PM Modi has taken steps to understand and address the needs voiced by our citizens. My tax proposals are guided by this spirit.

**136.** The objectives of my proposals are as follows :

- (i) Personal Income Tax reforms with special focus on middle class
- (ii) Rationalization of TDS/TCS for easing difficulties
- (iii) Encouraging voluntary compliance
- (iv) Reducing compliance burden
- (v) Ease of doing business
- (vi) Employment and investment

I will come to my proposal on personal income-tax towards the end.

### **TDS/TCS rationalization for easing difficulties**

**137.** I propose to rationalize Tax Deduction at Source (TDS) by reducing the number of rates and thresholds above which TDS is deducted. Further, threshold amounts for tax deduction will be increased for better clarity and uniformity. The limit for tax deduction on interest for senior citizens is being doubled from the present Rs. 50,000 to Rs. 1 lakh. Similarly, the annual limit of Rs. 2.40 lakh for TDS on rent is being increased to Rs. 6 lakh. This will reduce the number of transactions liable to TDS, thus benefiting small tax payers receiving small payments.

**138.** The threshold to collect tax at source (TCS) on remittances under RBI's Liberalized Remittance Scheme (LRS) is proposed to be increased from Rs. 7 lakh to Rs. 10 lakh. I also propose to remove TCS on remittances for education purposes, where such remittance is out of a loan taken from a specified financial institution.

**139.** Both TDS and TCS are being applied on any transaction relating to sale of goods. To prevent such compliance difficulties, I propose to omit the TCS. I also propose that the provisions of the higher TDS deduction will now apply only in non-PAN cases.

**140.** In July 2024, the delay for payment of TDS up to the due date of filing statement was decriminalized. I propose to provide the same relaxation to TCS provisions as well.

### **Encouraging Voluntary Compliance**

**141.** The Government under the leadership of Prime Minister Modi believes in "Sabka Saath, Sabka Vikas, Sabka Vishwas and Sabka Prayas". In line with this, we brought in updated return facility in 2022 for voluntary



compliance by taxpayers who had omitted to report their correct income. Our trust in taxpayers was proved right. Nearly 90 lakh taxpayers voluntarily updated their incomes by paying additional tax. Taking this trust further, I now propose to extend the time-limit to file updated returns for any assessment year, from the current limit of two years, to four years.

### **Reducing Compliance Burden**

**142.** I propose to reduce the compliance burden for small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years. It is also proposed that disproportionate consequences do not arise for minor defaults, such as incomplete applications filed by charitable entities.

**143.** Presently taxpayers can claim the annual value of self-occupied properties as nil only on the fulfilment of certain conditions. Considering the difficulties faced by taxpayers, it is proposed to allow the benefit of two such self-occupied properties without any condition.

### **Ease of Doing Business**

**144.** To streamline the process of transfer pricing and to provide an alternative to yearly examination, I propose to introduce a scheme for determining arm's length price of international transaction for a block period of three years. This will be in line with global best practices.

**145.** With a view to reduce litigation and provide certainty in international taxation, the scope of safe harbour rules is being expanded.

**146.** A number of senior and very senior citizens have very old National Savings Scheme accounts. As interest is no longer payable on such accounts, I propose to exempt withdrawals made from NSS by individuals on or after the 29th of August, 2024. I am also proposing to allow similar treatment to NPS Vatsalya accounts as is available to normal NPS accounts, subject to overall limits.

**147.** In my speech in July 2024, I had promised that all processes including giving effect to appellate orders shall be digitalized and made paperless over the next two years. I am happy to announce that digitalization is being made operational.

**148.** In July 2024, we brought in the Vivad Se Vishwas Scheme to resolve income-tax disputes pending in appeal. The scheme has received a great response, with nearly 33,000 tax payers having availed of this scheme to settle their disputes.

### **Employment and Investment**

**149.** I have a few proposals to promote investment and employment.

**Tax certainty for electronics manufacturing Schemes**

**150.** It is proposed to provide a presumptive taxation regime for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility. I further propose to introduce a safe harbour for tax certainty for non-residents who store components for supply to specified electronics manufacturing units.

**Tonnage Tax Scheme for Inland Vessels**

**151.** Presently the Tonnage Tax Scheme is available to only sea going ships. The benefits of existing tonnage tax scheme are proposed to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote inland water transport in the country.

**Extension for incorporation of Start-Ups**

**152.** We continue to support the Indian start-up eco-system. I propose to extend the period of incorporation by 5 years to allow the benefit available to start-ups which are incorporated before 1-4-2030.

**International Financial Services Centre (IFSC)**

**153.** In order to attract and promote additional activities in the IFSC, I am inter alia proposing specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which are set up in IFSC. Further, to claim benefits, the cut-off date for commencement in IFSC has also been extended by five years to 31-3-2030.

**Alternate Investment Funds (AIFs)**

**154.** Category I and category II AIFs are undertaking investments in infrastructure and other such sectors. I propose to provide certainty of taxation to these entities on the gains from securities.

**Extension of investment date for Sovereign and Pension Funds**

**155.** To promote funding from Sovereign Wealth Funds and Pension Funds to the infrastructure sector, I propose to extend the date of making an investment by five more years, to 31st March, 2030.

**Personal Income-tax Reforms with special focus on middle class**

**156.** Democracy, Demography and Demand are the key support pillars in our journey towards Viksit Bharat. The middle class provides strength for India's growth. This Government under the leadership of Prime Minister Modi has always believed in the admirable energy and ability of the middle class in nation building. In recognition of their contribution, we have periodically reduced their tax burden. Right after 2014, the 'Nil tax' slab was raised to Rs. 2.5 lakh, which was further raised to Rs. 5 lakh in 2019

and to Rs. 7 lakh in 2023. This is reflective of our Government's trust on the middle-class taxpayers. I am now happy to announce that there will be no income-tax payable up to income of Rs. 12 lakh (i.e. average income of Rs. 1 lakh per month other than special rate income such as capital gains) under the new regime. This limit will be Rs. 12.75 lakh for salaried tax payers, due to standard deduction of Rs. 75,000.

**157.** Slabs and rates are being changed across the board to benefit all taxpayers. The new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment.

**158.** In the new tax regime, I propose to revise tax rate structure as follows :

0-4 lakh rupees	Nil
4-8 lakh rupees	5 per cent.
8-12 lakh rupees	10 per cent.
12-16 lakh rupees	15 per cent.
16-20 lakh rupees	20 per cent.
20-24 lakh rupees	25 per cent.
Above 24 lakh rupees	30 per cent.

**159.** To tax payers up to Rs. 12 lakh of normal income (other than special rate income such as capital gains) tax rebate is being provided in addition to the benefit due to slab rate reduction in such a manner that there is no tax payable by them. The total tax benefit of slab rate changes and rebate at different income levels can be illustrated with examples. A tax payer in the new regime with an income of Rs. 12 lakh will get a benefit of Rs. 80,000 in tax (which is 100% of tax payable as per existing rates). A person having income of Rs. 18 lakh will get a benefit of Rs. 70,000 in tax (30% of tax payable as per existing rates). A person with an income of Rs. 25 lakh gets a benefit of Rs. 1,10,000 (25% of his tax payable as per existing rates).

**160.** Details of my tax proposals are given in the Annexure.

**161.** As a result of these proposals, revenue of about Rs. 1 lakh crore in direct taxes and Rs. 2,600 crore in indirect taxes will be forgone.

Mr. Speaker Sir, with this, I commend the budget to this August House.  
Jai Hind.

## **Annexures to Part A**

### ANNEXURE A

#### **Building rural prosperity and resilience**

The programme will focus at :

- (1) catalyzing enterprise development, employment and financial independence for rural women ;
- (2) accelerating creation of new employment and businesses for young farmers and rural youth ;
- (3) nurturing and modernizing agriculture for productivity improvement and warehousing, especially for marginal and small farmers ; and
- (4) diversifying opportunities for landless families.

### ANNEXURE B

#### **Mission for Aatmanirbharta in pulses**

The mission will place emphasis on :

- (1) development and commercial availability of climate resilient seeds,
- (2) enhancing protein content,
- (3) increasing productivity,
- (4) improving post-harvest storage and management, and
- (5) assuring remunerative prices to the farmers.

### ANNEXURE C

#### **India post as a catalyst for the rural economy**

The expanded range of services will include :

- (1) rural community hub colocation ;
- (2) institutional account services ;
- (3) DBT, cash out and EMI pick-up ;
- (4) credit services to micro enterprises ;
- (5) insurance ; and
- (6) assisted digital services.

### ANNEXURE D

<i>Rs. in crore</i>	<i>Investment</i>		<i>Turnover</i>	
	<i>Current</i>	<i>Revised</i>	<i>Current</i>	<i>Revised</i>
Micro enterprises	1	2.5	5	10
Small enterprises	10	25	50	100
Medium enterprises	50	125	250	500

## ANNEXURE E

**Manufacturing mission — Furthering “Make in India”**

The Mission’s mandate will include five focus areas :

- (1) ease and cost of doing business ;
- (2) future ready workforce for in-demand jobs ;
- (3) a vibrant and dynamic MSME sector ;
- (4) availability of technology ; and
- (5) quality products.

**Annexure to Part B****Amendments relating to indirect taxes****A. Legislative changes in customs laws****A.1 Amendments in the Customs Act, 1962**

(i) A new sub-section (1B) is being inserted in section 18 to provide time limit of two years for finalization of provisional assessment. It also provides that this time limit may be extended by the Commissioner of Customs for a further period of one year if sufficient cause is shown. It further provides that, for the pending cases, the time-limit shall be computed from the date of assent of the Finance Bill, 2025.

(ii) A new sub-section (1C) is being inserted to provide for certain grounds on which the time-limit of two years for finalizing provisional assessment shall remain suspended.

(iii) A new section 18A is being inserted for voluntary revision of entry after clearance of goods to allow importers and exporters to revise any entry made in relation to the goods within a prescribed time and subject to conditions as may be prescribed. It also provides for treating such revised entry as self-assessment and allow payment of duty or treat the revised entry as a refund claim under section 27. It further provides for certain cases where this section will not apply.

(iv) A new *Explanation* is being inserted in sub-section 1 of section 27 to clarify that the period of limitation for claim of refund consequent to the revised entry under section 18A or amendment under section 149 of the Customs Act, 1962, shall be one year from the date of payment of duty or interest.

(v) A new clause is being inserted in *Explanation 1* to section 28 to provide that the relevant date in the case of payment of duty as per the revised entry under section 18A is the date of payment of duty or interest.

(vi) A new clause is being inserted after clause (d) and (e) of section 127A to define Interim Board, Member of the Interim Board and pending applications.

(vii) A new sub-section (6) is being inserted after sub-section (5) in section 127B to provide end date for receipt of applications under this section.

(viii) A new sub-section (12) is being inserted after sub-section (11) in section 127C to make applicable the sub-sections of section 127C of the Customs Act, 1962 to the Interim Board.

(ix) A new sub-section (3) is being inserted after sub-section (2) in section 127D clarifying that the powers of Settlement Commission shall be exercised by the Interim Board and the provisions of this section shall, mutatis mutandis, apply to the Interim Board as they apply to the Settlement Commission.

(x) A new sub-section (5) is being inserted after sub-section (4) of section 127F providing that the powers and functions of Settlement Commission shall be exercised or performed by the Interim Board.

(xi) A proviso to section 127G of the Customs Act, 1962 is being inserted to provide that the powers and functions of Settlement Commission under this section shall be exercised or performed by the Interim Board.

(xii) A new sub-section (4) is being inserted after sub-section (3) in section 127H of the Customs Act, 1962 to provide that the powers and functions of Settlement Commission under this section shall be exercised or performed by the Interim Board.

These changes shall come into effect from date of assent to the Finance Bill, 2025

### **A.2 Amendments in the Customs Tariff Act, 1975**

(a) The First Schedule to the Customs Tariff Act, 1975 is being amended to,—

(i) revise tariff rates on certain industrial tariff items

(ii) add 178 new tariff entries in Chapters 10, 20, 27, 28, 29, 38 and 71 and substitute/delete 63 tariff entries ; insert supplementary notes in Chapters 10, 20, 29 and 38 and amend two supplementary notes. This is to align the tariff lines with WCO classification and better identification of goods.

These changes shall come into effect from May 1, 2025.

### **B. Legislative changes in GST laws**

(Save as otherwise provided, these changes will be brought into effect from a date to be notified in co-ordination with States, as per recommendations of the GST Council)

**Amendment for trade facilitation****B.1 Amendments in section 2 of the CGST Act, 2017 :**

(a) Clause (61) is being amended to explicitly provide for distribution of input tax credit by the input service distributor in respect of inter-State supplies on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act. This amendment will be effective from 1st April, 2025.

(b) Clause (69) (c) is being amended to insert an *Explanation* to provide for definitions of the terms “local fund” and “municipal fund” used in the definition of “local authority” under the said clause so as to clarify the scope of the said terms.

(c) A new clause (112A) is being inserted to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism

**B.2 Amendments in sections 12 and 13 of the CGST Act, 2017**

Sub-section (4) of section 12 and sub-section (4) of section 13 relating to time of supply in respect of vouchers are being omitted.

**B.3 Amendments in section 17 of the CGST Act, 2017**

Clause (d) of sub-section (5) is being amended to substitute the words “plant or machinery” with the words “plant and machinery” with effect from 1st July, 2017.

**B.4 Amendments in section 20 of the CGST Act, 2017**

Section 20(1) and section 20(2) are being amended to explicitly provide for distribution of input tax credit by the input service distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act in sub-section (1) of section 20. The amendment will be effective from 1st April, 2025.

**B.5 Amendments in section 34 of the CGST Act, 2017**

The proviso to sub-section (2) is being amended to explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

**B.6 Amendments in section 38 of the CGST Act, 2017**

(a) Section 38(1) is being amended to omit the expression “auto-generated”.

(b) Section 38(2) is being amended to omit the expression “auto-generated” and to insert the expression “including” after the words “by the recipient” in clause (b) to make the said clause more inclusive.

(c) Section 38(2) is also being amended to insert a new clause (c) to provide an enabling clause to prescribe other details to be made available in statement of input tax credit.

#### **B.7 Amendments in section 39 of the CGST Act, 2017**

Section 39(1) is being amended to provide an enabling clause to prescribe certain conditions and restriction for filing of return.

#### **B.8. Amendments in section 107 and 112 of the CGST Act, 2017**

(a) Section 107(6) is being amended to provide for 10% mandatory pre-deposit of penalty amount for appeals before appellate authority in cases involving only demand of penalty without any demand for tax.

(b) Section 112(8) is amended to provide for 10 per cent. mandatory pre-deposit of penalty amount for appeals before Appellate Tribunal in cases involving only demand of penalty without any demand for tax.

#### **B.9 Insertion of a new section 122B of the CGST Act, 2017**

A new section 122B is being inserted to provide penalties for contraventions of provisions related to the track and trace mechanism provided under section 148A.

#### **B.10 Insertion of a new section 148A of the CGST Act, 2017**

Section 148A is being inserted to provide for enabling mechanism for a track and trace mechanism for specified commodities.

#### **B.11 Amendments in Schedule III of the CGST Act, 2017**

Schedule III is being amended, with effect from July 1, 2017 to,—

(a) insert a new entry (aa) in paragraph 8 to provide that the supply of goods warehoused in a special economic zone or in a free trade warehousing zone to any person before clearance for exports or to the domestic tariff area shall be treated neither as supply of goods nor as supply of services.

(b) Amend *Explanation 2*, with effect from July 1, 2017 to clarify that the said explanation would be applicable in respect of entry (a) of paragraph 8.

(c) Insert *Explanation 3* to define the terms “special economic zone”, “free trade warehousing zone” and “domestic tariff area”, for the purpose of the proposed entry (aa) in paragraph 8.

(d) To provide that no refund of tax already paid will be available for the transactions referred above.



### C. Other provisions in the Finance Bill

#### C.1 Special provision for exemption from service tax in certain cases :

Services provided or agreed to be provided by insurance companies by way of reinsurance services under the Weather Based Crop Insurance Scheme (WBCIS) and the Modified National Agricultural Insurance Scheme (MNAIS), are being exempted from service tax for the period commencing from 1st April, 2011 and ending with 30th June, 2017.

### D. Customs duty rate changes

#### D.1. Reduction in customs duty to reduce input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, boost domestic manufacturing, etc. (with effect from February 2, 2025)

Sl. No.	Commodity	From (%)	To (%)
I.	<i>Aquafarming and marine exports</i>		
1.	Frozen fish paste (surimi) for manufacture of surimi analogue products for export	30	5
2.	Fish hydrolysate for manufacture of aquatic feed	15	5
II.	<i>Chemicals</i>		
1.	Other compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure classified under tariff sub-heading 2933 59	10	7.5
2.	Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food or drink industries classified under tariff sub-heading 3302 10	100	20
3.	Sorbitol classified under tariff sub-heading 3824 60	30	20
III.	<i>Waste and scrap of critical minerals and others</i>		
1.	Waste and scrap of Antimony, Beryllium, Bismuth, Cobalt, Cadmium, Molybdenum, Rhenium, Tantalum, Tin, Tungsten, Zirconium, Copper scrap covered under tariff items 74040012, 74040019 and 74040022	10/5/2.5	Nil
2.	Waste and scrap of Lithium-Ion Battery	5	Nil
3.	Cobalt powder	5	Nil
4.	Waste and scrap of lead	5	Nil
5.	Waste and scrap zinc	5	Nil
IV.	<i>Drugs and medicines</i>		
1.	Addition of 6 more medicines in List 3 and bulk drugs for their manufacture	As applicable	5

2.	Addition of 36 more medicines in List 4 and bulk drugs for their manufacture	As applicable	Nil
3.	Addition of 37 more medicines and 13 Patient Assistance Programmes in the list of duty free imports by pharmaceutical companies for supply free of cost to patients	As applicable	Nil
V.	<i>Precious metals</i>		
1.	Platinum findings	25	6.4 (5 BCD + 1.4 AIDC)
VI.	<i>Textile, handicraft and leather sector</i>		
1.	Wet blue leather	10	Nil
2.	Shuttle less loom Rapier Looms (below 650 meters per minute) and Shuttle less loom Air jet Looms (below 1000 meters per minute) for use in textile industry	7.5	Nil
3.	Certain additional items for duty free import by bonafide exporters for manufacture of handicrafts	As applicable	Nil
VII.	<i>Capital goods</i>		
1.	Addition of 35 capital goods/machinery for use in the manufacture of lithium-ion battery of EVs and 28 capital goods/machinery for use in the manufacture of lithium-ion battery of mobile phones	As applicable	Nil
VIII	<i>IT and electronics</i>		
1.	Inputs/parts and sub-parts of PCBA, camera module, connectors and inputs or raw materials for use in manufacture of wired headset, microphone and receiver, USB cable, fingerprint reader/sensor of cellular mobile phone	2.5	Nil
2.	Specified inputs/parts (chip on film, PCBA, glass board/substrate cell) for use in manufacture of open cells of TV panels of LED/LCD TV	2.5	Nil
3.	Ethernet switches carrier-grade	20	10
4.	Open cell (with or without touch) for interactive flat panel display module, touch glass sheet and touch sensor PCB for use in manufacture of interactive flat panel display module	15/10	5
IX.	<i>Space sector</i>		
1.	Ground installation for satellites including its spares and consumables	As applicable	Nil
2.	Goods used in the building of launch vehicles and launching of satellites	5	Nil
X.	<i>Motorcycles</i>		
1.	(i) Engine capacity not exceeding 1600 CC (CBU)	50	40
	(ii) Semi-knocked down (SKD)	25	20

	(iii) Completely knocked down (CKD)	15	10
2	(i) Engine capacity 1600 CC and above (CBU)	50	30
	ii) Semi-knocked down (SKD)	25	20
	(iii) Completely knocked down (CKD)	15	10

### D.2. Increase in customs duty (with effect from February 2, 2025)

Sl. No.	Commodity	Rate of duties	
		From (%)	To (%)
I.	<i>Textiles</i>		
1.	Knitted Fabrics covered under tariff items 6004 10 00, 6004 90 00, 6006 22 00, 6006 31 00, 6006 32 00, 6006 33 00, 6006 34 00, 6006 42 00 and 6006 90 00	10/20	20 or Rs 115 per kg., whichever is higher
II	<i>Electronics</i>		
1	Interactive flat panel display classified under tariff item 8528 59 00 (CBU)	10	20

### D.3. Decrease in tariff rate with no change in effective rate (with effect from February 2, 2025)

Sl. No.	Commodity	Rate of duties	
		From (%)	To (%)
1.	Glycerol crude, glycerol waters, glycerol lye covered by tariff item 1520 00 00	30	20
2.	Phosphoric acid	20	7.5
3.	Other - Prepared binders, chemical products and preparations of chemical or allied industries covered under tariff item 3824 99 00	17.5	7.5
4.	Marble and travertine, granite, crude or roughly trimmed, merely cut into blocks, slabs and other (tariff sub-heading 2515 12 and tariff items 2525 11 00, 2516 11 00, 2516 12 00)	40	20 (+ 20 AIDC)
5.	Candles, tapers and the like covered by tariff heading 3406	25 (+ 2.5 SWS)	20 (+ 7.5 AIDC)
6.	Other reference materials	30	10
7.	PVC flex films including PVC flex banner and PVC flex sheets (tariff headings 3920, 3921)	25 (+ 2.5 SWS)	20 (+ 7.5 AIDC)
8.	Footwear covered under tariff headings 6401 to 6405	35 (+ 3.5 SWS)	20 (+ 18.5 AIDC)
9.	Worked monumental or building stone and articles thereof under heading 6802 except 6802 99 00	40	20

10	Marble slabs classified under tariff items 6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 91 00 and 6802 92 00	40	20 (+ 20 AIDC)
11.	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5	15
12.	Other plates, sheets, strips of thickness less than 0.5 mm	27.5	15
13.	Flat -rolled products in coils of thickness greater than or equal to 4.75 mm but not exceeding 10 mm	22.5	15
14.	Flat-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5	15
15.	Flat-rolled products of stainless steel of width 600 mm or more-Other nickel chrome austenitic type	22.5	15
16.	Flat-rolled products of stainless steel of width 600 mm or more-Other sheets and plates	22.5	15
17.	Flat-rolled products of other alloy steel grain oriented	20	15
18.	Other tubes or pipe fittings of stainless steel	25	15
19.	Other fittings of iron or steel, non-galvanised	25	15
20.	Other structure and parts of structures of iron and steel	25	15
21.	Others-tanks and drums, etc.	25	15
22.	Other screws and bolts w/n with nuts	25	15
23.	Threaded nuts	25	15
24.	Other non-threaded articles	25	15
25.	Others springs and leaves of iron/steel	25	15
26.	Other cast articles of iron or steel	25	15
27.	Articles of forged or stamped but not further worked	25	15
28.	All other articles of iron/steel	25	15
29.	Solar cells covered by tariff heading 8541	25 (+ 2.5 SWS)	20 (+ 7.5 AIDC)
30.	Motor cars and other motor vehicles principally designed for the transport of persons, including station wagons and racing cars, under tariff heading 8703 >USD 40000	125 (tariff rate) 100 BCD + 10 SWS (effective rate)	70 (tariff rate) 70 + 40 AIDC (effective rate)
31.	Used motor cars and other motor vehicles principally designed for the transport of persons, including station wagons and racing cars, under tariff heading 8703	125 (tariff) 125 BCD + 12.5 SWS (effective rate)	70 (tariff) 70 + 67.5 AIDC (effective rate)

32.	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars under tariff heading 8711	100 (tariff) (No change in effective rate)	70 (tariff) (No change in effective rate)
33.	Used motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars under tariff heading 8711	100 (tariff) 100 BCD +10 SWS (effective rate)	70 (tariff) 70 + 40 AIDC (effective rate)
34.	Bicycles under tariff item 8712 00 10	35	20 (+ 15 AIDC)
35.	Yachts and other vessels for pleasure or sports ; rowing boats and canoes covered under tariff heading 8903	25 (+ 2.5 SWS)	20 (+ 7.5 AIDC)
36.	Electricity meters for alternating current (Smart Meters) under tariff item 9028 30 10	25 (+ 2.5 SWS)	20 (+ 7.5 AIDC)
37.	Parts of electronic toys, under tariff item 9503 00 91 for manufacture of electronic toys	25 BCD + 2.5 SWS	20 BCD + 7.5 AIDC

**D.4. Decrease in tariff rate with reduction in effective rate (with effect from February 2, 2025)**

	Commodity	Rate of duties	
		From (%)	To (%)
1.	Synthetic flavouring essences and mixtures of odoriferous substances for use in food and drink industry	100	20 (+ 2 SWS)
2.	Sorbitol under tariff subheading 3824 60	30 (+ 3 SWS)	20 (+ 2 SWS)
3.	Articles of jewellery and parts thereof under tariff heading 7113 ; articles of goldsmiths' or silversmiths' wares and parts thereof under tariff heading 7114	25	20
4.	Solar module under tariff heading 8541	40 (+ 4 SWS)	20 (+ 20 AIDC)
5.	Motor vehicles (for passenger) covered under tariff heading 8702	40 (+ 4 SWS)	20 (+ 20 AIDC)
6.	Motor vehicles (for goods) covered under tariff heading 8704	40 (+ 4 SWS)	20 (+ 20 AIDC)
7.	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof, covered under tariff heading 9401	25 (+ 2.5 SWS)	20 (+ 5 AIDC)
8.	Other furniture and parts thereof covered under tariff heading 9403	25 (+ 2.5 SWS)	20 (+ 5 AIDC)
9.	Mattress supports, articles of bedding and similar furnishing, etc., covered under tariff heading 9405	25 (+ 2.5 SWS)	20 (+ 5 AIDC)

10.	Luminaries and light fittings including searchlights and spotlights and parts thereof etc	25 (+ 2.5 SWS)	20 (+ 5 AIDC)
11.	Parts of electronic toys, under tariff item 9503 00 91	70	20 (+ 20 AIDC)
12.	Laboratory chemicals under tariff item 9802 00 00 (other than those attracting 10% BCD on specified end use)	150 (+ 15 SWS)	70 (+ 70 AIDC)
13.	All dutiable articles, imported by a passenger or a member of a crew in his baggage, under tariff heading 9803	100 (tariff rate) 35 + 3.5 SWS (effective rate)	70 (tariff rate) 35 (effective rate)
14.	Dutiable goods imported for personal use classified under heading 9804 other than those at 10% BCD	35 (+ 3.5 SWS)	20

### **E. Export duty on leather (with effect from February 2, 2025)**

Sl. No.	Commodity	Rate of duties	
		From (%)	To (%)
1.	Crust leather (hides and skins)	20	0

### **F. Trade facilitation measures**

#### **F.1. Increase in duration for export of handicrafts**

The duration for export of handicrafts manufactured from duty free inputs by bona fide exporters is being increased from 6 months to 1 year, further extendable by three months.

#### **F.2. Removal of customs (Import of Goods at Concessional rate of duty or For Specific End Use) Rules 2022 (IGCR) condition for import of seeds for use in manufacture of lab grown diamonds**

The IGCR condition for custom duty exemption on import of seeds for use in manufacture of rough lab grown diamond is being removed.

#### **F.3. Extension of time limit for export**

The time limit for export of foreign origin goods imported for repairs is being extended from 6 months to one year further extendable by one year for railway goods.

#### **F.4. Amendment of Customs (Import of Goods at Concessional Rate of Duty or For Specified End Use) Rules, 2022**

Rules 6 and 7 are being amended to increase the time limit for fulfilling end use from current six months to one year and to file only a quarterly statement instead of monthly statement.

*Note* : AIDC - Agriculture Infrastructure and Development Cess ; SWS - Social Welfare Surcharge

### **G. Others**

There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.

#### ANNEXURE TO PART B

### **Amendments relating to direct taxes**

#### **(i) Personal income-tax reforms with special focus on middle class**

1. Substantial relief is proposed under the new tax regime with new slabs and tax rates as under :

<i>Total income</i>	<i>Rate of tax</i>
Up to Rs. 4,00,000	Nil
From Rs. 4,00,001 to Rs. 8,00,000	5 per cent
From Rs. 8,00,001 to Rs. 12,00,000	10 per cent
From Rs. 12,00,001 to Rs. 16,00,000	15 per cent
From Rs. 16,00,001 to Rs. 20,00,000	20 per cent
From Rs. 20,00,001 to Rs. 24,00,000	25 per cent
Above Rs. 24,00,000	30 per cent

#### **2. Rebate on income-tax**

- Resident individual with total income up to Rs. 7,00,000 do not pay any tax due to rebate under the new tax regime. It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to Rs. 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than Rs. 12,00,000.

- A few examples for calculation of tax benefit are given in the table below :

<i>Income</i>	<i>Tax on slabs and rates</i>		<i>Benefit of</i>	<i>Rebate benefit</i>	<i>Total benefit</i>	<i>Tax after rebate benefit</i>
	<i>Present</i>	<i>Proposed</i>	<i>Rate/slab</i>	<i>Full up to Rs 12 lacs</i>		
8 lakhs	30,000	20,000	10,000	20,000	30,000	0
9 lakhs	40,000	30,000	10,000	30,000	40,000	0
10 lakhs	50,000	40,000	10,000	40,000	50,000	0
11 lakhs	65,000	50,000	15,000	50,000	65,000	0
12 lakhs	80,000	60,000	20,000	60,000	80,000	0

16 lakhs	1,70,000	1,20,000	50,000	0	50,000	1,20,000
20 lakhs	2,90,000	2,00,000	90,000	0	90,000	2,00,000
24 lakhs	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
50 lakhs	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

### (ii) Rationalization of TDS/TCS for easing difficulties

1. Rationalization tax deducted at source (TDS) and tax collected at source (TCS) rates :

- To reduce multiplicity of rates and compliance burden, it is proposed to bring down certain TDS and TCS rates in certain sections as below :

No.	Section of the Act	Present TDS/TCS rate	Proposed TDS/TCS rate
1.	Section 194LBC - Income in respect of investment in securitization trust	25% if payee is Individual or HUF and 30% otherwise	10%
2.	Sub-section (1) of section 206C (i) TCS on timber or any other forest produce (not being tendu leaves) obtained under a forest lease and (ii) TCS on timber obtained by any mode other than under a forest lease	2.5%	2%
3.	Sub-section (1G) of section 206C - TCS on remittance under LRS for purpose of education, financed by loan from financial institution	0.5% after Rs. 7 lakhs	Nil

- It is further proposed to increase certain thresholds for requirement to deduct tax at source or collect tax at source under certain sections, as below :

No.	Section of the Act	Present TDS/TCS Threshold (Rs.)	Proposed TDS/TCS Threshold (Rs.)
1.	193 - Interest on securities	Nil	10,000
2.	194A - Interest other than Interest on securities	(i) 50,000 for senior citizen ; (ii) 40,000 in case of others when payer is bank, co-operative society and post office (iii) 5,000 in other cases	(i) 1,00,000 for senior citizen (ii) 50,000 in case of others when payer is bank, co-operative society and post office (iii) 10,000 in other cases



3.	194 - Dividend, for an individual shareholder	5,000	10,000
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	5,000	10,000
5.	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding 10,000 during the financial year	10,000 in respect of a single transaction
6.	194BB - Winnings from horse race		
7.	194D - Insurance commission	15,000	20,000
8.	194G - Income by way of commission, prize, etc., on lottery tickets	15,000	20,000
9.	194H - Commission or brokerage	15,000	20,000
10.	194-I - Rent	2,40,000 during the financial year	50,000 per month or part of a month
11.	194J - Fee for professional or technical services	30,000	50,000
12.	194LA - Income by way of enhanced compensation	2,50,000	5,00,000
13.	206C(1G) - Remittance under LRS and overseas tour program package	7,00,000	10,00,000

### (iii) Encouraging voluntary compliance

#### 1. Extending the time-limit to file the updated return :

- It is proposed to extend the time-limit to file the updated return from the existing 24 months to 48 months from the end of the relevant assessment year. The additional tax payable shall be 60% of the aggregate of tax and interest payable on additional income for filing updated return during the period of 24 months to 36 months from the end of relevant assessment year. Additional tax payable shall be 70% of the aggregate of tax and interest payable for filing updated return during the period of 36 months to 48 months from the end of relevant assessment year subject to certain conditions.

#### 2. Obligation to furnish information in respect of crypto-asset :

- It is proposed to bring amendment in the Act to provide for that a prescribed reporting entity in respect of a crypto-asset shall furnish information in respect of a transaction in such crypto asset, in a statement as prescribed. It is also proposed to align the definition of virtual digital asset accordingly.

3. *Annual value of the self-occupied property simplified :*

- It is proposed to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.

**(iv) Reducing compliance burden**

1. *Reduction in compliance burden by omission of TCS on sale of specified goods :*

- To reduce compliance burden of the taxpayers, it is proposed to no tax will be collected at source on sale of specified goods of value of more than fifty lakhs.

2. *Removal of higher TDS/TCS for non-filers of return of income :*

- To reduce compliance burden on the deductor/collector, it is proposed to omit section 206AB and section 206CCA of the Act.

3. *Definition of “forest produce” rationalized :*

- It is proposed to clarify the meaning of “forest produce” under section 206C(1) of the Act to remove any ambiguity regarding definition of the same.

- It is also proposed that TCS be collected only on “any other forest produce which is obtained under a forest lease.”

**(v) Ease of doing business**

1. *Extension of time limit u/s. 80-IAC for startups :*

- It is proposed to extend the benefit provided under section 80-IAC to startups for another period of five years, i. e., the benefit will be available to eligible start-ups incorporated before 1-4-2030.

2. *Parity in rates of long-term capital gain on transfer of securities by non-resident :*

- It is proposed to bring parity between the taxation of capital gains on transfer of capital assets between residents and non-residents being Foreign Institutional investors, on their income by way of long-term capital gains on transfer of securities.

3. *Simplification of tax provisions for charitable trusts/institutions :*

- It is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years for smaller trusts or institutions.

- It is proposed to rationalize the definition of specified violation for cancellation of registration of trust or institution so as to not apply the same for minor default such as in-complete applications.

- It is also proposed to rationalize the definition of persons making substantial contribution to a trust or institution for denial of exemption.

*4. Rationalization in taxation of business trusts :*

- It is proposed to provide that the total income of a business trust which is charged to tax at the maximum marginal rate, shall be subject to the provisions of section 112A of the Act as well, as it is subject to provisions of section 111A and section 112 of the Act.

*5. Harmonization of Significant Economic Presence applicability with business connection :*

- It is proposed to provide that significant economic presence of a non-resident in India shall not include the transactions or activities which are confined to the purchase of goods in India for the purpose of export.

*6. Bringing clarity in income on redemption of Unit Linked Insurance Policy :*

- It is proposed to clarify that the profit and gains from the redemption of unit linked insurance policies to which exemption under section 10(10D) does not apply, shall be charged to tax as capital gains.

*7. Amendment of definition of "capital asset" :*

- In order to bring clarity on the chargeability of income arising out of transfer of capital asset being securities held by an investment fund as referred to in section 115UB of the Act, the definition of capital asset is proposed to be amended.

*8. Rationalization of transfer pricing provisions for carrying out multi-year arm's length price determination*

- It is proposed to provide that the transfer pricing provisions for arm's length price determination in relation to similar transactions shall now be applicable for a period of 3 years.

*9. Exemption from prosecution for delayed payment of TCS :*

- It is proposed to provide for exemption from prosecution to a person who has failed to pay tax collected at source (TCS) to the credit of the Central Government, if such payment is made at any time on or before the time prescribed for filing the quarterly TCS statement.

*10. Amendment of definition of “capital asset” :*

• In order to bring clarity on the chargeability of income arising out of transfer of capital asset being securities held by an investment fund as referred to in section 115UB of the Act, the definition of capital asset is proposed to be amended.

**(vi) Employment and investment**

*1. Incentives to IFSC*

• It is proposed that the sunset dates related to IFSC units for exemptions, deductions and relocation in various sections shall be extended to 31st March, 2030.

• It is proposed to exempt the proceeds received on life insurance policy issued by IFSC insurance intermediary office without the condition on maximum premium amount.

• It is proposed to extend the exemption in section 10(4H) to capital gains for non-resident or a unit of IFSC on transfer of equity shares of a ship leasing domestic company.

• It is proposed to extend the exemption in section 10(34B) to dividend paid by a ship leasing company in IFSC to a unit of IFSC engaged in ship leasing.

• It is proposed that any advance or loan between two group entities, where one of the group entities is set up in IFSC for undertaking treasury activities or treasury services, shall be excluded from dividend.

• It is proposed to provide a simplified safe harbor regime for investment funds managed by fund manager based in IFSC. It is further proposed to extend the relaxation of conditions for IFSC units till 31st March, 2030.

• It is proposed to provide exemption to any income accruing or arising to or received by a non-resident as a result of transfer of non-deliverable forward contracts entered into with any Foreign Portfolio Investor, being a unit in an International Financial Services Centre, which fulfills prescribed conditions.

• It is proposed that transfer of a share or unit or interest held by a shareholder in an original fund (being a retail scheme or exchange traded fund regulated under IFSCA Regulations 2022) in consideration for the share or unit or interest in a resultant fund in a relocation, shall not be regarded as transfer for the purpose of calculating capital gains.

*2. Extension of date of making investment by Sovereign Wealth Funds, Pension Funds and others :*

- It is proposed that in the case of person specified under section 10(23FE) the date of making investment shall be extended from 31st day of March, 2025 to 31st day of March, 2030.

- It is further proposed that in the case of such specified person exemption shall be available to long-term capital gains under said section, even if such capital gains are deemed as short-term capital gains under section 50AA.

*3. Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility :*

- It is proposed to provide a presumptive taxation regime for non-residents, engaged in the business of establishing or operating electronics manufacturing facility or a connected facility for manufacturing or production of electronic goods, article or thing in India.

*4. Extension of Tonnage Tax Scheme to Inland vessels :*

- It is proposed that the benefits of existing tonnage tax scheme to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote Inland Water Transportation in the country.

*5. Deduction u/s. 80CCD for contributions made to the NPS Vatsalya :*

- It is proposed to extend the tax benefits available to the National Pension Scheme (NPS) under sub-section (1B) of section 80CCD of the Income-tax Act, 1961 to the contributions made to the NPS Vatsalya accounts, as applicable.

**(vii) Other miscellaneous amendments**

*1. Exemption from withdrawals from National Savings Scheme (NSS) :*

- It is proposed to provide exemption to the withdrawals made from National Savings Scheme (NSS) on or after the 29th day of August, 2024, for any amount deposited under the scheme and the interest accrued thereon in respect of which a deduction has been allowed.

*2. Increase in the limits on the income of the employees for the purpose of calculating perquisites :*

- The provisions of section 17 are proposed to be amended so that the power to prescribe rules may be obtained to increase these limits.

*3. Extension of exemption to Specified Undertaking of Unit Trust of India (SUUTI)*

- It is proposed to extend the exemption of SUUTI created by the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, to 31st March, 2027.

*4. Non applicability of section 271AAB of the Act :*

- It is proposed that provisions of the aforesaid section shall not be applicable to a case where search has been initiated under section 132 on or after the 1st day of September, 2024.

*5. Certain penalties to be imposed by the Assessing Officer :*

- It is proposed to amend various sections related to penalty to provide that penalties under these sections shall be levied by the Assessing Officer, subject to the provisions of the Act relating to prior approval of Joint Commissioner of Income-tax.

*6. Removing date restrictions on framing the schemes in certain cases :*

- It is proposed that the end date prescribed for notifying faceless schemes under certain sections may be omitted so as to provide that Central Government may issue directions beyond the cut-off date of 31st day of March, 2025.

*7. Extending the processing period of application seeking immunity from penalty and prosecution :*

- It is proposed that Assessing Officer shall pass an order accepting or rejecting the application requesting immunity from penalty and prosecution, within a period of three months from the end of the month in which such application is received.

*8. Increasing time limit available to pass order under section 115VP :*

- It is proposed to amend section 115VP to provide that the order, accepting or rejecting, assessee's option to opt for tonnage tax scheme shall be passed before the expiry of three months from the end of the quarter in which such application was received.

*9. Excluding the period such as court stay, etc., for calculating time limit to pass an order :*

- It is proposed to exclude certain time period such as period of stay on proceedings by any court order, etc., from the time limit to pass an order deeming a person to be an assessee in default with respect of failure to collect TCS.

*10. Time limit to impose penalties rationalised :*

- It is proposed that any order imposing a penalty shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received.

*11. Clarification regarding commencement date and the end date of the period stayed by the court :*

- It is proposed to amend the relevant sections of the Act to clarify the commencement date and the end date of the period stayed by an order or injunction of any court.

*12. Time limit for retention of seized books of account or other documents rationalized :*

- It is proposed to make amendments to provide that retention of seized books of account or other documents shall be one month from the end of the quarter in which the assessment or reassessment or recomputation order has been made.

*13. Rationalisation of provisions related to carry forward of losses in case of amalgamation*

- It is proposed to amend section 72A and section 72AA of the Act to provide that any loss forming part of the accumulated loss of the predecessor entity, shall be carried forward for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

*14. Amendments proposed in provisions of block assessment for search and requisition cases under Chapter XIV-B*

- It is proposed to add the term “virtual digital asset” to the said definition of undisclosed income of the block period. The time-limit for completion of block assessment is proposed to be made as twelve months from end of the quarter in which the last of the authorisations for search or requisition has been executed.

---

## **FINANCE BILL, 2025**

[BILL NO. 14 OF 2025]

[As Introduced in Lok Sabha on 1st February, 2025]

*A Bill to give effect to the financial proposals of the Central Government for the financial year 2025-2026.*

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India as follows :—

### CHAPTER I

#### PRELIMINARY

**1. Short title and commencement.**—(1) This Act may be called the **Finance Act, 2025**.

(2) Save as otherwise provided in this Act,—

(a) sections 2 to 86, 99 to 115, 120 and 131 shall come into force on the 1st day of April, 2025 ;

(b) sections 116 to 119 and sections 121 to 129 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

### CHAPTER II

#### RATES OF INCOME-TAX

**2. Income-tax.**—(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st April, 2025, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, or in the cases where income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act) and, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds two lakh fifty thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income ; and

(b) the income-tax chargeable shall be computed as follows :—



(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A or sub-section (1A) of section 115BAC, as if such aggregate income were the total income ;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A or sub-section (1A) of section 115BAC, as if the net agricultural income as so increased were the total income ;

(iii) the amount of income-tax determined as per sub-clause (i) shall be reduced by the amount of income-tax determined as per sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income :

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “three lakh rupees” had been substituted :

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “five lakh rupees” had been substituted :

Provided also that in the cases where income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “three lakh rupees” had been substituted.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be :

Provided that the amount of income-tax computed as per the provisions of section 111A or section 112 or section 112A of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule, except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act or in case of an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, or in case of co-operative society resident in India, whose income is chargeable to tax under section 115BAD or 115BAE of the Income-tax Act :

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated,—

(a) in the case of every individual or Hindu undivided family or association of persons except in a case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not having any income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act,—

(i) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax ;

(ii) having a total income exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax ;

(iii) having a total income exceeding two crore rupees, but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax ; and

(iv) having a total income exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax ;

(b) in the case of every individual or association of persons, except in a case of an association of persons consisting of only companies as its

members or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act,—

(i) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax ;

(ii) having a total income exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax ;

(iii) having a total income [excluding the income by way of dividend or income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax ;

(iv) having a total income [excluding the income by way of dividend or income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax ; and

(v) having a total income [including the income by way of dividend or income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding two crore rupees, but is not covered in sub-clauses (iii) and (iv), at the rate of fifteen per cent. of such income-tax :

Provided that in case where the total income includes any income by way of dividend or income chargeable under clause (b) of sub-section (1) of section 115AD of the Income-tax Act, the rate of surcharge on the income-tax calculated on that part of income shall not exceed fifteen per cent.

(c) in the case of an association of persons consisting of only companies as its members,—

(i) at the rate of ten per cent. of such income-tax, where the total income exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such income-tax, where the total income exceeds one crore rupees ;

(d) in the case of every co-operative society except a co-operative society whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act,—

(i) at the rate of seven per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such income-tax, where the total income exceeds ten crore rupees ;

(e) in the case of every firm or local authority, at the rate of twelve per cent. of such income-tax, where the total income exceeds one crore rupees ;

(f) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

(i) at the rate of seven per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such income-tax, where the total income exceeds ten crore rupees ;

(g) in the case of every company, other than a domestic company,—

(i) at the rate of two per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of five per cent. of such income-tax, where the total income exceeds ten crore rupees :

Provided also that in the case of persons mentioned in (a) and (b) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(iii) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees ;

(iv) five crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax

and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees :

Provided also that in the case of association of persons mentioned in (c) above, having total income chargeable to tax under section 115JC of the Income-tax Act exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of a co-operative society mentioned in (d) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(ii) ten crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees :

Provided also that in the case of persons mentioned in (e) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and

such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees :

Provided also that in respect of any income chargeable to tax under clause (i) of sub-section (1) of section 115BBE of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such income-tax :

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax :

Provided also that in respect of income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated, in the case of an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income tax Act,—

(i) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax ;

(ii) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax ;

(iii) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees, at the rate of twenty-five per cent. of such income-tax ; and

(iv) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clause (iii) above, at the rate of fifteen per cent. of such income-tax :

Provided also that in case where the provisions of sub-section (1A) of section 115BAC are applicable and the total income includes any income by way of dividend or income chargeable under sections 111A, 112 and 112A of the Income-tax Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed fifteen per cent. :

Provided also that in case of an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (1A) of section 115BAC, the rate of surcharge on the income-tax shall not exceed fifteen per cent. :

Provided also that in case of every individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having total income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(iii) two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees :

Provided also that in case of every co-operative society resident in India, whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax :

Provided also that in the case of a specified fund, referred to in clause (c) of the *Explanation* to clause (4D) of section 10 of the Income-tax Act, whose income includes any income under clause (a) of sub-section (1) of section 115AD of the Income-tax Act, the income-tax computed on that part of income shall not be increased by any surcharge.

(4) In cases in which tax has to be charged and paid under sub-section (2A) of section 92CE or section 115QA or section 115TD of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twelve per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for the purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 192A, 194, 194C, 194DA, 194E, 194EE, 194G, 194H, 194-I, 194-IA, 194-IB, 194-IC, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LBC, 194LC, 194LD, 194K, 194M, 194N, 194-O, 194Q, 194R, 194S, 194T, 196A, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for the purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident except in case of deduction on income by way of dividend under section 196D of the Income-tax Act, calculated,—

(i) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees ;

(iii) at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds two crore rupees but does not exceed five crore rupees ;

(iv) at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds five crore rupees :



Provided that where the income of such person is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent. ;

(b) in the case of every individual or Hindu undivided family or association of persons except in case of association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident, in case of deduction on income by way of dividend under section 196D of the Act, calculated,—

(i) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees ;

(c) in the case of an association of persons being a non-resident, and consisting of only companies as its members, calculated,—

(i) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees ;

(d) in the case of every co-operative society, being a non-resident, calculated,—

(i) at the rate of seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees ;

(e) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees ;

(f) in the case of every company, other than a domestic company, calculated,—

(i) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

(7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for the purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for the purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident, calculated,—

(i) at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed two crore rupees ;

(iii) at the rate of twenty-five per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds two crore rupees but does not exceed five crore rupees ;

(iv) at the rate of thirty-seven per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds five crore rupees :

Provided that where the income of such person is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent. ;

(b) in the case of an association of persons, being a non-resident, and consisting of only companies as its members, calculated,—

(i) at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees ;

(c) in the case of every co-operative society, being a non-resident, calculated,—

(i) at the rate of seven per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ten crore rupees ;

(d) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees ;

(e) in the case of every company, other than a domestic company, calculated,—

(i) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected or likely to be collected and subject to the collection exceeds ten crore rupees.

(9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or deducted under section 194P of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax"

shall be charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in such cases and in such manner as provided therein :

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be :

Provided further that the amount of "advance tax" computed as per the provisions of section 111A or section 112 or section 112A of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act or in case of an individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, or in case of a co-operative society resident in India whose income is chargeable to tax under section 115BAD or 115BAE of the Income-tax Act :

Provided also that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBF, 115BBG, 115BBH, 115BBI, 115BBJ, 115E, 115JB or 115JC of the Income-tax Act, "advance tax" computed as per the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated,—

(a) in the case of every individual or Hindu undivided family or association of persons, except in a case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not having any income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act,—

(i) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees ;

(iii) at the rate of twenty-five per cent. of such "advance tax", where the total income exceeds two crore rupees but does not exceed five crore rupees ;

(iv) at the rate of thirty-seven per cent. of such "advance tax", where the total income exceeds five crore rupees ;

(b) in the case of every individual or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having income under section 115AD of the Income-tax Act, and not having any income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act,—

(i) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees, but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees ;

(iii) at the rate of twenty-five per cent. of such "advance tax", where the total income [excluding the income by way of dividend and income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but does not exceed five crore rupees ;

(iv) at the rate of thirty-seven per cent. of such "advance tax", where the total income [excluding the income by way of dividend or income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds five crore rupees ;

(v) at the rate of fifteen per cent. of such "advance tax", where the total income [including the income by way of dividend or income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but is not covered in sub-clauses (iii) and (iv) :

Provided that in case where the total income includes any income by way of dividend or income chargeable under clause (b) of sub-section (1) of section 115AD of the Income-tax Act, the rate of surcharge on the advance tax computed on that part of income shall not exceed fifteen per cent. ;

(c) in the case of an association of persons consisting of only companies as its members,—

(i) at the rate of ten per cent. of such “advance tax”, where the total income exceeds fifty lakh rupees but does not exceed one crore rupees ;

(ii) at the rate of fifteen per cent. of such “advance tax”, where the total income exceeds one crore rupees ;

(d) in the case of every co-operative society except such co-operative society whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act,—

(i) at the rate of seven per cent. of such “advance tax”, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such “advance tax”, where the total income exceeds ten crore rupees ;

(e) in the case of every firm or local authority at the rate of twelve per cent. of such “advance tax”, where the total income exceeds one crore rupees ;

(f) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

(i) at the rate of seven per cent. of such “advance tax”, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of twelve per cent. of such “advance tax”, where the total income exceeds ten crore rupees ;

(g) in the case of every company, other than a domestic company,—

(i) at the rate of two per cent. of such “advance tax”, where the total income exceeds one crore rupees but does not exceed ten crore rupees ;

(ii) at the rate of five per cent. of such “advance tax”, where the total income exceeds ten crore rupees :

Provided also that in the case of persons mentioned in (a) and (b) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(iii) two crore rupees but does not exceed five crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees ;

(iv) five crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees :

Provided also that in the case of association of persons mentioned in (c) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees, but does not exceed one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of a co-operative society mentioned in (d) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) one crore rupees, but does not exceed ten crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as “advance tax” on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(ii) ten crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as “advance tax” and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees :

Provided also that in the case of persons mentioned in (e) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees :

Provided also that in respect of any income chargeable to tax under clause (i) of sub-section (1) of section 115BBE of the Income-tax Act, the "advance tax" computed as per the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such "advance tax" :

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the "advance tax" computed as per the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax" :

Provided also that in respect of income chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the "advance tax" computed as per the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated, in the case of an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(i) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the



Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such "advance-tax" ;

(ii) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such "advance tax" ;

(iii) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees, at the rate of twenty-five per cent. of such "advance-tax" ; and

(iv) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clause (iii) above, at the rate of fifteen per cent. of such "advance-tax" :

Provided also that in case where the provisions of sub-section (1A) of section 115BAC are applicable and the total income includes any income by way of dividend or income chargeable under sections 111A, 112 and 112A of the Income-tax Act, the rate of surcharge on the "advance-tax" in respect of that part of income shall not exceed fifteen per cent. :

Provided also that in case an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (1A) of section 115BAC, the rate of surcharge on the "advance-tax" shall not exceed fifteen per cent. :

Provided also that in case of every individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act having total income exceeding,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance-tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as "advance-tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance-tax" and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(iii) two crore rupees, the total amount payable as “advance-tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance-tax” and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees :

Provided also that in case of every co-operative society resident in India whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act, the “advance-tax” computed as per the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such “advance-tax” :

Provided also that in the case of a specified fund, referred to in clause (c) of the *Explanation* to clause (4D) of section 10 of the Income-tax Act, whose income includes any income under clause (a) of sub-section (1) of section 115AD of the Income-tax Act, the advance tax computed on that part of income shall not be increased by any surcharge.

(10) In cases to which Paragraph A of Part III of the First Schedule applies, or in cases where income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the “advance-tax” payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax, only for the purpose of charging or computing such income-tax or, as the case may be, “advance-tax” in respect of the total income ; and

(b) such income-tax or, as the case may be, “advance tax” shall be so charged or computed as follows :—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or “advance-tax” shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, or sub-section (1A) of section 115BAC, as if such aggregate income were the total income ;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax or "advance-tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, or sub-section (1A) of section 115BAC, as if the net agricultural income were the total income ;

(iii) the amount of income-tax or "advance-tax" determined as per sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined as per sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance-tax" in respect of the total income :

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted :

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted :

Provided also that in the cases where income is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "four lakh rupees" had been substituted :

Provided also that the amount of income-tax or "advance-tax" so arrived at, shall be increased by a surcharge for the purposes of the Union, calculated in each case, in the manner provided in this section.

(11) The amount of income-tax as specified in sub-sections (1) to (3) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(12) The amount of income-tax as specified in sub-sections (4) to (10) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education :

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India :

Provided further that nothing contained in this sub-section shall apply in respect of income-tax as specified in sub-section (9), calculated on income, referred to in clause (a) of sub-section (1) of section 115AD of the Income-tax Act, of specified fund referred to in clause (c) of the *Explanation* to clause (4D) of section 10 of the Income-tax Act.

(13) For the purposes of this section and the First Schedule,—

(a) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st April, 2025, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income ;

(b) "insurance commission" means any 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) ;

(c) "net agricultural income" in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed as per the rules contained in Part IV of the First Schedule ;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

## CHAPTER III

## DIRECT TAXES

*Income-tax*

**3. Amendment of section 2.**—In section 2 of the Income-tax Act,—

(a) in clause (14), with effect from the 1st April, 2026,—

(i) in sub-clause (b), after the words “Foreign Institutional Investor”, the words, brackets, letters and figures “or held by an investment fund specified in clause (a) of *Explanation 1* to section 115UB” shall be inserted ;

(ii) in sub-clause (c), the words “on account of the applicability of the fourth and fifth provisos thereof” shall be omitted ;

(b) in clause (22),—

(i) in the long line, after sub-clause (ii), the following sub-clause shall be inserted, namely :—

‘(ia) any advance or loan between two group entities, where,—

(A) one of the group entity is a “Finance company” or a “Finance unit” ; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf ;’ ;

(ii) in *Explanation 3*, after clause (b), the following clauses shall be inserted, namely :—

‘(c) “Finance Company” and “Finance Unit” shall have the same meaning as assigned respectively to them in clauses (e) and (f) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019) :

Provided that such Finance Company or Finance Unit, is set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services as per the relevant regulations made by the International Financial Services Centres Authority established under section 4 of the said Act ;

(d) “group entity”, “parent entity” and “principal entity” shall be such entities which satisfy such conditions as prescribed in this behalf.’ ;

(c) in clause (47A), after sub-clause (c) and before the proviso, the following sub-clause shall be inserted with effect from the 1st April, 2026, namely :—

“(d) any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not such asset is included in sub-clause (a) or sub-clause (b) or sub-clause (c) :”.

**4. Amendment of section 9.**—In section 9 of the Income-tax Act, in sub-section (1), with effect from the 1st April, 2026,—

(a) in clause (i), in *Explanation 2A*, after the first proviso, the following proviso shall be inserted, namely :—

“Provided further that the transactions or activities which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence in India :” ;

(b) in the second proviso, for the words “Provided further”, the words “Provided also” shall be substituted.

**5. Amendment of section 9A.**—In section 9A of the Income-tax Act,—

(a) in sub-section (3), in clause (c),—

(i) after the words “the corpus of the fund”, the words, figures and letters “as on the first day of April and the first day of October of the previous year” shall be inserted ;

(ii) after the proviso, the following proviso shall be inserted, namely :—

“Provided further that where the said aggregate participation or investment in the fund exceeds five per cent. on the first day of April or the first day of October of the previous year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied within four months of the first day of April or the first day of October of such previous year, as the case may be ;” ;

(b) in sub-section (8A),—

(i) after the words, brackets and letters “in clauses (a) to (m)”, the brackets, words and letter “[other than clause (c)]” shall be inserted ;

(ii) for the figures “2024”, the figures “2030” shall be substituted.

**6. Amendment of section 10.**—In section 10 of the Income-tax Act,—

(a) in clause (4D), in the *Explanation*, in clause (aa), for the figures “2025”, the figures “2030” shall be substituted ;

(b) in clause (4E), with effect from the 1st April, 2026,—

(i) in the long line, after the word, figures and letters “section 80LA”, the words “or any Foreign Portfolio Investor being a unit of an International Financial Services Centre” shall be inserted ;

(ii) the following *Explanation* shall be inserted, namely :—

*'Explanation.*—For the purposes of this clause, “Foreign Portfolio Investor” means a person registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) ;’ ;

(c) in clause (4F), for the figures “2025”, the figures “2030” shall be substituted ;

(d) in clause (4H),—

(i) in the opening portion,—

(A) for the word “aircraft” at both the places where it occurs, the words “aircraft or a ship” shall be substituted ;

(B) for the figures “2026”, the figures “2030” shall be substituted ;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely :—

*'Explanation.*—For the purposes of this clause,—

(a) “aircraft” means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof ;

(b) “ship” means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof ;’ ;

(e) in clause (10D), for the eighth proviso, the following proviso shall be substituted, namely :—

‘Provided also that the provisions of the fourth, fifth, sixth and seventh provisos shall not apply to any sum received—

(a) on the death of a person ; or

(b) under a life insurance policy issued by the International Financial Services Centre insurance intermediary office, including the sum allocated by way of bonus on such policy.

*Explanation.*—For the purposes of this proviso, “International Financial Services Centre insurance intermediary office” shall have the same meaning as assigned to it in clause (s) of sub-regulation (1) of regulation 3 of the International Financial Services Centres Authority (Insurance Intermediary) Regulations, 2021, made under the International Financial Services Centres Authority Act, 2019 (50 of 2019) ;’ ;

(f) after clause (12B), the following clause shall be inserted with effect from the 1st April, 2026, namely :—

“(12BA) any payment from the National Pension System Trust to an assessee, being the parent or guardian of a minor, under the pension scheme referred to in section 80CCD, on partial withdrawal made out of the account of the minor, as per the terms and conditions, specified under

the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) and the regulations made thereunder, to the extent it does not exceed twenty-five per cent. of the amount of contributions made by him ;” ;

(g) in clause (23FE),—

(i) in the opening portion, after the words “long-term capital gains”, the brackets, words, figures and letters “(whether or not such capital gains are deemed as short term capital gains under section 50AA)” shall be inserted ;

(ii) in sub-clause (i), for the figures “2025”, the figures “2030” shall be substituted ;

(h) in clause (34B),—

(i) for the word “aircraft” at both the places where it occurs, the words “aircraft or a ship” shall be substituted ;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely :—

*‘Explanation.*—For the purposes of this clause,—

(a) “aircraft” means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof ;

(b) “International Financial Services Centre” shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005) ;

(c) “ship” means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof ;’.

**7. Amendment of section 12AB.**—In section 12AB of the Income-tax Act,—

(a) in sub-section (1), the following proviso shall be inserted, namely :—

‘Provided that where an application is made under sub-clauses (i) to (v) of the said clause, and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed rupees five crores during each of the two previous years, preceding the previous year in which such application is made, the provisions of this sub-section shall have effect as if for the words “five years”, the words “ten years” had been substituted.’ ;

(b) in sub-section (4), in the *Explanation*, in clause (g), the words “is not complete or it” shall be omitted.

**8. Amendment of section 13.**—In section 13 of the Income-tax Act, in sub-section (3),—



(i) for clause (b), the following clause shall be substituted, namely :—

“(b) any person whose total contribution to the trust or institution, during the relevant previous year exceeds one lakh rupees, or, in aggregate up to the end of the relevant previous year exceeds ten lakh rupees, as the case may be ;” ;

(ii) in clause (d), the word “person,” shall be omitted ;

(iii) in clause (e), the brackets and letter “(b),” shall be omitted.

**9. Amendment of section 17.**—In section 17 of the Income-tax Act, in clause (2), with effect from the 1st April, 2026,—

(a) in sub-clause (iii), in paragraph (c), for the words “fifty thousand rupees”, the words “such amount as may be prescribed” shall be substituted ;

(b) in the proviso occurring after sub-clause (viii), in clause (vi), in the long line, in clause (B), for the words “two lakh rupees”, the words “such amount as may be prescribed” shall be substituted.

**10. Amendment of section 23.**—In section 23 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely :—

“(2) The annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.”.

**11. Insertion of new section 44BBD.**—After section 44BBC of the Income-tax Act, the following section shall be inserted, with effect from the 1st April, 2026, namely :—

“44BBD. *Special provision for computing profits and gains of non-residents engaged in business of providing services or technology for setting up an electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India.*—(1) Notwithstanding anything to the contrary contained in sections 28 to 43A, where an assessee, being a non-resident, engaged in the business of providing services or technology in India, for the purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India—

(a) to a resident company which is establishing or operating electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology ; and

(b) the resident company satisfies the conditions prescribed in this behalf,

a sum equal to twenty-five per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business of the non-resident assessee chargeable to tax under the head "Profits and gains of business or profession".

(2) The amounts referred to in sub-section (1) shall be the following :—

(a) the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology ; and

(b) the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of providing services or technology.

(3) Notwithstanding anything in sub-section (2) of section 32 and sub-section (1) of section 72, where a non-resident assessee declares profits and gains of business for any previous year under sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.'

**12. Amendment of section 45.**—In section 45 of the Income-tax Act, in sub-section (1B), the words "on account of the applicability of the fourth and fifth provisos thereof" shall be omitted with effect from the 1st April, 2026.

**13. Amendment of section 47.**—In section 47 of the Income-tax Act, in clause (viad), in the *Explanation*,—

(i) for clause (c), the following clause shall be substituted with effect from the 1st April, 2026, namely :—

'(c) "resultant fund" means a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, and has been granted—

(i) a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019) ; or

(ii) a certificate as a retail scheme or an Exchange Traded Fund as per item (b) of sub-clause (I) of clause (c) of the *Explanation* to clause (4D) of section 10 which fulfils the conditions specified in the said clause (4D).';

(ii) in clause (b), for the figures “2025”, the figures “2030” shall be substituted.

**14. Amendment of section 72A.**—In section 72A of the Income-tax Act, with effect from the 1st April, 2026,—

(i) after sub-section (6A), the following sub-section shall be inserted, namely :—

“(6B) Where any amalgamation or business reorganisation, as the case may be, is effected on or after the 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity under sub-section (1), (6) or (6A), being—

- (a) the amalgamating company ; or
- (b) the firm or proprietary concern ; or
- (c) the private company or unlisted public company,

as the case may be, which is deemed to be the loss of the successor entity, being—

- (i) the amalgamated company ; or
- (ii) the successor company ; or
- (iii) the successor limited liability partnership,

as the case may be, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.” ;

(ii) in sub-section (7), after clause (aa), the following clause shall be inserted, namely :—

‘(ab) “original predecessor entity” means predecessor entity in respect of the first amalgamation under sub-section (1) or first business reorganisation under sub-section (6) or (6A).’.

**15. Amendment of section 72AA.**—In section 72AA of the Income-tax Act, with effect from the 1st April, 2026,—

(i) the following proviso shall be inserted, namely :—

“Provided that where any scheme of such amalgamation is brought into force on or after the 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity, being—

- (a) the banking company or companies ; or
- (b) the amalgamating corresponding new bank or banks ; or
- (c) the amalgamating Government company or companies,

as the case may be, which is deemed to be the loss of the successor entity, being—

- (i) the banking institution or company ; or
- (ii) the amalgamated corresponding new bank or banks ; or
- (iii) the amalgamated Government company or companies,

as the case may be, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.” ;

(ii) in the *Explanation*, after clause (vii), the following clause shall be inserted, namely :—

‘(viii) “original predecessor entity” means predecessor entity in respect of the first amalgamation.’

**16. Amendment of section 80CCA.**—In section 80CCA of the Income-tax Act, in sub-section (2), after the first proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 29th August, 2024, namely :—

“Provided further that the amount referred to in clause (a) which is withdrawn on or after the 29th August, 2024, shall not be charged to tax in the case of an assessee, being an individual.”.

**17. Amendment of section 80CCD.**—In section 80CCD of the Income-tax Act, with effect from the 1st April, 2026,—

(a) in sub-section (1B), after the proviso, the following proviso shall be inserted, namely :—

“Provided further that the deduction under this sub-section shall also be allowed, where any payment or deposit is made to the account of a minor under the pension scheme referred to in the said sub-section, by the assessee, being the parent or guardian of such minor, subject to the condition that the aggregate amount of deduction under this sub-section shall not exceed fifty thousand rupees.” ;

(b) in sub-section (3),—

(i) in the opening portion, for the words “in his account”, the words “or a minor, in his account or the account of a minor, as the case may be,” shall be substituted ;

(ii) after the proviso, the following proviso shall be inserted, namely :—

“Provided further that the amount received by a person, being the parent or guardian or nominee of a minor, on account of closure of the

pension scheme referred to in sub-section (1B) due to the death of the minor, shall not be deemed to be the income of such person.” ;

(c) in sub-section (4), in the opening portion, after the words “Where any amount paid or deposited by the assessee”, the words “in his account or the account of a minor” shall be inserted.

**18. Amendment of section 80-IAC.**—In section 80-IAC of the Income-tax Act, in the *Explanation*, in clause (ii), in sub-clause (a), for the figures “2025”, the figures “2030” shall be substituted.

**19. Amendment of section 80LA.**—In section 80LA of the Income-tax Act, in sub-section (2), in clause (d), for the figures “2025”, the figures “2030” shall be substituted.

**20. Amendment of section 87A.**—In section 87A of the Income-tax Act, with effect from the 1st April, 2026,—

(a) in first proviso,—

(i) in clause (a),—

(I) for the words “seven hundred thousand rupees”, the words “twelve hundred thousand rupees” shall be substituted ;

(II) for the words “twenty-five thousand rupees”, the words “sixty thousand rupees” shall be substituted ;

(ii) in clause (b), for the words “seven hundred thousand rupees” at both the places where they occur, the words “twelve hundred thousand rupees” shall be substituted ;

(b) after the proviso, the following proviso shall be inserted, namely :—

“Provided further that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.”.

**21. Amendment of section 92CA.**—In section 92CA of the Income-tax Act,—

(a) with effect from the 1st April, 2026,—

(i) in sub-section (1), the following provisos shall be inserted, namely :—

“Provided that no reference for computation of the arm’s length price in relation to an international transaction or a specified domestic transaction shall be made, if the transfer pricing officer has declared that option exercised by the assessee in sub-section (3B) in relation to such transaction is valid for such previous year :

Provided further that if any reference for an international transaction or a specified domestic transaction, in respect of a previous year, for

which the option is declared valid under sub-section (3B) is made before or after such declaration by the transfer pricing officer, the provisions of this sub-section shall have the effect as if no reference is made for such transaction." ;

(ii) after sub-section (3A), the following sub-section shall be inserted, namely :—

“(3B) The arm’s length price, being determined in relation to the international transaction or the specified domestic transaction under sub-section (3) for any previous year shall apply to similar international transaction or specified domestic transaction for the two consecutive previous years immediately following such previous year, on fulfilment of the following conditions, namely :—

(a) the assessee exercises an option or options to the above effect for the said two consecutive previous years ;

(b) such option or options are exercised in such form, manner and within such period as prescribed ; and

(c) the transfer pricing officer shall, within one month from the end of the month in which such option or options are exercised, by an order in writing, declare that such option or options are valid subject to the conditions, as prescribed :

Provided that the provisions of this sub-section shall not apply to any proceedings under Chapter XIV-B.” ;

(iii) after sub-section (4), the following sub-section shall be inserted, namely :—

“(4A) Notwithstanding anything contained in sub-section (4), where the transfer pricing officer has declared an option exercised by the assessee as valid option under sub-section (3B), he shall examine and determine the arm’s length price in relation to such similar transaction for two consecutive previous years immediately following such previous year, in the order referred to in sub-section (3) and on receipt of such order, the assessing officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of sub-section (21) of section 155.” ;

(b) in sub-section (9), the proviso shall be omitted ;

(c) after sub-section (10), the following sub-sections shall be inserted with effect from the 1st April, 2026, namely :—

“(11) If any difficulty arises in giving effect to the provisions of sub-sections (3B) and (4A), the Board may, with the previous approval of the

Central Government, issue guidelines for the purpose of removing such difficulty :

Provided that no such guideline shall be made after the expiration of two years from the 1st April, 2026.

(12) Every guideline issued by the Board under sub-section (11) shall be laid before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive session aforesaid, both houses agree in making any modification in such guideline or both houses agree that the guideline, should not be issued, the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be ; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that guideline.”.

**22. Amendment of section 112A.**—In section 112A of the Income-tax Act, in the *Explanation*, in clause (a), with effect from the 1st April, 2026,—

(a) in the opening portion, the words “on account of the applicability of the fourth and fifth provisos thereof” shall be omitted ;

(b) in the second proviso, the words “on account of the applicability of the fourth and fifth provisos thereof” shall be omitted.

**23. Amendment of section 115AD.**—In section 115AD of the Income-tax Act, in sub-section (1), in clause (iii), in the long line, for the words “ten per cent.”, the words “twelve and one-half per cent.” shall be substituted with effect from the 1st April, 2026.

**24. Amendment of section 115BAC.**—In section 115BAC of the Income-tax Act, in sub-section (1A), with effect from the 1st April, 2026,—

(a) in clause (ii), the words “or after” shall be omitted ;

(b) after clause (ii), the following clause shall be inserted, namely :—

“(iii) for any previous year relevant to the assessment year beginning on or after the 1st April, 2026, shall be computed at the rate of tax given in the following Table, namely :—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Up to Rs. 4,00,000	Nil
2.	From Rs. 4,00,001 to Rs. 8,00,000	5 per cent.
3.	From Rs. 8,00,001 to Rs. 12,00,000	10 per cent.
4.	From Rs. 12,00,001 to Rs. 16,00,000	15 per cent.

5.	From Rs. 16,00,001 to Rs. 20,00,000	20 per cent.
6.	From Rs. 20,00,001 to Rs. 24,00,000	25 per cent.
7.	Above Rs. 24,00,000	30 per cent."

**25. Amendment of section 115UA.**—In section 115UA of the Income-tax Act, in sub-section (2), for the words, figures and letter “sections 111A and 112”, the words, figures and letters “sections 111A, 112 and 112A” shall be substituted with effect from the 1st April, 2026.

**26. Amendment of section 115V.**—In section 115V of the Income-tax Act, with effect from the 1st April, 2026,—

(i) in clauses (a), (b), (f) and (h), for the word “ship”, the words “ship or inland vessel, as the case may be,” shall be substituted ;

(ii) after clause (e), the following clause shall be inserted, namely :—

“(ea) “inland vessel” shall have the same meaning as assigned to it in clause (q) of section 3 of the Inland Vessels Act, 2021 (24 of 2021) ;”.

**27. Amendment of section 115VB.**—In section 115VB of the Income-tax Act, with effect from the 1st April, 2026,—

(a) after the words “any ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(b) after the words “the ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(c) in the proviso, after the words “a ship”, the words “or inland vessel, as the case may be,” shall be inserted.

**28. Amendment of section 115VD.**—In section 115VD of the Income-tax Act, with effect from the 1st April, 2026,—

(i) after the words “chapter, a ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(ii) in clause (a), after the words “or vessel”, the words “, or inland vessel, as the case may be,” shall be inserted ;

(iii) in clause (b), after the words and figures “section 407 of the Merchant Shipping Act, 1958 (44 of 1958)”, the words and figures “or an inland vessel registered under the Inland Vessels Act, 2021 (24 of 2021), as the case may be,” shall be inserted ;

(iv) in clause (c), after the words “such ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(v) after the long line, in clause (i), after the words “or vessel”, the words “or inland vessel, as the case may be,” shall be inserted.



**29. Amendment of section 115VG.**—In section 115VG of the Income-tax Act, in sub-section (4), after the words “a ship”, the words “or inland vessel, as the case may be,” shall be inserted with effect from the 1st April, 2026.

**30. Amendment of section 115V-I.**—In section 115V-I of the Income-tax Act, with effect from the 1st April, 2026,—

(a) in sub-section (2), in clause (ii),—

(i) for the words “other ship-related activities”, the words “other ship-related or inland vessel related activities, as the case may be,” shall be substituted ;

(ii) in sub-clause (A), in the *Explanation*, in clause (a), after the words “more ships”, the words “or inland vessels, as the case may be,” shall be inserted ;

(b) in sub-section (6), after the words “any ship”, the words “or inland vessel, as the case may be,” shall be inserted.

**31. Amendment of section 115VK.**—In section 115VK of the Income-tax Act, in sub-section (2), after the words “being ships”, the words “or inland vessels, as the case may be” shall be inserted with effect from the 1st April, 2026.

**32. Amendment of section 115VP.**—In section 115VP of the Income-tax Act, after sub-section (4), the following proviso shall be inserted, namely :—

“Provided that for an application received under sub-section (1) on or after the 1st April, 2025, order under sub-section (3) shall be passed before the expiry of three months from the end of the quarter in which such application was received.”.

**33. Amendment of section 115VT.**—In section 115VT of the Income-tax Act, with effect from the 1st April, 2026,—

(i) in sub-section (3), after the words “new ship” at both the places where they occur, the words “or new inland vessel, as the case may be” shall be inserted ;

(ii) in sub-section (4), in clause (c), for the words, brackets, letter and figure “as specified in clause (a) of sub-section (3), but such ship”, the words, brackets, letter and figure, “or new inland vessel, as the case may be, as specified in clause (a) of sub-section (3), but such ship or inland vessel, as the case may be,” shall be substituted ;

(iii) in the *Explanation*, for the words ‘section, “new ship” includes’, the words ‘section, “new ship or new inland vessel”, as the case may be, includes’ shall be substituted.

**34. Amendment of section 115VV.**—In section 115VV of the Income-tax Act, with effect from the 1st April, 2026,—

(a) in sub-section (4), for the words “chartered in”, the words “or inland vessels, as the case may be, chartered in” shall be substituted ;

(b) in the *Explanation*, after the words “a ship”, the words “or inland vessel, as the case may be,” shall be inserted.

**35. Amendment of section 115VX.**—In section 115VX of the Income-tax Act, in sub-section (1), with effect from the 1st April, 2026,—

(i) in clause (a), after the words “a ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(ii) in clause (b), after sub-clause (ii), the following sub-clause shall be inserted, namely :—

“(iii) in case of inland vessel registered in India, a certificate issued under the Inland Vessels Act, 2021 (24 of 2021).”.

**36. Amendment of section 115VZA.**—In section 115VZA of the Income-tax Act, in sub-section (2), with effect from the 1st April, 2026,—

(a) after the words “a ship”, the words “or inland vessel, as the case may be,” shall be inserted ;

(b) after the words “such ship”, the words “or inland vessel, as the case may be,” shall be inserted.

**37. Amendment of section 132.**—In section 132 of the Income-tax Act,—

(a) in sub-section (8), for the words “thirty days from the date of the order of assessment or reassessment or recomputation”, the words “one month from the end of the quarter in which the order of assessment or reassessment or recomputation is made” shall be substituted ;

(b) in *Explanation 1*, in clause (a), for the word “authorisation”, the word “authorisations” shall be substituted.

**38. Amendment of section 132B.**—In section 132B of the Income-tax Act, in the *Explanation 1*, in clause (ii), for the words, figures and letters “*Explanation 2 to section 158BE*”, the words, figures and letter “*Explanation to section 158B*” shall be substituted.

**39. Amendment of section 139.**—In section 139 of the Income-tax Act, in sub-section (8A),—

(a) for the words “twenty-four months”, the words “forty-eight months” shall be substituted ;

(b) after the third proviso, the following provisos shall be inserted, namely :—

“Provided also that no updated return shall be furnished by any person where any notice to show-cause under section 148A has been issued in his case after thirty-six months from the end of the relevant assessment year :

Provided also that the fourth proviso shall not apply where an order is passed under sub-section (3) of section 148A determining that it is not a fit case to issue notice under section 148.”.

**40. Amendment of section 140B.**—In section 140B of the Income-tax Act, in sub-section (3), after clause (ii), the following clauses shall be inserted, namely :—

“(iii) sixty per cent. of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of twenty-four months from the end of the relevant assessment year but before completion of the period of thirty-six months from the end of the relevant assessment year ; or

(iv) seventy per cent. of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of thirty-six months from the end of the relevant assessment year but before completion of the period of forty-eight months from the end of the relevant assessment year.”.

**41. Amendment of section 144BA.**—In section 144BA of the Income-tax Act, in the *Explanation*, for clause (ii), the following clause shall be substituted, namely :—

“(ii) the period commencing on the date on which stay on the proceeding of the approving panel was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the approving panel :”.

**42. Amendment of section 144C.**—In section 144C of the Income-tax Act, in sub-section (14C), the proviso shall be omitted.

**43. Amendment of section 153.**—In section 153 of the Income-tax Act, in *Explanation 1*, for clause (ii), the following clause shall be substituted, namely :—

“(ii) the period commencing on the date on which stay on the assessment proceeding was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ; or”.

**44. Amendment of section 153B.**—In section 153B of the Income-tax Act, in the *Explanation*, for clause (i), the following clause shall be substituted, namely :—

“(i) the period commencing on the date on which stay on the assessment proceeding was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ; or”.

**45. Amendment of section 155.**—In section 155 of the Income-tax Act, after sub-section (20), the following sub-section shall be inserted with effect from the 1st April, 2026, namely :—

“(21) Where the arm’s length price is determined in relation to an international transaction or a specified domestic transaction under sub-section (3) of section 92CA for any previous year and the transfer pricing officer has declared that an option exercised by the assessee is valid under sub-section (3B) of the said section in respect of such transaction for two consecutive previous years immediately following such previous year, the assessing officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years, by amending the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, as the case may be,—

(a) in conformity with the arm’s length price so determined by the transfer pricing officer under sub-section (4A) of the said section in respect of such transaction ; and

(b) taking into account the directions issued under sub-section (5) of section 144C, if any, for such previous year, within three months from the end of the month in which the assessment is completed in the case of the assessee for such previous year, and the first and second provisos to sub-section (4) of section 92C shall apply thereto :

Provided that where the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, for the said two consecutive previous years is not made within the said three months, such recomputation shall be made within three months from the end of the month in which such order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, as the case may be, is made.”.

**46. Amendment of section 158B.**—In section 158B of the Income-tax Act, in clause (b), after the words “money, bullion, jewellery” at both the places where they occur, the words “, virtual digital asset” shall be inserted

and shall be deemed to have been inserted with effect from the 1st February, 2025.

**47. Amendment of section 158BA.**—In section 158BA of the Income-tax Act, with effect from the 1st February, 2025,—

(a) in sub-section (4), for the word “pending”, the words “required to be made” shall be substituted and shall be deemed to have been substituted ;

(b) in sub-section (5), for the words “the assessment or reassessment relating to any assessment year”, the words “the assessment or reassessment or recomputation or reference or order relating to any assessment year” shall be substituted and shall be deemed to have been substituted.

**48. Amendment of section 158BB.**—In section 158BB of the Income-tax Act, with effect from the 1st February, 2025,—

(a) for sub-section (1), the following sub-section shall be substituted and shall be deemed to have been substituted, namely :—

“(1) The total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following :—

(i) undisclosed income declared in the return furnished under section 158BC ;

(ii) income assessed under sub-section (3) of section 143 or section 144 or section 147 or section 153A or section 153C prior to the date of initiation of the search or the date of requisition, as the case may be ;

(iii) income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148 prior to the date of initiation of the search or the date of requisition, and not covered under clause (i) or clause (ii) ;

(iv) income determined—

(a) in respect of a previous year, where such previous year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition ;

(b) in respect of period commencing from 1st day of April of the previous year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in

the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition ;

(c) in respect of period commencing from the date of initiation of the search or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations ;

(v) undisclosed income determined by the Assessing Officer under sub-section (2).” ;

(b) for sub-section (3), the following sub-section shall be substituted and shall be deemed to have been substituted, namely :—

“(3) Where any income required to be determined as a result of search or requisition of books of account or other documents and any other material or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations, relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such income shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.” ;

(c) in sub-section (6), for the words “disclosed income”, the words “undisclosed income declared” shall be substituted and shall be deemed to have been substituted.

**49. Amendment of section 158BE.**—In section 158BE of the Income-tax Act,—

(a) in sub-section (1), for the words “from the end of the month”, the words “from the end of the quarter” shall be substituted and shall be deemed to have been substituted with effect from the 1st February, 2025 ;

(b) in sub-section (3), for the words “from the end of the month”, the words “from the end of the quarter” shall be substituted and shall be deemed to have been substituted with effect from the 1st February, 2025 ;

(c) in sub-section (4), for clause (i), the following clause shall be substituted, namely :—

“(i) the period commencing on the date on which stay on assessment proceedings was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ; or”.

**50. Amendment of section 158BFA.**—In section 158BFA of the Income-tax Act, in sub-section (4), for clause (ii), the following clause shall be substituted, namely :—

“(ii) the period commencing on the date on which stay on the proceeding under sub-section (2) was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ;”.

**51. Amendment of section 193.**—In section 193 of the Income-tax Act,—

(a) after the words “whichever is earlier,”, the words “being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year,” shall be inserted ;

(b) in the proviso, in clause (v), in sub-clause (a), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.

**52. Amendment of section 194.**—In section 194 of the Income-tax Act, in the first proviso, in clause (b), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.

**53. Amendment of section 194A.**—In section 194A of the Income-tax Act, in sub-section (3),—

(a) in clause (i),—

(i) for the words, “forty thousand rupees”, wherever they occur, the words “fifty thousand rupees” shall be substituted ;

(ii) in sub-clause (d), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted ;

(iii) in the third proviso, —

(A) for the words “forty thousand rupees”, the words “fifty thousand rupees” shall be substituted ;

(B) for the words “fifty thousand rupees”, the words “one lakh rupees” shall be substituted ;

(b) in the proviso occurring after clause (xi), in clause (b),—

(i) for the words, “fifty thousand rupees”, the words “one lakh rupees” shall be substituted ;

(ii) for the words “forty thousand rupees”, the words “fifty thousand rupees” shall be substituted.

**54. Amendment of section 194B.**—In section 194B of the Income-tax Act,—

(a) for the words “or the aggregate of amounts”, the words “in respect of a single transaction” shall be substituted ;

(b) the words “during the financial year” shall be omitted.

**55. Amendment of section 194BB.**—In section 194BB of the Income-tax Act,—

(a) for the words “or aggregate of amounts”, the words “in respect of a single transaction” shall be substituted ;

(b) the words “during the financial year” shall be omitted.

**56. Amendment of section 194D.**—In section 194D of the Income-tax Act, in the second proviso, for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

**57. Amendment of section 194G.**—In section 194G of the Income-tax Act, in sub-section (1), for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

**58. Amendment of section 194H.**—In section 194H of the Income-tax Act, in the first proviso, for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

**59. Amendment of section 194-I.**—In section 194-I of the Income-tax Act, for the first proviso, the following proviso shall be substituted, namely :—

“Provided that no deduction shall be made under this section, where the income by way of rent credited or paid for a month or part of a month by such person to the account of, or to, the payee, does not exceed fifty thousand rupees :”.

**60. Amendment of section 194J.**—In section 194J of the Income-tax Act, in sub-section (1), in the first proviso, in clause (B), for the words “thirty thousand rupees” wherever they occur, the words “fifty thousand rupees” shall be substituted.

**61. Amendment of section 194K.**—In section 194K of the Income-tax Act, in the proviso, in clause (i), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.



**62. Amendment of section 194LA.**—In section 194LA of the Income-tax Act, in the first proviso, for the words “two lakh and fifty thousand rupees”, the words “five lakh rupees” shall be substituted.

**63. Amendment of section 194LBC.**—In section 194LBC of the Income-tax Act, in sub-section (1), for the portion beginning with the words “at the rate of” and ending with the words “payee is any other person”, the words “at the rate of ten per cent.” shall be substituted.

**64. Amendment of section 194Q.**—In section 194Q of the Income-tax Act, in sub-section (5), in clause (b), the words, brackets, figures and letters “other than a transaction to which sub-section (1H) of section 206C applies” shall be omitted.

**65. Amendment of section 194S.**—In section 194S of the Income-tax Act, in sub-section (2), for the words, figures and letters “sections 203A and 206AB”, the word, figures and letter “section 203A” shall be substituted.

**66. Omission of section 206AB.**—Section 206AB of the Income-tax Act shall be omitted.

**67. Amendment of section 206C.**—In section 206C of the Income-tax Act,—

(a) in sub-section (1),—

(i) in the Table,—

(A) against serial number (iii),—

(I) in column (2), for the word “Timber”, the words and brackets “Timber or any other forest produce (not being tendu leaves)” shall be substituted ;

(II) in column (3), for the words “two and one-half per cent.”, the words “two per cent.” shall be substituted ;

(B) against serial number (iv), in column (3), for the words “two and one-half per cent.”, the words “two per cent.” shall be substituted ;

(C) serial number (v) and the entries relating thereto shall be omitted ;

(ii) after the proviso, the following *Explanation* shall be inserted, namely :—

*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 (16 of 1927).’ ;

(b) in sub-section (1G),—

(i) in the first, second and fourth provisos, for the words “seven lakh rupees” wherever they occur, the words “ten lakh rupees” shall be substituted ;

(ii) for the third proviso, the following proviso shall be substituted, namely :—

“Provided also that the authorised dealer shall not collect the sum if the amount being remitted out is a loan obtained from any financial institution as defined in clause (b) of sub-section (3) of section 80E, for the purpose of pursuing any education :” ;

(c) in sub-section (1H), after the second proviso, the following proviso shall be inserted, namely :—

“Provided also that nothing contained in the provisions of this sub-section shall apply from the 1st day of April, 2025.” ;

(d) in sub-section (7A), the following proviso shall be inserted, with effect from the 1st April, 2025, namely :—

“Provided that the provisions of sub-sections (3), (5) and (6) of section 153 and *Explanation 1* thereof shall, so far as may be, apply to the time limit specified in this sub-section.” ;

(e) in sub-section (9), for the words, brackets, figures and letters “, sub-section (1C) or sub-section (1H)” at both the places where they occur, the words, brackets, figure and letter “or sub-section (1C)” shall be substituted ;

(f) in sub-section (10A), for the brackets, figures, letters and word “(1C), (1F) or (1H)”, the brackets, figures, letters and word “(1C) or (1F)” shall be substituted.

**68. Omission of section 206CCA.**—Section 206CCA of the Income-tax Act shall be omitted.

**69. Amendment of section 246A.**—In section 246A of the Income-tax Act, in sub-section (1),—

(i) in clause (ja), for the word, brackets, figure and letter, “sub-section (1A)”, the word, brackets and figure, “sub-section (2)” shall be substituted ;

(ii) in clause (n), the words “made by a Deputy Commissioner” shall be omitted.

**70. Amendment of section 253.**—In section 253 of the Income-tax Act, in sub-section (9), the proviso shall be omitted.

**71. Amendment of section 255.**—In section 255 of the Income-tax Act, in sub-section (8), the proviso shall be omitted.

**72. Amendment of section 263.**—In section 263 of the Income-tax Act, in the *Explanation*, occurring after sub-section (3), for the words “any period during which any proceeding under this section is stayed by an

order or injunction of any court”, the words “the period commencing on the date on which stay on any proceeding under this section was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner” shall be substituted.

**73. Amendment of section 264.**—In section 264 of the Income-tax Act, in sub-section (6), in the *Explanation*, for the words “any period during which any proceeding under this section is stayed by an order or injunction of any court”, the words “the period commencing on the date on which stay on any proceeding under this section was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner” shall be substituted.

**74. Amendment of section 270AA.**—In section 270AA of the Income-tax Act, in sub-section (4), for the words “one month”, the words “three months” shall be substituted.

**75. Amendment of section 271AAB.**—In section 271AAB of the Income-tax Act, in sub-section (1A), in the opening portion, after the words “the assent of the President”, the words, figures and letters “but before the 1st day of September, 2024” shall be inserted and shall be deemed to have been inserted with effect from the 1st September, 2024.

**76. Omission of section 271BB.**—Section 271BB of the Income-tax Act shall be omitted.

**77. Amendment of section 271C.**—In section 271C of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**78. Amendment of section 271CA.**—In section 271CA of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**79. Amendment of section 271D.**—In section 271D of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1), on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**80. Amendment of section 271DA.**—In section 271DA of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**81. Amendment of section 271DB.**—In section 271DB of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**82. Amendment of section 271E.**—In section 271E of the Income-tax Act, in sub-section (2), the following proviso shall be inserted, namely :—

“Provided that any penalty under sub-section (1) on or after the 1st day of April, 2025, shall be imposed by the Assessing Officer.”.

**83. Substitution of new section for section 275.**—For section 275 of the Income-tax Act, the following section shall be substituted, namely :—

*275. Bar of limitation for imposing penalties.*—(1) No order imposing a penalty under this Chapter shall be passed after the expiry of six months from the end of the quarter in which,—

(a) the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, if the relevant assessment or other order is not the subject matter of an appeal under section 246 or section 246A or section 253 ;

(b) the order of revision under section 263 or section 264 is passed, if the relevant assessment or other order is the subject matter of revision under the said sections ;

(c) the order of appeal under section 246 or section 246A is received by the jurisdictional Principal Commissioner or Commissioner, if the relevant assessment or other order is the subject matter of an appeal under the said sections and no further appeal has been filed under section 253 ;

(d) the order of appeal under section 253 is received by the jurisdictional Principal Commissioner or Commissioner, if the relevant assessment or other order is the subject matter of an appeal under the said section ;

(e) notice for imposition of penalty is issued, in any other case.

(2) The order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty may be revised on the basis of assessment as revised by giving effect to the order passed under section 246 or section 246A or section 253 or section 260A or section 261 or revision under section 263 or section 264, where the relevant assessment or other order is the subject matter of an appeal or a revision under the said sections.

(3) No order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty under sub-section (2) shall be passed—

(a) unless the assessee has been heard, or has been given a reasonable opportunity of being heard ;

(b) after the expiry of six months from the end of the quarter in which the order passed under section 246 or section 246A or section 253 or section 260A or section 261 is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision under section 263 or section 264 is passed.

(4) The provisions of sub-section (2) of section 274 shall apply to the order imposing or enhancing or reducing penalty under sub-section (2).

(5) In computing the period of limitation for the purposes of this section, the following period shall be excluded :—

(a) the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129 ;

(b) the period commencing on the date on which stay on proceeding for levy of penalty was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner.”.

**84. Amendment of section 276BB.**—In section 276BB of the Income-tax Act, the following proviso shall be inserted, namely :—

“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.”.

**85. Insertion of new section 285BAA.**—After section 285BA of the Income-tax Act, the following section shall be inserted with effect from the 1st April, 2026, namely :—

‘285BAA. *Obligation to furnish information on transaction of crypto-asset.*—(1) Any person, being a reporting entity, as prescribed, in respect of a crypto-asset, shall furnish information in respect of a transaction of such crypto-asset in a statement, for such period, within such time, in such form and manner and to such income-tax authority, as prescribed.

(2) Where the prescribed income-tax authority considers that the statement furnished under sub-section (1) is defective, he may intimate the defect to the person who has furnished such statement and give him an

opportunity of rectifying the defect within thirty days from the date of such intimation or such further period as may be allowed, and if the defect is not rectified within such period, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement.

(3) Where a person who is required to furnish a statement under sub-section (1) has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a period not exceeding thirty days from the date of service of such notice and he shall furnish the statement within the time specified in the notice.

(4) If any person, having furnished a statement under sub-section (1), or in pursuance of a notice issued under sub-section (3), comes to know or discovers any inaccuracy in the information provided in the statement, he shall within ten days inform the prescribed income-tax authority, the inaccuracy in such statement and furnish the correct information in such manner as prescribed.

(5) The Central Government may, by rules prescribe—

(a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority ;

(b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a) ; and

(c) the due diligence to be carried out by the persons referred to in sub-section (1) for the purpose of identification of any crypto-asset user or owner.

(6) In this section, “crypto-asset” shall have the meaning assigned to it in sub-clause (d) of clause (47A) of section 2.’

**86. Amendment of rule 68B of the Second Schedule.**—In the Second Schedule to the Income-tax Act, in rule 68B, in sub-rule (2), for clauses (i) and (ii), the following clauses shall be substituted, namely :—

“(i) commencing on the date on which stay on levy of the said tax, interest, fine, penalty or another sum was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ; or

(ii) commencing on the date on which stay on the proceeding of attachment or sale of the immovable property was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner ; or”.

## CHAPTER IV

## INDIRECT TAXES

## CUSTOMS

**87. Amendment of section 18.**—In the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the Customs Act), in section 18,—

(a) in sub-section (1), for the words “the proper officer may direct that the duty leviable on such goods, be assessed provisionally”, the following shall be substituted, namely :—

“the proper officer may assess the duty leviable on such goods, provisionally,” ;

(b) in sub-section (1A), for the words “within such time and in such manner”, the words “in such manner” shall be substituted ;

(c) after sub-section (1A), the following sub-sections shall be inserted, namely :—

“(1B) The proper officer shall finalise the duty provisionally assessed, within two years from the date of such assessment under sub-section (1) :

Provided that the Principal Commissioner of Customs or the Commissioner of Customs may, on sufficient cause being shown and for reasons to be recorded in writing, extend the said period to a further period of one year :

Provided further that in respect of any provisional assessment pending under sub-section (1) as on the date on which the Finance Bill, 2025 receives the assent of the President, the said period of two years shall be reckoned from the date on which the said Finance Bill receives the assent of the President.

(1C) Where the proper officer is unable to assess the duty finally within the time specified under sub-section (1B) for the reason that—

(a) an information is being sought from an authority outside India through a legal process ; or

(b) an appeal in a similar matter of the same person or any other person is pending before the Appellate Tribunal or the High Court or the Supreme Court ; or

(c) an interim order of stay has been issued by the Appellate Tribunal or the High Court or the Supreme Court ; or

(d) the Board has, in a similar matter, issued specific direction or order to keep such matter pending ; or

(e) the importer or exporter has a pending application before the Settlement Commission or the Interim Board, the proper officer shall inform the importer or exporter concerned, the reason for non-finalisation of the provisional assessment and in such case, the time specified in sub-section (1B) shall apply not from the date of the provisional assessment but from the date when such reason ceases to exist.”.

**88. Insertion of new section 18A.**—After section 18 of the Customs Act, the following section shall be inserted, namely :—

“18A. *Voluntary revision of entry, post clearance.*—(1) Notwithstanding anything contained in section 149, the importer or exporter of the goods, after the clearance, may revise an entry already made in relation to the goods, in such form and manner, within such time and subject to such conditions as may be prescribed.

(2) On revising the entry under sub-section (1), the importer or exporter of the goods shall self-assess the duty.

(3) Where the revised entry and self-assessment made under sub-sections (1) and (2) results in—

(a) any duty short-levied, not levied, short-paid or not paid, then the same may be paid voluntarily by the importer or exporter of such goods along with the interest under section 28AA ;

(b) duty paid in excess of that payable on such goods or whole of the duty paid, requiring refund, then, such revised entry shall be deemed to be a claim for refund under section 27.

(4) The proper officer may,—

(a) verify the revised entry and self-assessment made under sub-sections (1) and (2) in cases selected primarily on the basis of risk evaluation through appropriate selection criteria ;

(b) re-assess the duty leviable on such goods in cases where the self-assessment under sub-section (2) is not done correctly.

(5) No revision of entry shall be made under this section in the following cases, namely :—

(a) cases where any audit under Chapter XIIA or search, seizure or summons under Chapter XIII has been initiated and intimated to the importer or the exporter concerned ;

(b) cases requiring refund where the proper officer has re-assessed the duty under section 17 or assessed the duty under section 18 or under section 84 ;



(c) any other case which the Board may specify by notification in the Official Gazette.”.

**89. Amendment of section 27.**—In section 27 of the Customs Act, in sub-section (1), the *Explanation* shall be numbered as *Explanation 1* thereof, and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely :—

“*Explanation 2.*—For the removal of doubts, it is hereby clarified that the period of limitation of one year in case of claim of refund under clause (b) of sub-section (3) of section 18A or amendment of documents under section 149, shall be computed from the date of payment of such duty or interest.”.

**90. Amendment of section 28.**—In section 28 of the Customs Act, in *Explanation 1*, after clause (b), the following clause shall be inserted, namely :—

“(ba) in a case where duty is paid under clause (a) of sub-section (3) of section 18A, the date of payment of duty or interest ;”.

**91. Amendment of section 127A.**—In section 127A of the Customs Act,—

(i) after clause (d), the following clause shall be inserted, namely :—

‘(da) “Interim Board” means the Interim Board for Settlement constituted under section 31A of the Central Excise Act, 1944 (1 of 1944) ;’ ;

(ii) after clause (e), the following clause shall be inserted, namely,—

‘(ea) “pending application” means an application filed under section 127B before the 1st day of April, 2025 and fulfils the following conditions, namely :—

(i) it has been allowed under section 127C ; and

(ii) no order under sub-section (5) of section 127C was issued on or before the 31st day of March, 2025 with respect to such application ;’.

**92. Amendment of section 127B.**—In section 127B of the Customs Act, after sub-section (5), the following provisos shall be inserted, namely :—

“Provided that no application shall be made under this section on or after the 1st day of April, 2025 :

Provided further that on and from the date of the constitution of the Interim Board, every pending application shall be dealt by it from the stage at which such pending application stood immediately before its constitution.”.

**93. Amendment of section 127C.**—In section 127C of the Customs Act, after sub-section (10), the following sub-sections shall be inserted, namely:—

‘(11) On and from the 1st day of April, 2025,—

(a) the provisions of sub-sections (2), (3), (4), (5), (5A), (7), (8) and (8A) shall apply to pending applications with the modification that for the words “Settlement Commission”, wherever they occur, the words “Interim Board” shall be substituted ;

(b) in sub-section (3), for the words “seven days from the date of order”, the words “seven days from the date of receipt of the order” shall be substituted ;

(c) in sub-section (7), for the word “Bench”, the words “Interim Board” shall be substituted ;

(d) the provisions of sub-section (10) shall have effect as if for the words “Settlement Commission”, the words “Settlement Commission or the Interim Board” had been substituted.

(12) Notwithstanding anything contained in this section, the Interim Board may, within three months from the date of its constitution under section 31A of the Central Excise Act, 1944 (1 of 1944), for the reasons to be recorded in writing, extend the time limit referred to in sub-section (8A), by such further period not exceeding twelve months from the date of such constitution.’.

**94. Amendment of section 127D.**—In section 127D of the Customs Act, after sub-section (2), the following sub-section shall be inserted, namely :—

“(3) On and from the 1st day of April, 2025, the power of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**95. Amendment of section 127F.**—In section 127F of the Customs Act, after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) On and from the 1st day of April, 2025, the powers and functions of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**96. Amendment of section 127G.**—In section 127G of the Customs Act, after the first proviso, the following proviso shall be inserted, namely:—

“Provided further that on and from the 1st day of April, 2025, the functions of the Settlement Commission under this section shall be performed by the Interim Board and the provisions of this section shall *mutatis mutandis* apply to the Interim Board as they apply to the Settlement Commission.”.

**97. Amendment of section 127H.**—In section 127H of the Customs Act, after sub-section (3), the following sub-section shall be inserted, namely :—

“(4) On and from the 1st day of April, 2025, the power of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall *mutatis mutandis* apply to the Interim Board as they apply to the Settlement Commission.”.

#### CUSTOMS TARIFF

**98. Amendment of First Schedule.**—In the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), the First Schedule shall,—

- (a) be amended in the manner specified in the Second Schedule ;
- (b) with effect from the 1st May, 2025, be amended in the manner specified in the Third Schedule.

#### CENTRAL EXCISE

**99. Amendment of section 31.**—In section 31 of the Central Excise Act, 1944 (1 of 1944) (hereinafter referred to as the Central Excise Act) :—

- (i) after clause (e), the following clause shall be inserted, namely,—
  - ‘(ea) “Interim Board” means the Interim Board for Settlement constituted under section 31A ;’ ;
- (ii) after clause (f), the following clause shall be inserted, namely :—
  - ‘(fa) “pending application” means an application filed under section 32E before the 1st day of April, 2025 and fulfils the following conditions, namely,—
    - (i) it has been allowed under sub-section (1) of section 32F ; and
    - (ii) no order under sub-section (5) of section 32F was issued on or before the 31st day of March, 2025 with respect to such application ;’.

**100. Insertion of new section 31A.**—After section 31 of the Central Excise Act, the following section shall be inserted, namely :—

“31A. *Interim Board for Settlement.*—(1) The Central Government shall, by notification, constitute one or more Interim Boards for Settlement, as may be necessary, for the settlement of pending applications :

Provided that on and from the date of the constitution of the Interim Board, every pending application shall be dealt by it from the stage at which such pending application stood immediately before its constitution.

(2) Every Interim Board shall consist of three members, each being an officer of the rank of Chief Commissioner or above, as may be nominated by the Central Board of Indirect Taxes and Customs.

(3) If the Members of the Interim Board differ in opinion on any point, the point shall be decided according to the opinion of the majority.

(4) The Interim Board shall be assisted by such Central Excise Officers, to be nominated by the Central Board of Indirect Taxes and Customs.”.

**101. Amendment of section 32.**—In section 32 of the Central Excise Act, after sub-section (3), the following proviso shall be inserted, namely :—

“Provided that the Settlement Commission so constituted under this section shall cease to operate on or after the 1st day of April, 2025.”.

**102. Amendment of section 32A.**—In section 32A of the Central Excise Act, after sub-section (8), the following proviso shall be inserted, namely :—

“Provided that the provisions of this section shall not apply on or after the 1st day of April, 2025.”.

**103. Amendment of section 32B.**—In section 32B of the Central Excise Act, after sub-section (2), the following proviso shall be inserted, namely:—

“Provided that the provisions of this section shall not apply on or after the 1st day of April, 2025.”.

**104. Amendment of section 32C.**—In section 32C of the Central Excise Act, the following proviso shall be inserted, namely :—

“Provided that the provisions of this section shall not apply on or after the 1st day of April, 2025.”.

**105. Amendment of section 32D.**—In section 32D of the Central Excise Act, the following proviso shall be inserted, namely :—

“Provided that the provisions of this section shall not apply on or after the 1st day of April, 2025.”.

**106. Amendment of section 32E.**—In section 32E of the Central Excise Act, after sub-section (5), the following proviso shall be inserted, namely :

“Provided that no application shall be made under this section on or after the 1st day of April, 2025.”.

**107. Amendment of section 32F.**—In section 32F of the Central Excise Act, after sub-section (10), the following sub-sections shall be inserted, namely :—

‘(11) On and from the 1st day of April, 2025,—

(a) the provisions of sub-sections (2), (3), (4), (5), (5A), (6), (7), and (8) shall apply to pending applications with the modification that for the words “Settlement Commission”, wherever they occur, the words “Interim Board” shall be substituted ;

(b) in sub-section (3), for the words “seven days from the date of order”, the words “seven days from the date of receipt of the order” shall be substituted ;

(c) in sub-section (7), for the word “Bench”, the words “Interim Board” shall be substituted ;

(d) the provisions of sub-section (10) shall have effect as if for the words “Settlement Commission”, the words “Settlement Commission or Interim Board” had been substituted.

(12) Notwithstanding anything contained in this section, the Interim Board may, within three months from the date of its constitution under section 31A, for the reasons to be recorded in writing, extend the time limit referred to in sub-section (6), by such further period not exceeding twelve months from the date of such constitution.’

**108. Amendment of section 32G.**—In section 32G of the Central Excise Act, after sub-section (2), the following sub-section shall be inserted, namely :—

“(3) On and from the 1st day of April, 2025, the power of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**109. Amendment of section 32-I.**—In section 32-I of the Central Excise Act, after sub-section (4), the following sub-section shall be inserted, namely :—

“(5) On and from the 1st day of April, 2025, the powers and functions of the Settlement Commission under this section shall be exercised or performed by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**110. Amendment of section 32J.**—In section 32J of the Central Excise Act, after the first proviso, the following proviso shall be inserted, namely :—

“Provided further that on and from the 1st day of April, 2025, the functions of the Settlement Commission under this section shall be performed by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**111. Amendment of section 32K.**—In section 32K of the Central Excise Act, after subsection (3), the following sub-section shall be inserted, namely :—

“(4) On and from the 1st day of April, 2025, the power of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**112. Amendment of section 32L.**—In section 32L of the Central Excise Act, after sub-section (3), the following sub-section shall be inserted, namely :—

“(4) On and from the 1st day of April, 2025, the power of the Settlement Commission under this section shall be exercised by the Interim Board and the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**113. Amendment of section 32M.**—In section 32M of the Central Excise Act, the following proviso shall be inserted, namely :—

“Provided that on and from the 1st day of April, 2025, the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**114. Amendment of section 32-O.**—In section 32-O of the Central Excise Act, the following proviso shall be inserted, namely :—

“Provided that on and from the 1st day of April, 2025, the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

**115. Amendment of section 32P.**—In section 32P of the Central Excise Act, the following proviso shall be inserted, namely :—

“Provided that on and from the 1st day of April, 2025, the provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.”.

*Central Goods and Services tax*

**116. Amendment of section 2.**—In the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred as the Central Goods and Services Tax Act), in section 2,—

(i) in clause (61), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017)” shall be inserted with effect from the 1st day of April, 2025 ;

(ii) in clause (69),—

(a) in sub-clause (c), after the words “management of a municipal”, the word “fund” shall be inserted ;

(b) after sub-clause (c), the following *Explanation* shall be inserted, namely :—

*‘Explanation.*—For the purposes of this sub-clause—

(a) “local fund” means any fund under the control or management of an authority of a local self-Government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called ;

(b) “municipal fund” means any fund under the control or management of an authority of a local self-Government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.’ ;

(iii) after clause (116), the following clause shall be inserted, namely :—

‘(116A) “unique identification marking” means the unique identification marking referred to in clause (b) of sub-section (2) of section 148A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable ;’ ;

**117. Amendment of section 12.**—In section 12 of the Central Goods and Services Tax Act, sub-section (4) shall be omitted.

**118. Amendment of section 13.**—In section 13 of the Central Goods and Services Tax Act, sub-section (4) shall be omitted.

**119. Amendment of section 17.**—In section 17 of the Central Goods and Services Tax Act, in sub-section (5), in clause (d),—

(i) for the words “plant or machinery”, the words “plant and machinery” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017 ;

(ii) the *Explanation* shall be numbered as *Explanation 1* thereof, and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely :—

*‘Explanation 2.*—For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, Tribunal, or other authority, any reference to “plant or machinery” shall be construed and shall always be deemed to have been construed as a reference to “plant and machinery”.’.

**120. Amendment of section 20.**—In section 20 of the Central Goods and Services Tax Act, with effect from the 1st day of April, 2025,—

(i) in sub-section (1), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017)” shall be inserted ;

(ii) in sub-section (2), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017,” shall be inserted.

**121. Amendment of section 34.**—In section 34 of the Central Goods and Services Tax Act, in sub-section (2), for the proviso, the following proviso shall be substituted, namely :—

“Provided that no reduction in output tax liability of the supplier shall be permitted, if the—

(i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person ; or

(ii) incidence of tax on such supply has been passed on to any other person, in other cases.”.

**122. Amendment of section 38.**—In section 38 of the Central Goods and Services Tax Act,—

(i) in sub-section (1), for the words “an auto-generated statement”, the words “a statement” shall be substituted ;

(ii) in sub-section (2),—

(a) for the words “auto-generated statement under”, the words “statement referred in” shall be substituted ;

(b) in clause (a), the word “and” shall be omitted ;

(c) in clause (b), after the words “by the recipient,”, the word “including” shall be inserted ;

(d) after clause (b), the following clause shall be inserted, namely :—

“(c) such other details as may be prescribed.”.



**123. Amendment of section 39.**—In section 39 of the Central Goods and Services Tax Act, in sub-section (1), for the words “and within such time”, the words “within such time, and subject to such conditions and restrictions” shall be substituted.

**124. Amendment of section 107.**—In section 107 of the Central Goods and Services Tax Act, in sub-section (6), for the proviso, the following proviso shall be substituted, namely :—

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty has been paid by the appellant.”.

**125. Amendment of section 112.**—In section 112 of the Central Goods and Services Act, in sub-section (8), the following proviso shall be inserted, namely :—

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant.”.

**126. Insertion of new section 122B.**—After section 122A of the Central Goods and Services Tax Act, the following section shall be inserted, namely :—

“122B. *Penalty for failure to comply with track and trace mechanism.*—Notwithstanding anything contained in this Act, where any person referred to in clause (b) of sub-section (1) of section 148A acts in contravention of the provisions of the said section, he shall, in addition to any penalty under Chapter XV or the provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees or ten per cent. of the tax payable on such goods, whichever is higher.”.

**127. Insertion of new section 148A.**—After section 148 of the Central Goods and Services Act, the following section shall be inserted, namely :—

“148A. *Track and trace mechanism for certain goods.*—(1) The Government may, on the recommendations of the Council, by notification, specify,—

(a) the goods ;

(b) persons or class of persons who are in possession or deal with such goods,

to which the provisions of this section shall apply.

(2) The Government may, in respect of the goods referred to in clause (a) of sub-section (1),—

(a) provide a system for enabling affixation of unique identification marking and for electronic storage and access of information contained therein, through such persons, as may be prescribed ; and

(b) prescribe the unique identification marking for such goods, including the information to be recorded therein.

(3) The persons referred to in sub-section (1), shall,—

(a) affix on the said goods or packages thereof, a unique identification marking, containing such information and in such manner ;

(b) furnish such information and details within such time and maintain such records or documents, in such form and manner ;

(c) furnish details of the machinery installed in the place of business of manufacture of such goods, including the identification, capacity, duration of operation and such other details or information, within such time and in such form and manner ;

(d) pay such amount in relation to the system referred to in sub-section (2),

as may be prescribed.”.

**128. Amendment of Schedule III.**—In Schedule III of the Central Goods and Services Tax Act,—

(i) in paragraph 8, after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely :—

“(aa) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area ;” ;

(ii) in *Explanation 2*, after the words “For the purposes of”, the words, brackets and letter “clause (a) of” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017 ;

(iii) after *Explanation 2*, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely :—

“*Explanation 3.*—For the purposes of clause (aa) of paragraph 8, the expressions “Special Economic Zone”, “Free Trade Warehousing Zone” and “Domestic Tariff Area” shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005 (28 of 2005).”.

**129. No refund of tax collected.**—No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 128 been in force at all material times.

*Service tax*

**130. Special provision for retrospective exemption from service tax in certain cases relating to reinsurance services provided by insurance companies under Weather Based Crop Insurance Scheme and Modified National Agricultural Insurance Scheme.**—(1) Notwithstanding anything contained in section 66 of Chapter V of the Finance Act, 1994 (32 of 1994), as it stood prior to the 1st day of July, 2012, or in section 66B of the said Chapter of the said Act, as it stood prior to the omission of the said Chapter vide section 173 of the Central Goods and Services Tax Act, 2017 (12 of 2017), no service tax shall be levied or collected in respect of taxable services provided or agreed to be provided by insurance companies by way of reinsurance under the Weather Based Crop Insurance Scheme and the Modified National Agricultural Insurance Scheme during the period commencing from the 1st day of April, 2011 and ending with the 30th day of June, 2017 (both days inclusive).

(2) Refund shall be made of all such service tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times :

Provided that an application for the claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2025 receives the assent of the President.

(3) Notwithstanding the omission of the said Chapter, the provisions of the said Chapter shall apply for refund under this section retrospectively as if the said Chapter had been in force at all material times.

CHAPTER V

*Miscellaneous*

PART I

AMENDMENT TO THE UNIT TRUST OF INDIA (TRANSFER OF UNDERTAKING AND REPEAL) ACT, 2002

**131. Amendment of Act 58 of 2002.**—In the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, in section 13, in sub-section (1), for the figures “2025”, the figures “2027” shall be substituted.

PART II

AMENDMENTS TO THE GOVERNMENT SECURITIES ACT, 2006

WHEREAS it is expedient to amend the law relating to Government securities and its management by the Reserve Bank of India ;

AND WHEREAS the subject matter of "Public debt of the State" falls within the ambit of State List of the Seventh Schedule to the Constitution ;

AND WHEREAS in pursuance of clause (1) of article 252 of the Constitution, resolutions have been passed by the Houses of the Legislatures of the States of Andhra Pradesh, Chhattisgarh, Haryana, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal that the subject matter aforesaid should be regulated in those States by Parliament by law.

**132. Application of this Part.**—(1) This Part shall apply in the first instance to the whole of the States of Andhra Pradesh, Chhattisgarh, Haryana, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal and the Union territories ; and it shall also apply to such other State which adopts this Part by resolution passed in that behalf under clause (1) of article 252 of the Constitution.

(2) It shall come into force at once in the States of Andhra Pradesh, Chhattisgarh, Haryana, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal and in the Union territories and in any other State which adopts this Act under clause (1) of article 252 of the Constitution, on the date of such adoption ; and, save as otherwise provided in this Part, any reference in this Part to the commencement of this Part shall, in relation to any State, mean the date on which this Part comes into force in such State.

**133. Amendment of preamble.**—In the Government Securities Act, 2006 (38 of 2006) (hereinafter referred to as the principal Act), in the preamble, in paragraph 3, for the words "except the Legislature of the State of Jammu and Kashmir, to the effect that the matters aforesaid should be regulated in those States", the words "to the effect that the matters aforesaid should be regulated in those States" shall be substituted.

**134. Amendment of section 1.**—In section 1 of the principal Act,—

(a) in sub-section (3), for the words "in the first instance to whole of the States, except the State of Jammu and Kashmir, and to all the Union territories and it shall also apply to the State of Jammu and Kashmir which adopts this Act by resolution passed in that behalf under clause (1) of article 252 of the Constitution", the words "to all the States and Union territories" shall be substituted ;

(b) in sub-section (4),—

(i) the words "except the State of Jammu and Kashmir" shall be omitted ;

(ii) the words "and in the State of Jammu and Kashmir which adopts this Act under clause (1) of article 252 of the Constitution, on such adoption" shall be omitted.

**135. Amendment of section 2.**—In section 2 of the principal Act, in clause (f),—

(i) after the words “any other purpose”, the words “and subject to such terms and conditions” shall be inserted ;

(ii) the words and figure “and having one of the forms mentioned in section 3” shall be omitted.

**136. Amendment of section 3.**—In section 3 of the principal Act, the words “,subject to such terms and conditions as may be specified,” shall be omitted.

**137. Amendment of section 5.**—In section 5 of the principal Act, in sub-section (4), after the words “upon the Bank”, the words, brackets, letter and figure “or shall be construed to affect any restriction on transferability of Government securities contained in any notification issued under clause (f) of section 2 in respect of such securities” shall be inserted.

**138. Amendment of section 31.**—In section 31 of the principal Act, sub-sections (1) and (2) shall be omitted.

**139. Amendment of section 32.**—In section 32 of the principal Act, in sub-section (2), in clause (a), the words “and the terms and conditions subject to which” shall be omitted.

**140. Repeal of Act 18 of 1944 and savings.**—(1) The Public Debt Act, 1944, is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken in the exercise of any power conferred by or under the repealed Act shall be deemed to have been done or taken in the exercise of the powers conferred by or under the Government Securities Act, 2006 (38 of 2006) as amended by this Part as if the said Act was in force on the day on which such thing was done or action was taken.

(3) The rules made by the Central Government under the repealed Act as in force immediately before the commencement of this Part, shall be deemed to be the regulations made by the Bank under the Government Securities Act, 2006 (38 of 2006).

#### DECLARATION UNDER THE PROVISIONAL COLLECTION OF TAXES ACT, 2023

It is hereby declared that it is expedient in the public interest that the provisions of sub-clause (a) of clause 98 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 2023 (50 of 2023).

---

**THE FIRST SCHEDULE**

(See section 2)

## PART I

## INCOME-TAX

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 2,50,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000  | 5 per cent. of the amount by which the total income exceeds Rs. 2,50,000 ;                           |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 12,500 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;   |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,12,500 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 3,00,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000  | 5 per cent. of the amount by which the total income exceeds Rs. 3,00,000 ;                           |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 10,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;   |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,10,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 5,00,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;                          |
| (3) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or 112 or 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax ;

(b) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax ;

(c) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax ;

(d) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax ; and

(e) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) exceeding two crore rupees but is not covered under clauses (c) and (d), at the rate of fifteen per cent. of such income-tax :

Provided that in case where the total income includes any income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act, the rate of surcharge on the amount of

income-tax computed in respect of that part of income shall not exceed fifteen per cent. :

Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent. :

Provided also that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(b) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(c) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees ;

(d) five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees.

#### *Paragraph B*

In the case of every co-operative society,—

#### *Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 10,000                        | 10 per cent. of the total income ;  |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000 ; |
| (3) where the total income exceeds Rs. 20,000                                | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000.  |



*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated in the case of every co-operative society,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax ;

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax :

Provided that in the case of every co-operative society having total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided further that in the case of every co-operative society having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income	30 per cent.
----------------------------------	--------------

*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

- |  |                                    |
|--|------------------------------------|
| (i) where its total turnover or the gross receipt in the previous year 2022-23 does not exceed four hundred crore rupees ; | 25 per cent. of the total income ; |
| (ii) other than that referred to in item (i)   | 30 per cent. of the total income.  |

II. In the case of a company other than a domestic company,—

- |   |                |
|---|----------------|
| (i) on so much of the total income as consists of,—   | 50 per cent. ; |
| (a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1961 but before the 1st April, 1976 ; or                            |                |
| (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th February, 1964 but before the 1st April, 1976, |                |

and where such agreement has, in either case, been approved by the Central Government

- |  |              |
|--|--------------|
| (ii) on the balance, if any, of the total income | 35 per cent. |
|--|--------------|

*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union calculated,—

(i) in the case of every domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax ; and

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax ;

(ii) in the case of every company other than a domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax ; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax :

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

## PART II

## RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

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

	<i>Rate of income-tax</i>
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than “Interest on securities”	10 per cent. ;
(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent. ;

	<i>Rates of income-tax</i>
(iii) on income by way of winnings from horse races	30 per cent. ;
(iv) on income by way of net winnings from online games	30 per cent. ;
(v) on income by way of insurance commission	2 per cent. ;
(vi) on income by way of interest payable on—	10 per cent. ;
(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central Act, State Act or Provincial Act ;	
(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India as per the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder ;	
(C) any security of the Central Government or State Government ;	
(vii) on any other income	10 per cent. ;
(b) where the person is not resident in India—	
(i) in the case of a non-resident Indian—	
(A) on any investment income	20 per cent. ;
(B) on income by way of long-term capital gains referred to in section 115E or sub-clause (iii) of clause (c) of sub-section (1) of section 112	12.5 per cent. ;
(C) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees	12.5 per cent. ;
(D) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]	12.5 per cent. ;
(E) on income by way of short-term capital gains referred to in section 111A	20 per cent. ;
(F) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent. ;
(G) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the	20 per cent. ;

*Rates of income-tax*


---

Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India	
(H) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(G)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20 per cent. ;
(I) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	20 per cent. ;
(J) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent. ;
(K) on income by way of winnings from horse races	30 per cent. ;
(L) on income by way of net winnings from online games	30 per cent. ;
(M) on the income by way of dividend, referred to in the proviso to sub-clause (A) of clause (a) of sub-section (1) of section 115A	10 per cent. ;
(N) on income by way of dividend other than the income referred to in sub-item (b)(i)(M)	20 per cent. ;
(O) on the whole of the other income	30 per cent. ;
(ii) in the case of any other person—	
(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent. ;

---

		<i>Rates of income-tax</i>
(B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India		20 per cent. ;
(C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy		20 per cent. ;
(D) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy		20 per cent. ;
(E) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)		30 per cent. ;
(F) on income by way of winnings from horse races		30 per cent. ;
(G) on income by way of net winnings from online games		30 per cent. ;
(H) on income by way of short-term capital gains referred to in section 111A		20 per cent. ;
(I) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112		12.5 per cent. ;
(J) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees		12.5 per cent. ;

	<i>Rates of income-tax</i>
(K) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]	12.5 per cent. ;
(L) on income by way of dividend, referred to in the proviso to sub-clause (A) of clause (a) of sub-section (1) of section 115A	10 per cent. ;
(M) on income by way of dividend other than the income referred to in sub-item (b)(ii)(L)	20 per cent. ;
(N) on the whole of the other income	30 per cent. ;
2. In the case of a company—	
(a) where the company is a domestic company—	
(i) on income by way of interest other than “Interest on securities”	10 per cent. ;
(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent. ;
(iii) on income by way of winnings from horse races	30 per cent. ;
(iv) on income by way of net winnings from online games	30 per cent. ;
(v) on any other income	10 per cent. ;
(b) where the company is not a domestic company—	
(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent. ;
(ii) on income by way of winnings from horse races	30 per cent. ;
(iii) on income by way of net winnings from online games	30 per cent. ;
(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent. ;
(v) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India	20 per cent. ;

		<i>Rates of income-tax</i>
(vi) on income by way of royalty [not being royalty of the nature referred to in item (b)(v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—		
(A) where the agreement is made after the 31st March, 1961 but before the 1st April, 1976		50 per cent. ;
(B) where the agreement is made after the 31st March, 1976		20 per cent. ;
(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—		
(A) where the agreement is made after the 29th February, 1964 but before the 1st April, 1976		50 per cent. ;
(B) where the agreement is made after the 31st March, 1976		20 per cent. ;
(viii) on income by way of short-term capital gains referred to in section 111A		20 per cent. ;
(ix) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112		12.5 per cent. ;
(x) on income by way of long-term capital gains referred to in section 112A exceeding one lakh twenty-five thousand rupees		12.5 per cent. ;
(xi) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]		12.5 per cent. ;
(xii) on income by way of dividend, referred to in the proviso to sub-clause (A) of clause (a) of sub-section (1) of section 115A		10 per cent. ;
(xiii) on income by way of dividend other than the income referred to in item (b)(xii)		20 per cent.
(xiv) on any other income		35 per cent.

*Explanation.*—For the purposes of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings respectively assigned to them in Chapter XII-A of the Income-tax Act.



*Surcharge on income-tax*

The amount of income-tax deducted as per the provisions of—

(i) item 1 of this Part, shall be increased by a surcharge, for the purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees ;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees ;

III. at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees but does not exceed five crore rupees ;

IV. at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds five crore rupees ; and

V. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees, but is not covered under sub-clauses III and IV :

Provided that in case where the total income includes any income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Income-tax Act, the rate of surcharge on the amount of

Income-tax deducted in respect of that part of income shall not exceed fifteen per cent. :

Provided further that where the income of such person is chargeable to tax under sub-section (1A) of section 115BAC of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent. ;

(b) in the case of every co-operative society, being a non-resident, calculated,—

I. at the rate of seven per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees ;

II. at the rate of twelve per cent. where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees ;

(c) in the case of an association of persons being a non-resident, and consisting of only companies as its members, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees ;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees ;

(d) in the case of every firm, being a non-resident, calculated at the rate of twelve per cent., where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees ;

(ii) Item 2 of this Part shall be increased by a surcharge, for the purposes of the Union, in the case of every company other than a domestic company, calculated,—

(a) at the rate of two per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees ; and

(b) at the rate of five per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

## PART III

**RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES,  
DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER  
THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"**

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "Salaries" under section 192 of the said Act or deducted under section 194P of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the said Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BA or section 115BAA or section 115BAB or section 115BAC or section 115BAD or section 115BAE or section 115BB or section 115BBA or section 115BBC or section 115BBE or section 115BBF or section 115BBG or section 115BBH or section 115BBI or section 115BBJ or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates :—

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

*Rates of income-tax*

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 2,50,000                          | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000 | 5 per cent. of the amount by which the total income exceeds Rs. 2,50,000 ; |

- |   |  |
|---|--|
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 12,500 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;   |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,12,500 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 3,00,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000  | 5 per cent. of the amount by which the total income exceeds Rs. 3,00,000 ;                           |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 10,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;   |
| (4) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,10,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

*Rates of income-tax*

- |   |  |
|---|--|
| (1) where the total income does not exceed Rs. 5,00,000                           | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000 ;                          |
| (3) where the total income exceeds Rs. 10,00,000                                  | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax ;

(b) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax ;

(c) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax ;

(d) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax ; and

(e) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax :

Provided that in case where the total income includes any income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed fifteen per cent. :

Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent. :

Provided also that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees ;

(b) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees ;

(c) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees ;

(d) five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees ;

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 10,000                        | 10 per cent. of the total income ;  |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000 ; |
| (3) where the total income exceeds Rs. 20,000                                | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000.  |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purpose of the Union, calculated in the case of every co-operative society,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax ;

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax :

Provided that in the case of every co-operative society having total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided further that in the case of every co-operative society having total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total

amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

(I) In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the previous year 2023-2024 does not exceed four hundred crore rupees ; 25 per cent. of the total income ;

(ii) other than that referred to in item (i) 30 per cent. of the total income ;

(II) In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of,— 50 per cent. ;

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976 ; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government ;

(ii) on the balance, if any, of the total income 35 per cent.

*Surcharge on income-tax*

The amount of income-tax computed as per the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated,—

(i) in the case of every domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax ; and

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax ;

(ii) in the case of every company other than a domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax ; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax :



Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

#### PART IV

[See section 2(13)(c)]

#### RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

*Rule 1.*—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from other sources” and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly :

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3), (3A) and (4) of section 40A.

*Rule 2.*—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head “Profits and gains of business or profession” and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3), (3A) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

*Rule 3.*—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from house property”

and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

*Rule 4.*—Irrespective of anything contained in any other provisions of these rules, in a case—

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed as per rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee ;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed as per rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee ;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed as per rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

*Rule 5.*—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 6.*—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income :

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss,

such loss shall not be set off against any income of the assessee from any other source of agricultural income.

*Rule 7.*—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

*Rule 8.*—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st April, 2025, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st April, 2017 or the 1st April, 2018 or the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022, or the 1st April, 2023, or the 1st April, 2024, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2017, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2018 or the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023, or the 1st April, 2024 ;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023, or the 1st April, 2024 ;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023, or the 1st April, 2024 ;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023, or the 1st April, 2024 ;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the previous

year relevant to the assessment year commencing on the 1st April, 2022 or the 1st April, 2023, or the 1st April, 2024 ;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2023, or the 1st April, 2024 ;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2023, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2024 ;

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2024, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st April, 2025.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st April, 2026, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st April, 2018 or the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025, is a loss, then, for the purposes of sub-section (10) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2018, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2019 or the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025 ;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2019, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2020 or the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025 ;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2020, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2021 or the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025 ;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2021, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2022 or the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025 ;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2022, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2023 or the 1st April, 2024, or the 1st April, 2025 ;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2023, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2024, or the 1st April, 2025 ;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2024, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st April, 2025 ;

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st April, 2025, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st April, 2026.

(3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(4) Irrespective of anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2017

(7 of 2017) or the First Schedule to the Finance Act, 2018 (13 of 2018) or the First Schedule to the Finance (No. 2) Act, 2019 (23 of 2019) or the First Schedule to the Finance Act, 2020 (12 of 2020) or the First Schedule to the Finance Act, 2021 (13 of 2021) or the First Schedule to the Finance Act, 2022 (6 of 2022) or the First Schedule to the Finance Act, 2023 (8 of 2023) or the First Schedule to the Finance (No. 2) Act, 2024 (15 of 2024) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

*Rule 9.*—Where the net result of the computation made as per these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

*Rule 10.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 11.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

### THE SECOND SCHEDULE

(See section 98(a))

**Amendment to First Schedule.**—In the First Schedule to the Customs Tariff Act (51 of 1975)—

(i) in Chapter 60, for the entry in column (4) occurring against tariff items 6004 10 00, 6004 90 00, 6006 22 00, 6006 31 00, 6006 32 00, 6006 33 00, 6006 34 00, 6006 42 00 and 6006 90 00, the entry “20% or Rs. 115 per kg, whichever is higher” shall be substituted ;

(ii) in Chapter 85, for the entry in column (4) occurring against tariff item 8528 59 00, the entry “20%” shall be substituted ;

### THE THIRD SCHEDULE

(See section 98(b))

In the First Schedule to the Customs Tariff Act,—

Tariff Item	Description of goods	Unit	Rate of duty	
			Standard	Preferential
(1)	(2)	(3)	(4)	(5)

(1) in Chapter 10,—

(i) after Sub-heading Note, the following Supplementary Note shall be inserted, namely :—

‘Supplementary Note :

1. For the purposes of tariff items 1006 30 11 and 1006 30 91, “Rice, GI recognised” refers to the rice varieties defined and recognised by the Geographical Indications (GI) Registry under the Geographical Indications of Goods (Registration and Protection) Act, 1999 (48 of 1999).’ ;

(ii) in heading 1006, for sub-heading 1006 30, tariff items 1006 30 10 to 1006 30 90 and the entries relating thereto, the following shall be substituted, namely :—

“1006 30	—	<i>Semi-milled or wholly milled rice, whether or not polished or glazed :</i>			
	—	<i>Parboiled :</i>			
1006 30 11	—	Rice, GI recognised	kg.	70%	—
1006 30 12	—	Basmati rice	kg.	70%	—
1006 30 19	—	Other	kg.	70%	—
	—	Other :			
1006 30 91	—	Rice, GI recognised	kg.	70%	—
1006 30 92	—	Basmati rice	kg.	70%	—
1006 30 99	—	Other	kg.	70%	—” ;

(2) in Chapter 15, for the entry in column (4) occurring against tariff item 1520 00 00, the entry “20%” shall be substituted ;

(3) in Chapter 20,—

(i) after Sub-heading Notes, the following Supplementary Note shall be inserted, namely :—

‘Supplementary Note :

1. For the purposes of tariff items 2008 19 21 to 2008 19 29, the term “makhana” means the seed of plant *Euryale ferox* Salisb. and also commonly known as gorgon nut or fox nut.’ ;

(ii) in heading 2008, for tariff items 2008 19 20 to 2008 19 90 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>Makhana</i>			
“2008 19 21	----	Popped	kg.	150%	—
2008 19 22	----	Flour and powder	kg.	150%	—
2008 19 29	----	Other	kg.	150%	—
	---	Other :			—
2008 19 91	----	Other roasted nuts and seeds	kg.	150%	

2008 19 92	----	Other nuts, otherwise prepared or pre-served	kg.	150%	—
2008 19 93	----	Other roasted and fried vegetable products	kg.	30%	—
2008 19 99	----	Other	kg.	30%	—” ;

(4) in Chapter 25, for the entry in column (4) occurring against tariff items 2515 11 00, 2515 12 10, 2515 12 20, 2515 12 90, 2516 11 00 and 2516 12 00, the entry “20%” shall be substituted ;

(5) in Chapter 26,—

(i) for the entry in column (4) occurring against tariff item 2603 00 00, the entry “Free” shall be substituted ;

(ii) for the entry in column (4) occurring against tariff item 2605 00 00, the entry “Free” shall be substituted ;

(iii) for the entry in column (4) occurring against tariff item 2609 00 00, the entry “Free” shall be substituted ;

(iv) for the entry in column (4) occurring against tariff item 2611 00 00, the entry “Free” shall be substituted ;

(v) for the entry in column (4) occurring against all the tariff items of heading 2613, the entry “Free” shall be substituted ;

(vi) for the entry in column (4) occurring against all the tariff items of heading 2615, the entry “Free” shall be substituted;

(vii) for the entry in column (4) occurring against tariff item 2617 10 00, the entry “Free” shall be substituted ;

(6) in Chapter 27,—

(i) in heading 2710, for tariff item 2710 91 00 and the entries relating thereto, the following shall be substituted, namely :—

“2710 91	--	<i>Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs) :</i>			
2710 91 10	---	Containing polychlorinated biphenyls (PCBs) at a concentration level of 50 mg/kg or more	kg.	5%	—
2710 91 20	---	Other, containing polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs), whether or not also containing polychlorinated biphenyls (PCBs) at a concentration level of less than 50 mg/kg	kg.	5%	—
2710 91 90	---	Other	kg.	5%	—” ;

(ii) for the entry in column (4) occurring against tariff items 2711 12 00 and 2711 13 00, the entry “2.5%” shall be substituted ;



(iii) for the entry in column (4) occurring against all the tariff items of sub-heading 2711 19, the entry "5%" shall be substituted ;

(7) in Chapter 28,—

(i) for the entry in column (4) occurring against tariff item 2809 20 10, the entry "7.5%" shall be substituted ;

(ii) for the entry in column (4) occurring against tariff item 2810 00 20, the entry "7.5%" shall be substituted ;

(iii) in heading 2812, for the entry in column (2) occurring against tariff item 2812 19 30, the entry "--- Arsenic trichloride" shall be substituted ;

(iv) in heading 2813, after tariff item 2813 90 20 and the entries relating thereto, the following shall be inserted, namely :—

"2813 90 30	---	Lime sulphur	kg.	7.5%	—";
-------------	-----	--------------	-----	------	-----

(v) in heading 2853, after tariff item 2853 90 40 and the entries relating thereto, the following shall be inserted, namely :—

"2853 90 50	---	Magnesium phosphide plates, zinc phosphide	kg.	7.5%	—";
-------------	-----	--	-----	------	-----

(8) in Chapter 29,—

(i) for the Supplementary Note, the following Supplementary Notes shall be substituted, namely :—

'Supplementary Notes :

1. For the purposes of the tariff item 2906 11 10, the term "Natural Menthol" means an organic compound ( $C_{10}H_{20}O$ ) which is obtained from the distillation of the Japanese type oil of mint or menthol mint known as *Mentha arvensis* but does not include those made synthetically through any chemical routes.

2. Tariff item 2916 39 70 covers one of the following goods of sub-heading 2916 39 : Alphanaphthyl acetic acid, cyclanilide, kresoxim methyl, metofluthrin, permethrin, renofluthrin, transfluthrin.

3. Tariff item 2918 99 30 covers one of the following goods of sub-heading 2918 99 : 2,4-D amine salt, 2,4-D- ethyl ester, 2,4-D sodium salt, 2,4-dichlorophenoxy acetic acid, prohexadione calcium, s-bioallethrin, sodium acifluorfen.

4. Tariff item 2924 19 10 covers one of the following goods of sub-heading 2924 19 : Bendiocarb, carboxin, chlorpropham, fenobucarb (BPMC), fluazaindolizine, methomyl, metolachlor, propamocarb hydrochloride, thiodicarb.

5. Tariff item 2924 21 40 covers one of the following goods of sub-heading 2924 21 : Bifenazate, carbosulfan, cyflufenamide, fenoxanil, flufenoxuron, ipfencarbazone, lufenuron, metaflumizone, metsulfuron methyl, novaluron, orthosulfamuron, pencycuron, sulfosulfuron, teflubenzuron, triafamone, triasulfuron, trifloxysulfuron sodium.

6. Tariff item 2924 29 70 covers one of the following goods of sub-heading 2924 29 : Pretilachlor (ISO), anilophos, benalaxyl, benalaxyl M, broflanilide, butachlor, carpropamid, cyclaniliprole, diflubenzuron, dimethenamid-P, diuron, fluxametamide, iprovalicarb, mandipropamid, metalaxyl-M, propanil, propoxur, pydiflumetofen.

7. Tariff item 2926 90 10 covers one of the following goods of sub-heading 2926 90 : Alphacypermethrin, beta cyfluthrin, chlorothalonil, cyflumetofen, cyfluthrin, cyhalofopbutyl, cymoxanil, cyphenothrin, deltamethrin (decamethrin), dithianon, fenpropathrin, fenvalerate, fluvalinate, hydrogen cyanamide, lambdacyhalothrin, myclobutanil.

8. Tariff item 2930 20 10 covers one of the following goods of sub-heading 2930 20 : Cartap hydrochloride (ISO), mancozeb, metiram, propineb, thiobencarb (benthiocarb), triallate, ziram.

9. Tariff item 2930 90 92 covers one of the following goods of sub-heading 2930 90 : Acephate (ISO), phorate (ISO), captan, clethodim, diafenthiuron, ethion, malathion, oxydemeton-methyl, phenthoate, profenophos, temephos, thiophanate-methyl.

10. Tariff item 2932 20 30 covers one of the following goods of sub-heading 2932 20 : Brodifacoum, bromadiolone, coumachlor, coumatetralyl, flocoumafen, milbemectin, spiromesifen.

11. Tariff item 2933 19 92 covers one of the following goods of sub-heading 2933 19 : Cyenopyrafen, fenpyroximate, fipronil, fluxapyroxad, penflufen, pyraclostrobin, pyroxasulfon, tetraniliprole, tolfenpyrad, topramezone.

12. Tariff item 2933 29 60 covers one of the following goods of sub-heading 2933 29 : Imidacloprid (ISO), fenamidone, imazamox, imiprothrin, iprodione, prochloraz.

13. Tariff item 2933 31 10 covers one of the following goods of sub-heading 2933 31 : Florpyrauxifen benzyl, fluroxypyr meptyl, halauxifenmethyl, haloxyfop-R-methyl, paraquat dichloride, pyrifluquinazon, triclopyr acid, triclopyr butotyl ester.

14. Tariff item 2933 39 23 covers one of the following goods of sub-heading 2933 39 : Afidopyropen, boscalid, chlorpyrifos, chlorpyrifos methyl, clodinafop-propargyl, cyantraniliprole, flonicamid, florpyrauxifenbenzyl, fluazifop-P-butyl, fluopicolide, fluopyram and its metabolite,

forchlorfenuron, haloxyfop-P-methyl, picoxystrobin, pyridalyl, pyriofenone, pyriproxyfen, sulfoxaflor.

15. Tariff item 2933 59 50 covers one of the following goods of sub-heading 2933 59 : Bispyribac-sodium (ISO), ametroctradin, azoxystrobin, benzpyrimoxam, buprimate, florasulam, polyoxin D zinc salt, primiphos-methyl, pyribenzoxim, pyrifthalid, pyriothiobac sodium, triflumezopyrim.

16. Tariff item 2933 69 60 covers one of the following goods of sub-heading 2933 69 : Ametryn, atrazine, carfentrazone ethyl, cyproconazole, difenoconazole, flusilazole, hexaconazole, hexazinone, indaziflam, iodofenuron methyl sodium, mefentrifluconazole, metamitron, metribuzin, paclobutrazol, propiconazole, pymetrozin (FI), TIM, tebuconazole, tetraconazole, triadimefon, tricyclazole, triticonazole.

17. Tariff item 2933 99 20 covers one of the following goods of sub-heading 2933 99 : Carbendazim (ISO), bitertanol, chlorfenopyr, chlorflua-zuron, fenoxaprop-P-ethyl, flufenzine, flupyradifurone, penconazole, propaquizafop, quizalofop-P-tefuryl, triazophos.

18. Tariff item 2934 99 40 covers one of the following goods of sub-heading 2934 99 : Bentazone, bixlozone, clomazone, dazomet, dimethomorph, etoxazole, fluensulfone, flufenacet, flumioxazin, hexythiazox, indoxacarb, isocycloseram, oxadiargyl, oxadiazon, phosalone, pinoxaden, thiachlopid, thiocyclam hydrogen oxalate, valifenalate.

19. Tariff item 2935 90 40 covers one of the following goods of sub-heading 2935 90 : Amisulbrom, azimsulfuron, bensulfuron methyl, chlorimuron ethyl, cyazofamid, cyzofamide, diclosulam, flucetosulfuron, helosulfuron methyl, mesosulfuron methyl, penoxsulam, pyrazosulfuron ethyl, pyroxsulam, sulfentrazone, sulfosulfuron, triafamone, triasulfuron.;

(ii) in heading 2902, after tariff item 2902 19 10 and the entries relating thereto, the following shall be inserted, namely :—

"2902 19 20	--	1-methyl cyclopropene	kg.	2.5%	—"
-------------	----	-----------------------	-----	------	----

(iii) in heading 2903,—

(a) for tariff item 2903 19 20 and the entries relating thereto, the following shall be substituted, namely :—

	"--	<i>Trichloroethane</i>			
2903 19 21	----	1,1,1-Trichloroethane (methyl chloroform)	kg.	5%	—
2903 19 29	----	Other	kg.	5%	—
2903 19 40	--	Ethylene dichloride and carbon tetrachloride mixture	kg.	5%	—"

(b) for tariff item 2903 29 00 and the entries relating thereto, the following shall be substituted, namely :—

"2903 29	--	<i>Other :</i>			
2903 29 10	---	Dichloropropene and dichloropropane mixture (DD mixture)	kg.	5%	—
2903 29 90	---	Other	kg.	5%	—” ;

(c) for tariff item 2903 79 00 and the entries relating thereto, the following shall be substituted, namely :—

"2903 79	--	<i>Other :</i>			
2903 79 10	---	Chlorotetrafluoroethanes	kg.	7.5%	—
2903 79 20	---	Other derivatives of methane, ethane or propane halogenated only with fluorine and chlorine	kg.	7.5%	—
2903 79 30	---	Derivatives of methane, ethane or propane halogenated only with fluorine and bromine	kg.	7.5%	—
2903 79 90	---	Other	kg.	7.5%	—” ;

(d) for tariff item 2903 89 00 and the entries relating thereto, the following shall be substituted, namely :—

"2903 89	--	<i>Other :</i>			
2903 89 10	---	Hexabromocyclododecanes (HBCDs)	kg.	7.5%	—
2903 89 90	---	Other	kg.	7.5%	—” ;

(iv) in heading 2905,—

(a) for the entry in column (2) occurring against tariff item 2905 19 10, the entry “--- 3,3-Dimethylbutan-2-ol (pinacolyl alcohol)” shall be substituted ;

(b) after tariff item 2905 19 10 and the entries relating thereto, the following shall be inserted, namely :—

"2905 19 20	--	Triacontanol	kg.	7.5%	—” ;
-------------	----	--------------	-----	------	------

(v) in heading 2906, after tariff item 2906 29 20 and the entries relating thereto, the following shall be inserted, namely :—

"2906 29 30	---	Dicofol	kg.	7.5%	—” ;
-------------	-----	---------	-----	------	------

(vi) in heading 2907, after tariff item 2907 29 30 and the entries relating thereto, the following shall be inserted, namely :—

"2907 29 40	---	Acequinocyl, metamifop	kg.	7.5%	—” ;
-------------	-----	------------------------	-----	------	------

(vii) in heading 2908, after tariff item 2908 99 20 and the entries relating thereto, the following shall be inserted, namely :—

"2908 99 30	---	Dinocap, meptyldiinocop, sodium paranitro-phenolate	kg.	7.5%	—" ;
-------------	-----	---	-----	------	------

(viii) in heading 2909,—

(a) after tariff item 2909 30 12 and the entries relating thereto, the following shall be inserted, namely :—

"2909 30 13	----	Ethoxysulfuron, famoxadone	kg.	7.5%	—" ;
-------------	------	----------------------------	-----	------	------

(b) after tariff item 2909 30 30 and the entries relating thereto, the following shall be inserted, namely :—

"2909 30 40	---	Decabromodiphenyl ether	kg.	7.5%	—
2909 30 50	---	Ethofenprox (etofenprox), fomesafen, oxy-fluorfen	kg.	7.5%	—" ;

(c) for tariff item 2909 60 00 and the entries relating thereto, the following shall be substituted, namely :—

"2909 60	-	<i>Alcohol peroxides, ether peroxides, acetal and hemiacetal peroxides, ketone peroxides and their halogenated, sulphonated, nitrated or nitrosated derivatives :</i>			
2909 60 10	---	MCPA, amine salt	kg.	7.5%	—
2909 60 90	---	Other	kg.	7.5%	—" ;

(ix) in heading 2910, for tariff item 2910 90 00 and the entries relating thereto, the following shall be substituted, namely :—

"2910 90	-	<i>Other :</i>			
2910 90 10	---	Epoxyconazole	kg.	7.5%	—
2910 90 90	---	Other	kg.	7.5%	—" ;

(x) in heading 2912, for tariff item 2912 50 00 and the entries relating thereto, the following shall be substituted, namely :—

"2912 50	-	<i>Cyclic polymers of aldehydes :</i>			
2912 50 10	---	Metaldehyde	kg.	7.5%	—
2902 50 90	---	Other	kg.	7.5%	—" ;

(xi) in heading 2914,—

(a) after tariff item 2914 29 50 and the entries relating thereto, the following shall be inserted, namely :—

"2914 29 60	---	Pyridaben	kg.	7.5%	—";
-------------	-----	-----------	-----	------	-----

(b) after tariff item 2914 39 40 and the entries relating thereto, the following shall be inserted, namely :—

"2914 39 50	---	Mesotrione, metrafenone	kg.	7.5%	—";
-------------	-----	-------------------------	-----	------	-----

(c) after tariff item 2914 69 20 and the entries relating thereto, the following shall be inserted, namely :—

"2914 69 30	---	Spinetoram, spinosad	kg.	7.5%	—";
-------------	-----	----------------------	-----	------	-----

(d) after tariff item 2914 79 50 and the entries relating thereto, the following shall be inserted, namely :—

"2914 79 60	---	Tembotrione	kg.	7.5%	—";
-------------	-----	-------------	-----	------	-----

(xii) in heading 2915, after tariff item 2915 90 70 and the entries relating thereto, the following shall be inserted, namely :—

"2915 90 80	---	Perfluorooctanoic acids and their salts	kg.	7.5%	—";
-------------	-----	---	-----	------	-----

(xiii) in heading 2916,—

(a) for tariff item 2916 19 50 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>Esters of unsaturated acyclic monoacids not elsewhere specified :</i>			
2916 19 51	----	Gossyplure	kg.	7.5%	—
2916 19 59	----	other	kg.	7.5%	—";

(b) for the entry in column (2) occurring against tariff item 2916 20 20, the entry "--- Bifenthrin (ISO), prallethrin" shall be substituted ;

(c) after tariff item 2916 31 60 and the entries relating thereto, the following shall be inserted, namely :—

"2916 31 70	---	Dicamba	kg.	7.5%	—";
-------------	-----	---------	-----	------	-----

(d) after tariff item 2916 39 60 and the entries relating thereto, the following shall be inserted, namely :—

"2916 39 70	---	Goods specified in Supplementary Note 2 to this Chapter	kg.	7.5%	—";
-------------	-----	---	-----	------	-----

(xiv) in heading 2917, after tariff item 2917 19 70 and the entries relating thereto, the following shall be inserted, namely :—

"2917 19 80	---	Isoprothiolane	kg.	7.5%	—";
-------------	-----	----------------	-----	------	-----

(xv) in heading 2918,—

(a) after tariff item 2918 30 50 and the entries relating thereto, the following shall be inserted, namely :—

"2918 30 60	---	Diclofop-methyl, D-trans allethrin, pyrethrin (pyrethrum)	kg.	7.5%	—";
-------------	-----	---	-----	------	-----

(b) after tariff item 2918 99 20 and the entries relating thereto, the following shall be inserted, namely :—

"2918 99 30	---	Goods specified in Supplementary Note 3 to this Chapter	kg.	7.5%	—";
-------------	-----	---	-----	------	-----

(xvi) in heading 2920,—

(a) after tariff item 2920 19 20 and the entries relating thereto, the following shall be inserted, namely :—

"2920 19 30	---	Edifenphos, fenitrothion, iprobenfos (kitazin)	kg.	7.5%	—";
-------------	-----	--	-----	------	-----

(b) for tariff item 2920 90 00 and the entries relating thereto, the following shall be substituted, namely :—

"2920 90	-	other :			
2920 90 10	---	Propergite	kg.	7.5%	—
2920 90 90	---	other	kg.	7.5%	—";

(xvii) in heading 2921,—

(a) in sub-heading 2921 19, for tariff items 2921 19 10 and 2921 19 20 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>N,N-Dialkyl (methyl, ethyl, n-propyl or isopropyl) -2-chloroethylamines and their protonated salts :</i>			
2921 19 11	----	2-Chloro N, N-Diisopropyl ethylamine	kg.	7.5%	—
2921 19 12	----	2-Chloro N, N-Dimethyl ethanamine	kg.	7.5%	—
2921 19 19	----	Other	kg.	7.5%	—
2921 19 30	---	Chlormequat chloride (CCC)	kg.	7.5%	—";

(b) after tariff item 2921 41 20 and the entries relating thereto, the following shall be inserted, namely :—

"2921 41 30	---	6-Benzyladenine, beflubutamid	kg.	7.5%	—"
-------------	-----	-------------------------------	-----	------	----

(c) after tariff item 2921 42 36 and the entries relating thereto, the following shall be inserted, namely :—

"2921 42 50	---	Fluchloralin, pendimethalin, trifluralin	kg.	7.5%	—"
-------------	-----	--	-----	------	----

(d) for tariff item 2921 43 90 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>Other :</i>			
2921 43 91	----	Ethafluralin	kg.	7.5%	—
2921 43 99	----	Other	kg.	7.5%	—"

(xviii) in heading 2922, for tariff item 2922 19 10 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>N,N-Dialkyl (methyl, ethyl, n-propyl or isopropyl) -2-aminoethanols and their protonated salts :</i>			
2922 19 11	----	N,N-Dimethyl-2-aminoethanol and its protonated salts	kg.	7.5%	—
2922 19 12	----	N,N-Diethyl-2-aminoethanol and its protonated salts	kg.	7.5%	—
2922 19 13	----	2-Hydroxy N, N-Diisopropyl ethylamine	kg.	7.5%	—
2922 19 19	----	Other	kg.	7.5%	—"

(xix) in heading 2924,—

(a) for tariff item 2924 19 00 and the entries relating thereto, the following shall be substituted, namely :—

"2924 19	--	<i>Other</i>			
2924 19 10	---	Goods specified in Supplementary Note 4 to this Chapter	kg.	7.5%	—
2924 19 90	---	Other	kg.	7.5%	—"

(b) after tariff item 2924 21 30 and the entries relating thereto, the following shall be inserted, namely :—

"2924 21 40	---	Goods specified in Supplementary Note 5 to this Chapter	kg.	7.5%	—"
-------------	-----	---	-----	------	----



(c) for the entry in column (2) occurring against tariff item 2924 29 70, the entry “--- Goods specified in Supplementary Note 6 to this Chapter” shall be substituted ;

(xx) in heading 2925, after tariff item 2925 29 10 and the entries relating thereto, the following shall be inserted, namely :—

“2925 29 20	---	Dodine	kg.	7.5%	—” ;
-------------	-----	--------	-----	------	------

(xxi) in heading 2926, for tariff item 2926 90 00 and the entries relating thereto, the following shall be substituted, namely :—

“2926 90	-	Other :			
2926 90 10	---	Goods specified in Supplementary Note 7 to this Chapter	kg.	7.5%	—
2926 90 90	---	Other	kg.	7.5%	—” ;

(xxii) in heading 2928, after tariff item 2928 00 10 and the entries relating thereto, the following shall be inserted, namely :—

“2928 00 20	---	Chromafenozide, methoxyfenazide, trifloxystrobin	kg.	7.5%	—” ;
-------------	-----	--	-----	------	------

(xxiii) in heading 2929, for tariff items 2929 90 10 to 2929 90 90 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>N,N-Dialkyl (methyl, ethyl, n-propyl or isopropyl) phosphoramidic dihalides :</i>			
2929 90 11	----	N,N-Diethylphosphoramidic dichloride:	kg.	7.5%	—
2929 90 12	----	N,N-Diisopropylphosphoramidic dichloride	kg.	7.5%	—
2929 90 13	----	N,N-Dipropylphosphoramidic dichloride	kg.	7.5%	—
2929 90 14	----	N,N-Dimethylphosphoramidic dichloride	kg.	7.5%	—
2929 90 19	----	Other	kg.	7.5%	—
	---	<i>Dialkyl (methyl, ethyl, n-propyl or isopropyl) N,N-dialkyl (methyl, ethyl, n-propyl or isopropyl) phosphoramidates :</i>			
2929 90 21	----	Diethyl N,N-Dimethylphosphoramidate	kg.	7.5%	—
2929 90 29	----	Other	kg.	7.5%	—
2929 90 60	---	Phosphoramidic acid, diethyl, dimethylester	kg.	7.5%	—
2929 90 70	---	N-(1-(Dialkyl ( $\leq C_{10}$ incl. cycloalkyl) amino))alkylidene (H or $\leq C_{10}$ incl. cycloalkyl) phosphoramidic fluorides and corresponding alkylated or protonated salts	kg.	7.5%	—

2929 90 80	---	O-Alkyl (H or $\leq C_{10}$ incl. cycloalkyl) N-(1-(dialkyl ( $\leq C_{10}$ , incl. cycloalkyl) amino))alkylidene (H or $\leq C_{10}$ incl. cycloalkyl) phosphoramidofluoridates and corresponding alkylated or protonated salts	kg.	7.5%	—
	---	<i>Other</i>			
2929 90 91	----	Propetamphos	kg.	7.5%	—
2929 90 99	----	Other	kg.	7.5%	—” ;

(xxiv) in heading 2930,—

(a) for the entry in column (2) occurring against tariff item 2930 20 10, the entry “--- Goods specified in Supplementary Note 8 to this Chapter” shall be substituted ;

(b) for tariff items 2930 90 10 to 2930 90 97 and the entries relating thereto, the following shall be substituted, namely :—

	“--	<i>Thiourea (sulphourea), Calcium salts of methionine, Thio sulphonic acid, L-cystine (alpha-amino beta-thiopropionic acid)-sulphur containing amino acid, Sulphinic acid, Sulphoxide, Mercaptan, Allyl isothiocyanate :</i>			
2930 90 11	----	Thiourea (sulphourea)	kg.	7.5%	—
2930 90 12	----	Calcium salts of methionine	kg.	7.5%	—
2930 90 13	----	Thio sulphonic acid	kg.	7.5%	—
2930 90 14	----	L-cystine (alpha-amino beta-thiopropionic acid)-sulphur containing amino acid	kg.	7.5%	—
2930 90 15	----	Sulphinic acid	kg.	7.5%	—
2930 90 16	----	Sulphoxide			
2930 90 17	----	Mercaptan	kg.	7.5%	—
2930 90 18	----	Allyl isothiocyanate	kg.	7.5%	—
	---	<i>O,O-Diethyl S-[2-(diethylamino)ethyl]phosphorothioate and its alkylated or protonated salts :</i>			
2930 90 21	----	Phosphorothioic acid, S[2-(diethyl amino)ethyl] O, O-Diethyl ester	kg.	7.5%	—
2930 90 29	---	Other	kg.	7.5%	—
	---	<i>N,N-Dialkyl (methyl, ethyl, n-propyl or isopropyl) aminoethane-2-thiols and their protonated salts, except for 2-(N,Ndimethylamino) ethanethiol and 2-(N,Ndiethylamino) ethanethiol :</i>			

2930 90 31	----	Di-methyl amino ethanethiol hydrochloride	kg.	7.5%	—
2930 90 32	----	Di-ethyl amino ethanethiol hydrochloride	kg.	7.5%	—
2930 90 39	----	Other	kg.	7.5%	—
	----	Other			
2930 90 91	----	Ethanol, 2,2'-thiobis-	kg.	7.5%	—
2930 90 92	----	Goods specified in Supplementary Note 9 to this Chapter	kg.	7.5%	—
2930 90 94	----	Containing a phosphorus atom to which one methyl, ethyl, n-propyl or isopropyl group is bonded but no further carbon atoms	kg.	7.5%	—
2930 90 96	----	O-Ethyl S-phenyl ethylphosphonothiothionate (fonofos)	kg.	7.5%	—” ;

(xxv) in heading 2931,—

(a) for the entry in column (2) occurring against tariff item 2931 49 30, the entry “----Glyphosate (ISO), fosetyl-al, glufosinate ammonium, glyphosate potassium salt” shall be substituted ;

(b) for tariff item 2931 49 90 and the entries relating thereto, the following shall be substituted, namely:—

“2931 49 40	---	Butyl methylphosphinate	kg.	7.5%	—
2931 49 50	---	Bis(1-methylpentyl) methylphosphonate	kg.	7.5%	—
	---	<i>Other :</i>			
2931 49 91	----	Containing a phosphorus atom to which one methyl, ethyl, n-propyl or isopropyl group is bonded but no further carbon atoms	kg.	7.5%	—
2931 49 99	----	Other	kg.	7.5%	—” ;

(c) for tariff item 2931 59 00 and the entries relating thereto, the following shall be substituted, namely :—

“2931 59	--	<i>Other :</i>			
2931 59 10	---	P-Alkyl ( $\leq C_{10}$ incl. cycloalkyl) N-(1-(dialkyl ( $\leq C_{10}$ incl. cycloalkyl) amino))alkylidene (H or $\leq C_{10}$ incl. cycloalkyl) phosphonamidic fluorides and corresponding alkylated or protonated salts	kg.	7.5%	—
2931 59 20	---	Methyl-(bis(diethylamino)methylene) phosphonamidofluoridate	kg.	7.5%	—

	---	Containing a phosphorus atom to which one methyl, ethyl, n-propyl or isopropyl group is bonded but no further carbon atoms :			
2931 59 31	----	Ethephon	kg.	7.5%	—
2931 59 39	----	Other	kg.	7.5%	—
2931 59 90	---	Other	kg.	7.5%	—” ;

(xxvi) in heading 2932,—

(a) after tariff item 2932 19 10 and the entries relating thereto, the following shall be inserted, namely :—

”2932 19 20	---	Azadirachtin (neem products), benfu- racarb, cinmethylen	kg.	7.5%	—” ;
-------------	-----	---	-----	------	------

(b) after tariff item 2932 20 20 and the entries relating thereto, the following shall be inserted, namely :—

”2932 20 30	---	Goods specified in Supplementary Note 10 to this Chapter	kg.	7.5%	—” ;
-------------	-----	---	-----	------	------

(c) for the entry in column (2) occurring against tariff item 2932 99 20, the entry “--- Emamectin benzoate (ISO), abamectin, dinotefuron” shall be substituted ;

(xxvii) in heading 2933,—

(a) after tariff item 2933 19 91 and the entries relating thereto, the following shall be inserted, namely :—

”2933 19 92	----	Goods specified in Supplementary Note 11 to this Chapter	kg.	7.5%	—” ;
-------------	------	---	-----	------	------

(b) for the entry in column (2) occurring against tariff item 2933 29 60, the entry “--- Goods specified in Supplementary Note 12 to this Chapter” shall be substituted ;

(c) for tariff item 2933 31 00 and the entries relating thereto, the following shall be substituted, namely :—

”2933 31	--	Pyridine and its salts :			
2933 31 10	---	Goods specified in Supplementary Note 13 to this Chapter	kg.	7.5%	—
2933 31 90	---	Other	kg.	7.5%	—” ;

(d) for tariff item 2933 32 00 and the entries relating thereto, the following shall be substituted, namely :—

"2933 32	--	<i>Piperidine and its salts :</i>			
2933 32 10	---	Mepiquat chloride	kg.	7.5%	—
2933 32 90	---	Other	kg.	7.5%	—" ;

(e) after tariff item 2933 39 22 and the entries relating thereto, the following shall be inserted, namely :—

"2933 39 23	----	Goods specified in Supplementary Note 14 to this Chapter	kg.	7.5%	—" ;
-------------	------	--	-----	------	------

(f) after tariff item 2933 39 40 and the entries relating thereto, the following shall be inserted, namely :—

"2933 39 50	---	1-[N,N-Dialkyl ( $\leq C_{10}$ )-N-(n-(hydroxyl, cyano, acetoxy)alkyl ( $\leq C_{10}$ )) ammonio]-n-[N-(3-dimethylcarbamoxy-a-picolinyl)-N,N-dialkyl ( $\leq C_{10}$ ) ammonio]decane dibromide (n=1-8)	kg.	7.5%	—
2933 39 60	---	1,n-Bis[N-(3-dimethylcarbamoxy-a-picolinyl)-N,Ndialkyl ( $\leq C_{10}$ ) ammonio]-alkane-(2,(n-1)-dione) dibromide (n=2-12)	kg.	7.5%	—" ;

(g) for tariff items 2933 41 00 and 2933 49 00 and the entries relating thereto, the following shall be substituted, namely :—

"2933 41	--	<i>Levorphanol (INN) and its salts :</i>			
2933 41 10	---	Fenazaquin	kg.	7.5%	—
2933 41 90	---	Other	kg.	7.5%	—
2933 49	--	Other :			
2933 49 10	---	Quizalofop ethyl	kg.	7.5%	—
2933 49 90	---	Other	kg.	7.5%	—" ;

(h) for the entry in column (4) occurring against tariff items 2933 59 10, 2933 59 20, 2933 59 30 and 2933 59 40, the entry "7.5%" shall be substituted ;

(i) for tariff item 2933 59 50 and entries relating thereto, the following shall be substituted, namely :—

2933 59 50	---	Goods specified in Supplementary Note 15 to this Chapter	kg.	7.5%	—" ;
------------	-----	--	-----	------	------

(j) for the entry in column (4) occurring against tariff item 2933 59 90, the entry "7.5%" shall be substituted ;

(k) after tariff item 2933 69 50 and the entries relating thereto, the following shall be inserted, namely :—

"2933 69 60	---	Goods specified in Supplementary Note 16 to this Chapter	kg.	7.5%	—";
-------------	-----	--	-----	------	-----

(l) after tariff item 2933 79 20 and the entries relating thereto, the following shall be inserted, namely :—

"2933 79 30	---	Spirotetramat	kg.	7.5%	—";
-------------	-----	---------------	-----	------	-----

(m) for the entry in column (2) occurring against tariff item 2933 99 20, the entry "--- Goods specified in Supplementary Note 17 to this Chapter" shall be substituted ;

(xxviii) in heading 2934,—

(a) for tariff items 2934 10 00 and 2934 20 00 and the entries relating thereto, the following shall be substituted, namely :—

"2934 10	-	Compounds containing an unfused thiazole ring (whether or not hydrogenated) in the structure :			
2934 10 10	---	Clothianidin, oxathiapiprolin, thifluzamide, thiomethoxam	kg.	7.5%	—
2934 10 90	---	Other	kg.	7.5%	—
2934 20	-	Compounds containing in the structure a benzothiazole ring-system (whether or not hydrogenated) not further fused :			
2934 20 10	---	Methabenzthiazuron	kg.	7.5%	—
2934 20 90	---	Other	kg.	7.5%	—";

(b) after tariff item 2934 99 30 and the entries relating thereto, the following shall be inserted, namely :—

"2934 99 40	---	Goods specified in Supplementary Note 18 to this Chapter	kg.	7.5%	—";
-------------	-----	--	-----	------	-----

(xxix) in heading 2935,—

(a) after tariff item 2935 50 10 and the entries relating thereto, the following shall be inserted, namely :—

"2935 50 20	---	Saflufenacil	kg.	7.5%	—";
-------------	-----	--------------	-----	------	-----

(b) after tariff item 2935 90 24 and the entries relating thereto, the following shall be inserted, namely :—

"2935 90 40	---	Goods specified in Supplementary Note 19 to this Chapter	kg.	7.5%	—";
-------------	-----	--	-----	------	-----

(xxx) in heading 2941, after tariff item 2941 90 60 and the entries relating thereto, the following shall be inserted, namely :—

"2941 90 70	---	Aureofungin, kasugamycin, validamycin	kg.	7.5%	—";
-------------	-----	---------------------------------------	-----	------	-----

(9) in Chapter 33, for the entry in column (4) occurring against all the tariff items of sub-heading 3302 10, the entry "20%" shall be substituted ;

(10) in Chapter 34, for the entry in column (4) occurring against all the tariff items of heading 3406, the entry "20%" shall be substituted ;

(11) in Chapter 38,—

(i) in Supplementary Note 1, for the words, brackets, letters and figures "Acetamiprid (ISO) conforming to IS-15981", the following shall be substituted, namely :—

"Acetamiprid (ISO) conforming to IS-15981 ; Afidopyropen conforming to IS 18873 ; Alphacypermethrin conforming to IS 15616 ; Azadirachtin (Neem products) conforming to IS 14299 ; Beta cyfluthrin conforming to IS 14156 ; Carbosulfan conforming to IS 14940 ; Chlorpyrifos conforming to IS 8963 ; Chlorpyrifos methyl conforming to IS 15693 ; Cyfluthrin conforming to IS 14156 ; Cyphenothrin conforming to IS 15978 ; Deltamethrin (Decamethrin) conforming to IS 12005 ; Dicofol conforming to IS 5278 ; Diflubenzuron conforming to IS 14185 ; D-trans allethrin conforming to IS 13146 ; Ethion conforming to IS 10369 ; Ethofenprox (Etofenprox) conforming to IS 14249 ; Ethylene dichloride and Carbon tetrachloride mixture conforming to IS 634 ; Fenitrothion conforming to IS 5280 ; Fenpropathrin conforming to IS 15161 ; Fenvalerate conforming to IS 12003 ; Fipronil conforming to IS 18389 ; Fluvalinate conforming to IS 13097 ; Imiprothrin conforming to IS 16921 ; Indoxacarb conforming to IS 15984 ; Lambdacyhalothrin conforming to IS 14509 ; Malathion conforming to IS 1832 ; Methomyl conforming to IS 15614 ; Novaluron conforming to IS 17125 ; Oxydemeton-Methyl conforming to IS 8258 ; Phenthoate conforming to IS 8293 ; Phosalone conforming to IS 8488 ; Primiphos-methyl conforming to IS 13080 ; Profenophos conforming to IS 15238 ; Pyriproxifen conforming to IS 16141 ; Spiromesifen conforming to IS 16674 ; Temephos conforming to IS 8701 ; Thiacloprid conforming to IS 16710 ; Thiodicarb conforming to IS 16956 ; Thiomethoxam conforming to IS

15983 ; Triazophos conforming to IS 14936 ; Zinc Phosphide conforming to IS 1251.” ;

(ii) for Supplementary Note 2, the following shall be substituted, namely :—

“2. Tariff item 3808 91 42 covers one of the following goods of sub-heading 3808 91 :

(a) with content by mass greater than 90% : Chlorentaniliprole (ISO) ; Buprofezin (ISO) ; Flubendiamide (ISO) ; Emamectin Benzoate (ISO) ; Abamectin ; Bendiocarb ; Benfuracarb ; Benzpyrimoxam ; Broflanilide ; Chlorfenopyr ; Chlorfluazuron ; Chromafenozide ; Clothianidin ; Cyantraniliprole ; Cyclaniliprole ; Cyenopyrafen ; Cyflumetofen ; Diafenthiuron ; Dinotefuron ; Etoxazole ; Fenazaquin ; Fenobucarb (BPMC) ; Fenpyroximate ; Flonicamid ; Flufenoxuron ; Flufenzine ; Flupyradifurone ; Fluxametamide ; Hexythiazox ; Isocycloseram ; Lufenuron ; Metaflumizone ; Metaldehyde ; Methoxyfenazide ; Metofluthrin ; Milbemectin ; Permethrin ; Prallethrin ; Propergite ; Propoxur ; Pymetrozin (FI), TIM ; Pyrethrin (pyrethrum) ; Pyridaben ; Pyridalyl ; Pyrifluquinazon ; Renofluthrin ; S-bioallethrin ; Spinetoram ; Spinosad ; Spirotetramat ; Sulfoxaflor ; Teflubenzuron ; Tolfenpyrad ; Transfluthrin ; Triflumezopyrim.

(b) with content by mass greater than 60% : Propetamphos ; Tetraniliprole ; Thiocyclam hydrogen oxalate.” ;

(iii) in Supplementary Note 5, for the words, brackets, letters and figures “Carbendazim (ISO) conforming to IS-8445”, the following shall be substituted, namely :—

“Carbendazim (ISO) conforming to IS-8445 ; Bitertanol conforming to IS 13330 ; Captan conforming to IS 14251 ; Carboxin conforming to IS 13110 ; Carpropamid conforming to IS 16706 ; Chlorothalonil conforming to IS 13132 ; Cuprous Oxide conforming to IS 1682 ; Cymoxanil conforming to IS 15600 ; Dithianon conforming to IS 12944 ; Dodine conforming to IS 13784 ; Edifenphos conforming to IS 8954 ; Hexaconazole conforming to IS 14549 ; Iprobenfos (Kitazin) conforming to IS 13788 ; Iso-prothiolane conforming to IS 15163 ; Mancozeb conforming to IS 8707 ; Metalaxyl-M conforming to IS 13458 ; Penconazole conforming to IS 15234 ; Propiconazole conforming to IS 15241 ; Tebuconazole conforming to IS 15165 ; Thiophanate-Methyl conforming to IS 14551 ; Triadimefon conforming to IS 13328 ; Tricyclazole conforming to IS 15982 ; Validamycin conforming to IS 17200 ; Ziram conforming to IS 3900.” ;



(iv) in Supplementary Note 7, for the words, brackets, letters and figures “Glyphosate (ISO) conforming to IS-12502”, the following shall be substituted, namely :—

“Glyphosate (ISO) conforming to IS-12502 ; 2,4-D amine salt conforming to IS 1827 ; 2,4-D- ethyl ester conforming to IS 7233 ; 2,4-D sodium salt conforming to IS 1488 ; Anilophos conforming to IS 13402 ; Atrazine conforming to IS 12932 ; Bensulfuron methyl conforming to IS 17847 ; Butachlor conforming to IS 9356 ; Chlorimuron ethyl conforming to IS 15619 ; Clomazone conforming to IS 15409 ; Diclofop-methyl conforming to IS 14938 ; Diuron conforming to IS 8702 ; Fenoxaprop-p-ethyl conforming to IS 15232 ; Fluchloralin conforming to IS 8958 ; Glufosinate ammonium conforming to IS 15166 ; MCPA, amine salt conforming to IS 8494 ; Methabenzthiazuron conforming to IS 11007 ; Metolachlor conforming to IS 15229 ; Metribuzin conforming to IS 13332 ; Metsulfuron methyl conforming to IS 15615 ; Oxadiargyl conforming to IS 16708 ; Oxyfluorfen conforming to IS 14934 ; Pendimethalin conforming to IS 12685 ; Propanil conforming to IS 8071 ; Sulfosulfuron conforming to IS 16212 ; Thiobencarb (Benthiocarb) conforming to IS 12768 ; Triallate conforming to IS 9357.” ;

(v) for Supplementary Note 8, the following shall be substituted, namely :—

“8. Tariff item 3808 93 62 covers one of the following goods of sub-heading 3808 93 :

(a) with content by mass greater than 90% : Bispyribac sodium (ISO) ; Imazethapyr (ISO) ; 2,4-Dichlorophenoxy acetic acid ; Ametryn ; Azimsulfuron ; Beflubutamid ; Bentazone ; Bixlozone ; Carfentrazone ethyl ; Chlorpropham ; Cinmethylen ; Clethodim ; Clodinafoppropargyl ; Cyhalofop-butyl ; Dazomet ; Dicamba ; Diclosulam ; Dimethenamid-P ; Ethafluralin ; Ethoxysulfuron ; Florasulam ; Florpyrauxifen benzyl ; Florpyrauxifenbenzyl ; Fluazifop-p-butyl ; Flucetosulfuron ; Flufenacet ; Flumioxazin ; Fluroxypyr meptyl ; Fomesafen ; Glyphosate potassium salt ; Halauxifen-methyl ; Haloxyfop-P-methyl ; Haloxyfop-R-methyl ; Helosulfuron methyl ; Hexazinone ; Imazamox ; Indaziflam ; Iodosulfuron methyl sodium ; Ipfencarbazone ; Mesosulfuron methyl ; Mesotrione ; Metamifop ; Metamitron ; Orthosulfamuron ; Oxadiazon ; Paraquat dichloride ; Penoxsulam ; Pinoxaden ; Propanil ; Propaquizafop ; Pyrazosulfuron ethyl ; Pyribenzoxim ; Pyrifthalid ; Pyriothiazac sodium ; Pyroxasulfon ; Pyroxulam ; Quinalofop ethyl ; Quinalofop-P-tefuryl ; Saflufenacil ; Sodium acifluorfen ; Sulfentrazone ; Tembotrione ; Topramezone ; Triafamone ; Triasulfuron ; Triclopyr acid ; Triclopyr butotyl ester ; Trifloxysulfuron sodium ; Trifluralin.

(b) with content by mass greater than 60% : Indaziflam ; Mesotrione.

(c) with content by mass greater than 40% : Paraquat dichloride.” ;

(vi) after Supplementary Note 10, the following Supplementary Notes shall be inserted, namely :—

“11. Tariff item 3808 92 80 covers one of the following goods of sub-heading 3808 92 :

(a) with content by mass greater than 90% : Ametroctradin ; Amisulbrom ; Aureofungin ; Azoxystrobin ; Benalaxyl ; Benalaxyl M ; Boscalid ; Buprimate ; Copper sulphate pentahydrate ; Cyazofamid ; Cyflufenamide ; Cyproconazole ; Cyzofamide ; Difenconazole ; Dimethomorph ; Dinocap ; Epoxyconazole ; Famoxadone ; Fenamidone ; Fenoxanil ; Fluopicolide ; Fluopyram and its metabolite ; Flusilazole ; Fluxapyroxad ; Fosetyl-Al ; Iprodione ; Iprovalicarb ; Kresoxim Methyl ; Lime Sulphur ; Mandipropamid ; Mefentriquaconazole ; Meptyldiinocop ; Metiram ; Metrafenone ; Myclobutanil ; Oxathiapiprolin ; Pencycuron ; Penflufen ; Picoxystrobin ; Polyoxin D Zinc salt ; Prochloraz ; Pydiflumetofen ; Pyraclostrobin ; Pyriofenone ; Tetraconazole ; Thifluzamide ; Tribasic Copper Sulfate ; Trifloxystrobin ; Triticonazole ; Valifenalate.

(b) with content by mass greater than 60% : Copper Hydroxide ; Kasugamycin ; Propamocarb hydrochloride ; Propineb.

12. Tariff item 3808 93 41 covers one of the following goods of sub-heading 3808 93 : Alphanaphthyl Acetic Acid conforming to IS 13070 ; Chlormequat Chloride (CCC) conforming to IS 8961 ; Ethephon conforming to IS 14408 ; Mepiquat Chloride conforming to IS 16340.

13. Tariff item 3808 93 42 covers one of the following goods of sub-heading 3808 93 with content by mass greater than 90% : 1-Methyl Cyclopropene ; 6-Benzyladenine ; Cyclanilide ; Forchlorfenuron ; Paclobutrazol ; Prohexadione Calcium ; Sodium paranitrophenolate ; Triacantanol.

14. Tariff item 3808 94 20 covers one of the following goods of sub-heading 3808 94 :

(a) with content by mass greater than 90% : Dichloropropene and Dichloropropane mixture (DD mixture) ; Hydrogen cyanamide.

(b) with content by mass greater than 40% : Magnesium phosphide plates.

15. Tariff item 3808 99 11 covers one of the following goods of sub-heading 3808 99 : Bromadiolone conforming to IS 12914.

16. Tariff item 3808 99 12 covers one of the following goods of sub-heading 3808 99 with content by mass greater than 90% : Acequinocyl ; Bifenazate ; Brodifacoum ; Coumachlor ; Coumatetralyl ; Flocoumafen ; Fluazaindoline ; Fluensulfone ; Gossypure.” ;

(vii) in heading 3808,—

(a) after tariff item 3808 91 92 and the entries relating thereto, the following shall be inserted, namely :—

“3808 91 93	----	Containing bromomethane (methyl bromide) or bromochloromethane	kg.	10%	—” ;
-------------	------	--	-----	-----	------

(b) for tariff item 3808 92 90 and the entries relating thereto, the following shall be substituted, namely :—

“3808 92 80	---	Goods specified in Supplementary Note 11 to this Chapter	kg.	10%	—
	---	<i>Other :</i>			
3808 92 91	----	Containing bromomethane (methyl bromide) or bromochloromethane	kg.	10%	—
3808 92 99	----	Other	kg.	10%	—” ;

(c) for tariff item 3808 93 40 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>Plant growth regulators :</i>			
3808 93 41	----	Goods specified in Supplementary Note 12 to this Chapter	kg.	10%	—
3808 93 42	----	Goods specified in Supplementary Note 13 to this Chapter	kg.	10%	—
3808 93 49	----	Other :	kg.	10%	—” ;

(d) for tariff item 3808 93 90 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>Other :</i>			
3808 93 91	----	Containing bromomethane (methyl bromide) or bromochloromethane	kg.	10%	—
3808 93 99	----	Other	kg.	10%	—” ;

(e) for tariff item 3808 94 00 and the entries relating thereto, the following shall be substituted, namely :—

“3808 94	--	<i>Disinfectants :</i>			
----------	----	------------------------	--	--	--

3808 94 10	---	Containing bromomethane (methyl bromide) or bromochloromethane	kg.	10%	—
3808 94 20	---	Goods specified in Supplementary Note 14 to this Chapter	kg.	10%	—
3808 94 90	---	Other	kg.	10%	—” ;

(f) for tariff items 3808 99 10 and 3808 99 90 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>Goods specified in Supplementary Note 15 and 16 to this Chapter :</i>			
3808 99 11	----	Goods specified in Supplementary Note 15 to this Chapter	kg.	10%	—
3808 99 12	----	Goods specified in Supplementary Note 16 to this Chapter	kg.	10%	—
	---	<i>Other :</i>			
3808 99 91	----	Containing bromomethane (methyl bromide) or bromochloromethane	kg.	10%	—
3808 99 92	----	Pesticides, not elsewhere specified or included	kg.	10%	—
3808 99 99	----	Other	kg.	10%	—” ;

(viii) for tariff item 3813 00 00 and the entries relating thereto, the following shall be substituted, namely :—

“3813		PREPARATIONS AND CHARGES FOR FIRE-EXTINGUISHERS ; CHARGED FIRE-EXTINGUISHING GRENADES			
3813 00	-	<i>Preparations and charges for fireextinguishers ; charged fire-extinguishing grenades :</i>			
3813 00 10	---	Containing bromochlorodifluoromethane, bromotrifluoromethane or dibromotetrafluoroethanes	kg.	10%	—
3813 00 20	---	Containing methane, ethane or propane hydrobromofluorocarbons (HBFCs)	kg.	10%	—
3813 00 30	---	Containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs)	kg.	10%	—
3813 00 40	---	Containing bromochloromethane	kg.	10%	—
3813 00 90	---	Other	kg.	10%	—” ;

(ix) in heading 3814, for tariff items 3814 00 10 and 3814 00 20 and the entries relating thereto, the following shall be substituted, namely :—

	“---	<i>Organic composite solvents and thinners, not elsewhere specified or included :</i>			
--	------	---	--	--	--

3814 00 11	----	Containing methane, ethane or propane chlorofluorocarbons (CFCs), whether not containing hydrochlorofluorocarbons (HCFCs)	kg.	10%	—
3814 00 12	----	Containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), but not containing chlorofluorocarbons (CFCs)	kg.	10%	—
3814 00 13	----	Containing carbon tetrachloride, bromochloromethane or 1,1,1-trichloroethane (methyl chloroform)	kg.	10%	—
3814 00 19	----	Other	kg.	10%	—
	---	<i>Prepared paint or varnish removers :</i>			
3814 00 21	----	Containing methane, ethane or propane chlorofluorocarbons (CFCs), whether not containing hydrochlorofluorocarbons (HCFCs)	kg.	10%	—
3814 00 22	----	Containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), but not containing chlorofluorocarbons (CFCs)	kg.	10%	—
3814 00 23	----	Containing carbon tetrachloride, bromochloromethane or 1,1,1-trichloroethane (methyl chloroform)	kg.	10%	—
3814 00 29	----	Other	kg.	10%	—” ;

(x) for the entry in column (4) occurring against all the tariff items of sub-heading 3822 90, the entry “10%” shall be substituted ;

(xi) for the entry in column (4) occurring against all the tariff items of sub-heading 3824 60, the entry “20%” shall be substituted ;

(xii) for the entry in column (4) occurring against tariff item 3824 99 00, the entry “7.5%” shall be substituted ;

(12) in Chapter 39, for the entry in column (4) occurring against all the tariff items of headings 3920 and 3921, the entry “20%” shall be substituted ;

(13) in Chapter 64, for the entry in column (4) occurring against all the tariff items of headings 6401, 6402, 6403, 6404 and 6405, the entry “20%” shall be substituted ;

(14) in Chapter 68, for the entry in column (4) occurring against tariff items 6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 23 10, 6802 23 90, 6802 29 00, 6802 91 00, 6802 92 00 and 6802 93 00, the entry “20%” shall be substituted ;

(15) in Chapter 71,—

(i) in heading 7106,—

(a) after tariff item 7106 91 10 and the entries relating thereto, the following shall be inserted, namely :—

"7106 91 20	---	Containing 99.9 per cent. or more by weight of silver	kg.	10%	—";
-------------	-----	---	-----	-----	-----

(b) for tariff item 7106 92 20 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>Bar :</i>			
7106 92 21	----	Containing 99.9 per cent. or more by weight of silver	kg.	10%	—
7106 92 29	----	Other	kg.	10%	—";

(ii) in heading 7108, for tariff items 7108 12 00 and 7108 13 00 and the entries relating thereto, the following shall be substituted, namely :—

"7108 12	--	<i>Other unwrought forms :</i>			
7108 12 10	---	Containing 99.5 per cent. or more by weight of gold	kg.	10%	—
7108 12 90	---	Other	kg.	10%	—
7108 13	--	<i>Other semi-manufactured forms :</i>			
7108 13 10	---	Containing 99.5 per cent. or more by weight of gold	kg.	10%	—
7108 13 90	---	Other	kg.	10%	—";

(iii) in heading 7110, for tariff items 7110 11 10 to 7110 19 00 and the entries relating thereto, the following shall be substituted, namely :—

	"---	<i>Unwrought form :</i>			
7110 11 11	----	Containing 99.0 per cent. or more by weight of platinum	kg.	10%	—
7110 11 19	----	Other	kg.	10%	—
	---	<i>In powder form :</i>			
7110 11 21	----	Containing 99.0 per cent. or more by weight of platinum	kg.	10%	—
7110 11 29	----	Other	kg.	10%	—
7110 19	--	<i>Other :</i>			
7110 19 10	---	Containing 99.0 per cent. or more by weight of platinum	kg.	10%	—
7110 19 90	---	Other	kg.	10%	—";

(iv) for the entry in column (4) occurring against all the tariff items of headings 7113 and 7114, the entry "20%" shall be substituted ;

(16) in Chapter 72, for the entry in column (4) occurring against tariff items 7210 12 10, 7210 12 90, 7219 12 00, 7219 13 00, 7219 21 90, 7219 90 90 and 7225 11 00, the entry "15%" shall be substituted ;

(17) in Chapter 73, for the entry in column (4) occurring against tariff items 7307 29 00, 7307 99 90, 7308 90 90, 7310 29 90, 7318 15 00, 7318 16 00, 7318 29 90, 7320 90 90, 7325 99 99, 7326 19 90 and 7326 90 99, the entry "15%" shall be substituted ;

(18) in Chapter 74, for the entry in column (4) occurring against tariff items 7404 00 12, 7404 00 19 and 7404 00 22, the entry "Free" shall be substituted ;

(19) in Chapter 80,—

(i) for the entry in column (4) occurring against all the tariff items of heading 8001, the entry "Free", shall be substituted ;

(ii) for the entry in column (4) occurring against all the tariff items of heading 8002, the entry "Free", shall be substituted ;

(20) in Chapter 81,—

(i) for the entry in column (4) occurring against tariff items 8101 94 00, 8101 97 00, 8102 94 00, 8102 97 00, 8103 20 10, 8103 20 90, 8103 30 00, 8105 20 20, 8105 30 00, 8106 10 10, 8106 90 10, 8109 21 00, 8109 31 00, 8109 39 00, 8110 10 00, 8110 20 00, 8112 12 00, 8112 13 00, 8112 31 10, 8112 31 20, 8112 31 30, 8112 41 10, 8112 41 20, 8112 61 00, 8112 69 10 and 8112 69 20, the entry "Free" shall be substituted ;

(ii) in the entry in column (2) occurring against heading 8112, for the brackets and words "(Columbium and)", the brackets and words "(columbium), and" shall be substituted ;

(21) in Chapter 85,—

(i) in Sub-heading Note 2, for the brackets, figures and words "50 × 103 Gy(silicon) (5 × 106 RAD (silicon))", the brackets, figures and words "50 × 103 Gy(silicon) (5 × 106 RAD (silicon))" shall be substituted.

(ii) for the entry in column (4) occurring against tariff items 8541 42 00, 8541 43 00 and 8541 49 00 the entry "20%" shall be substituted ;

(22) in Chapter 87,—

(i) for the entry in column (4) occurring against all the tariff items of heading 8702, the entry "20%", shall be substituted ;

(ii) for the entry in column (4) occurring against all the tariff items of heading 8703, the entry "70%", shall be substituted ;

(iii) for the entry in column (4) occurring against the heading 8704, the entry "20%", shall be substituted ;

(iv) for the entry in column (4) occurring against the heading 8711, the entry "70%", shall be substituted ;

(v) for the entry in column (4) occurring against tariff item 8712 00 10, the entry "20%" shall be substituted ;

(23) in Chapter 89, for the entry in column (4) occurring against all the tariff items of heading 8903, the entry "20%" shall be substituted ;

(24) in Chapter 90, for the entry in column (4) occurring against tariff item 9028 30 10, the entry "20%" shall be substituted ;

(25) in Chapter 94, for the entry in column (4) occurring against all the tariff items of headings 9401, 9403, 9404 and 9405, the entry "20%" shall be substituted ;

(26) in Chapter 95, for the entry in column (4) occurring against tariff item 9503 00 91, the entry "20%" shall be substituted ;

(27) in Chapter 98,—

(i) for the entry in column (4) occurring against tariff item 9802 00 00, the entry "70%" shall be substituted ;

(ii) for the entry in column (4) occurring against tariff item 9803 00 00, the entry "70%" shall be substituted ;

(iii) for the entry in column (4) occurring against all the tariff items of heading 9804, the entry "20%" shall be substituted.

#### STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2025-2026. The notes on clauses explain the various provisions contained in the Bill.

NIRMALA SITHARAMAN.

*New Delhi ;*

*The 30th January, 2025.*

---



PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274  
OF THE CONSTITUTION OF INDIA

[Copy of letter No. 2(6)-B(D)/2025, dated the 30th January, 2025 from Smt. Nirmala Sitharaman, Minister of Finance, to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2025 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on 1st February, 2025.

---

**NOTES ON CLAUSES**

*Clause 2* read with the First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2025-2026. Further, it lays down the rates at which tax is to be deducted at source during the financial year under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" or deducted under section 194P of the Income-tax Act and tax is to be calculated and charged in special cases for the financial year 2025-2026.

*Clause 3* of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

Clause (14) of the said section provides in sub-clause (b) that "capital asset", means any securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992. Further, sub-clause (c) of the said clause, provides that capital asset means any unit linked insurance policy to which exemption under clause (10D) of section 10 does not apply on account of the applicability of the fourth and fifth provisos thereof.

It is proposed to amend sub-clause (b) of the said clause so as to insert the expression "or held by an investment fund specified in clause (a) of *Explanation 1* to section 115UB" after the words "Foreign Institutional Investor".

It is further proposed to amend sub-clause (c) of clause (14) of the said section so as to make it applicable for unit linked insurance policy to which exemption under clause (10D) of section 10 does not apply.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

Clause (22) of the said section provides the definition of dividend. Sub-clause (e) of the said clause, inter alia, provides that any payment by a company, not being a company in which the public are substantially interested, of any sum, by way of advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent. of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (hereafter in this clause referred to as the said concern) or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

It is proposed to insert a new sub-clause (ia) in the said clause so as to provide that dividend does not include—

(ia) any advance or loan between two group entities, where,—

(A) one of the group entity is a “Finance company” or a “Finance unit” ; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf ;

It is further proposed to define the expressions “Finance company” or a “Finance unit”, and “group entity”, “parent entity” and “principal entity” in the *Explanation* to the said clause.

These amendments will take effect from 1st April, 2025.

It is also proposed to amend the clause (47A) of the said section to provide that the definition of virtual digital asset includes any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset.

This amendment will take effect from 1st April, 2026.

*Clause 4* of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

Clause (a) of *Explanation 2A* to sub-clause (i) of sub-section (1) of the said section provides that “significant economic presence” in India shall, inter alia, mean transaction in respect of any goods, services or property carried out by a non-resident with any person in India.

It is proposed to insert a proviso after the first proviso to the said *Explanation* so as to provide that the transactions or activities which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence in India and make consequential amendments thereto.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 5* of the Bill seeks to amend section 9A of the Income-tax Act relating to certain activities not to constitute business connection in India.

Clause (c) of sub-section (3) of the said section, inter alia, provides that the eligible investment fund referred to in sub-section (1), means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the condition that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent. of the corpus of the fund.

It is proposed to amend the said clause so as to provide that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent. of the corpus of the fund, as on the 1st day of April and the 1st day of October of the previous year.

It is further proposed to insert a proviso to said clause so as to provide that where the aforesaid aggregate participation or investment in the fund exceeds five per cent. on the 1st day of April or the 1st day of October of the previous year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied, within four months of the 1st day of April or the 1st day of October of such previous year, as the case may be.

Sub-section (8A) of the said section provides that the Central Government may, by notification, specify that any one or more of the conditions specified in clauses (a) to (m) of sub-section (3) or clauses (a) to (d) of sub-section (4) shall not apply or shall apply with such modifications, as may be specified in such notification, in case of an eligible investment fund and its

eligible fund manager, if such fund manager is located in an International Financial Services Centre, and has commenced its operations on or before 31st March, 2024.

It is proposed to amend sub-section (8A) of the said section so as to extend the date of commencement of operations from 31st day of March, 2024 to 31st day of March, 2030.

It is further proposed to amend the said sub-section to provide that the Central Government may not relax condition in clause (c) of sub-section (3).

These amendments will take effect from 1st April, 2025.

*Clause 6* of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

It is proposed to amend clause (aa) of *Explanation* to clause (4D) of the said section so as to extend the date of commencement of operations specified therein from 31st March, 2025 to 31st March, 2030.

This amendment will take effect from 1st April, 2025.

Clause (4E) of the said section provides that in computing the total income of a previous year of any person, any income accrued or arisen to, or received by a non-resident as a result of transfer of non-deliverable forward contracts or offshore derivative instruments or over the counter derivatives, or distribution of income on offshore derivative instruments, entered into with an offshore banking unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA, and fulfilling the conditions as may be provided by rules, shall not be included.

It is proposed to amend the said clause to insert "or any Foreign Portfolio Investor being a unit of an International Financial Services Centre" so as to bring it within the ambit of the said clause.

It is further proposed to insert an *Explanation* to the said clause to define the expression "Foreign Portfolio Investor" to mean a person registered as per the provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

It is also proposed to amend clause (4F) of the said section so as to extend the date of commencement of operations specified therein from 31st March, 2025 to 31st March, 2030.

It is also proposed to amend clause (4H) of the said section so as to extend the date of commencement of operations specified therein from 31st March, 2026 to 31st March, 2030.

It is also proposed to amend the said clause to also provide that income by way of capital gains arising from the transfer of equity shares of domestic company, being a Unit of an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, engaged primarily in the business of leasing of a ship shall not be included in computing the total income of a non-resident or a Unit of an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, engaged primarily in the business of leasing of a ship.

It is also proposed to amend the said clause to provide the meaning of "ship" as a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof.

It is also proposed to amend the eighth proviso to clause (10D) so as to provide that the provisions of the fourth, fifth, sixth and seventh provisos shall not apply to any sum received,—

(i) on the death of a person ; or

(ii) under a life insurance policy issued by International Financial Services Centre insurance intermediary office, including the sum allocated by way of bonus on such policy.

It is also proposed to insert an *Explanation* to the eighth proviso to the said clause to provide that "International Financial Services Centre insurance intermediary office" shall have the same meaning as assigned to it in clause (s) of sub-regulation (1) of regulation 3 of the International Financial Services Centres Authority (Insurance Intermediary) Regulations, 2021, made under the International Financial Services Centres Authority Act, 2019.

These amendments will take effect from 1st April, 2025.

It is also proposed to insert a new clause (12BA) in the said section so as to provide that any payment from the National Pension System Trust to an assessee, being the parent or guardian of a minor, under the pension scheme referred to in section 80CCD, on partial withdrawal made out of the account of the minor, as per the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 and the regulations made thereunder, to the extent it does not exceed twenty-five per cent. of the amount of contributions made by such guardian.

Clause (23FE) of the said section, inter alia, provides that income of the nature of dividend, interest, any sum referred to in clause (xii) of sub-section

(2) of section 56, or long-term capital gains arising from an investment made in India, shall not be included in computing the total income of a specified person. Sub-clause (i) of the said clause provides that the investment is to be made on or after 1st April, 2020 but on or before 31st March, 2025.

It is proposed to amend the opening portion of the said clause so as to provide that income in the nature of long-term capital gains (whether or not such capital gains are deemed as short-term capital gains under section 50AA), shall not be included in computing the total income of a specified person.

It is further proposed to amend sub-clause (i) of the said clause so as to extend the date of investment from 31st March, 2025 to 31st March, 2030.

These amendments will take effect from 1st April, 2025.

It is also proposed to amend clause (34B) so as to also provide that income by way of dividends from a company being a Unit of any International Financial Services Centre primarily engaged in the business of leasing of a ship, shall not be included in computing the total income of a Unit of any International Financial Services Centre, primarily engaged in the business of leasing of a ship.

It is also proposed to amend the *Explanation* of the said clause so as to define the expression "aircraft", "International Financial Services Centre" and "ship".

These amendments will take effect from 1st April, 2025.

*Clause 7* of the Bill seeks to amend section 12AB of the Income-tax Act relating to procedure for fresh registration.

Sub-section (1) of the said section, inter alia, provides for the procedure for registration or cancellation of registration of trust or institution by the Principal Commissioner or Commissioner, on receipt of an application made under clause (ac) of sub-section (1) of section 12A.

It is proposed to insert a proviso to the said sub-section to provide that where an application is made under sub-clause (i) to (v) of the said clause, and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed rupees five crores during each of the two previous year, preceding to the previous year in which such application is made, the provisions of this sub-section shall have effect as if for the words "five years", the words "ten years" had been substituted.

Sub-section (4) of the said section, inter alia, provides that where registration or provisional registration of a trust or an institution has been granted and subsequently, the Principal Commissioner or Commissioner

has noticed occurrence of one or more specified violations during any previous year, the Principal Commissioner or Commissioner shall, inter alia,—

(i) call for such documents or information from the trust or institution, or make such inquiry as he thinks necessary in order to satisfy himself about the occurrence or otherwise of any specified violation ;

(ii) pass an order in writing, cancelling the registration of such trust or institution, after affording a reasonable opportunity of being heard, for such previous year and all subsequent previous years, if he is satisfied that one or more specified violations have taken place ;

*Explanation* to sub-section (4) of the said section provides that “specified violation”, inter alia, means the application referred to in clause (ac) of sub-section (1) of section 12A is not complete or it contains false or incorrect information.

It is further proposed to amend the *Explanation* to the said sub-section so as to omit the words “is not complete or it” so that the incomplete application referred to in clause (ac) of sub-section (1) of section 12A, is not treated as a specified violation.

These amendments will take effect from 1st April, 2025.

*Clause 8* of the Bill seeks to amend section 13 of the Income-tax Act relating to section 11 not to apply in certain cases.

Sub-section (3) of section 13 specifies as to the persons referred to in clause (c) of sub-section (1) and sub-section (2) of the said section.

It is proposed to amend clause (b) of the said sub-section so as to provide that specified person would be any person whose total contribution to the trust or institution, during the relevant previous year exceeds one lakh rupees, or, in aggregate up to the end of the relevant previous year exceeds ten lakh rupees, as the case may be.

It is further proposed to amend clause (d) of the said sub-section so as to provide that any relative of person referred to in clause (b) shall not be treated as specified person for the purposes of the said sub-section.

It is also proposed to amend clause (e) of the said sub-section so as to provide that any concern in which the person referred to in clause (b) has substantial interest shall not be treated as specified person for the purposes of the said sub-section.

These amendments will take effect from 1st April, 2025.

*Clause 9* of the Bill seeks to amend section 17 of the Income-tax Act relating to “salary”, “perquisite” and “profits in lieu of salary” defined.

The existing provisions of clause (2) of section 17, inter alia, provide that for the purposes of section 15 and section 16 of the Income-tax Act, "perquisite" includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by any employer (including a company) to an employee who is not a director of the company or has a substantial interest in the company, and whose income under the head "Salaries", whether due from, or paid or allowed by, one or more employers, other than the value of all non-monetary benefits or amenities, exceeds fifty thousand rupees.

Further, the proviso to the said clause provides that any expenditure incurred by the employer on medical treatment of an employee or any member of the family of such employee, outside India, travel and stay abroad of the employee or any member of the family of such employee for medical treatment, or travel and stay abroad of one attendant who accompanies the patient, shall not be included in "perquisite", subject to the condition, among others, that the expenditure on travel shall be excluded only in the case of an employee whose gross total income, as computed before including the said expenditure, does not exceed two lakh rupees.

It is proposed to amend the provisions of the said section so as to provide that "perquisite" includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by any employer, including a company to an employee who is not a director of the company or has a substantial interest in the company, and whose income under the head "Salaries", whether due from, or paid or allowed by, one or more employers, other than the value of all non-monetary benefits or amenities, exceeds such amount as may be provided by rules.

It is further proposed to provide that the expenditure on travel incurred by the employer on medical treatment of an employee shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including the said expenditure, does not exceed such amount as may be provided by rules.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 10* of the Bill seeks to amend section 23 of the Income-tax Act, relating to annual value how determined.

Sub-section (2) of said section provides that where house property is in the occupation of the owner for the purposes of his residence or owner cannot actually occupy it due to his employment, business or profession carried on at any other place, in such cases, the annual value of such house



or part of the house shall be taken to be nil. Further, sub-section (4) of the said section provides that provisions of sub-section (2) of the Act will be applicable in respect of 2 houses only.

It is proposed to substitute the sub-section (2) of the said section so as to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.

This amendment will take effect from 1st April, 2025 and shall apply to assessment year 2025-26 onwards.

*Clause 11* of the Bill seeks to insert a new section 44BBD in the Income-tax Act relating to special provision for computing profits and gains of non-residents engaged in business of providing services or technology, for setting up an electronics manufacturing facility or in connection with manufacturing or production of electronic goods, article or thing in India.

Sub-section (1) of the proposed section seeks to provide that notwithstanding anything to the contrary contained in sections 28 to 43A, where an assessee, being a non-resident, engaged in the business of providing of services or technology in India, for the purposes of setting up an electronics manufacturing facility or in connection with manufacturing or production of electronic goods, article or thing in India,—

(a) to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or production of electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology ; and

(b) the resident company satisfies the conditions prescribed in this behalf,

a sum equal to 25% of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business of the non-resident assessee chargeable to tax under the head "Profits and gains of business or profession".

Sub-section (2) of the proposed section seeks to provides that the amounts referred to in sub-section (1) shall be the following :—

(a) the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology ; and

(b) the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of providing services or technology.

Sub-section (3) of the proposed section seeks to provide that notwithstanding anything in sub-section (2) of section 32 and sub-section (1) of section 72, where a non-resident assessee declares profits and gains of business for any previous year under sub-section (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 12* of the Bill seeks to amend section 45 of the Income-tax Act relating to capital gains.

Sub-section (1B) of the said section, inter alia, provides that where any person receives at any time during any previous year any amount under a unit linked insurance policy, to which exemption under clause (10D) of section 10 does not apply on account of the applicability of the fourth and fifth provisos thereof, including the amount allocated by way of bonus on such policy, then, any profits or gains arising from receipt of such amount by such person shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of such person of the previous year in which such amount was received and the income taxable shall be calculated in such manner as may be prescribed.

It is proposed to amend the said sub-section so as to make it applicable for an unit linked insurance policy to which exemption under clause (10D) of section 10 does not apply.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 13* of the Bill seeks to amend section 47 of the Income-tax Act relating to Transactions not regarded as transfer.

Clause (viia) of the said section provides that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund, shall not be regarded as transfer for the purposes of section 45. The *Explanation* to the said clause provides, inter alia, the meaning of "resultant fund" for the purposes of the said clause.

It is proposed to substitute the said definition of the expression "resultant fund" to mean a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership, which is located in

an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, and has been granted—

(i) a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 ; or

(ii) a certificate as a retail scheme or an Exchange Traded Fund and which fulfils the conditions specified in clause (4D) of section 10 ;”

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

Clause (b) of the said *Explanation* provides that “relocation” means transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund on or before the 31st day of March, 2025, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund.

It is proposed to amend clause (b) of the *Explanation* to said clause so as to extend the date of transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund, from 31st March, 2025 to 31st March, 2030.

This amendment will take effect from 1st April, 2025.

*Clause 14* of the Bill seeks to amend section 72A of the Income-tax Act relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, etc.

Section 72A of the Act states that accumulated loss and unabsorbed depreciation of the amalgamating companies or firm or proprietary concern or private company or unlisted private company, as the case may be, shall be deemed to be accumulated loss and unabsorbed depreciation of the amalgamated company or successor company or successor limited liability partnership, as the case may be, for the previous year in which the business reorganisation was effected, to the extent of amount of accumulated loss and unabsorbed depreciation and as per conditions as specified therein.

It is proposed to insert sub-section (6B) in the section to state that where any amalgamation or business reorganisation, is effected on or after 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity, being the amalgamating company or firm or proprietary

concern ; or private company or unlisted public company, as the case may be, which is deemed to be the loss of the successor entity, being the amalgamated company or successor company or successor limited liability partnership, as the case maybe, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

It is further proposed to state that “original predecessor entity” means predecessor entity in respect of the first amalgamation under sub-section (1) or first business reorganisation for sub-section (6) or (6A).

This amendment will take effect from 1st April, 2026.

*Clause 15* of the Bill seeks to amend section 72AA of the Income-tax Act relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases.

Section 72AA of the Act states that accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the loss and unabsorbed depreciation of the amalgamated companies, for the previous year in which the scheme of amalgamation was brought into force.

It is proposed to insert a proviso to the said section to provide that where any scheme of such amalgamation is brought into force on or after 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity, being the banking company or companies, amalgamating corresponding new bank or banks or amalgamating Government company or companies, as the case may be, which is deemed to be the loss of the successor entity, being the banking institution or company, amalgamated corresponding new bank or banks or amalgamated Government company or companies, as the case may be, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

It is further proposed to state that “original predecessor entity” means predecessor entity in respect of the first amalgamation.

This amendment will take effect from 1st April, 2026.

*Clause 16* of the Bill seeks to amend section 80CCA of the Income-tax Act, relating to deduction, inter alia, in respect of deposits under National Savings Scheme.

Sub-section (1) of the said section, inter alia, provides that a deduction of the whole of the amount deposited or paid (excluding interest or bonus

accrued or credited to the assessee's account, if any) as does not exceed the amount of twenty thousand rupees in the previous year.

Sub-section (2) of the said section, inter alia, deems the withdrawals of amounts together with the interest accrued on such amount, as income chargeable to tax in the previous year when these amounts (or interest accrued on such amount) are withdrawn.

It is proposed to provide exemption from the provisions of sub-section (2) of section 80CCA to such withdrawals made on or after 29th August, 2024 by an assessee, being an individual.

This amendment will take effect retrospectively from 29th August, 2024.

*Clause 17* of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction of contribution to pension scheme of Central Government.

The said section provides for deduction in respect of contribution to pension scheme of the Central Government by the assessee, being an individual employed by the Central Government on or after the 1st January, 2004 or, being an individual employed by any other employer or any other assessee being an individual has in the previous year paid or deposited any amount in his account under the said pension scheme.

It is proposed to insert a second proviso to sub-section (1B) and to amend sub-sections (3) and (4) of the said section so as to extend the tax benefits available to a pension scheme under section 80CCD, to the contributions made to the National Pension Scheme Vatsalya Accounts, as follows :—

(a) a deduction to be allowed to the parent or guardian's total annual income, of the amount paid or deposited in the account of any minor under a pension scheme under sub-section (1B) of section 80CCD to a maximum of 50,000 rupees ;

(b) chargeability of amount on which deduction has been allowed under sub-section (1B) of section 80CCD is also proposed to be provided where such amount or any interest accrued thereon is withdrawn in the case where deposit was made in the account of the minor ;

(c) the amount received by the assessee, on the death of the minor resulting in closure of the account in respect of which deduction has been allowed earlier under sub-section (1B) of section 80CCD shall not be deemed to be the income of the parent or guardian.

These amendments will take effect from 1st April, 2026, and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 18* of the Bill seeks to amend section 80-IAC of the Income-tax Act relating to special provision in respect of specified business.

The said section, inter alia, provides for deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years at the option of the assessee subject to the condition that the total turnover of its business does not exceed one hundred crore rupees for an eligible start-up incorporated on or after 1st April, 2016 but before the 1st April, 2025.

It is proposed to amend the said section so as to extend the benefit for another period of five years, i. e., the benefit shall be available to the eligible start-ups incorporated before 1st April, 2030.

This amendment will take effect from 1st April, 2025.

*Clause 19* of the Bill seeks to amend section 80LA of the Income-tax Act relating to deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre.

Clause (d) of sub-section (2) of the said section provides that the income referred to in sub-section (1) and sub-section (1A) shall be the income, arising from the transfer of an asset, being an aircraft or a ship, which was leased by a unit referred to in clause (c) to a person, subject to the condition that the unit has commenced operation on or before the 31st March, 2025.

It is proposed to amend the said clause so as to extend the date of commencement of operations from 31st March, 2025 to 31st March, 2030.

This amendment will take effect from 1st April, 2025.

*Clause 20* of the Bill seeks to amend section 87A of the Income-tax Act relating to rebate of income-tax in case of certain individuals.

The said section provides that an assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of twelve thousand and five hundred rupees, whichever is less.

Proviso to the said section provides that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, and the total income—

(a) does not exceed seven hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total

income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent. of such income-tax or an amount of twenty-five thousand rupees, whichever is less ;

(b) exceeds seven hundred thousand rupees and the income-tax payable on such total income exceeds the amount by which the total income is in excess of seven hundred thousand rupees, the assessee shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income, of an amount equal to the amount by which the income-tax payable on such total income is in excess of the amount by which the total income exceeds seven hundred thousand rupees.

It is proposed to amend the proviso to the said section to substitute the seven hundred thousand rupees with twelve hundred thousand rupees and twenty-five thousand rupees with sixty thousand rupees respectively.

It is further proposed to insert a second proviso to the said section to provide that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 21* of the Bill seeks to amend section 92CA of the Income-tax Act relating to reference to Transfer Pricing Officer.

Sub-section (1) of the said section provides that where any person, being the assessee, has entered into an international transaction or specified domestic transaction in any previous year, and the assessing officer considers it necessary or expedient so to do, he may, with the previous approval of the Principal Commissioner or Commissioner, refer the computation of the arm's length price in relation to the said international transaction or specified domestic transaction under section 92C to the Transfer Pricing Officer.

It is proposed to insert a new first proviso to the said sub-section (1) so as to provide that no reference for computation of the arm's length price in relation to an international transaction or a specified domestic transaction shall be made, if the Transfer Pricing Officer has declared that option exercised by the assessee in sub-section (3B) in relation to such transaction is valid for such previous year.

It is further proposed to insert a new second proviso to the said sub-section so as to provide that if any reference for an international transaction or

a specified domestic transaction, in respect of a previous year for which the option is declared valid under the sub-section (3B), is made before or after such declaration by the Transfer Pricing Officer, the provisions of the said sub-section shall have the effect as if no reference is made for such transaction.

It is also proposed to insert a new sub-section (3B) in the said section so as to provide that the arm's length price being determined in relation to the international transaction or the specified domestic transaction under sub-section (3) for any previous year shall apply to similar international transaction or specified domestic transaction for the two consecutive previous years immediately following such previous year, on fulfilment of the conditions, specified therein.

It is also proposed to insert a proviso to the said sub-section (3B) to provide that the provisions of this sub-section shall not apply to any proceedings under Chapter XIV-B.

It is also proposed to insert a new sub-section (4A) in the said section so as to provide that notwithstanding anything contained in sub-section (4), where the Transfer Pricing Officer has declared an option exercised by the assessee as valid option under sub-section (3B), he shall examine and determine the arm's length price in relation to such similar transaction for two consecutive previous years immediately following such previous year, in the order referred to in sub-section (3) and on receipt of such order, the assessing officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of sub-section (21) of section 155.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

Sub-section (9) of the said section empowers that the Central Government, may, for the purpose of giving effect to the aforesaid scheme, direct that any of the provisions of the Income-tax Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified.

Proviso to said sub-section provides that no direction shall be issued after the 31st March, 2025.

It is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2025.

It is also proposed to insert a new sub-section (11) in the said section so as to provide that if any difficulty arises in giving effect to the provisions of sub-section (3B) and sub-section (4A), the Board may, with the previous



approval of the Central Government, issue guidelines for the purpose of removing the difficulty, which shall be laid before each House of Parliament and no such guideline shall be made after the expiration of two years from the 1st April, 2026.

It is also proposed to insert a new sub-section (12) in the said section so as to provide that every guideline issued by the Board under sub-section (11) shall be laid before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive session aforesaid, both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued, the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be ; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that guideline.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

Clause 22 of the Bill seeks to amend section 112A of the Income-tax Act relating to tax on long-term capital gains in certain cases.

Clause (a) of the *Explanation* to the said section, inter alia, provides that "equity oriented fund" means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 or under a scheme of an insurance company comprising unit linked insurance policies to which exemption under clause (10D) of the said section does not apply on account of the applicability of the fourth and fifth provisos thereof.

Second proviso to the clause (a) of *Explanation* to the said section provides that in case of a scheme of an insurance company comprising unit linked insurance policies to which exemption under clause (10D) of section 10 does not apply, in given cases, the minimum requirement of ninety per cent. or sixty-five per cent., as the case may be, is required to be satisfied throughout the term of such insurance policy.

It is proposed to amend clause (a) and the second proviso of the *Explanation* to the said section so as to make it applicable for unit linked insurance policy to which exemption under clause (10D) of section 10 does not apply.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 23* of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

Sub-section (1) of the said section, inter alia, provides that where the total income of a specified fund or Foreign Institutional Investor, includes income received in respect of securities (other than units referred to in section 115AB) or income by way of short-term or long-term capital gains arising from the transfer of such securities, the income-tax on the income by way of long-term capital gains on transfer of securities referred to in clause (b), but not covered under section 112A, if any, included in the total income, shall be calculated at the rate of ten per cent.

It is proposed to amend the said sub-section to provide that the income-tax on the income by way of long-term capital gains on transfer of securities referred to in clause (b), but not covered under section 112A, if any, included in the total income, shall be calculated at the rate of twelve and one-half per cent.

This amendment will take effect from 1st April, 2026, and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 24* of the Bill seeks to amend section 115BAC of the Income-tax Act relating to tax on income of individuals, Hindu undivided family and others.

It is proposed to amend sub-section (1A) of the said section to provide that notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6), for any previous year relevant to the assessment year beginning on or after the 1st April, 2026, shall be computed at the rate of tax given in the following Table, namely :—

TABLE

<i>Sl. No.</i>	<i>Total income</i>	<i>Rate of tax</i>
(1)	(2)	(3)
1.	Upto Rs. 4,00,000	Nil
2.	From Rs. 4,00,001 to Rs. 8,00,000	5 per cent.
3.	From Rs. 8,00,001 to Rs. 12,00,000	10 per cent.

4.	From Rs. 12,00,001 to Rs. 16,00,000	15 per cent.
5.	From Rs. 16,00,001 to Rs. 20,00,000	20 per cent.
6.	From Rs. 20,00,001 to Rs. 24,00,000	25 per cent.
7.	Above Rs. 24,00,000	30 per cent.

These amendments will take effect from the 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 25* of the Bill seeks to amend section 115UA of the Income-tax Act relating to tax on income of unit holder and business trust.

Sub-section (2) of the said section provides that the total income of a business trust shall be charged to tax subject to the provisions of sections 111A and 112.

It is proposed to amend the said sub-section so as to provide the reference of section 112A therein.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 26* of the Bill seeks to amend section 115V of the Income-tax Act relating to definitions.

It is proposed to insert a definition of "inland vessel" in the said section to provide that "inland vessel" is a vessel having the meaning assigned to it in clause (q) of section 3 of the Inland Vessels Act, 2021.

It is further proposed to include reference to inland vessel in definition of "bareboat charter", "bareboat charter-cum-demise", "pleasure craft" and "qualifying ship".

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 27* of the Bill seeks to amend section 115VB of the Income-tax Act relating to operating ships.

The said section provides that a company shall be regarded as operating a ship if it operates any ship whether owned or chartered by it and includes a case where even a part of the ship has been chartered in by it in an arrangement such as slot charter, space charter or joint charter.

It is proposed to amend said section to insert a reference to inland vessel and provide that operating ship includes inland vessel as well.

It is further proposed to amend the proviso to the said section to provide that a company shall not be regarded as the operator of a ship or inland

vessel, as the case may be, which has been chartered out by it on bareboat charter-*cum*-demise terms or on bareboat charter terms for a period exceeding three years.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 28* of the Bill seeks to amend section 115VD of the Income-tax Act relating to qualifying ship.

The said section provides that a ship is a qualifying ship if it is a seagoing ship or vessel, of fifteen net tonnage or more ; and it is a ship registered under the Merchant Shipping Act, 1958, or a ship registered outside India in respect of which a licence has been issued by the Director-General of Shipping under section 406 or section 407 of the Merchant Shipping Act, 1958 and a valid certificate in respect of such ship indicating its net tonnage is in force.

It is proposed to include reference to inland vessel in the said section to provide that a qualifying ship would include inland vessel registered under the Inland Vessel Act, 2021 as well.

It is further proposed to amend the said section to provide that a qualifying ship would not include a seagoing ship or inland vessel, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land.

This amendment will take effect from the 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 29* of the Bill seeks to amend section 115VG of the Income-tax Act relating to computing of tonnage income.

Sub-section (4) of the said section provides that for the purposes of Chapter XII-G, tonnage shall mean the tonnage of a ship indicated in the certificate referred to in section 115VX and includes the deemed tonnage computed in the prescribed manner.

It is proposed to amend sub-section (4) of the said section to include inland vessels under its purview.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 30* of the Bill seeks to amend section 115V-I of the Income-tax Act relating to relevant shipping income.

Sub-section (2) of the said section provides for the core activities of a tonnage tax company.

Sub-section (6) of the said section provides that where a tonnage tax company operates any ship which is not a qualifying ship, the income attributable to operating such non-qualifying ship shall be computed in accordance with the other provisions of this Act.

It is proposed to amend sub-sections (2) and (6) of the said section to include inland vessels under its purview.

These amendments will take effect from the 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 31* of the Bill seeks to amend section 115VK of the Income-tax Act relating to depreciation.

Sub-section (2) of the said section provides that the written down value of the block of assets, being ships as on the first day of the first previous year, shall be divided in the ratio of the book written down value of the qualifying ships and the book written down value of the non-qualifying ships.

It is proposed to amend the said sub-section to include inland vessels under its purview.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 32* of the Bill seeks to amend section 115VP of the Income-tax Act relating to method and time of opting for tonnage tax scheme.

Sub-section (1) of the said section provides that a qualifying company may opt for the tonnage tax scheme by making an application to the Joint Commissioner having jurisdiction over the company. Sub-section (3) of the said section requires that the Joint Commissioner may, on receipt of such application, call for information as deemed fit and pass an order in writing, approving the option for tonnage tax scheme or if not so satisfied, refusing such approval, after providing reasonable opportunity of being heard.

Sub-section (4) of the said section provides for an order under sub-section (3) to be passed before the expiry of one month from the end of the month in which the application was received under sub-section (1).

It is proposed to insert a new proviso in said sub-section so as to provide that for application received under sub-section (1) on or after 1st April, 2025, order under sub-section (3) shall be passed before the expiry of three

months from the end of the quarter in which such application was received.

This amendment will take effect from 1st April, 2025.

*Clause 33* of the Bill seeks to amend section 115VT of the Income-tax Act relating to transfer of profits to tonnage tax reserve account.

It is proposed to amend sub-section (3), sub-section (4) and *Explanation* to the said section to include inland vessels under its purview.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 34* of the Bill seeks to amend section 115VV of the Income-tax Act relating to limit for charter in of tonnage.

It is proposed to amend sub-section (4) and *Explanation* to the said section to include inland vessels under its purview.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 35* of the Bill seeks to amend section 115VX of the Income-tax Act relating to determination of tonnage.

Clause (a) of sub-section (1) of the said section provides tonnage of a ship shall be determined in accordance with the valid certificate indicating of tonnage.

Clause (b) of sub-section (1) of the said section provides meaning of valid certificate in case of ships registered in India and in case of ships registered outside India.

It is proposed to amend clauses (a) and (b) of sub-section (1) to provide valid certificate would also cover in case of inland vessel registered in India, a certificate issued under the Inland Vessels Act, 2021.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 36* of the Bill seeks to amend section 115VZA of the Income-tax Act relating to effect of temporarily ceasing to operate qualifying ships.

Sub-section (2) of the said section provides that where a qualifying company continues to operate a ship which temporarily ceases to be a qualifying ship, such ship shall not be considered as a qualifying ship for the purposes of this Chapter.

It is proposed to amend sub-section (2) of the said section to include inland vessels under its purview.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 37* of the Bill seeks to amend section 132 of the Income-tax Act relating to search and seizure.

Sub-section (8) of the said section provides that the last date for taking approval for retention of seized books of account or other documents is thirty days from the date of the order of assessment or reassessment or recomputation.

It is proposed to amend the said sub-section so as to provide that the said time limit for taking approval for retention shall be one month from the end of the quarter in which the assessment or reassessment or recomputation order has been made.

This amendment will take effect from 1st April, 2025.

Clause (a) to *Explanation 1* to the said section provides the circumstances in which last of authorisation for search is to be deemed as to have been executed.

It is proposed to amend the clause (a) to *Explanation 1* so as to substitute the word "authorisation" with "authorisations" as there may be more than one warrant executed in the case of one assessee.

This amendment will take effect from 1st April, 2025.

*Clause 38* of the Bill seeks to amend section 132B of the Income-tax Act which deals application of seized or requisitioned assets.

*Explanation 1* defines "execution of an authorisation for search or requisition" shall have the same meaning assigned to it in *Explanation 2* to section 158BE.

It is proposed to amend *Explanation 1* to section 132B to update the reference of *Explanation* to section 158B.

This amendment will take effect from 1st April, 2025.

*Clause 39* of the Bill seeks to amend section 139 of the Income-tax Act, relating to return of income.

The said section provides the provisions for filing of income-tax return by taxpayers. The said section provides guidelines for filing of original return under sub-section (1), filing of belated or revised returns, the class or classes of persons who have an obligation to compulsorily file a

return, rectification of a defective return, the due dates for filing of the said returns, etc.

Sub-section (8A) of the said section provides that any person, whether or not he has furnished an original return, belated return or revised return under sub-section (1) or (4) or (5), for an assessment year, may furnish an updated return of his income or income of any other person in respect of which he is assessable under this Act, within 24 months from the end of the relevant assessment year.

It is proposed to amend sub-section (8A) of the said section so as to extend the time-limit to file an updated return from twenty-four months to forty-eight months from the end of relevant assessment year.

It is further proposed to insert a proviso in sub-section (8A) so as to provide that no updated return shall be furnished by any person where any notice to show-cause under section 148A has been issued in his case after thirty-six months from the end of the relevant assessment year. However, where an order is passed under sub-section (3) of section 148A determining that it is not a fit case to issue notice under section 148, updated return may be filed up to 48 months from the end of the relevant assessment year.

These amendments will take effect from 1st April, 2025.

*Clause 40* of the Bill seeks to amend section 140B of the Income-tax Act relating to tax on updated return.

Sub-section (3) of the said section provides the computation of additional income-tax payable for the purposes of updated return. It, inter alia, provides that 25 per cent. of aggregate of tax and interest payable shall be the additional income-tax payable in the case of filing updated return up to twelve months from the end of the relevant assessment year. However, 50 per cent. of aggregate of tax and interest payable shall be the additional income-tax payable in the case of filing updated return after expiry of twelve months from the end of the relevant assessment year but before completion of twenty-four months from the end of the relevant assessment year.

It is proposed to amend the said sub-section prescribing additional income-tax on updated return by inserting clauses (iii) and (iv) so as to provide that 60 per cent. of aggregate of tax and interest payable shall be the additional income-tax payable in the case of filing updated return after expiry of twenty-four months from the end of the relevant assessment year but before completion of thirty-six months from the end of the relevant assessment year. Further, 70 per cent. of aggregate of tax and interest payable shall be the additional income-tax payable in the case of filing updated



return after expiry of thirty-six months from the end of the relevant assessment year but before completion of forty-eight months from the end of the relevant assessment year.

This amendment will take effect from 1st April, 2025.

*Clause 41* of the Bill seeks to amend the section 144BA of the Income-tax Act relating to reference to Principal Commissioner or Commissioner in certain cases.

The said section, inter alia, provides that if the Assessing Officer considers that it is necessary to declare an arrangement as an impermissible avoidance arrangement, then, he may make a reference to the Principal Commissioner or Commissioner and to determine the consequence of such an arrangement within the meaning of the General Anti-Avoidance Rules.

Sub-section (13) of the said section provides that the Approving Panel shall issue directions declaring such arrangement as an impermissible avoidance arrangement within six months from the end of the month in which the reference was received.

Clause (ii) of the *Explanation* to the said section provides that the period during which the proceeding of the Approving Panel is stayed by an order or injunctions of any court shall be excluded in computing the period as per sub-section (13).

It is proposed to amend the said clause so as to clarify the commencement date and the end date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 42* of the Bill seeks to amend section 144C of the Income-tax Act relating to reference to dispute resolution panel.

The said section, inter alia, empowers the Central Government to notify a faceless scheme for the purposes of issuance of directions by the dispute resolution panel, to impart greater efficiency, transparency and accountability.

Sub-section (14C) of the said section empowers that the Central Government, may, for the purpose of giving effect to the aforesaid scheme, direct that any of the provisions of the Income-tax Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified.

Proviso to said sub-section provides that no direction shall be issued after the 31st March, 2025.

It is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2025.

*Clause 43* of the Bill seeks to amend the section 153 of the Income-tax Act relating to time limit for completion of assessment, reassessment and recomputation.

The said section, inter alia, provides various time limits for completion of assessment, reassessment and recomputation under various provisions of the said Act.

Clause (ii) of *Explanation 1* to the said section, inter alia, provides that the period during which the assessment proceeding is stayed by an order or injunction of any court shall be excluded in computing the period of limitation.

It is proposed to substitute the said clause so as to clarify the commencement date and the end date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 44* of the Bill seeks to amend the section 153B of the Income-tax Act relating to time limit for completion of assessment under section 153A.

The said section, inter alia, provides that the Assessing Officer shall make an order of assessment or reassessment within twelve months from the end of the financial year in which the last of the authorisations for search or requisition was executed.

Clause (i) of the *Explanation* to the said section, inter alia, provides that the period during which the assessment proceeding is stayed by an order or injunction of any court shall be excluded in computing the period of limitation.

It is proposed to substitute the said clause so as to clarify the commencement date and the end date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 45* of the Bill seeks to amend section 155 of the Income-tax Act relating to other amendments.

It is proposed to insert a new sub-section (21) in the said section so as to provide that where the arm's length price is determined in relation to an international transaction or a specified domestic transaction under sub-section (3) of section 92CA for any previous year and the Transfer Pricing Officer has declared an option exercised by the assessee as valid option under sub-section (3B) of section 92CA in respect of such transaction for two consecutive previous years immediately following such previous year, the Assessing Officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years, by amending the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143,—

(i) in conformity with the arm's length price so determined by the Transfer Pricing Officer under sub-section (4A) of section 92CA in respect of such transaction ;

(ii) taking into account the directions issued under sub-section (5) of section 144C, if any, for such previous year,

within three months from the end of the month in which the assessment is completed in the case of the assessee for such previous year and the first and second provisos to sub-section (4) of section 92C shall apply thereto.

It is further proposed to insert a new proviso to the said sub-section so as to provide that where the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, as the case may be, for the said two consecutive previous years is not made within the said period of three months, such recomputation shall be made within three months from the end of the month in which such order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, is made.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent assessment years.

*Clause 46* of the Bill seeks to amend section 158B of the Income-tax Act relating to definitions.

Clause (b) of the said section defines undisclosed income.

It is proposed to amend clause (b) of the said section to insert the word "virtual digital asset" in the definition of undisclosed income.

This amendment will take effect retrospectively from 1st February, 2025.

*Clause 47* of the Bill seeks to amend section 158BA of the Income-tax Act relating to assessment of total income as a result of search.

Sub-section (4) of the said section provides that where any assessment under Chapter XIV-B is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of Chapter XIV-B.

It is proposed to amend sub-section (4) of the said section to substitute the word "pending" with the words "required to be made".

Sub-section (5) of the said section provides that if any proceeding initiated under Chapter XIV-B has been annulled in appeal or any other legal proceeding, then, the assessment or reassessment relating to any

assessment year which has abated under sub-section (2) or sub-section (3), shall revive.

It is proposed to amend sub-section (5) of the said section to insert the words “recomputation”, “reference” and “order” which would stand revived in case any proceeding under chapter XIV-B is annulled in appeal.

These amendments will take effect retrospectively from 1st February, 2025.

*Clause 48* of the Bill seeks to amend section 158BB of the Income-tax Act relating to computation of total income of block period.

Sub-section (1) of the said section provides the methodology for computation of total income of block period. Clause (i) of the said sub-section provides that total income of the block period shall include total income disclosed in the return furnished under section 158BC. Clause (iii) of the said sub-section provides that total income of the block period shall include total income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148 and not covered under clause (i) or clause (ii). Clause (iv) of the said sub-section provides that where the previous year has not ended, total income of the block period shall include total income determined, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course on or before the date of last of the authorisations for the search or requisition relating to such previous year.

It is proposed to substitute sub-section (1),—

(a) in clause (i) of the said sub-section to clarify that undisclosed income is required to be declared in the block return ;

(b) in clauses (ii) and (iii) of the said sub-section to omit the word “total” from “total income” ;

(c) in clause (iii) of the said sub-section to insert the words “prior to the date of initiation of search or requisition” ;

(d) in clause (iv) of the said sub-section so as to provide that the income as recorded in the books of account and other documents maintained in the normal course on or before the 31st day of March of the previous year which has ended but the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or requisition, shall form part of total income. Further, the income in respect of period commencing from 1st day of April of the previous year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, shall be

computed on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition. Also, the income in respect of period commencing from the date of initiation of the search or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, shall be computed on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations.

Sub-section (3) of the said section proposes to tax under the normal provisions any income which relates to any international transaction or specified domestic transaction, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed. To appropriately provide for this intention of the Legislature, sub-section (3) of the said section is proposed to be substituted.

It is also proposed to amend sub-section (6) to substitute the words, "undisclosed income declared" in the place of "disclosed income".

This amendment will take effect retrospectively from 1st February, 2025.

*Clause 49* of the Bill seeks to amend section 158BE of the Income-tax Act relating to time-limit for completion of block assessment.

Section 158BE, inter alia, provides the time-limit for completion of block assessment as twelve months from end of the month in which the last of the authorisations for search or requisition has been executed.

It is proposed to amend sub-section (1) so as to provide that the order under section 158BC shall be passed within twelve months from the end of the quarter in which the last of the authorisations for search or requisition was executed.

It is also proposed to amend sub-section (3) of the said section so as to provide that the order under section 158BC in pursuance of section 158BD shall be passed within twelve months from the end of the quarter in which the notice under section 158BC in the case of the other person referred to in section 158BD, was issued.

This amendment will take effect retrospectively from 1st February, 2025.

Sub-section (1) of the said section provides that the order of block assessment shall be passed within twelve months from the end of the month in which the last of the authorisations for search or requisition was executed or made.

Clause (i) of sub-section (4) of the said section provides that the period during which the assessment proceeding is stayed by an order or injunction of any court shall be excluded in computing the period of limitation under this section.

It is proposed to substitute the said clause so as to clarify the commencement date and the ending date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 50* of the Bill seeks to amend section 158BFA of the Income-tax Act relating to levy of interest and penalty in certain cases.

The said section, inter alia, provides the procedure for the levy of interest and penalty in the case of search assessment.

Clause (ii) of sub-section (4) of the said section, inter alia, provides that the period during which the proceeding under sub-section (2) are stayed by an order or injunction of any court shall be excluded in computing the period of limitation under this section.

It is proposed to amend the said clause so as to clarify the commencement date and the ending date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 51* of the Bill seeks to amend section 193 of the Income-tax Act relating to interest on securities.

The said section, inter alia, provides that the person responsible for paying to a resident any income by way of interest on securities shall deduct income-tax at the rates in force on the amount of the interest payable.

Clause (v) of the proviso to the said section provides that no tax is required to be deducted under this section when 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 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 thousand rupees and such interest is paid by the company by an account payee cheque.

It is proposed to amend the said section so as to provide that tax is required to be deducted at source as specified therein only when the

amount or the aggregate of amounts exceed ten thousand rupees during the financial year.

It is further proposed to amend clause (v) of the proviso to the said section so as to provide that no tax is required to be deducted therein if the amount of interest paid or likely to be paid does not exceed ten thousand rupees.

These amendments will take effect from 1st April, 2025.

*Clause 52* of the Bill seeks to amend section 194 of the Income-tax Act relating to dividends.

The said section provides for deduction of tax in respect of dividends. The first proviso to the said section provides that no tax is required to be deducted under this section if the dividend is paid by the company by any mode other than cash and the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend during the financial year by the company to the shareholder, being an individual, does not exceed five thousand rupees.

It is proposed to amend the first proviso to the said section so as to provide that no tax is required to be deducted at source if the amount or aggregate of the amounts of such dividend during the financial year by the company to the shareholder, being an individual, does not exceed ten thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 53* of the Bill seeks to amend section 194A of the Income-tax Act relating to interest other than "Interest on securities".

Sub-section (1) of said section provides deduction of tax on income other than income by way of interest on securities.

Clause (i) of sub-section (3) of said section provides that tax is not required to be deducted under sub-section (1) of said section if 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 forty thousand rupees under given circumstances. Third proviso to sub-section (3) states that in case of senior citizens being the payee, forty thousand rupees in sub-section (3) of said section may be read as fifty thousand rupees.

Proviso to sub-section (3) of section 194A of the Act states that a co-operative society as referred to in the section shall be liable to deduct income-tax in this section in certain cases.

It is proposed to amend clause (i) of sub-section (3) of the said section so as to provide that the aggregate of the amounts of such income does not

exceed fifty thousand rupees in the case of the payer being a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution, referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking or on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf, and does not exceed ten thousand rupees instead of five thousand rupees in any other case.

It is further proposed to amend the third proviso to clause (i) of sub-section (3) of the said section of the Act so as to provide that the threshold of amount of interest, or aggregate of the amounts of interest, for requirement of deduction of tax at source under this section to exceed one lakh rupees instead of fifty thousand rupees.

It is also proposed to amend clause (b) of proviso occurring after clause (xi) to sub-section (3) to the said section of the Act so as to provide that the threshold of amount of interest, or aggregate of the amounts of interest, for requirement of deduction of tax at source under this section to exceed one lakh rupees in case of payee being a senior citizen and to exceed fifty thousand rupees in any other case.

These amendments will take effect from 1st April, 2025.

*Clause 54* of the Bill seeks to amend section 194B of the Income-tax Act relating to winnings from lottery or crossword puzzle, etc.

The said section provides that 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 or the aggregate of amounts exceeding ten thousand rupees during the financial year shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

It is proposed to amend the said section so as to provide that tax will be required to be deducted at source under this section when the amount exceeds ten thousand rupees in respect of a single transaction.

This amendment will take effect from 1st April, 2025.

*Clause 55* of the Bill seeks to amend section 194BB of the Income-tax Act relating to winnings from horse race.

The said section provides that 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 amount or aggregate of amounts exceeding ten thousand rupees during the financial year, shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

It is proposed to amend the said section so as to provide that tax will be required to be deducted at source under this section when the amount exceeds ten thousand rupees in respect of a single transaction.

This amendment will take effect from 1st April, 2025.

*Clause 56* of the Bill seeks to amend section 194D of the Income-tax Act relating to Insurance commission.

The said section, inter alia, provides that 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 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.

The second proviso to this section provides 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.

It is proposed to amend the second proviso of the said section so as to provide the threshold of aggregated amounts of such income for requirement to deduct tax at source under this section is twenty thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 57* of the Bill seeks to amend section 194G of the Income-tax Act relating to commission, etc., on sale of lottery tickets.

Sub-section (1) of the said section, inter alia, provides that 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 on such tickets in an amount exceeding fifteen thousand rupees 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 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.

It is proposed to amend the sub-section (1) of said section so as to provide the threshold of such income for requirement to deduct tax at source under this sub-section is twenty thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 58* of the Bill seeks to amend section 194H of the Income-tax Act relating to commission or brokerage.

The said section, inter alia, provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st June, 2001, to a resident, any income by way of commission 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 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.

The first proviso to the said section provides 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.

It is proposed to amend the said proviso so as to increase the threshold of such income for requirement to deduct tax at source under this section to twenty thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 59* of the Bill seeks to amend section 194-I of the Income-tax Act relating to rent.

The said section 194-I, inter alia, provides that 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 mode, whichever is earlier, deduct income-tax at the rates specified therein.

The first proviso to the said section provides that no deduction shall be made under this section where the amount of such income does not exceed two hundred and forty thousand rupees during the financial year.

It is proposed to substitute the first proviso to the said section so as to provide that no deduction of tax at source shall be made under this section where the income by way of rent credited or paid for a month or part of a month by the aforesaid person to the account of, or to, the payee, does not exceed fifty thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 60* of the Bill seeks to amend section 194J of the Income-tax Act relating to fees for professional or technical services.

Sub-section (1) of the said section, inter alia, provides that the deduction of tax at source in respect of any sum by way of fees for professional services and technical services, etc.

Clause (B) of the first proviso to sub-section (1) of the said section provides that tax is not required to be deducted under said sub-section if 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 does not exceed thirty thousand rupees in case of fees for professional services, fees for technical services, royalty, or any sum referred to in clause (va) of section 28.

It is proposed to amend the said clause (B) of the first proviso so as to provide that no deduction of tax at source shall be made under this section where the amount of such income as specified therein 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 a month, does not exceed fifty thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 61* of the Bill seeks to amend section 194K of the Income-tax Act relating to income in respect of units.

The said section provides that any person responsible for paying to a resident any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 ; or units from the Administrator of the specified undertaking ; or 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.

Clause (i) of the proviso to the said section provides that no tax shall be required to be deducted under this section 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 by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees.

It is proposed to amend clause (i) of the proviso of the said section so as to provide that no tax is required to be deducted under this section if 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 by the person responsible for making the payment to the account of, or to, the payee does not exceed ten thousand rupees.

This amendment will take effect from 1st April, 2025.

*Clause 62* of the Bill seeks to amend section 194LA of the Income-tax Act relating to payment of compensation on acquisition of certain immovable property.

The said section, inter alia, provides that 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 property, 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.

The first proviso to the said section provides 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 two lakh and fifty thousand rupees.

It is proposed to amend the first proviso to the said section so as to provide that no tax is required to be deducted at source under this section if 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.

This amendment will take effect from 1st April, 2025.

*Clause 63* of the Bill seeks to amend section 194LBC of the Income-tax Act relating to income in respect of investment in securitisation trust.

The said section, inter alia, provides that where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust as specified therein, the person responsible for making the payment shall, deduct income-tax, at the rate of 25 per cent., if the payee is an individual or a Hindu undivided family and 30 per cent., if the payee is any other person.

It is proposed to amend the said section so as to provide a reduced uniform rate of tax deducted at source of 10 per cent., instead of the two rates specified above.

This amendment will take effect from 1st April, 2025.

*Clause 64* of the Bill seeks to amend section 194Q of the Income-tax Act relating to tax deduction at source on payment of certain sum for purchase of goods.

The said section provides that any person being a buyer who pays any sum to a resident seller for purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year, to deduct 0.1 per

cent. of such sum exceeding fifty lakh rupees as income-tax, subject to certain conditions.

Sub-section (5) of the said section provides that the provisions of the said sub-section shall not apply to a transaction, inter alia, tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.

It is proposed to omit reference of sub-section (1H) of section 206C in the said sub-section.

This amendment will take effect from 1st April, 2025.

*Clause 65* of the Bill seeks to amend section 194S of the Act relating to payment on transfer of virtual digital asset.

Sub-section (1) of the said section provides that 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 1 per cent. of such sum as income-tax thereon.

Sub-section (2) of said section provides that the provisions of sections 203A and 206AB shall not apply to a specified person.

It is proposed to amend the said sub-section so as to omit the reference of section 206AB.

This amendment will take effect from 1st April, 2025.

*Clause 66* of the Bill seeks to omit section 206AB of the Income-tax Act relating to special provision for deduction of tax at source for non-filers of income-tax return.

This amendment will take effect from 1st April, 2025.

*Clause 67* of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

Sub-section (1) of the said section provides that 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 as specified, a sum equal to the percentage specified therein, of such amount as income-tax. In case of timber obtained under a forest lease and timber obtained by any mode other than under a forest lease, the rate for tax collection at source is two and one-half per cent.

It is proposed to amend sub-section (1) of the said section so as to provide that for timber or any other forest produce (not being tendu leaves) obtained under a forest lease and on timber obtained by any mode other than under a forest lease, tax will be required to be collected at source at the rate of two per cent.

It is further proposed to amend the Table in the said sub-section to omit serial number (v) and to provide that tax be collected at source in serial number (iii) of the Table on timber and any other forest produce (not being tendu leaves), obtained under a forest lease.

It is also proposed to amend sub-section (1) of the said section so as to insert an *Explanation* to provide the meaning of the expression "forest produce".

Sub-section (1G) of said section provides for collection of tax at source by an authorised dealer, who receives an amount, for remittance from a buyer, being a person remitting such amount under the Liberalised Remittance Scheme of the Reserve Bank of India or a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, at the rates specified therein.

It is proposed to amend the first, second and fourth provisos to the said sub-section so as to increase the threshold of amount or aggregate of amounts for requirement to collect tax at source under this sub-section as provided therein, to ten lakh rupees.

It is further proposed to amend the third proviso to the said sub-section so as to provide that no tax be collected at source if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education.

Sub-section (1H) of the said section provides that any person being a seller who receives consideration for sale of any goods of the value or aggregate of value exceeding fifty lakhs rupees in any previous year, to collect from the buyer a sum equal to 0.1 per cent. of the sale consideration exceeding fifty lakhs rupees as income-tax, subject to certain conditions.

It is proposed to amend the said sub-section so as to insert a proviso to provide that the provisions of this sub-section shall not apply from 1st April, 2025.

It is further proposed to consequentially omit references of sub-section (1H) in sub-section (9) and sub-section (10A) of the said section.

Sub-section (7A) of the said section provides that no order shall be made under sub-section (6A) of the said section deeming a person to be an assessee in default for failure to collect the whole or any part of the tax

from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B) of section 206C, whichever is later.

It is proposed to amend the said sub-section so as to insert a proviso to provide that the provisions of sub-sections (3), (5) and (6) of section 153 and *Explanation 1* thereof shall apply to the time limit prescribed in sub-section (7A).

These amendments will take effect from 1st April, 2025.

*Clause 68* of the Bill seeks to omit section 206CCA of the Income-tax Act relating to special provision for collection of tax at source for non-filers of income-tax return.

This amendment will take effect from 1st April, 2025.

*Clause 69* of the Bill seeks to amend section 246A of the Income-tax Act relating to appealable orders before the Commissioner (Appeals).

Clause (ja) of sub-section (1) of the said section provides that an order of imposing or enhancing penalty under sub-section (1A) of section 275 may be appealed before the Commissioner (Appeals).

It is proposed to amend the said clause so as to provide that an order of imposing or enhancing penalty under sub-section (2) of section 275 may be appealed before the Commissioner (Appeals).

It is also proposed to consequentially amend clause (n) of sub-section (1) of the said section so as to omit the words "made by a Deputy Commissioner".

These amendments will take effect from 1st April, 2025.

*Clause 70* of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

The said section, inter alia, empowers the Central Government to notify a faceless scheme for the purposes of appeal to the Appellate Tribunal so as to impart greater efficiency, transparency and accountability.

Sub-section (9) of the said section empowers that the Central Government, may, for the purpose of giving effect to the aforesaid scheme, direct that any of the provisions of the Income-tax Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified.

Proviso to sub-section (9) provides that no direction shall be issued after the 31st March, 2025.

It is proposed to omit the said proviso.

This amendment will give effect from 1st April, 2025.

*Clause 71* of the Bill seeks to amend section 255 of the Income-tax Act relating to the procedure of Appellate Tribunal.

The said section, inter alia, empowers the Central Government to notify a faceless scheme for the purposes of disposal of appeals by the Appellate Tribunal to impart greater efficiency, transparency and accountability.

Sub-section (8) of the said section empowers that the Central Government, may, for the purpose of giving effect to the aforesaid scheme, direct that any of the provisions of the Income-tax Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified.

Proviso to sub-section (8) provides that no direction shall be issued after the 31st March, 2025.

It is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2025.

*Clause 72* of the Bill seeks to amend the section 263 of the Income-tax Act relating to revision of orders prejudicial to revenue.

The said section, inter alia, provides for revision of order prejudicial to revenue by the Principal Chief commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

Sub-section (2) of the said section provides that no order under the said section shall be made after the expiry of two years from the end of the financial year in which the order sought to be revised was passed.

The *Explanation* to the said section provides that the period during which any proceeding under that section is stayed by an order or injunction of any court shall be excluded in computing the period of limitation.

It is proposed to amend the said *Explanation* so as to clarify the commencement date and the ending date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 73* of the Bill seeks to amend the section 264 of the Income-tax Act relating to revision of other orders.

The said section inter alia, provides the procedure for revision of other orders by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

Sub-section (6), of the said section provides that an order shall be passed within one year from the end of the financial year in which such application is made by the assessee for revision.



The *Explanation* to the said sub-section provides that the period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded in computing the period of limitation.

It is proposed to amend the said *Explanation* so as to clarify the commencement date and the ending date of such exclusion period.

This amendment will take effect from 1st April, 2025.

*Clause 74* of the Bill seeks to amend section 270AA of the Income-tax Act, 1961 relating to immunity from imposition of penalty, etc.

The said section, inter alia, provides procedure of granting immunity by the Assessing Officer from imposition of penalty or prosecution, if assessee fulfils the conditions specified therein.

Sub-section (4) of the said section provides that the Assessing Officer shall pass an order accepting or rejecting the application, within a period of one month from the end of the month in which the application requesting immunity is received.

It is proposed to amend the said sub-section so as to extend the processing period to three months from the end of the month in which application for immunity is received by the Assessing Officer.

This amendment will take effect from 1st April, 2025.

*Clause 75* of the Bill seeks to amend section 271AAB of the Income-tax Act relating to penalty where search has been initiated.

Sub-section (1A) of the said section, inter alia, provides that for a search initiated on or after the 15th December, 2016, a penalty of thirty per cent. of undisclosed income may be levied, if the assessee admits such undisclosed income under sub-section (4) of section 132 and specifies the manner in which such income has been derived and on or before the specified date, pays the tax together with interest, if any, in respect of such undisclosed income and furnishes the return of income for the specified previous year declaring such income. In case, above conditions are not fulfilled then a penalty of sixty per cent. of undisclosed income may be levied.

It is proposed to amend said sub-section so as to provide that the provisions shall not be applicable to a case where search has been initiated under section 132 on or after the 1st day of September, 2024.

This amendment will take effect retrospectively from 1st September, 2024.

*Clause 76* of the Bill seeks to omit section 271BB of the Income-tax Act relating to failure to subscribe to the eligible issue of capital.

The said section provides that, any person who fails to subscribe any amount of subscription to the units issued under any scheme referred to in sub-section (1) of section 88A to the eligible issue of capital under that sub-section within the period of six months specified therein, may be directed by the Joint Commissioner to pay, by way of penalty, a sum equal to twenty per cent. of such amount.

Section 88A has been already omitted vide Finance (No.2) Act, 1996 with retrospective effect from 1st April, 1994. In the absence of the parent section, relevance of any section on penalty, does not exist.

It is, therefore, proposed to omit section 271BB.

This amendment will take effect from 1st April, 2025.

*Clause 77* of the Bill seeks to amend section 271C of the Income-tax Act relating to penalty for failure to deduct tax at source.

Sub-section (2) of the said section provides that any penalty under sub-section (1) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 78* of the Bill seeks to amend section 271CA of the Income-tax Act relating to penalty for failure to collect tax at source.

Sub-section (2) of the said section provides that penalty under sub-section (1) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after the 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 79* of the Bill seeks to amend section 271D of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269SS.

Sub-section (2) of said section provides that penalty under sub-section (2) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after the 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 80* of the Bill seeks to amend section 271DA of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269ST.

Sub-section (2) of the said section provides that penalty under sub-section (1) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after the 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 81* of the Bill seeks to amend section 271DB of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269SU.

Sub-section (2) of said section provides that any penalty under sub-section (1) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after the 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 82* of the Bill seeks to amend section 271E of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269T.

Sub-section (2) of said section provides that any penalty under sub-section (1) shall be imposed by the Joint Commissioner.

It is proposed to insert a proviso in the said sub-section so that such penalty shall be imposed by the Assessing Officer in place of Joint Commissioner on or after the 1st day of April, 2025 subject to the provisions of sub-section (2) of section 274.

This amendment will take effect from 1st April, 2025.

*Clause 83* of the Bill seeks to substitute section 275 of the Income-tax Act, relating to bar of limitation for imposing penalties.

The proposed section, inter alia, provide that any order imposing a penalty under Chapter XXI shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision is passed, or the notice for imposition of penalty is issued, as the case may be.

This amendment will take effect from 1st April, 2025.

*Clause 84* of the Bill seeks to amend section 276BB of the Income-tax Act relating to failure to pay the tax collected at source.

The provisions of the said section provides that 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. The proviso to sub-section (3) of section 206C mandates that the tax collected at source has to be paid to the credit of the Central Government within the time provided by rules.

It is proposed to insert a proviso to the said section so as to provide that the provisions of that 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 provided by rules for filing the statement under the proviso to sub-section (3) of section 206C in respect of such payment.

This amendment will take effect from 1st April, 2025.

*Clause 85* of the Bill seeks to insert new section 285BAA in the Income-tax Act relating to obligation to furnish information on transaction of crypto-asset.

Sub-section (1) of the said section seeks to provide that any person, being a reporting entity, as prescribed, in respect of crypto-asset, shall furnish information in respect of a transaction of such crypto-asset in a statement, for such period, within such time, in such form and manner and to such income-tax authority, as prescribed.

Sub-section (2) thereof seeks to provide that where the prescribed income-tax authority considers that the statement furnished under sub-section (1) is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within thirty days from the date of such intimation or such further period as may be allowed, and if the defect is not rectified within the said period allowed, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement.

Sub-section (3) thereof seeks to provide that where a person who is required to furnish a statement has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a given time and he shall furnish the statement within the time specified in the notice ;

Sub-section (4) thereof seeks to provide that if any person, having furnished a statement, or in pursuance of a notice issued, comes to know or discovers any inaccuracy in the information provided in the statement, he shall within ten days inform the income-tax authority, the inaccuracy in such statement and furnish the correct information in such manner as specified by rules ;

Sub-section (5) thereof seeks to provide that the Central Government may, by rules specify the persons to be registered with the prescribed income-tax authority, the nature of information and the manner in which such information shall be maintained by the persons and the due diligence to be carried out by the persons referred to in sub-section (1) for the purpose of identification of any crypto-asset user or owner.

It is also proposed to provide that for the purposes of the said section, crypto-asset shall have the meaning assigned to it in sub-clause (d) of clause (47A) of section 2.

This amendment will take effect from 1st April, 2026.

*Clause 86* of the Bill seeks to amend rule 68B of the Second Schedule to the Income-tax Act relating to time-limit for sale of attached immovable property.

The said rule provides the time limit for the sale of attached immovable property by the Tax Recovery Officer.

Clauses (i) and (ii) of sub-rule (2) of the said rule, inter alia, provides that the period during which the levy of the tax, interest, fine, penalty or any other sum is stayed by an order or injunction of any court ; or the proceeding of attachment or sale of the immovable property are stayed by an order or injunction of any court shall be excluded in computing the period of limitation.

It is proposed to substitute clauses (i) and (ii) of the said sub-rule so as to clarify the commencement date and the ending date of such exclusion period.

This amendment will take effect from 1st April, 2025.

## INDIRECT TAXES

### *Customs*

*Clause 87* of the Bill seeks to amend sub-sections (1) and (1A), and to insert new sub-sections (1B) and (1C), in section 18 of the Customs Act, 1962. It is proposed to amend sub-section (1) so as to provide that the proper officer may provisionally assess the duty on goods. It is proposed to amend sub-section (1A) so as to remove reference to the time within which the proper officer shall finalise the provisional assessment. Sub-section

(1B) seeks to provide time limit of two years for finalisation of the provisional assessment which shall be extendable by the Principal Commissioner of Customs or Commissioner of Customs for a further period of one year, if the sufficient cause is shown. It further, provides that for the pending cases, the time-limit shall be reckoned from the date on which the Finance Bill, 2021 receives the assent of the President. Sub-section (1C) seeks to provide for certain grounds on which the time-limit of two years shall apply not from the date of the order of the provisional assessment, but from the date when the reasons for such ground ceases to exit.

*Clause 88* of the Bill seeks to insert a new section 18A in the Customs Act to provide for voluntary revision of entry, post clearance by the importers and exporters, in relation to the goods in such form and manner, within such time and subject to the conditions as may be prescribed. It further provides for self-assessment of the revised entry and allow payment of duty or treat the revised entry as a refund claimed under section 27. It also empowers the proper officer verify and reassess the revised entry. It also provides that no revision of entry shall be made under the said section in certain cases specified in sub-section (5) of the said section.

*Clause 89* of the Bill seeks to amend section 27 of the Customs Act so as to insert a new *Explanation* in sub-section (1) therein, so as to clarify that the computation of the period of limitation for claim of refund consequent to the revised entry under clause (b) of sub-section (3) of section 18A or amendment under section 149 of the Customs Act, shall be one year from the date of payment of duty or interest.

*Clause 90* of the Bill seeks to amend section 28 of the Customs Act by inserting a new clause (ba) in the *Explanation* 1 of the said section so as to provide that the relevant date, in case where duty is paid under the revised entry under clause (b) of sub-section (3) of section 18A, shall be the date of payment of duty or interest.

*Clause 91* of the Bill seeks to amend section 127A of the Customs Act so as to define the expressions "Interim Board" and "pending application".

*Clause 92* of the Bill seeks to amend section 127B of the Customs Act by inserting two provisos therein, to provide that no application shall be made under the said section on or after the 1st day of April, 2025 and every pending application shall be dealt by the Interim Board from the stage at which such pending application stood immediately before constitution of the Interim Board.

*Clause 93* of the Bill seeks to amend section 127C of the Customs Act by inserting new sub-sections (11) and (12) therein, so as to provide that on and from the 1st day of April, 2025, the provisions of sub-sections (2), (3),

(4), (5), (5A), (6), (7), (8) and (8A) shall apply to pending applications with modifications specified therein.

It further empowers the Interim Board to extend the time-limit provided under sub-section (8A), within three months from its constitution, by such period not exceeding twelve months from the date of its constitution.

*Clause 94* of the Bill seeks to amend section 127D of the Customs Act by inserting a new sub-section (3) therein, so as to provide that the power of the Settlement Commission shall be exercised by the Interim Board and the provisions of that section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

*Clause 95* of the Bill seeks to amend section 127F of the Customs Act by inserting a new sub-section (5) therein, to provide that the powers and functions of the Settlement Commission under the said section shall be exercised or performed by the Interim Board and the provisions of that section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

*Clause 96* of the Bill seeks to amend section 127G of the Customs Act so as to provide that the power of the Settlement Commission shall be exercised by the Interim Board and the provisions of that section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

*Clause 97* of the Bill seeks to amend section 127H of the Customs Act by inserting a new sub-section (3) therein, to provide that the powers and functions of the Settlement Commission under the said section shall be exercised or performed by the Interim Board and the provisions of that section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

#### *Customs tariff*

*Clause 98* seeks to amend the First Schedule to the Customs Tariff Act—

(a) in the manner specified in the Second Schedule so as to revise the rates in respect of certain tariff items with effect from the 2nd February, 2025 ;

(b) in the manner specified in the Third Schedule with view to harmonise certain entries with the Harmonised System of Nomenclature to create new tariff lines in respect of certain entries and to revise the rates in respect of certain tariff items, with effect from the 1st May, 2025.

*Central Excise*

*Clause 99* of the Bill seeks to amend section 31 of the Central Excise Act so as to define the expressions such as “Interim Board” and “pending application”.

*Clause 100* of the Bill seeks to insert a new section 31A in the Central Excise Act so as to provide for the constitution of one or more Interim Boards for the settlement of pending applications and to provide that every Interim Board shall consist of three members, each being an officer of the rank of Chief Commissioner or above. It further provides that if the members of the Interim Board differ in their opinion on any point, the point shall be decided according to the opinion of the majority.

It also provides that every pending application shall be dealt by the Interim Board from the stage at which such pending application stood immediately before constitution of the Interim Board.

*Clause 101* of the Bill seeks to amend section 32 of the Central Excise Act so as to provide that the Customs, Central Excise and Service Tax Settlement Commission shall cease to operate on or after the 1st day of April, 2025.

*Clauses 102 to 105* of the Bill seeks to amend sections 32A, 32B, 32C and 32D of the Central Excise Act so as to provide that the existing provisions of the said sections shall cease to apply on or after the 1st day of April, 2025.

*Clause 106* of the Bill seeks to amend section 32E so as to provide that no new application shall be made under this section on or after the 1st day of April, 2025.

*Clause 107* of the Bill seeks to insert sub-sections (11) and (12) in section 32F of the Central Excise Act so as to provide that on and from the 1st day of April, 2025, the provisions of sub-sections (2), (3), (4), (5), (5A), (6), (7), (8) and (10) shall apply to pending applications with modifications specified therein.

It further empowers the Interim Board to extend the time-limit provided under sub-section (6), within three months of its constitution, by such period not exceeding twelve months from the date of its constitution.

*Clauses 108 to 115* of the Bill seek to amend sections 32G, 32-I, 32J, 32K, 32L, 32M, 32-O and 32P of the Central Excise Act so as to provide that the powers and functions of the Settlement Commission under the said sections shall be exercised or performed by the Interim Board on and from 1st day of April, 2025 and all provisions of the said sections shall



mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.

### *Central Goods and Services Tax*

*Clause 116* of the Bill seeks to amend section 2 of the Central Goods and Services Tax Act relating to definitions.

It is proposed to amend the definition of "Input Service Distributor" in clause (61) of said section 2 so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the definition of Input Service Distributor.

This amendment shall take effect from 1st day of April, 2025.

It is further proposed to amend sub-clause (c) of clause (69) of section 2 so as to substitute the term "municipal or local fund" with the terms "municipal fund or local fund" and to insert an *Explanation* after the said sub-clause, to provide the definitions of the terms "local fund" and "municipal fund" used in the definition of "local authority" under the said clause so as to clarify the scope of the said terms.

It is also proposed to insert a new clause (116A) in section 2 so as to define the expression "unique identification marking" to mean a mark that is unique, secure and non-removable, for implementation of track and trace mechanism.

*Clause 117* of the Bill seeks to omit sub-section (4) of section 12 of the Central Goods and Services Tax Act so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

*Clause 118* of the Bill seeks to omit sub-section (4) of section 13 of the Central Goods and Services Tax Act so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

*Clause 119* of the Bill seeks to amend clause (d) of sub-section (5) of section 17 of the Central Goods and Services Tax Act so as to substitute the expression "plant or machinery" with the expression "plant and machinery" to remove any ambiguity in interpretation for the purpose of availment of input tax credit in such cases.

It further seeks to insert an *Explanation* to clarify that the said amendment is made notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.

This amendment shall take effect retrospectively from 1st day of July, 2017.

*Clause 120* of the Bill seeks to amend sub-section (1) of section 20 of the Central Goods and Services Tax Act so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting a reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

It further seeks to amend sub-section (2) of the said section so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

This amendment shall take effect from 1st day of April, 2025.

*Clause 121* of the Bill seeks to amend the proviso to sub-section (2) of section 34 of the Central Goods and Services Tax Act so as to explicitly provide for the requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

It further seeks to remove the condition in the said proviso of not having passed the incidence of interest on supply for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

*Clause 122* of the Bill seeks to amend sub-section (1) of section 38 of the Central Goods and Services Tax Act to omit the expression “auto-generated” with respect to statement of input tax credit in the said sub-section.

It further seeks to amend sub-section (2) of the said section by omitting the expression “auto-generated” with respect to statement of input tax credit in the said sub-section and inserting the expression “including” after the words “by the recipient” in clause (b) of said sub-section so as to make the said sub-section inclusive to cover other cases where input tax credit is not available to taxpayer under any other provisions of the Act.

It further inserts a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.

*Clause 123* of the Bill seeks to amend sub-section (1) of section 39 of the Central Goods and Services Tax Act so as to provide for an enabling clause

to prescribe conditions and restriction for filing of return under the said sub-section.

*Clause 124* of the Bill seeks to substitute the proviso to sub-section (6) of section 107 of the Central Goods and Services Tax Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Authority against an order which involves demand of penalty without involving any demand of tax.

*Clause 125* of the Bill seeks to insert a proviso to sub-section (8) of section 112 of the Central Goods and Services Tax Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Tribunal against an order which involves demand of penalty without involving any demand of tax.

*Clause 126* of the Bill seeks to insert a new section 122B in the Central Goods and Services Tax Act to provide for penal provisions for contraventions of the provision relating to track and trace mechanism.

*Clause 127* of the Bill seeks to insert a new section 148A in the Central Goods and Services Tax Act so as to provide for an enabling provision for implementation of track and trace mechanism for ensuring effective monitoring and control of supply of specified commodities.

*Clause 128* of the Bill seeks to insert a new clause (aa) in paragraph 8 of Schedule III of the Central Goods and Services Tax Act to specify that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services.

It further seeks to amend the *Explanation 2* of the said Schedule to clarify that the said *Explanation* shall be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

It also seeks to insert an *Explanation 3* in the said Schedule to define the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area", for the purpose of the proposed clause (aa) in paragraph 8 of the said Schedule.

These amendments shall take effect retrospectively with effect from the 1st day of July, 2017.

*Clause 129* of the Bill seeks to clarify that no refund of the tax, already paid in respect of the aforesaid activities or transactions, shall be available.

#### *Service tax*

*Clause 130* of the Bill seeks to provide retrospective exemption from service tax to reinsurance services provided by insurance companies under the

Weather Based Crop Insurance Scheme and Modified National Agricultural Insurance Scheme for the period from 1st day of April, 2011 to 30th day of June, 2017 (both days inclusive).

*Miscellaneous*

*Clause 131* of the Bill seeks to amend section 13 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 relating to tax exemption or benefit to continue to have effect.

The said section, inter alia, provides for the period for which the tax shall be payable by the Administrator of a specified undertaking.

It is proposed to amend sub-section (1) of the said section so as to extend the period from 31st March, 2025 to 31st March, 2027.

This amendment will take effect from 1st April, 2025. Clauses 132 to 140 of the Bill seeks to amend the preamble and certain provisions of the Government Securities Act, 2006.

It is proposed to provide application of this Part. Sub-section (1) of clause 132 seeks to provide that this Part shall apply in the first instance to the whole of the States of Andhra Pradesh, Chhattisgarh, Haryana, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal and all the Union territories and it shall also apply to such other State which adopts this Part by resolution passed in that behalf under clause (1) of article 252 of the Constitution.

Sub-section (2) of the said clause seeks to provide that it shall come into force at once in the States of Andhra Pradesh, Chhattisgarh, Haryana, Nagaland, Punjab, Uttarakhand, Uttar Pradesh and West Bengal and in the Union territories and in any other State which adopts this Act under clause (1) of article 252 of the Constitution, on the date of such adoption ; and, save as otherwise provided in this Part, any reference in this Part to the commencement of this Part shall, in relation to any State, mean the date on which this Part comes into force in such State.

It is further proposed to make consequential amendments in the preamble and sub-sections (3) and (4) of section 2, of the said Act, to give reference of the erstwhile State of Jammu and Kashmir as a Union territory.

It is also proposed to amend clause (f) of section 2 of the Act so as to insert the words "and subject to such terms and conditions" after the words "any other purpose". It is also proposed to omit the words "and having one of the forms mentioned in section 3" from the said clause.

It is also proposed to amend section 3 of the Act so as to omit the words "subject to such terms and conditions as may be specified."

It is also proposed to amend sub-section (4) of section 5 of the Act so as to insert the words brackets, letter and figure "or shall be construed to affect any restriction of transferability of Government securities contained in any notification issued under clause (f) of section 2 in respect of such securities" after the words "upon the Bank".

It is also proposed to omit sub-sections (1) and (2) of section 31 of the Act.

It is also proposed to omit the words "and the terms and conditions subject to which" in clause (a) of sub-section (2) of section 32 of the Act.

*Clause 140* of the Bill also seeks to repeal the Public Debt Act, 1944 and provide saving clause thereto.

#### MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, inter alia, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.

*Clause 3* of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions. It, inter alia, seeks to amend clause (22) of the said section. It is proposed to insert the *Explanation* of 'group entity', 'principal entity' and 'parent entity' in *Explanation 3*, in clause (d) of the said *Explanation*. It seeks to empower the Board to make rules regarding the conditions which the said entities are required to satisfy.

*Clause 9* of the Bill seeks to amend clause (2) of section 17 of the Income-tax Act relating to "salary", "perquisite" and "profits in lieu of salary" defined.

It is proposed to amend paragraph (c) of sub-clause (iii) of clause (2) to empower the Board for making rules to determine the amount.

In clause (2), it is further proposed to amend the proviso occurring after sub-clause (viii) of clause (vi), in the long line, in clause (B) to empower the Board for making rules to determine the amount.

*Clause 11* of the Bill seeks to insert a new section 44BBD in the Income-tax Act relating to special provisions for computing profits and gains of non-residents engaged in the business of providing services or technology, for setting up an electronics manufacturing facility or in connection with manufacturing or providing electronic goods, article or things in India.

It, inter alia, empowers the Board to make rules prescribing the conditions which the resident company are required to satisfy in this behalf.

*Clause 21* of the Bill seeks to amend section 92CA of the Income-tax Act relating to reference to Transfer Pricing Officer.

It is proposed to insert a new sub-section (3B) in the said section so as to provide that the arm's length price being determined in relation to the international transaction or the specified domestic transaction under sub-section (3) for any previous year shall apply to similar international transaction or the specified domestic transaction for two consecutive previous years immediately following such previous year, on fulfilment of the conditions, specified therein. Clause (b) of the said sub-section empowers the Board to make rules on such option or options which are to be exercised. Clause (c) of the said sub-section empowers the Board to make rules providing the conditions subject to which option or options exercised by the assessee will be declared by the Transfer Pricing Officer as valid option.

*Clause 88* of the Bill seeks to insert a new section 18A in the Customs Act, relating to voluntary revision of entry, post clearance. Sub-section (1) of the said section 18A seeks to empower the Government to provide by rules the form and manner and the time within which entry in relation to the goods may be revised by the importer or exporter, post clearance.

*Clause 122* of the Bill seeks to amend sub-section (2) of section 38 of the Central Goods and Services Tax Act to empower the Government to provide by rules other details to be made available in the statement.

*Clause 127* of the Bill seeks to insert a new section 148A in the Central Goods and Services Tax Act, relating to track and trace mechanism for certain goods. Sub-section (2) of the said section 148A seeks to empower the Government to provide by rules a system for enabling affixation of unique identification marking and for electronic storage and access of information and the person through whom such system may be provided. It further seeks to empower the Government to provide by rules the Unique Identification marking for goods including the information to be recorded therein.

Sub-section (3) of the said section 148A seeks to empower the Government to provide by rules, the information to be contained in, and the manner of affixing on the goods and packages a unique identification marking under clause (a), the form and manner and the time for furnishing information and details and maintaining records or documents under clause (b), the time within which and the form and manner in which other details shall be furnished under clause (c) and the amount to be paid under clause (d) of the said sub-section.

2. The matters in respect of which rules may be made and matters of procedure and details and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

---

**MEMORANDUM EXPLAINING THE PROVISIONS IN  
THE FINANCE BILL, 2025**

PROVISIONS RELATING TO DIRECT TAXES

**Introduction**

The provisions of Finance Bill, 2025 (hereafter referred to as “the Bill”), relating to direct taxes seek to amend the Income-tax Act, 1961 (hereafter referred to as “the Act”), to continue reforms in direct tax system through tax reliefs, removing difficulties faced by taxpayers and rationalisation of various provisions. The Bill also seeks to amend the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 [UTI Repeal Act, 2002].

With a view to achieving the above, the various proposals for amendments are organized under the following heads :—

- (A) Rates of income-tax ;
- (B) Measures to promote investment and employment ;
- (C) Simplification and Rationalisation ;
- (D) Socio economic welfare measures ;
- (E) Tax administration ;

**Direct Taxes**

A. RATES OF INCOME-TAX

*I. Rates of income-tax in respect of income liable to tax  
for the assessment year 2025-26.*

In respect of income of all categories of assesseees liable to tax for the assessment year 2025-26, the rates of income-tax have either been specified in specific sections of the Act (like section 115BAA or section 115BAB for domestic companies, section 115BAC for individual/HUF/AOP (other than a co-operative society)/BOI/AJP and section 115BAD or section 115BAE for co-operative societies) or have been specified in Part I of the First Schedule to the Bill. There is no change proposed in tax rates either in these specific sections or in the First Schedule. The rates provided in sections 115BAA or 115BAB or 115BAC or 115BAD or 115BAE of the Act for the assessment year 2025-26 would be same as already enacted. Similarly rates laid down in Part III of the First Schedule to the Finance (No. 2) Act, 2024, for the purposes of computation of “advance tax”, deduction of tax at source from “Salaries” and charging of tax payable in certain cases for the assessment year 2025-26 would now become Part I of the First Schedule. Part III would now apply for the assessment year 2026-27.

**Tax rates under section 115BAC—**

For assessment year 2025-26, as per the provisions of sub-section (1A) of section 115BAC of the Act, an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, has to pay tax in respect of the total income at following rates :

<i>Sl. No.</i>	<i>Total income</i>	<i>Rate of tax</i>
(1)	(2)	(3)
1.	Up to Rs. 3,00,000	Nil.
2.	From Rs. 3,00,001 to Rs. 7,00,000	5%
3.	From Rs. 7,00,001 to Rs. 10,00,000	10%
4.	From Rs. 10,00,001 to Rs. 12,00,000	15%
5.	From Rs. 12,00,000 to Rs. 15,00,000	20%
6.	Above Rs. 15,00,000	30%

2. The above mentioned rates shall apply, unless an option is exercised as per provisions of sub-section (6) of section 115BAC. Thus, rates specified in sub-section (1A) of section 115BAC of the Act are the default rates.

3. In respect of income chargeable to tax under clause (ii) of sub-section (1A) of section 115BAC of the Act, the income-tax for the assessment year 2025-26 shall be increased by a surcharge, for the purposes of the Union, computed, in the case of every individual or Hindu undivided family or association of persons, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act,—

(i) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of 10% of such income-tax ;

(ii) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of 15% of such income-tax ;

(iii) having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding two crore rupees, at the rate of 25% of such income-tax ;



(iv) having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act) exceeding two crore rupees, but is not covered under clause (iii) above, at the rate of 15% of such income-tax ;

3.1 In case where the provisions of sub-section (1A) of section 115BAC are applicable and the total income includes any income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Act, the rate of surcharge on the income-tax in respect of that part of income shall not exceed 15%.

3.2 Further, in the case of an association of persons consisting of only companies as its members, and having its income chargeable to tax under sub-section (1A) of section 115BAC, the rate of surcharge on the income-tax shall not exceed 15%.

3.3 Marginal relief shall be provided in such cases.

**Tax rates under Part I of the First Schedule applicable for the assessment year 2025-26**

**A. Individual, HUF, association of persons, body of individuals, artificial juridical person.**

Paragraph A of Part-I of First Schedule to the Bill provides following rates of income-tax :—

(i) The rates of income-tax in the case of every individual (other than those mentioned in (ii) and (iii) below) or HUF or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act (not being a case to which any other Paragraph of Part I applies) are as under :—

(1)	Up to Rs. 2,50,000	Nil.
(2)	From Rs. 2,50,001 to Rs. 5,00,000	5%
(3)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(4)	Above Rs. 10,00,000	30%

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

(1)	Up to Rs. 3,00,000	Nil
(2)	From Rs. 3,00,001 to Rs. 5,00,000	5%
(3)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(4)	Above Rs. 10,00,000	30%

(iii) in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

(1)	Up to Rs. 5,00,000	Nil
(2)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(3)	Above Rs. 10,00,000	30%

These rates are the same as those applicable for the assessment year 2024-25.

### **B. Co-operative Societies**

In the case of co-operative societies, the rates of income-tax have been specified in Paragraph B of Part I of the First Schedule to the Bill. They remain unchanged at (10% up to Rs. 10,000 ; 20% between Rs. 10,001 to Rs. 20,000 ; and 30% when income excess Rs. 20,000).

### **C. Firms**

In the case of firms, the rate of income-tax has been specified in Paragraph C of Part I of the First Schedule to the Bill. They remain unchanged at 30%.

### **D. Local authorities**

In the case of local authority, the rate of income-tax has been specified in Paragraph D of Part I of the First Schedule to the Bill. They remain unchanged at 30%.

### **E. Companies**

In the case of companies, the rates of income-tax have been specified in Paragraph E of Part I of the First Schedule to the Bill and remain unchanged vis-à-vis those for the AY 2024-25. In case of domestic company, the rate of income-tax shall be 25% of the total income, if the total turnover or gross receipts of the previous year 2022-23 does not exceed four hundred crore rupees and in all other cases the rate of income-tax shall be 30% of the total income.

2. In the case of companies other than domestic companies, the rate of income-tax shall be 35%, on the total income other than income chargeable at special rates.

#### **(1) Surcharge on income-tax**

The rates of surcharge on the amount of income-tax for the purposes of the Union are the same as that specified for the AY 2024-25. The surcharge shall not apply on income-tax computed on income of specified fund (referred to in clause (c) of the *Explanation* to clause (4D) of section 10) that is chargeable under clause (a) of sub-section (1) of section 115AD

of the Act. Further, for person whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Act, the surcharge at the rate of 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees is not applicable. In such cases the surcharge is restricted to 25%.

**(2) Marginal Relief—**

Marginal relief has also been provided in all cases where surcharge is proposed to be imposed.

**(3) Education Cess—**

For assessment year 2025-26, "Health and Education Cess" is to be levied at the rate of 4% on the amount of income-tax so computed, inclusive of surcharge wherever applicable, in all cases. No marginal relief shall be available in respect of such cess.

*II. Rates for deduction of income-tax at source during the financial year (FY) 2025-26 from certain incomes other than "Salaries".*

The rates for deduction of income-tax at source during the FY 2025-26 under the provisions of section 193, 194A, 194B, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 have been specified in Part II of the First Schedule to the Bill.

2. It is proposed that the rates in force for deduction of income-tax at source on income by way of insurance commission shall be reduced from 5% to 2%, in view of the amendments made vide Finance (No. 2) Act, 2024 in section 194D (Payment of insurance commission) with effect from 1st day of April, 2025.

3. For sections specifying the rate of deduction of tax at source, the tax shall continue to be deducted as per the provisions of the relevant sections of the Act.

4. Apart from the above, the rates will remain the same as those specified in Part II of the First Schedule to the Finance (No. 2) Act, 2024, for the purposes of deduction of income-tax at source during the FY 2024-25.

6. The surcharge on the amount of income-tax for the purposes of the Union is the same as that specified for the FY 2024-25.

7. "Health and Education Cess" shall continue to be levied at the rate of four per cent. of income-tax including surcharge wherever applicable, in the cases of persons not resident in India including company other than a domestic company.

*III. Rates for deduction of income-tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the FY 2025-26 (Assessment Year 2026-27).*

The rates for deduction of income-tax at source from "Salaries" or under section 194P of the Act during the FY 2025-26 and also for computation of "advance tax" payable during the said year in the case of all categories of assesseees have been specified in Part III of the First Schedule to the Bill. These rates are also applicable for charging income-tax during the FY 2025-26 on current incomes in cases where accelerated assessments have to be made, for instance, provisional assessment of shipping profits arising in India to non-residents, assessment of persons leaving India for good during the financial year, assessment of persons who are likely to transfer property to avoid tax, assessment of bodies formed for a short duration, etc. The salient features of the rates specified in the said Part III are indicated in the following paragraphs—

**A. Individual, HUF, association of persons, body of individuals, artificial juridical person.**

With effect from assessment year 2026-27, it is proposed that the following rates provided under the proposed clause (iii) of sub-section (1A) of section 115BAC of the Act shall be the rates applicable for determining the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 :—

<i>Sl. No.</i>	<i>Total income</i>	<i>Rate of tax</i>
(1)	(2)	(3)
1.	Up to Rs. 4,00,000	Nil
2.	From Rs. 4,00,001 to Rs. 8,00,000	5%
3.	From Rs. 8,00,001 to Rs. 12,00,000	10%
4.	From Rs. 12,00,001 to Rs. 16,00,000	15%
5.	From Rs. 16,00,001 to Rs. 20,00,000	20%
6.	From Rs. 20,00,001 to Rs. 24,00,000	25%
7.	Above Rs. 24,00,000	30%

2. However, if such person exercises the option under sub-section (6) of section 115BAC of the Act, the rates as provided in Part III of the First Schedule shall be applicable.

3. Paragraph A of Part III of the First Schedule to the Bill provides following rates of income-tax :—

(i) The rates of income-tax in the case of every individual (other than those mentioned in (ii) and (iii) below) or HUF or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act (not being a case to which any other Paragraph of Part III applies) are as under :—

(1)	Up to Rs. 2,50,000	Nil
(2)	From Rs. 2,50,001 to Rs. 5,00,000	5%
(3)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(4)	Above Rs. 10,00,000	30%

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

(1)	Up to Rs. 3,00,000	Nil
(2)	From Rs. 3,00,001 to Rs. 5,00,000	5%
(3)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(4)	Above Rs. 10,00,000	30%

(iii) in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

(1)	Up to Rs. 5,00,000	Nil
(2)	From Rs. 5,00,001 to Rs. 10,00,000	20%
(3)	Above Rs. 10,00,000	30%

4. The amount of income-tax computed in accordance with the preceding provisions of this paragraph (including capital gains under section 111A, 112 and 112A), shall be increased by a surcharge at the rate of,—

(a) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of 10% of such income-tax ;

(b) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding one crore rupees, at the rate of 15% of such income-tax ;

(c) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act)

exceeding two crore rupees but not exceeding five crore rupees, at the rate of 25% of such income-tax ;

(d) having a total income (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees, at the rate of 37% of such income-tax ;

(e) having a total income (including the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of 15% of such income-tax.

4.1 Provided that in case where the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A of the Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15%.

4.2 Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.

4.3 Further, for person whose income is chargeable to tax under sub-section (1A) of section 115BAC of the Act, the surcharge at the rate 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees shall not be applicable. In such cases, the surcharge shall be restricted to 25%.

5. Marginal relief is provided in cases of surcharge.

### **B. Co-operative Societies**

In the case of co-operative societies, the rates of income-tax have been specified in Paragraph B of Part III of the First Schedule to the Bill. These rates will continue to be the same as those specified for FY 2024-25. The amount of income-tax shall be increased by a surcharge at the rate of 7% of such income-tax in case the total income of a co-operative society exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 12% of such income-tax shall continue to be levied in case of a co-operative society having a total income exceeding ten crore rupees.

2. Marginal relief is provided in cases of surcharge.

3. On satisfaction of certain conditions, a co-operative society resident in India shall have the option to pay tax at 22% as per the provisions of section 115BAD. Surcharge would be at 10% on such tax.

### **C. Firms**

In the case of firms, the rate of income-tax has been specified in Paragraph C of Part III of the First Schedule to the Bill. This rate will

continue to be the same as that specified for FY 2024-25. The amount of income-tax shall be increased by a surcharge at the rate of 12% of such income-tax in case of a firm having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

#### **D. Local authorities**

The rate of income-tax in the case of every local authority has been specified in Paragraph D of Part III of the First Schedule to the Bill. This rate will continue to be the same as that specified for the FY 2024-25. The amount of income-tax shall be increased by a surcharge at the rate of 12% of such income-tax in case of a local authority having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

#### **E. Companies**

The rates of income-tax in the case of companies have been specified in Paragraph E of Part III of the First Schedule to the Bill. In case of domestic company, the rate of income-tax shall be 25% of the total income, if the total turnover or gross receipts of the previous year 2023-24 does not exceed four hundred crore rupees and where the companies continue in section 115BA regime. In all other cases the rate of income-tax shall be 30% of the total income. However, domestic companies also have an option to opt for taxation under section 115BAA of the Act on fulfillment of conditions contained therein. The rate of income-tax rate is 22% in section 115BAA. Surcharge would be at 10% on such tax.

2. In the case of a company other than a domestic company, the rates of income-tax shall be 35% of the total income, on income other than income chargeable at special rates.

3. Surcharge at the rate of 7% shall continue to be levied in case of a domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act), if the total income of the domestic company exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 12% shall continue to be levied, if the total income of the domestic company (except those opting for taxation under section 115BAA and section 115BAB of the Act) exceeds ten crore rupees.

4. In case of companies other than domestic companies, the existing surcharge of 2% shall continue to be levied, if the total income exceeds one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of 5% shall continue to be levied, if the total income of the company other than domestic company exceeds ten crore rupees.

5. Marginal relief is provided in surcharge in all cases.

6. In other cases [including sub-section (2A) of section 92CE, 115QA, 115R, 115TA or 115TD], the surcharge shall be levied at the rate of 12%.

7. For FY 2025-26, additional surcharge called the "Health and Education Cess on income-tax" shall be levied at the rate of 4% on the amount of tax computed, inclusive of surcharge (wherever applicable), in all cases. No marginal relief shall be available in respect of such cess.

#### **IV. Rebate under section 87A**

Under the provisions of section 87A of the Act, an assessee, being an individual resident in India, having total income not exceeding Rs 5 lakh, is provided a rebate of 100 per cent of the amount of income-tax payable, i. e., an individual having income till Rs 5 lakhs is not required to pay any income-tax.

2. Finance Act, 2023 inserted proviso to the said section, to provide rebate of income-tax in cases where the total income of such assessee is chargeable to tax under sub-section (1A) of section 115BAC. Proviso to section 87A provides the rebate of income-tax in cases of such individuals, up to Rs. 25,000 where the total income does not exceed Rs. 7,00,000 (clause (a) of the said proviso) and marginal relief where the total income exceeds Rs. 7,00,000 (clause (b) of the said proviso) to income chargeable to tax under sub-section (1A) of section 115BAC.

3. The provisions of sub-section (1A) of section 115BAC are subject to the other provisions of Chapter XII, i.e., determination of tax in certain special cases. Hence, proviso to section 87A clearly provides that tax on incomes chargeable at special rates (for e.g., capital gains under sections 111A, 112, etc.) as specified under various provisions of Chapter XII, are not included while determining the rebate of income-tax under the first proviso to section 87A.

4. From assessment year 2026-27 onwards, for an assessee, being an individual resident in India whose income is chargeable to tax under the sub-section (1A) of section 115BAC, it is proposed to,—

(i) enhance the limit of total income for rebate in clauses (a) and (b) of first proviso under section 87A, on which the income-tax is payable as per the rates of income-tax under sub-section (1A) of section 115BAC, from



Rs. 7,00,000 to Rs. 12,00,000 and the limit of rebate in clause (a) of first proviso to section 87A from Rs. 25,000 to Rs. 60,000.

(ii) rationalise the first proviso to section 87A by inserting a new proviso so as to provide that the deduction under the first proviso, shall not exceed the amount of income-tax payable as per the rates provided in sub-section (1A) of section 115BAC.

5. Further, as mentioned in para. 4 above, such rebate of income-tax is not available on tax on incomes chargeable at special rates (for e.g., capital gains under sections 111A, 112, etc.)

**[Clauses 2, 20, 24 and the First Schedule]**

**B. MEASURES TO PROMOTE INVESTMENT AND EMPLOYMENT**

*I. Incentives to International Financial Services Centre*

International Financial Services Centre (IFSC) is a jurisdiction that provides financial services to non-residents and residents, to the extent permissible under the current regulations, in any currency except Indian Rupee. In order to promote the development of world-class financial infrastructure in India, several tax concessions have been provided to units located in IFSC, under the Act, over the past few years.

In order to further incentivize operations from IFSC, it is proposed to make the following amendments :—

*II. Extension of sunset dates for several tax concessions pertaining to IFSC*

The sunset dates for commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC, in clause (d) of sub-section (2) of section 80LA, clause (4D), clause (4F), clause (4H) of section 10 and clause (viia) of section 47, is proposed to be extended to 31st day of March, 2030.

2. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 6, 13 and 19]**

*III. Exemption on life insurance policy from IFSC Insurance offices*

Clause (10D) of section 10 provides exemption to sum received under a life insurance policy including the sum allocated by way of bonus on such policy, subject to the conditions specified therein. The said provisions are also applicable to insurance policies issued by IFSC Insurance Offices.

2. Provisos (fourth, fifth, sixth and seventh provisos) to the said clause, inter alia, provide that the exemption under the said clause is not available if annual amount of premium or aggregate of premiums payable is above

Rs. 2.5 lakhs for unit linked insurance policies, and Rs. 5 lakhs for life insurance policies other than unit linked insurance policies.

3. In order to provide parity to non-residents availing life insurance from insurance office in IFSC vis-à-vis other foreign jurisdiction, it is proposed to amend clause (10D) of section 10 so as to provide that proceeds received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy as mentioned above.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clause 6]**

*IV. Exemption to capital gains and dividend for ship leasing units in IFSC*

Clause (4H) of section 10 provides exemption to non-residents or unit of IFSC engaged in aircraft leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in aircraft leasing. Further, clause (34B) of section 10 provides exemption to dividend paid by a company being a unit of IFSC engaged in aircraft leasing, to a unit of IFSC engaged in aircraft leasing.

2. It has been represented that similar to aircraft leasing business, in the ship leasing business, separate special purpose vehicles (SPVs) are created for one or more vessels to safeguard the investors. Therefore, on the lines of aircraft leasing, it is proposed to extend the exemption in,—

(I) Clause (4H) of section 10 to non-residents or units of IFSC engaged in ship leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in ship leasing.

(II) Clause (34B) of section 10 to dividend paid by a company being a unit of IFSC engaged in ship leasing, to a unit of IFSC engaged in ship leasing.

3. These amendments will take effect from the 1st day of April, 2025.

**[Clause 6]**

*V. Rationalisation of definition of "dividend" for treasury centres in IFSC*

Sub-clause (e) of clause (22) of section 2, inter alia, provides that dividend includes any sum by way of advance or loan to a shareholder paid by a company (not being a company in which the public are substantially interested), where shareholder is the beneficial owner of shares holding not less than 10% of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest or any payment by any such company on behalf, or for the

individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

2. Sub-clause (ii) of clause (22) of section 2 excludes from the definition of dividend (may be referred to as deemed dividend) any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company.

3. Suggestions have been received that borrowings by the corporate treasury centre in IFSC from any group entities could trigger deemed dividend provisions in the hands of the shareholder.

4. It is proposed to amend clause (22) of section 2 to provide that any advance or loan between two group entities, where one of the group entity is a "Finance company" or a "Finance unit" in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services and the "parent entity" or "principal entity" of such "group entity" is listed on stock exchange in a country or territory outside India, other than the country or territory outside India as may be specified by the Board in this behalf, shall not be treated as "dividend". The conditions for a "group entity", "principle entity" and the "parent entity" shall be prescribed.

5. These amendments will take effect from the 1st day of April, 2025.

**[Clause 3]**

#### *VI. Simplified regime for fund managers based in IFSC*

Section 9A, inter alia, provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India, subject to the conditions mentioned therein.

2. One of the conditions at clause (c) of sub-section (3) of section 9A, inter alia, provides that the eligible investment fund shall fulfil the condition that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent of the corpus of the fund.

3. Sub-section (8A) of section 9A, inter alia, provides that the Central Government may by notification specify that any one or more of the conditions specified in sub-section (3) or sub-section (4), shall not apply or shall apply with such modifications, in case of an eligible investment fund and its eligible fund manager, if such fund manager is located in an IFSC and has commenced its operations on or before the 31st day of March, 2024.

4. It has been represented that there a need to provide a specific simplified regime for IFSC based fund managers, managing funds situated in other jurisdiction so that fund managers in IFSC are at par with the fund management entities in competing foreign jurisdiction.

5. It is proposed to amend the provisions of section 9A so that—

(I) The condition at clause (c) of sub-section (3) of section 9A is rationalised for all the eligible investment funds whether or not their eligible fund managers are based in IFSC, by determining the aggregate participation or investment in the fund as on the 1st day of April and the 1st day of October of the previous year and in case the said condition at clause (c) is not satisfied on either of the said days, it shall be provided that it will satisfy the same condition within four months of the said days ;

(II) In view of the rationalisation above, the condition at clause (c) of sub-section (3) of section 9A shall not be modified for any eligible investment fund and its eligible fund manager ; and

(III) The other conditions (a) to (m) can be relaxed for a eligible investment fund where the date of commencement of operations by its eligible fund manager located in IFSC for the purposes of sub-section (8A) of section 9A is on or before 31st day of March, 2030.

6. These amendments will take effect from the 1st day of April, 2025.

**[Clause 5]**

#### *VII. Amendment of section 10 related to exempt income of non-residents*

The existing provisions of clause (4E) of section 10 of the Act provide that any income accrued or arisen to, or received by a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the counter derivatives, or distribution of income on offshore derivative instruments entered into with an offshore banking unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA shall not be included in the total income of the non-resident.

2. In order to further incentivize operations from the IFSC, it is proposed to amend clause (4E) of section 10 to provide that the income of a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments, entered into with Foreign Portfolio Investors being an IFSC unit shall also not be included in the total income subject to certain conditions as may be prescribed.

3. This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 6]**

*VIII. Inclusion of retail schemes and Exchange Traded Funds (ETFs) in the existing relocation regime of funds of IFSCA*

In order to further incentivize operations from IFSC, it is proposed to make the following amendments :

(I) The existing provisions of clause (viiad) of section 47 of the Act provide that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund shall not be regarded as transfer for the purposes of calculating capital gains. The *Explanation* to the clause, inter alia, provides that “resultant fund” means a fund established or incorporated in India, which has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, is located in any International Financial Services Centre and is subject to certain conditions provided therein. Thus, the relocation of original funds to the resultant fund in the IFSC is a tax-neutral transaction.

(II) The income of retail schemes and Exchange Traded Funds (ETFs) located in the IFSC and, inter alia, is regulated under the International Financial Services Centres Authority Act, 2019 was granted exemption along with previously exempted specified funds as per section 10(4D) of the Act vide the Finance (No. 2) Act, 2024. It is proposed to include such retail schemes or Exchange Traded Funds (ETF) within the definition of resultant fund for the purposes of clause (viiad) of section 47 of the Act so that relocation of original funds to such funds in the IFSC is also a tax-neutral transaction.

2. This amendment will take effect from the 1st day of April, 2026, and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 13]**

*IX. Extension of date of making investment by Sovereign Wealth Funds, Pension Funds & others and rationalisation of tax exemptions*

Clause (23FE) of section 10 of the Act provides for the exemption to specified persons from the income in the nature of dividend, interest, long-term capital gains or certain other incomes arising from an investment made by it in India. Specified persons, inter alia, are Sovereign Wealth Fund (SWF), Pension Fund (PF) which fulfills conditions prescribed therein and are specified for this purpose by the Central Government through

notification in the Official Gazette. This provision was introduced through the Finance Act, 2020 to encourage investments of SWF and PF into infrastructure sector of India.

2. Sub-clause (i) of clause (23FE) of section 10, inter alia, provides that investment is made on or after the 1st day of April, 2020 but on or before the 31st day of March, 2025.

3. Suggestions have been received that given the long-term nature of infrastructure investments and the role of foreign SWFs and PFs in financing such projects, the deadline for investment under clause (23FE) of section 10 be extended. This will provide the stability and time frame necessary for global investors to make substantial contribution to India's infrastructure development.

4. Further, the amendments to section 50AA by Finance (No. 2) Act, 2024, have reclassified all the capital gains from unlisted debt securities as short-term capital gains, irrespective of the holding period. This will result in the long-term capital gains from investment in unlisted debt investments to be taxable in the hands of SWFs and PFs. Prior to the said amendments, notified SWFs or PFs were eligible for exemptions on long-term capital gains from unlisted debt securities under clause (23FE) of section 10.

5. It is, therefore, proposed to amend clause (23FE) of section 10, so as to provide that,—

(I) long-term capital gains (whether or not such capital gains are deemed as short-term capital gains under section 50AA) arising from an investment made by it in India, shall, inter alia, not be included in the total income of a specified person under clause (23FE) of section 10 ; and

(II) the date of investment under the said clause shall extended from 31st day of March, 2025 to 31st day of March, 2030.

6. These amendments will take effect from the 1st day of April, 2025.

**[Clause 6]**

*X. Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility*

In order to position India as the global hub for Electronics System Design and Manufacturing, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India was approved by Government of India. Ministry of Electronics and Information Technology has notified Schemes for setting up of such facilities in India.

2. In this context, it has been represented that non-residents will be providing support in setting up of such electronics manufacturing facilities by deploying the technology and providing support services.

3. In order to ensure certainty and promotion of this industry, it is proposed to provide a presumptive taxation regime for non-residents engaged in the business of providing services or technology, to a resident company which are establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology and satisfies such conditions as prescribed in the rules.

4. It is, therefore, proposed, to insert a new section 44BBD, which deems twenty-five per cent. of the aggregate amount received/receivable by, or paid/payable to, the non-resident, on account of providing services or technology, as profits and gains of such non-resident from this business. This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company.

5. This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

**[Clause 11]**

*XI. Extension of benefits of tonnage tax scheme to inland vessels*

Tonnage tax scheme in Chapter XII-G of the Act was brought vide Finance Act, 2004 in order to promote Indian shipping industry wherein the qualifying shipping companies were given the choice to opt for the tonnage tax regime or continue to remain within the normal corporate tax regime.

2. Representations were received to extend tonnage tax scheme to inland vessels to promote inland water transportation industry. It is stated that at present, India is short of inland water transport vessels fleet and require higher investments in the sector which is capital intensive. Therefore, to provide a boost to inland water transportation, it was represented to include inland vessels under the ambit of tonnage tax scheme.

3. Therefore, to promote inland water transportation in the country and to attract investments in the sector, it is proposed to extend the benefits of tonnage tax scheme to Inland Vessels registered under Inland Vessels Act, 2021. Accordingly inland vessels have been included in the section 115VD for being eligible to be a qualified ship. Further, inland vessels have been defined in section 115V of the Act in the same manner as provided in the Inland Vessels Act, 2021. Other corresponding amendments have been made to extend the tonnage tax scheme to inland vessels.

4. These amendment will take effect from the 1st day of April, 2026 and shall, accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

**[Clauses 26, 27, 28, 29, 30, 31, 33, 34, 35 and 36]**

### C. SIMPLIFICATION AND RATIONALISATION

#### *I. Simplification of tax provisions for charitable trusts/institutions*

Income of any trust or institution registered under section 12AB of the Act is exempt subject to the fulfilment of the conditions provided in the Act. Section 12A provides for procedure to make application for the registration of the trust or institution to claim exemption under sections 11 and 12. Section 12AB, provides for the procedure related to approval and cancellation of the registration for the trust or institution making application under section 12A. Section 13 provides that exemption under sections 11 and 12 shall not be available to a trust or institution if such trust or institution does not fulfill the conditions specified therein.

#### *II. Rationalisation of 'specified violation' for cancellation of registration of trusts or institutions*

Sub-section (4) of the section 12AB inter alia provides that where registration or provisional registration of a trust or an institution has been granted and subsequently, the Principal Commissioner or Commissioner has noticed occurrence of one or more specified violations during any previous year, the Principal Commissioner or Commissioner shall, pass an order in writing, cancelling the registration of such trust or institution if he is satisfied that one or more specified violations have taken place.

2. *Explanation* to sub-section (4) of the said section provides that "specified violation" inter alia means the cases where the application referred to in clause (ac) of sub-section (1) of section 12A is not complete or it contains false or incorrect information.

3. It is noted that even minor default, where the application referred to in clause (ac) of sub-section (1) of section 12A is not complete, may lead to cancellation of registration of trust or institution, and such trust or institution becomes liable to tax on accreted income as per provisions of Chapter XII-EB of the Act.

4. It is, therefore, proposed to amend the *Explanation* to sub-section (4) of section 12AB so as to provide that the situations where the application for registration of trust or institution is not complete, shall not be treated as specified violation for the purpose of the said sub-section.

5. These amendments will take effect from the 1st day of April, 2025.

**[Clause 7]**



### *III. Period of registration of smaller trusts or institutions*

Section 12AB provides registration of trust or institution for a period of 5 years or provisional registration (where activities have not commenced at the time of filing application for registration) for a period of 3 years. At the expiry of such registration or provisional registration, or in case of provisional registration, if the activities of the trust or institution have commenced, the trust or institution is required to make application for further registration.

2. It has been noted that applying for registration after every 5 years, increases the compliance burden for trusts or institutions, especially for the smaller trusts or institutions.

3. To reduce the compliance burden for the smaller trusts or institutions, it is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years, in cases where the trust or institution made an application under sub-clause (i) to (v) of the clause (ac) of sub-section (1) of section 12A, and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed Rs. 5 crores during each of the two previous year, preceding to the previous year in which such application is made.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clause 7]**

### *IV. Rationalisation of persons specified under sub-section (3) of section 13 for trusts or institutions*

Section 13 of the Act, inter alia, provides that section 11 or section 12 shall not apply to exclude any income from the total income of trust or institution, if such income enures, or such income or any property of the trust or the institution is used or applied, directly or indirectly for the benefit of any person referred to in sub-section (3), which inter alia are as following—

- any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds fifty thousand rupees ;
- any relative of any such person as aforesaid ;
- any concern in which any such person as aforesaid has a substantial interest.

2. Suggestions have been received that there are difficulties in furnishing certain details of persons other than author, founder, trustees or manager etc. who have made a 'substantial contribution to the trust or institution', that is to say, any person whose total contribution up to the end of the

relevant previous year exceeds fifty thousand rupees. These details are about their relatives and the concerns, in which they are substantially interested.

3. It is, therefore, proposed to amend the sub-section (3) of section 13 to provide that,—

(i) persons referred to in clause (b) of sub-section (3) of section 13, shall be any person whose total contribution to the trust or institution, during the relevant previous year exceeds one lakh rupees, or, in aggregate up to the end of the relevant previous year exceeds ten lakh rupees, as the case may be ;

(ii) relative of any such person as mentioned in (i) above, shall not be included in persons specified in sub-section (3) of section 13 ; and

(iii) any concern in which any such person as mentioned in (i) above has a substantial interest, shall not be included in persons specified in sub-section (3) of section 13.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clause 8]**

#### *V. Rationalisation in taxation of business trusts*

Finance (No. 2) Act, 2014 introduced a special taxation regime for Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT) [commonly referred to as business trusts]. The special regime was introduced in order to address the challenges of financing and investment in infrastructure. The business trusts invest in special purpose vehicles (SPV) through equity or debt instruments.

2. Keeping in mind the business structure, the special taxation regime under section 115UA of the Act, inter alia, provides a pass-through status to business trusts in respect of interest income, dividend income received by the business trust from a special purpose vehicle in case of both REIT and InvIT and rental income in case of REIT. Such income is taxable in the hands of the unit holders unless specifically exempted.

3. Sub-section (2) of section 115UA provides that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of section 111A and section 112.

4. It has been noted that reference of section 112A is not mentioned in sub-section (2) of section 115UA. Section 112A provides tax on long-term capital gains in certain cases of long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust.

5. It is proposed to amend sub-section (2) of section 115UA to provide that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of section 111A, section 112 as well as section 112A.

6. This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 25]**

*VI. Harmonisation of significant economic presence applicability with business connection*

Section 9 of the Act provides for income which shall be deemed to accrue or arise in India. Clause (i) of section 9, inter alia, provides that all income accruing or arising, whether directly or indirectly, through or from any business connection in India shall be deemed to accrue or arise in India.

2. Clause (b) of *Explanation 1* to clause (i) of sub-section (1) of section 9 provides that in the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export.

3. *Explanation 2A* to clause (i) of sub-section (1) of section 9, inter alia, provides that the significant economic presence of a non-resident in India shall constitute "business connection" in India and "significant economic presence" for this purpose shall inter alia mean transaction in respect of any goods carried out by a non-resident with any person in India.

4. Suggestions have been received that owing to definition of significant economic presence provided in *Explanation 2A*, the specific exclusion provided in the case of a non-resident, for income arising through or from operations which are confined to the purchase of goods in India for the purpose of export may be denied and such income may also be treated as income deemed to accrue or arise in India.

5. It is, therefore, proposed to amend the *Explanation 2A* of section 9 so that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence of such non-resident in India. This will bring it in coherence with the *Explanation 1* to clause (i) of sub-section (1) of section 9 for business connection.

6. These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 4]**

*VII. Bringing clarity in income on redemption of Unit  
Linked Insurance Policy*

Clause (10D) of section 10 provides for income-tax exemption on the sum received under a life insurance policy, including bonus on such policy. There is a condition that the premium payable for any of the years during the terms of the policy should not exceed ten per cent of the actual capital sum assured.

2. It may be pertinent to note that to restrict the benefit of exemption under clause (10D) of section 10, to small and genuine cases of life insurance, the Finance Act, 2021, inter alia, made amendments to clause (10D) of section 10 to provide that the exemption under this clause shall not apply with respect to any unit linked insurance policy or policies issued on or after the 1-2-2021, if the amount of premium or aggregate amount of premium payable during the term of such policy or policies exceeds Rs. 2,50,000 ;

3. It is noted that ULIP is a capital asset only when the exemption under clause (10D) of section 10 does not apply on such policies on account of the applicability of the 4th and 5th proviso and accordingly, taxation as capital gains in case of only such ULIPs. However, in case of life insurance policy (other than a ULIP), the sum received is chargeable to income-tax under "Income from other sources" for any such policy to which exemption under clause (10D) of section 10 does not apply.

4. Further, any sum received under an insurance policy as provided in sub-clauses (a) to (d) read with the provisos to clause (10D) to section 10 are not eligible for exemption under clause (10D) of section 10. Such sub-clauses are applicable to unit-linked insurance policy as well.

5. It is, therefore, proposed to rationalise the provisions for unit-linked insurance policies, so as to provide that,—

(I) ULIPs to which exemption under clause (10D) of section 10 does not apply, is a capital asset [clause (14) of section 2] ;

(II) the profit and gains from the redemption of ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be charged to tax as capital gains [sub-section (1B) of section 45] ; and

(III) ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be included in the definition of equity oriented fund [clause (a) of *Explanation* to section 112A]

6. These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

**[Clauses 3, 12 and 22]**

### VIII. Amendment of Definition of 'Capital Asset'

Section 2(14) of the Act defines the term "capital asset" to include property of any kind held by an assessee, whether or not connected with his business or profession, but does not include any stock-in-trade or personal assets as provided in the definition. The securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) are also defined as capital assets.

2. There is some uncertainty in characterization of income arising from transaction in securities as to whether it is capital gain or business income for investment funds (specified in clause (a) of *Explanation 1* to section 115UB in the Act).

3. With a view of providing certainty in respect of the above, it is proposed to amend the Act to provide that any security held by investment funds referred to in section 115UB which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be treated as capital asset only so that any income arising from transfer of such security would be in the nature of capital gain.

4. This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 3]**

### IX. Extension of timeline for tax benefits to start-ups

The existing provisions of section 80-IAC of the Act, inter alia, provide for a deduction of an amount equal to hundred per cent. of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assessee subject to the condition that,—

(I) the total turnover of its business does not exceed one hundred crore rupees,

(II) it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and

(III) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2025.

2. It is proposed to amend the above section so as to extend the benefit for another period of five years, i. e., the benefit will be available to eligible start-ups incorporated before 1-4-2030.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 18]**

*X. Rationalisation of taxation of capital gains on transfer of capital assets by non-residents*

The existing provisions of section 115AD of the Act provide that where the total income of a specified fund or Foreign Institutional Investor includes—

(a) income received in respect of securities (other than units referred to in section 115AB) ; or

(b) income by way of short-term or long-term capital gains arising from the transfer of such securities,

the income-tax on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be calculated at the rate of ten per cent.

2. Certain amendments were carried out in the above provisions by the Finance (No. 2) Act, 2024. The rate of taxation on long-term gains arising from the transfer of capital assets was amended to twelve and one-half per cent. in the case of all assessees, whether resident or non-resident, with effect from 23-7-2024. It was seen that while the rates of taxation in the case of specified fund or FIIs in case of long-term gains referred to in section 112A have been brought to parity with the rates applicable for residents, the rate of income-tax calculated on the income by way of long-term capital gains not referred to in section 112A were retained at ten per cent. vide Finance (No. 2) Act, 2024.

3. It is proposed to amend the provisions of section 115AD to provide that income-tax on the income by way of long-term capital gains on transfer of securities (other than units referred to in section 115AB) not referred to in section 112A, if any, included in the total income, shall be calculated at the rate of twelve and one-half per cent.

4. These amendments will take effect from the 1st day of April, 2026, and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 23]**

*XI. Rationalization of tax deducted at source (TDS) rates*

There are various provisions of Tax Deduction at Source (TDS), with different thresholds and multiple rates. To improve ease of doing business and better compliance by taxpayers, it is proposed to rationalize certain rates of TDS and to increase threshold limit for applicability of the TDS provisions.

### I. TDS rate reduction for section 194LBC

Section 194LBC of the Act requires that where any income is payable by a securitisation trust to an investor, being a resident, in respect of an investment in a securitisation trust as specified therein, the person responsible for making the payment shall, deduct income-tax, at the rate of 25%, if the payee is an individual or a Hindu undivided family and 30%, if the payee is any other person.

2. It is proposed that TDS rate under section 194LBC of the Act be reduced from 25% and 30% to 10% as this sector is sufficiently organized and regulated.

3. This amendment will take effect from the 1st day of April 2025.

[Clause 63]

### II. TDS threshold rationalization

TDS provisions have various thresholds of amount of payment or amount of income, beyond which tax is required be deducted. It is proposed to rationalize these thresholds as below—

Sl. No	Section	Current threshold	Proposed threshold
1.	193 - Interest on securities	Nil	Rs. 10,000
2.	194A - Interest other than Interest on securities	(i) Rs. 50,000 for senior citizen ;	(i) Rs. 1,00,000 for senior citizen
		(ii) Rs. 40,000 in case of others	(ii) Rs. 50,000 in case of others
		when payer is bank, co-operative society and post office	when payer is bank, co-operative society and post office
		(iii) Rs. 5,000 in other cases	(iii) Rs. 10,000 in other cases
3.	194 - Dividend for an individual shareholder	Rs. 5,000	Rs. 10,000
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000	Rs. 10,000
5.	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000 during the financial year	Rs. 10,000 in respect of a single transaction
6.	194BB - Winnings from horse race		
7.	194D - Insurance commission	Rs. 15,000	Rs. 20,000
8.	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000	Rs. 20,000

9.	194H - Commission or brokerage	Rs. 15,000	Rs. 20,000
10.	194-I Rent	Rs. 2,40,000 during the financial year	Rs. 50,000 per month or part of a month
11.	194J - Fee for professional or technical services	Rs. 30,000	Rs. 50,000
12.	194LA - Income by way of enhanced compensation	Rs. 2,50,000	5,00,000

### **Section 193 – Interest on securities**

Section 193 of the Act requires that any 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, whichever is earlier, deduct income-tax at the rates in force on the amount of the interest payable. Currently there is no threshold for amount of income by way of interest for deduction of tax at source in this section.

2. Proviso to the section provides for non-deduction of tax at source in certain cases. Clause (v) of the proviso states that no tax is required to be deducted on 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 the amount of interest or, as the case may be, the aggregate amount of such interest, paid or likely to be paid, through an account payee cheque, on such debenture during the financial year by the company does not exceed Rs. 5,000.

3. It is proposed to provide that tax shall be deducted under this section only when the amount or the aggregate of amounts of income by way of interest on securities exceeds Rs. 10,000 during a financial year and consequentially to amend the proviso accordingly.

4. These amendments will take effect from the 1st day of April 2025.

**[Clause 51]**

### **Section 194-Dividends**

Section 194 of the Act requires that 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 all sub-clauses of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rate of 10%.

2. The first proviso to this section states that no tax is required to be deducted when the amount or aggregate of amounts of such dividend,



distributed or paid or likely to be distributed or paid, during the financial year by the company to the shareholder, being an individual, does not exceed Rs. 5,000.

3. It is proposed to provide that no tax is required to be deducted when the amount or aggregate of amounts of such dividend, distributed or paid or likely to be distributed or paid, to the shareholder, being an individual, does not exceed Rs. 10,000.

4. This amendment will take effect from the 1st day of April 2025.

**[Clause 52]**

### **Section 194A-Interest other than interest on securities**

Sub-section (1) of section 194A of the Act requires that any person, not being an individual or a Hindu undivided family, responsible for paying to a resident any interest income other than interest income on securities, shall deduct income-tax thereon at the rates in force.

2. Sub-section (3) of section 194A of the Act states that tax may not be required to be deducted when payment of interest income is by a payer of a specific nature and does not exceed a certain specified amount. These thresholds are higher in the case of a senior citizen being the payee, as given in the third proviso to clause (i) of sub-section (3). As per proviso to sub-section (3) of section 194A of the Act, a co-operative society as referred to in clause (v) and clause (viia) of sub-section (3) shall be liable to deduct income-tax at source when the amount of interest income during the financial year is more than Rs. 50,000 in case of payee being a senior citizen and Rs. 40,000 in any other case.

3. It is proposed to increase the threshold for requirement to deduct tax at source in section 194A as below—

<i>Sl. No.</i>	<i>Payer</i>	<i>Current threshold to deduct TDS</i>	<i>Proposed threshold to deduct TDS</i>	<i>Current threshold to deduct TDS when payee is senior citizen</i>	<i>Proposed threshold to deduct TDS when payee is senior citizen</i>
1.	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)	Rs. 40,000	Rs. 50,000	Rs. 50,000	Rs. 1,00,000

2.	A co-operative society engaged in carrying on the business of banking	Rs. 40,000	Rs. 50,000	Rs. 50,000	Rs. 1,00,000
3.	On any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf	Rs. 40,000	Rs. 50,000	Rs. 50,000	Rs. 1,00,000
4.	Any other case	Rs. 5,000	Rs. 10,000	Rs. 5,000	Rs. 10,000
5.	A co-operative society referred to in clause (v) and clause (viia) of sub-section (3) of section 194A	Rs. 40,000	Rs. 50,000	Rs. 50,000	Rs. 1,00,000

4. These amendments will take effect from the 1st day of April 2025.

**[Clause 53]**

#### **Section 194B-Winnings from lottery or crossword puzzle**

Section 194B of the Act requires that any 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 or the aggregate of amounts exceeding Rs. 10,000 during the financial year shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

2. It is proposed to remove the condition of threshold applying on aggregate of amounts exceeding Rs. 10,000 and to now instead apply in respect of a single transaction.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 54]**

#### **Section 194BB-Winnings from horse race**

Section 194BB of the Act requires that any person, being a bookmaker or a person to whom a license 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 amount or aggregate of amounts exceeding Rs. 10,000 during the financial year, shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

2. It is proposed to remove the condition of threshold applying on aggregate of amounts exceeding Rs. 10,000 and to now instead apply in respect of a single transaction.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 55]**

#### **Section 194D-Insurance commission**

Section 194D of the Act requires that 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, deduct income-tax thereon at the rates in force, provided that the amount of such payment exceeds Rs. 15,000 in a financial year.

2. It is proposed to increase this threshold amount for requirement of deduction of tax at source under this section from Rs. 15,000 to Rs. 20,000.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 56]**

#### **Section 194G-Commission, etc., on sale of lottery tickets**

Section 194G of the Act requires that any person who is responsible for paying, 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 Rs. 15,000 shall, deduct income-tax thereon at the rate of two per cent.

2. It is proposed to increase this threshold amount for requirement of deduction of tax at source under this section from Rs. 15,000 to Rs. 20,000.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 57]**

#### **Section 194H-Commission or brokerage**

Section 194H of the Act requires that any person, not being an individual or a Hindu undivided family, who is responsible for paying, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, deduct income-tax thereon at the rate of two per cent., if the amount paid during a financial year exceeds Rs. 15,000.

2. It is proposed to increase this threshold amount for requirement of deduction of tax at source under this section from Rs. 15,000 to Rs. 20,000.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 58]**

### **Section 194-I-Rent**

Section 194-I of the Act requires that 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 deduct income-tax at the rates as specified therein, only when the amount of such rental income exceeds Rs. 2,40,000 in a financial year.

2. It is proposed to increase this threshold amount of income by way of rent for requirement of deduction of tax at source under section from Rs. 2,40,000 in a financial year to Rs. 50,000 in a month or part of a month.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 59]**

### **Section 194J-Fees for professional or technical services**

Section 194J of the Act requires for deduction of tax at source on payment by any person, not being an individual or a Hindu undivided family, who pays to a resident any sum of the nature of fees for professional or technical services, 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 royalty, or any sum referred to in clause (va) of section 28 of the Act, at the rates specified therein.

2. Clause (B) of proviso to sub-section (1) of section 194J provides the threshold amount of sum paid during the financial year for tax to be deducted under this section. It is proposed to increase the thresholds specified in clause (B) of proviso to sub-section (1) of section 194J of the Act as below—

<i>Sl. No.</i>	<i>Nature of sum</i>	<i>Current threshold to deduct TDS</i>	<i>Proposed threshold</i>
1.	Fees for professional services	Rs. 30,000	Rs. 50,000
2.	Fees for technical services	Rs. 30,000	Rs. 50,000
3.	Royalty	Rs. 30,000	Rs. 50,000
4.	Any sum referred to in clause (va) of section 28	Rs. 30,000	Rs. 50,000

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 60]**

### **Section 194K-Income in respect of units**

Section 194K of the Act requires that for any person responsible for paying to a resident any income in respect of units of a mutual fund specified under clause (23D) of section 10 ; or units from the administrator of the specified undertaking ; or units from the specified company, shall, deduct income-tax at the rate of ten per cent., provided the amount of such income to income to a payee exceeds Rs. 5,000 in a year.

2. It is proposed to increase this threshold amount for requirement of deduction of tax at source under this section from Rs. 5,000 to Rs. 10,000.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 61]**

### **Section 194LA-Payment of compensation on acquisition of certain immovable property**

Section 194LA of the Act requires that 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 property (other than agricultural land), shall, deduct an amount equal to ten per cent. of such sum as income-tax thereon, provided that such amount exceeds Rs. 2,50,000 in a financial year.

2. It is proposed to increase the threshold amount for requirement of deduction of tax at source under section from Rs. 2,50,000 to Rs. 5,00,000.

3. This amendment will take effect from the 1st day of April 2025.

**[Clause 62]**

### *XII. Definition of "forest produce" rationalised*

Sub-section (1) of section 206C of the Act states that every seller shall collect tax at source from the buyer of goods of certain specified nature at the rates specified in the sub-section.

2. Under sub-section (1) of section 206C of the Act, presently TCS at 2.5 per cent. is required to be collected on sale of goods of the following nature :—

- (I) Timber obtained under a forest lease
- (II) Timber obtained by any mode other than under a forest lease
- (III) Any other forest produce not being timber or tendu leaves

3. Representations were received that no definition has been provided in the Act for "forest produce" which is creating difficulties in application of the relevant provisions of the Act. Also the provision is being made

applicable to traders who are selling such produce. To bring clarity regarding the meaning of “forest produce”, it is proposed that “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.

4. Further, it is proposed that to address the applicability of TCS on traders of forest produce, only such other forest produce (not being timber or tendu leaves) which is obtained under forest lease will be covered under TCS.

5. The amended rate for collection of TCS are as under :—

<i>Sl. No.</i>	<i>Nature of goods</i>	<i>Percentage</i>
(1)	(2)	(3)
(iii)	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	Two per cent.
(iv)	Timber obtained by any mode other than under a forest lease	Two per cent.

6. These amendments will take effect from the 1st day of April 2025.

**[Clauses 67]**

### *XIII. Reduction in compliance burden by omission of TCS on sale of specified goods*

Sub-section (1H) of section 206C of the Act, requires any person being a seller who receives consideration for sale of any goods of the value or aggregate of value exceeding Rs. 50 lakhs in any previous year, to collect tax from the buyer at the rate of 0.1% of the sale consideration exceeding Rs. 50 lakhs, subject to certain conditions.

2. Section 194Q of the Act, requires any person being a buyer, to deduct tax at the rate of 0.1%, on payment made to a resident seller, for the purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year.

3. Sub-section (1H) of section 206C mandates tax collection at source (TCS) by a seller while section 194Q provides for tax deduction at source (TDS) by a buyer on the same transaction.

4. Further, it is provided in sub-section (1H) of section 206C of the Act that the provision will not apply, if the buyer is liable to deduct TDS under any other provision of this Act on the goods purchased from the seller and has deducted such amount. Representations have been received that it becomes difficult for the seller to check whether the buyers have ensured the compliance of TDS deduction under section 194Q of the Act. This

results in both TDS and TCS being made applicable on the same transaction.

5. Therefore, to facilitate ease of doing business and reduce compliance burden on the taxpayers, it is proposed that provisions of sub-section (1H) of section 206C of the Act will not be applicable from the 1st day of April, 2025.

6. These amendments will take effect from the 1st day of April 2025.

**[Clauses 64 & 67]**

*XIV. Amendments proposed in provisions of block assessment for search and requisition cases under Chapter XIV-B*

Vide Finance (No. 2) Act, 2024, the concept of block assessment was introduced by amending provisions of Chapter XIV-B (sections 158B to 158BI of the Act) to be made applicable where a search under section 132 of the Act is initiated or requisition under section 132A of the Act is made, on or after 1st September, 2024.

2. Section 158B of the Act defines “undisclosed income” for the purposes of Chapter XIV-B. It is proposed to add the term “virtual digital asset” to the said definition.

3. Sub-section (2) and sub-section (3) of section 158BA of the Act provide that any assessment or reassessment or recomputation or a reference or an order pertaining to any assessment year falling in the block period pending on the date of initiation of the search or making of requisition, shall abate. Further, sub-section (5) of the said section provides that if any proceeding initiated under Chapter XIV-B has been annulled in appeal or any other legal proceeding, then, the assessment or reassessment relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive. It is proposed to align the said sub-sections by adding the words “recomputation”, “reference” or “order” in sub-section (5) of the said section.

4. Sub-section (4) of section 158BA of the Act provides that where any assessment under Chapter XIV-B is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of Chapter XIV-B. It is proposed to substitute the word “pending” as the assessment is “required to be made” though it may not be pending when the subsequent search is initiated.

5. Section 158BB of the Act provides the methodology for computation of total income of block period. It is proposed to amend clause (i)

of sub-section (1) of the said section to substitute reference to “total income disclosed” with “undisclosed income” which has been declared in return. Consequential amendment is also proposed in sub-section (6) of the said section to reflect this change. It is further proposed to amend clause (iii) of the sub-section (1) to specify that any income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148, prior to the date of initiation of the search or the date of requisition, shall form part of the total income of the block period for which credit would be given while charging the tax for the said period. It is also proposed to omit the word total from “total income” in clause (ii) and (iii) of sub-section (1). It is also proposed to amend clause (iv) of sub-section (1) to provide the clarity over computation of the income pertaining to the previous year which has ended but the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or requisition so that income pertaining to books of account maintained in normal course for the said period is taxed under the normal provisions.

6. Sub-section (3) of section 158BB of the Act proposes to tax under the normal provisions any income which relates to any international transaction or specified domestic transaction, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed. This was provided as it may be difficult to assess arm’s length price of part period transactions. It is proposed to amend the said sub-section to provide that the income pertaining to any international transaction or specified domestic transaction shall not be considered in the income of the block period. Therefore, in the said sub-section, it is proposed to provide the reference to such income instead of evidence as provided earlier.

7. Section 158BE of the Act provides the time-limit for completion of block assessment as twelve months from end of the month in which the last of the authorisations for search has been executed. Search and seizure proceedings are more often than not conducted in a group of cases which require co-ordinated investigation and assessments. However, the present time-limit results in multiple time barring dates in one group of cases which leads to challenges in taking the cases to a logical conclusion. Hence, the time-limit for completion of block assessment is proposed to be made as twelve months from end of the quarter in which the last of the authorisations for search or requisition has been executed.



8. These amendments will take effect from the 1st day of February, 2025.

**[Clauses 46, 47, 48 & 49]**

*XV. Non-applicability of section 271AAB of the Act*

The existing provisions of sub-section (1A) of section 271AAB of the Act relates to penalty in respect of searches initiated after 15-12-2016.

2. Vide Finance Act, 2024, provisions of “block assessment” (Chapter XIV-B) were introduced for searches initiated under section 132 of the Act on or after the 1st day of September, 2024. Although section 271AAB of the Act is clear that its provisions are not applicable to proceedings conducted under section 158BC of the Act, it is proposed to remove any ambiguous interpretation of its applicability to searches conducted on or after 1-9-2024.

3. Therefore, it is proposed to amend section 271AAB of the Act to provide that its provisions shall not be applicable to the assessee in whose case search has been initiated under section 132 on or after the 1st day of September, 2024.

4. This amendment will take effect from the 1st day of September, 2024.

**[Clause 75]**

*XVI. Amendments proposed in sections 132 and 132B for rationalising provisions*

Section 132 of the Act relates to search and seizure. As per the provisions of sub-section (8) of section 132 of the Act the last date for taking approval for retention of seized books of account or other documents is 30 days from the date of the assessment or reassessment or recomputation order. In the course of search assessment proceedings in group cases, the assessment orders of one assessee may be passed earlier than the assessment orders of another assessee. Further, the segregation of seized books of account or other documents pertaining to various assesses is also very difficult in case the searched premise is same. It is also the case that the seized books of account or other documents pertaining to the completed assessment cases may be required for assessment of ongoing/pending assessment cases. Since, the time-limit of taking approval for retention will be different for different cases, the Assessing Officers are required to have constant vigil on the floating time-barring dates for taking the approval for retention of the seized books of account or other documents, the burden of which is avoidable.

2. Therefore, it is proposed to amend sub-section (8) of section 132 of the Act to provide that the time-limit for taking approval for retention shall

be one month from end of the quarter in which the assessment or reassessment or recomputation order has been made.

3. *Explanation 1* to section 132 of the Act defines the circumstances in which last of the authorisation for search is to be deemed as to have been executed. In order to align the same with the other provisions of the Act, it is proposed to substitute the word “authorisation” with “authorisations”.

4. *Explanation 1* to section 132B of the Act provides that “execution of an authorisation for search or requisition” shall have the same meaning as assigned to it in *Explanation 2* to section 158BE of the Act. Vide Finance (No. 2) Act, 2024 the concept of block assessment was introduced by amending provisions of Chapter XIV-B (sections 158B to 158BI of the Act). As per amended provisions, “execution of an authorisation for search or requisition” is now defined in *Explanation* to section 158B of the Act. In order to reflect this change, it is proposed to amend clause (ii) of *Explanation 1* to section 132B of the Act to update referencing to section 158B of the Act instead of the present section 158BE of the Act.

5. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 37 and 38]**

### *XVII. Time-limit to impose penalties rationalised*

The existing provisions of section 275 of the Act, inter alia, provide for the bar of limitation for imposing penalties. Section 275 of the Act is having multiple timelines for imposition of penalties in various cases, e. g., where a case is in appeal before the ITAT, time-limit to impose penalty is end of the financial year in which the connected proceeding has been completed or six months from end of the month in which the appellate order is received, whichever is later. Similarly, different time-limits for imposition of penalty have been provided for cases in appeal to the JCIT (Appeal) or Commissioner (Appeals). This makes it difficult to keep track of multiple time barring dates for effective and efficient tax administration.

2. In view of the foregoing, it proposed to amend section 275 of the Act to provide that any order imposing a penalty under Chapter XXI shall not be passed after the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision is passed, or the notice for imposition of penalty is issued, as the case may be. Consequential amendment is also proposed in section 246A of the Act to update reference of the amended section 275 of the Act.

3. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 69 & 83]**

*XVIII. Clarification regarding commencement date and the end date of the period stayed by the court*

Section 144BA, section 153, section 153B, section 158BE, section 158BFA, section 263, section 264 and rule 68B of Schedule-II of the Act, inter alia, provide that period during which the proceedings under respective provisions are stayed by an order or injunction of any court shall be excluded in computing the time-limit for conclusion of the proceedings.

2. However, there was an ambiguity regarding the commencement date and the end date of the period stayed by an order or injunction of any court which was required to be excluded.

3. With a view to removing any ambiguity, it is proposed to amend the said provisions of the Act so as to exclude the period commencing on the date on which stay was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner (approving panel in case of section 144BA of the Act).

4. This amendment will take effect from the 1st day of April, 2025.

**[Clauses 41, 43, 44, 49, 50, 72, 73 and 86]**

*XIX. Rationalisation of provisions related to carry forward of losses in case of amalgamation*

Sections 72A and 72AA of the Act provide provisions relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in cases of amalgamation or business reorganization as specified therein.

2. Sections 72A and 72AA provide that accumulated loss of the amalgamating entity or predecessor entity shall be deemed to be the loss of the amalgamated entity or the successor entity for the previous year in which amalgamation or business reorganisation has been effected or brought into force. Further, section 72 of the Act provides that no loss (other than loss from speculation business) under the head "Profits and gains from business or profession" shall be carried forward for more than 8 assessment years immediately succeeding the assessment years for which the loss was first computed.

3. In order to bring clarity and parity with the provisions of section 72 of the Act, it is proposed to amend section 72A and section 72AA of the Act to provide that any loss forming part of the accumulated loss of the predecessor entity, which is deemed to be the loss of the successor entity, shall

be eligible to be carried forward for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity. The proposed amendment is aimed to prevent evergreening of the losses of the predecessor entity resulting from successive amalgamations and also to ensure that no carry forward and set off of accumulated loss is allowed after eight assessment years from the immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

3. The aforesaid amendments shall apply to any amalgamation or business reorganisation which is effected on or after 1-4-2025.

4. These amendments will take effect from the 1st day of April, 2026.

**[Clauses 14 and 15]**

*XX. Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination*

Transfer pricing provisions enable computation of income arising from an international transaction or a specified domestic transaction with regard to an arm's length price. These provisions are contained in sections 92 to 92F.

2. Section 92CA provides the procedure governing reference of an international transaction or a specified domestic transaction to the Transfer Pricing Officer (TPO), for computation of their arm's length price (ALP). Section 92C provides for computation of arm's length price in relation to an international transaction or a specified domestic transaction.

3. The determination of ALP in transfer pricing provisions, inter alia, proceeds in the following manner—

- the Assessing Officer (AO) may, refer the computation of the ALP with the previous approval of the Principal Commissioner or Commissioner, in relation to an international transaction or a specified domestic transaction entered in any previous year, to the TPO ;
- the TPO determine the ALP in relation to the said transaction in accordance with sub-section (3) of section 92C and sends a copy of his order to the AO and to the assessee ;
- the AO shall proceed to compute the total income of the assessee for such previous year under sub-section (4) of section 92C in conformity with the ALP as so determined by the TPO.

4. It has been noted that in reference under section 92CA for computation of arm's length price, in many cases, there are similar international transactions or specified transactions for various years, same facts like enterprises with whom such transaction is done, proportionate quantum of

transaction, location of associated enterprises, etc., and same arm's length analysis are repeated every year, creating compliance burden on the assessee as well as administrative burden on the TPOs. In view of the same, in such situations, it is proposed to carry out TP assessments in a block.

5. It is, therefore, proposed to provide that the ALP determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar transaction for the two consecutive previous years immediately following such previous year. For the same, it is proposed to make the following amendments,—

#### *5.1 Reference to TPO*

(I) the assessee shall be required to exercise an option or options for the above effect in the form, manner and within such time period as may be prescribed [new sub-section (3B) in section 92CA] ;

(II) the TPO may by an order within one month from the end of the month in which such option is exercised, declare that the option is valid subject to the prescribed conditions [new sub-section (3B) in section 92CA] ;

(III) if the TPO declares that the option exercised by the assessee is valid,—

- the ALP determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar international transaction or the specified domestic transaction for the two consecutive previous years immediately following such previous year [new sub-section (3B) in section 92CA] ;

- the TPO shall examine and determine the ALP in relation to such similar transaction for such consecutive previous years, in the order referred to in sub-section (3) of section 92CA [new sub-section (4A) in section 92CA] ;

- on receipt of such order from the TPO, the AO shall recompute the total income of the assessee for such consecutive previous years as per the provisions of sub-section (21) of section 155 [new sub-section (4A) in section 92CA] ;

- no reference for computation of ALP in relation to such transaction shall be made [new first proviso to sub-section (1) of section 92CA] ;

- if any reference is made in such scenarios, before or after the above declaration by the TPO, the provisions of sub-section (1) of section 92CA shall have the effect as if no reference is made for such transaction [new second proviso to sub-section (1) of section 92CA] ;

(IV) the provisions of exercising option mentioned above and consequent proceedings, shall not apply to any proceedings under Chapter XIV-B [proviso to new sub-section (3B) in section 92CA] ;

(V) If any difficulty arises in giving effect to the provisions of sub-section (3B) and sub-section (4A) of section 92CA, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty and every guideline issued by the Board shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and the assessee [new sub-section (11) in section 92CA].

### *5.2 Recomputation of income under section 155*

A new sub-section (21) shall be inserted in section 155, so that where the ALP determined for an international transaction or a specified domestic transaction for any previous year and the TPO has declared an option exercised by the assessee as valid option in respect of such transaction for two consecutive previous years immediately following such previous year, then :—

(I) the AO shall recompute the total income of the assessee for such consecutive previous years, by amending the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143,—

- in conformity with the ALP so determined by the TPO under sub-section (4A) of section 92CA in respect of such transaction ;
- taking into account the directions issued under sub-section (5) of section 144C, if any, for such previous year ;

(II) such recomputation shall be done within three months from the end of the month in which the assessment is completed in the case of the assessee for such previous year ;

(III) the first and second proviso to sub-section (4) of section 92C shall apply to such recomputation ;

(IV) such recomputation shall be made within three months from the end of the month in which order of assessment or any intimation or deemed intimation is made, in case that is not made before the period of three months as mentioned above.

6. These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

**[Clauses 21 and 45]**

*XXI. Removal of higher TDS/TCS for non-filers of return of income*

Section 206AB of the Act, requires deduction of tax at higher rate when the deductee specified therein is a non-filer of income-tax return. Section 206CCA of the Act, requires for collection of tax at higher rate when the collectee specified therein is a non-filer of income-tax return. This is subject to other conditions specified in the two sections.

2. Representations were received from various stakeholders that it is difficult for the deductor/collector, at the time of deduction/collection, to verify whether returns have been filed by the deductee/collectee, resulting in application of higher rates of deduction/collection, blocking of capital and increased compliance burden.

3. Accordingly, to address this issue and reduce compliance burden for the deductor/collector, it is proposed to omit section 206AB of the Act and section 206CCA of the Act.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 65, 66 and 68]**

**D. SOCIO ECONOMIC WELFARE MEASURES**

*I. Increase in the limits on the income of the employees for the purpose of calculating perquisites*

The existing provisions of clause (2) of section 17 provide, inter alia, that “perquisite” includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by any employer (including a company) to an employee whose income under the head “Salaries” as a monetary benefit does not exceed fifty thousand rupees. This upper limit on income was determined by the Finance Act, 2001.

2. Further, the proviso to clause (2) of section 17 provides that any expenditure incurred by the employer for travel outside India on the medical treatment of an employee or any member of the employee’s family shall not be included in “perquisite”, subject to the condition that the gross total income of such employee does not exceed two lakh rupees. This upper limit on income was determined by the Finance Act, 1993.

3. These limits on the income of the employees for the purpose of calculating perquisites were put in place more than 20 and 30 years ago respectively. Thus, there is a need to adjust these limits accordingly to take into account changes in standard of living and economic conditions.

4. It is proposed that the provisions of section 17 may be amended so that the power to prescribe rules may be obtained to increase the limit on the gross total income of the employees so that,—

(I) the amenities and benefits received by such employees would be exempt from being treated as perquisites.

(II) the expenditure incurred by the employer for travel outside India on the medical treatment of such employee or his family member would not be treated as a perquisite.

5. These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clause 9]**

*II. Deduction under section 80CCD for contributions  
made to NPS Vatsalya*

The NPS Vatsalya Scheme, officially launched on 18 September, 2024, enables parents and guardians to start a National Pension Scheme (NPS) account for their children. This savings-cum-pension scheme is designed exclusively for minors and will be operated by the guardian for the exclusive benefit of the minor till they attain majority. When a minor attains 18 years, the account will continue to be operational, transferred to the child's name with the accumulated corpus and will be shifted into the NPS-Tier 1 Account — All Citizen Model or other non-NPS scheme account.

2. It is proposed to extend the tax benefits available to the National Pension Scheme (NPS) under section 80CCD of the Act to the contributions made to the NPS Vatsalya accounts, as follows :

(I) A deduction to be allowed to the parent/guardian's total income, of the amount paid or deposited in the account of any minor under the NPS to a maximum of Rs. 50,000 overall as mandated under sub-section (1B) of section 80CCD ;

(II) The amount on which deduction has been allowed under sub-section (1B) of section 80CCD or any amount accrued thereon, will be charged to tax when such amount is withdrawn, in the case where deposit was made in the account of a minor ; and

(III) The amount on which deduction has been allowed and is received on closure of the account due to the death of the minor shall not be deemed to be the income of the parent/guardian ;

3. The NPS Vatsalya Scheme also allows for partial withdrawal from the minor's account to address certain contingency situations like education, treatment of specified illnesses and disability (of more than 75 per cent.) of the minor. Accordingly, it is also proposed to insert a clause (12BA) in section 10 of the Act, which provides that any income received on partial withdrawal made out of the minor's account, shall not be included in the total income of the parent/guardian to the extent it does not exceed 25 per



cent. of the amount of contributions made by him and in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) and the regulations made thereunder.

4. These amendments will take effect from the 1st day of April, 2026, and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years. **[Clauses 6 and 17]**

### *III. Exemption to withdrawals by Individuals from National Savings Scheme from taxation*

Section 80CCA, inter alia, provides for a deduction to an individual, or a Hindu undivided family, for any amount deposited in the National Savings Scheme (NSS). It is also provided that no deduction would be allowed in relation to such amount on or after the 1st day of April, 1992.

2. Sub-section (2) of section 80CCA, inter alia, provides that where such amount, together with the interest accrued on such amount standing to the credit of the assessee under the scheme is withdrawn, it shall be deemed to be the income of the assessee and shall be chargeable to tax. Since this provision has been sunset from 1-4-1992, the amounts taxable on withdrawal are those which were deposited in financial year 1991-92 and earlier, and on which deduction had been claimed. Further, Circular No. 532 issued on 17-3-1989 provided that the withdrawal on closure of account due to death of the depositor was not chargeable to tax in the hands of the legal heirs.

3. The Department of Economic Affairs issued a Notification dated 29-08-2024 providing that no interest would be paid on the balances in the NSS after 1-10-2024. Representations were received to suitably amend section 80CCA to provide relief to individuals facing hardship who were compelled to withdraw as a result of this Notification.

4. It is therefore proposed to amend section 80CCA to provide exemption to the withdrawals made by individuals from these deposits for which deduction was allowed, on or after 29th day of August, 2024. This exemption is provided to the deposits, with the interest accrued thereon, made before 1-4-1992 as these are the amounts in respect of which a deduction has been allowed.

5. This amendment shall be made with retrospective effect from the 29th day of August, 2024. **[Clause 16]**

### *IV. Annual value of the self-occupied property simplified*

Section 23 of the Act relates to determination of annual value. Sub-section (2) of the said section provides that where house property is in the

occupation of the owner for the purposes of his residence or owner cannot actually occupy it due to his employment, business or profession carried on at any other place, in such cases, the annual value of such house property shall be taken to be nil. Further, sub-section (4) of the said section provides that provisions of sub-section (2) of the Act will be applicable in respect of two house properties only, which are to be specified by the owner.

2. With a view to simplifying the provisions, it is proposed to amend the sub-section (2) so as to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. The provision of sub-section (4) of section 23 of the Act which allows this benefit only in respect of two of such houses shall continue to apply as earlier.

3. This amendment will take effect from the 1st day of April, 2025 and shall accordingly apply for assessment year 2025-26 onwards. **[Clause 10]**

#### E. TAX ADMINISTRATION

##### *I. Obligation to furnish information in respect of crypto-asset*

Vide Finance Act, 2022, taxation of virtual digital assets (VDA) has been introduced in the Income-tax Act, 1961 ("the Act"), under section 115BBH of the Act in which the transfer of VDA is to be taxed at the rate of 30 per cent. with no deduction in respect of expenditure (other than cost of acquisition) to be allowed. To define VDA, clause (47A) was inserted in section 2 of the Act. Further, to capture VDA transaction details, section 194S has been inserted in the Act to provide for deduction of tax on payment for transfer of VDA at the rate of 1 per cent. of transaction value including cases where the transaction occurs in kind or partly in cash.

2. It is now proposed to insert section 285BAA in the Act, being the Obligation to furnish information of crypto-asset, wherein—

(I) Sub-section (1) of section 285BAA of the Act states any person, being a reporting entity, as may be prescribed, in respect of crypto-asset, shall furnish information in respect of a transaction in such crypto-asset in a statement, for such period, within such time, in such form and manner and to such income-tax authority, as may be prescribed ;

(II) Sub-section (2) of said section states that where prescribed income-tax authority considers that the statement furnished is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within a period of thirty days from the date of such intimation or such further period as may be allowed, and if the defect is not rectified within the aforesaid period

allowed, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement ;

(III) Sub-section (3) of said section states that where a person who is required to furnish a statement has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a given time period and he shall furnish the statement within the time specified in the notice ;

(IV) Sub-section (4) of said section states that if any person, having furnished a statement, or in pursuance of a notice issued, comes to know or discovers any inaccuracy in the information provided in the statement, he shall within a given period inform the income-tax authority, the inaccuracy in such statement and furnish the correct information in such manner as prescribed ;

(V) Sub-section (5) of said section states that the Central Government may, by rules specify the persons to be registered with the prescribed income-tax authority, the nature of information and the manner in which such information shall be maintained by the persons and the due diligence to be carried out by such persons for the purpose of identification of any crypto-asset user or owner ;

3. It is also proposed to amend clause (47A) of section 2 to insert sub-clause (d) which states that the definition of virtual digital asset also includes any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset or not.

4. These amendments will take effect from the 1st day of April, 2026.

**[Clauses 3 and 85]**

## *II. Increasing time limit available to pass order under section 115VP*

Section 115VP of the Act pertains to method and time of opting for tonnage tax scheme, under which the tonnage income of an assessee shall be computed in accordance with the provisions of Chapter XII-G. Sub-section (1) of section 115VP of the Act provides that a qualifying company may opt for the tonnage tax scheme by making an application to the Joint Commissioner having jurisdiction over the company, as prescribed, for such scheme.

2. Sub-section (3) of the said section requires that the Joint Commissioner on receipt of such application may call for information or documents

from the company as deemed fit and after satisfying themselves about the eligibility of such company to make an option for tonnage tax scheme, pass an order in writing, approving the option for tonnage tax scheme or if not so satisfied, refuse such approval, after providing reasonable opportunity of being heard. Sub-section (4) of the said section requires for order under sub-section (3) of section 115VP of the Act, whether approving or rejecting the application to exercise option of tonnage tax scheme, to be passed before the expiry of one month from the end of the month in which the application was received under sub-section (1) of said section.

3. It is seen that very less time is available under sub-section (4) of section 115VP of the Act with the Joint Commissioner of Income-tax for verification of information and documents, including physical inspection of the ships if necessary, providing an opportunity of being heard and then passing a reasoned order approving or rejecting the application.

4. Accordingly, to address this issue, it is proposed to amend sub-section (4) of section 115VP to provide that for application received under sub-section (1) on or after the 1st day of April, 2025, order under sub-section (3) shall be passed before the expiry of three months from the end of the quarter in which such application was received.

5. This amendment will take effect from the 1st day of April, 2025.

**[Clause 32]**

*III. Excluding the period such as court stay, etc., for calculating time limit to pass an order*

Sub-section (7A) of section 206C of the Act provides that no order shall be made deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B) of section 206C of the Act, whichever is later.

2. While computing the time limit under sub-section (7A) of section 206C of the Act, exclusion of the time period such as period for which proceedings were stayed by an order of any court, etc., is required to be provided.

3. It is proposed that sub-section (7A) of section 206C of the Act is to be amended to provide that relevant provisions of section 153 of the Act would apply to the time limit prescribed in sub-section (7A) of section 206C of the Act.

4. The amendment will take effect from the 1st day of April, 2025.

**[Clause 67]**

*IV. Exemption from prosecution for delayed payment of  
TCS in certain cases*

Section 276BB of the Act provides for prosecution in case of failure to pay the tax collected at source to the credit of Central Government. The provision of the said section states that 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 of the Act, 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.

2. It is proposed to amend section 276BB of the Act to provide that the prosecution shall not be instituted against a person covered under the said section, 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 quarterly statement under proviso to sub-section (3) of section 206C of the Act in respect of such payment.

3. This amendment will take effect from the 1st day of April, 2025.

**[Clause 84]**

*V. Certain penalties to be imposed by the Assessing Officer*

Sections 271C, 271CA, 271D, 271DA, 271DB and 271E of the Act, inter-alia, provide that penalty under these sections shall be imposed by the Joint Commissioner. Though, assessment in such cases were being made by the Assessing Officer, penalty under these sections were being imposed by the Joint Commissioner.

2. In order to rationalize the process, it is proposed to amend sections 271C, 271CA, 271D, 271DA, 271DB and 271E of the Act so that penalties under these sections shall be levied by the Assessing Officer in place of Joint Commissioner, subject to the provisions of sub-section (2) of section 274 of the Act. Thus, Assessing Officer shall take the prior approval of Joint Commissioner for the passing of penalty order, where penalty amount exceeds the limit specified in sub-section (2) of section 274 of the Act.

3. It is further proposed to make consequential amendment in clause (n) of sub-section (1) of section 246A of the Act.

4. Section 271BB of the Act provides the penalty for the failure to subscribe to the eligible issue of capital. It further provides that, any person who fails to subscribe any amount of subscription to the units issued under any scheme referred to in sub-section (1) of section 88A of the Act to the eligible issue of capital under that sub-section within the period of six

months specified therein, may be directed by the Joint Commissioner to pay, by way of penalty, a sum equal to twenty per cent. of such amount. However, section 88A has already been omitted vide Finance (No. 2) Act, 1996 with retrospective effect from 1st April, 1994. In the absence of the parent section, relevance of the penalty section in the case of any failure does not exist. Therefore, it is proposed to omit section 271BB of the Act.

5. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 69, 76, 77, 78, 79, 80, 81 and 82]**

*VI. Removing date restrictions on framing the schemes  
in certain cases*

The Central Government has undertaken a number of measures to make certain processes under the Act, electronic, by eliminating person to person interface between the taxpayer and the Department to the extent technologically feasible, and provide for optimal utilisation of resources and a team-based assessment with dynamic jurisdiction. A series of futuristic reforms have been introduced in the domain of Direct Tax administration for the benefit of taxpayers and economy.

2. In this regard, enabling provision for notifying faceless schemes under sections 92CA, 144C, 253 of the Act were introduced in the Act through TOLA with effect from 1-11-2020 and under section 255 of the Act, was inserted through Finance Act, 2021 with effect from 1-4-2021. Further, vide Finance Act, 2022, time limit for notification was extended to 31-3-2024 due to challenges in implementation. Further, vide Finance Act, 2024, time limit for notification was further extended to 31-3-2025 due to various challenges in the formation of the scheme under these sections.

3. In this regard, it is proposed that end date prescribed for notifying faceless schemes under sections 92CA, 144C, 253 and 255 of the Act may be omitted so as to provide that Central Government may issue directions beyond the cut-off date of 31st day of March, 2025, if required.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 21, 42, 70 and 71]**

*VII. Extending the processing period of application seeking  
immunity from penalty and prosecution*

Section 270AA of the Act provides, inter alia, procedure of granting immunity by the Assessing Officer from imposition of penalty or prosecution, subject to fulfilment of certain conditions as mentioned therein. Sub-section (2) of the said section provides that an application for granting immunity from imposition of penalty shall be made within one month from the end of the month in which the order referred to in clause (a) of

sub-section (1) of the said section has been received by the assessee. Sub-section (4) of the said section provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of one month from the end of the month in which the application requesting immunity is received.

2. Inputs have been received from the stakeholders that tax-payers are facing challenges to represent their case within this limited period and therefore the period for processing their applications may be increased.

3. In view of the same, it is proposed to amend sub-section (4) of section 270AA of the Act so as to extend the processing period to three months from the end of the month in which application for immunity is received by the Assessing Officer.

4. This amendment will take effect from the 1st day of April, 2025.

**[Clause 74]**

#### *VIII. Extending the time-limit to file the updated return*

Sub-section (8A) of section 139 of the Act, relates to furnishing of updated return. As per the present provisions, an updated return can be filed upto 24 months from the end of the relevant assessment year. The facility of updated return has promoted voluntary compliance against payment of additional income-tax of 25 per cent. of aggregate of tax and interest payable for updated return filed upto 12 months from the end of the relevant assessment year. For updated return filed after expiry of 12 months and upto 24 months from the end of the relevant assessment year, the additional income-tax of 50 per cent. of aggregate of tax and interest is to be paid.

2. With a view to further nudging voluntary compliance, it is proposed to amend the said subsection so as to extend the time-limit to file the updated return from existing 24 months to 48 months from the end of relevant assessment year. Rate of additional income-tax payable for updated return filed after expiry of 24 months and upto 36 months from the end of the relevant assessment year shall be 60 per cent. of aggregate of tax and interest payable. The additional income-tax payable for updated return filed after expiry of 36 months and upto 48 months from the end of the relevant assessment year shall be 70 per cent. of aggregate of tax and interest payable.

3. It is further proposed to provide that no updated return shall be furnished by any person where any notice to show-cause under section 148A of the Act has been issued in his case after thirty-six months from the end of the relevant assessment year. However, where subsequently an order is

passed under sub-section (3) of section 148A of the Act determining that it is not a fit case to issue notice under section 148 of the Act, updated return may be filed upto 48 months from the end of the relevant assessment year.

4. These amendments will take effect from the 1st day of April, 2025.

**[Clauses 39 & 40]**

*IX. Extension of exemption to specified undertaking of  
Unit Trust of India (SUUTI)*

SUUTI was created by the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (UTI Repeal Act, 2002). It is the successor of the erstwhile Unit Trust of India (UTI) and is mandated to liquidate the Government liabilities on account of erstwhile UTI.

2. As per sub-section (1) of section 13 of the UTI Repeal Act, 2002, SUUTI has been exempted from payment of income-tax up to 31st day of March, 2023. Finance Act, 2023 amended the UTI Repeal Act, 2002, to extend such date to 31st day of March, 2025.

3. It has been represented that the work of SUUTI pertaining to the redemption of schemes, payments of entire amounts, pending litigation etc. is expected to extend beyond 31st day of March, 2025, i. e., beyond the time limit till which the income-tax exemption has been provided.

4. In view of the above, it is proposed to amend the UTI Repeal Act, 2002, by way of amendment of sub-section (1) of section 13, so as to provide that notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961) or any other enactment for the time being in force relating to tax on income, profits or gains, no income-tax or any other tax shall be payable by the Administrator in relation to the specified undertaking for the period beginning on the appointed day and ending on the 31st day of March, 2027 in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.

5. This amendment will take effect from the 1st day of April, 2025.

**[Clause 131]**

In case of divergence of interpretation, the English text shall prevail.

**CUSTOMS**

*Note :*

(a) "Basic Customs Duty (BCD)" means the customs duty levied under the Customs Act, 1962.

(b) "Agriculture Infrastructure and Development Cess (AIDC)" means a duty of customs that is levied under section 124 of the Finance Act, 2021.



(c) "Health Cess" means a duty of customs that is levied under section 141 of the Finance Act, 2020.

(d) "Social Welfare Surcharge (SWS)" means a duty of customs that is levied under section 110 of the Finance Act, 2018.

(e) Clause Nos. in square brackets [ ] indicate the relevant clause of the Finance Bill, 2025.

(f) Amendments carried out through the Finance Bill, 2025, will come into effect on the date of its enactment or from 1st May 2025 or as may be specified.

### I. Amendments to the Customs Act, 1962

Sl. No.	Amendment	Clause of the Finance Bill, 2025
	<i>These changes will come into effect from the date of enactment of the Finance Bill, 2025</i>	
(i)	Insertion of new sub-section in section 18	
	(a) A new sub-section (1B) is being inserted in section 18 of the Customs Act, 1962 so as to provide definite time limit of two years for finalisation of provisional assessment. It also provides that this time period may be extended by the commissioner of customs for a further period of one year if sufficient cause is shown. Further, it also provides that, for the pending cases, the time-limit shall be reckoned from the date of assent of the Finance Bill.	[87]
	(b) A new sub-section (1C) is being inserted to provide for certain grounds on which the time-limit of two years for finalising provisional assessment shall remain suspended.	[87]
(ii)	Insertion of new section	
	A new section 18A is being inserted after section 18 of the Customs Act, 1962 for voluntary revision of entry post clearance so that the importers and exporters may revise any entry that is made in relation to the goods within a prescribed time and according to certain conditions as may be prescribed. It also provides for treating such entry as self-assessment and allowing payment of duty or treating the revised entry as a refund claim under section 27. It also provides for certain cases where this section will not apply.	[88]
(iii)	Insertion of new <i>Explanation</i> in section 27(1)	
	A new <i>Explanation</i> is being inserted in sub-section (1) of section 27 of the Customs Act, 1962, to clarify that the period of limitation of the claim of refund consequent to the revised entry under section 18A or amendment under section 149 of the Customs Act, 1962, shall be one year from the date of payment of duty or interest.	[89]

(iv)	Insertion of new clause in <i>Explanation 1</i> of section 28 new clause is being inserted in <i>Explanation 1</i> of section 28 of the Customs Act, 1962, wherein, the relevant date in the case where duty is paid under the revised entry under section 18A is the date of payment of duty or interest.	[90]
(v)	Insertion of new clause in section 127A	
	A new clause is being inserted after clause (d) and (e) in section 127A of the Customs Act, 1962, to define Interim Board, Member of the Interim Board and pending applications.	[91]
(vi)	Insertion of new provisos in section 127B Two new provisos are being inserted after sub-section (5) in section 127B of the Customs Act, 1962 to provide end date for receipt of applications under this section.	[92]
(vii)	Insertion of new sub-section in section 127C	
	A new sub-section is being inserted after sub-section (11) in section 127C of the Customs Act, 1962, providing time limit for extension by the Interim Board.	[93]
(viii)	Insertion of new sub-section in section 127D	
	A new sub-section is being inserted after sub-section (2) in section 127D of the Customs Act, 1962, clarifying that the powers of Settlement Commission shall be exercised by the Interim Board and further provisions of this section shall mutatis mutandis apply to the Interim Board as they apply to the Settlement Commission.	[94]
(ix)	Insertion of new sub-section in section 127F	
	A new sub-section is being inserted after sub-section (4) in section 127F of the Customs Act, 1962, providing that the powers and functions of Settlement Commission shall be exercised or performed by the Interim Board.	[95]
(x)	Insertion of proviso to section 127G	
	A proviso to section 127G of the Customs Act, 1962 is being inserted providing that the powers and functions of Settlement Commission shall be exercised or performed by the Interim Board.	[96]
(xi)	Insertion of new sub-section in section 127H	
	A new sub-section is being inserted after sub-section (3) in section 127H of the Customs Act, 1962 providing that the powers and functions of Settlement Commission shall be exercised or performed by the Interim Board.	[97]

## II. Amendments to the Customs Tariff Act, 1975

Sl. No.	Amendment to section	Clause of the Finance Bill, 2025
1.	The First Schedule to the Customs Tariff Act, 1975 is proposed to be amended to,—	[98]

(a) reduce the tariff rate from 25%, 30%, 35%, 40% to 20%
(b) reduce the tariff rate from 150%, 125%, 100% to 70%
(c) reduce the tariff rate on certain items
(d) tariffise effective rates in the Schedule
(e) create new tariff items based on process (parboiled, others) and on variety (rice recognised by Geographical Identification Registry, basmati, others) under sub-heading 1006 30
(f) create new tariff items under "Makhana" products (popped, flour and powder, others) and consequent re-numbering of existing entries under sub-heading 2008 19
(g) create new tariff items to separately identify waste oils containing different levels of concentration of levels of polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs) under sub-heading 2710 91
(h) create new tariff items for identification of certain dual-use chemical for non-pesticidal use in chapter 28
(i) create new tariff items and supplementary notes for identification of certain dual-use chemical for non-pesticidal use and certain goods covered by International Conventions in chapter 29
(j) create new tariff items and supplementary notes for identification of certain technical-grade pesticides and certain goods covered by International Conventions in chapter 38
(k) create new tariff lines to distinguish precious metals – containing 99.9% or more by weight of silver, containing 99.5% or more by weight of gold, containing 99% or more by weight of platinum under headings 7106, 7108 and 7110 respectively
(l) changes in heading 8112 to align with WCO HS 2022
(m) changes in sub-heading note 2 to chapter 85 to align with WCO HS 2022
[These changes will be effective from 1st May, 2025]

*[Objective :*

A : To implement rationalisation of customs tariff structure and reduction of rate slabs

B : For better identification of goods ; to align tariff lines with WCO classification]

### III. Amendments to Duty Rates in First Schedule to the Customs Tariff Act, 1975

A.	Increase in Tariff rate (to be effective from 2-2-2025) * (Clause 98(a) of the Finance Bill, 2025)		Rate of duty	
	*Will come into effect immediately through a declaration under the Provisional Collection of Taxes Act, 2023			
Sl. No.	Tariff item	Commodity	From	To
<i>Textile</i>				
1.	6004 10 00 6004 90 00 6006 22 00 6006 31 00 6006 32 00 6006 33 00 6006 34 00 6006 42 00 6006 90 00	Knitted fabrics	20%/10%	20% or Rs. 115/kg, whichever is higher
<i>IT and Electronics sector</i>				
2.	8528 59 00	Interactive flat panel displays (completely built units)	10%	20%
B.	Decrease in tariff rate (to be effective from 1-5-2025 unless otherwise specified) * [clause 98(b) of the Finance Bill, 2025]		Rate of Duty	
	Note: These changes will be effective from 2nd February, 2025 by issuance of notification.			
Sl. No.	Heading, sub-heading, tariff item	Commodity	From	To
1.	2515 11 00, 2515 12	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other	40%	20%
2.	2516 11 00, 2516 12 00	Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	40%	20%
3.	2933 59	Other compounds containing a pyrimidine ring (whether or not hydrogenated) or piperazine ring in the structure	10%	7.5%

4.	3302 10	Synthetic flavouring essences and mixtures of odoriferous substances of a kind used in food and drink industries	100%	20%
5.	3406	Candles, tapers and the like	25%	20%
6.	3822 90	Reference Materials	30%	10%
7.	3824 60	Sorbitol other than that of sub-heading 2905 44	30%	20%
8.	3920	Other, plates, sheets, films, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials	25%	20%
9.	3921	Other plates, sheet, film, foil and strip of plastics	25%	20%
10.	6401	Waterproof Footwear with outer soles and uppers of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes	35%	20%
11.	6402	Other footwear with outer soles and uppers of rubber or plastics	35%	20%
12.	6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	35%	20%
13.	6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	35%	20%
14.	6405	Other footwear	35%	20%
15.	6802 10 00 6802 10 00 6802 21 10 6802 21 20 6802 21 90 6802 23 10 6802 23 90 6802 29 00 6802 91 00	Worked monumental or building stone	40%	20%

	6802 92 00 6802 93 00			
16.	7113	Articles of Jewellery and parts thereof	25%	20%
17.	7114	Articles of goldsmiths' and silver-smiths' ware's and parts thereof	25%	20%
18.	7404 00 12	Copper Waste and Scrap	2.5%	Nil
	7404 00 19			
	7404 00 22			
19.	8002	Tin Waste and Scrap	5%	Nil
20.	8101 97 00	Tungsten Waste and Scrap	5%	Nil
21.	8102 97 00	Molybdenum Waste and Scrap	5%	Nil
22.	8103 30 00	Tantalum Waste and Scrap	5%	Nil
23.	8105 30 00	Cobalt Waste and Scrap	5%	Nil
24.	8106 90 10	Waste and Scrap of Bismuth and Bismuth alloys	5%	Nil
25.	8109 31 00, 8109 39 00	Zirconium Waste and Scrap	10%	Nil
26.	8110 20 00	Antimony Waste and Scrap	2.5%	Nil
27.	8112 13 00	Beryllium Waste and Scrap	5%	Nil
28.	8112 41 20	Rhenium Waste and Scrap	10%	Nil
29.	8112 61 00	Cadmium Waste and Scrap	5%	Nil
30.	8541 42 00	Solar Cells	25%	20%
31.	8541 43 00, 8541 49 00	Solar module and other semiconductor devices and photo voltaic cells	40%	20%
32.	8702	Motor vehicles for transport of 10 or more persons	40%	20%
33.	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125%	70%
34.	8704	Motor vehicles for transport of goods	40%	20%
35.	8711	Motorcycles and cycles fitted with an auxiliary motor with or without side-car	100%	70%
36.	8712 00 10	Bicycles	35%	20%
37.	8903	Yachts and other vessels for pleasure or sports ; rowing boats and canoes	25%	20%

38.	9028 30 10	Electricity meters for alternating current (Smart meter)	25%	20%
39.	9401	Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof	25%	20%
40.	9403	Other furniture and parts thereof	25%	20%
41.	9404	Mattress supports, articles of bedding and similar furnishing etc.	25%	20%
42.	9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof etc.	25%	20%
43.	9503 00 91	Parts of electronic toys	70%	20%
44.	9802 00 00	Laboratory Chemicals	150%	70%
45.	9803 00 00	All dutiable articles, imported by a passenger or a member of a crew in his baggage	100%	70%
46.	9804 00 00	All dutiable goods imported for personal use.	35%	20%

C.		<i>Tariff rate changes (without change in existing effective rate of duty) to be effective from 1-5-2025 unless otherwise specified (Clause 98(b) of the Finance Bill, 2025)</i>		<i>Rate of duty</i>	
<i>Sl. No.</i>	<i>Heading, sub-heading tariff item</i>	<i>Commodity</i>	<i>From</i>	<i>To</i>	
1.	1520 00 00	Glycerol crude, glycerol waters, glycerol lye	30%	20%	
2.	2603 00 00	Copper ores and concentrates	2.5%	Nil	
3.	2605 00 00	Cobalt ores and concentrates	2.5%	Nil	
4.	2609 00 00	Tin ores and concentrates	2.5%	Nil	
5.	2611 00 00	Tungsten ores and concentrates	2.5%	Nil	
6.	2613 00 00	Molybdenum ores and concentrates	2.5%	Nil	
7.	2615 10 00	Zirconium ores and concentrates	2.5%	Nil	
8.	2615 90 10	Vanadium ores and concentrates	2.5%	Nil	
9.	2615 90 20	Niobium or tantalum ores and concentrates	2.5%	Nil	
10.	2617 10 00	Antimony ores and concentrates	2.5%	Nil	
11.	2711 12 00	Liquefied propane	15%	2.5%	
12.	2711 13 00	Liquefied butane	15%	2.5%	
13.	27 11 19 10	LPG (for non-automotive purpose)	15%	5%	
14.	2711 19 20	LPG (for automotive purpose)	15%	5%	
15.	2711 19 90	Other liquefied petroleum gas	15%	5%	

16.	2809 20 10	Phosphoric acid	20%	7.5%
17.	2810 00 20	Boric acid	27.5%	7.5%
18.	3824 99 00	Other-prepared binders, chemical products and preparations of chemical or allied industries	17.5%	7.5%
19.	7210 12 10	OTS/MR type-flat rolled products of thickness less than 0.5 mm	27.5%	15%
20.	7210 12 90	Other flat rolled products of thickness less than 0.5 mm	27.5%	15%
21.	7219 12 00	Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10 mm	22.5%	15%
22.	7219 13 00	Hot-rolled products in coils of thickness greater than or equal to 3 mm but less than 4.75 mm	22.5%	15%
23.	7219 21 90	Flat rolled products of stainless steel of width 600 mm or more-other nickel chromium austenitic type	22.5%	15%
24.	7219 90 90	Flat rolled products of stainless steel of width 600 mm or more-other sheets and plates	22.5%	15%
25.	7225 11 00	Flat-rolled products of other alloy steel-grain oriented, silicon electrical steel	20%	15%
26.	7307 29 00	Other tube or pipe fittings of stainless steel	25%	15%
27.	7307 99 90	Other fittings of iron or steel, non-galvanised	25%	15%
28.	7308 90 90	Other structure and parts of structures of iron and steel	25%	15%
29.	7310 29 90	Others-tanks and drums, etc.	25%	15%
30.	7318 15 00	Other screws and bolts whether or with nuts or washers	25%	15%
31.	7318 16 00	Threaded nuts	25%	15%
32.	7318 29 90	Other non-threaded articles	25%	15%
33.	7320 90 90	Other springs and leaves of iron/steel	25%	15%
34.	7325 99 99	Other cast articles of iron or steel	25%	15%
35.	7326 19 90	Others - forged or stamped articles of iron or steel but not further worked	25%	15%
36.	7326 90 99	Miscellaneous other articles of iron/steel	25%	15%
37.	8001	Unwrought Tin	5%	Nil
38.	8101 94 00	Unwrought tungsten, including bars and rods obtained simply by sintering	5%	Nil
39.	8102 94 00	Unwrought molybdenum, including bars and rods obtained simply by sintering	5%	Nil



40.	8103 20	Unwrought tantalum, including bars and rods obtained simply by sintering, powders	5%	Nil
41.	8105 20 20	Cobalt, unwrought	5%	Nil
42.	8106 10 10	Bismuth, unwrought	5%	Nil
43.	8109 21 00	Unwrought zirconium, powders, containing less than 1 part hafnium to 500 parts zirconium by weight	10%	Nil
44.	8110 10 00	Unwrought antimony, powders	2.5%	Nil
45.	8112 12 00	Beryllium unwrought, powders	5%	Nil
46.	8112 31	Hafnium unwrought, waste and scrap, powders	10%	Nil
47.	8112 41 10	Rhenium unwrought	10%	Nil
48.	8112 69 10	Cadmium unwrought, powders	5%	Nil
49.	8112 69 20	Cadmium, wrought	5%	Nil

**IV. Other proposals involving changes in basic customs duty rates in notifications**

A.		<i>Changes in basic customs duty (to be effective from 2-2-2025)</i>		<i>Rates of duty</i>	
<i>Sl. No.</i>	<i>Chapter, heading, sub-heading, tariff item</i>	<i>Commodity</i>	<i>From</i>	<i>To</i>	
		<i>Aquafarming and marine exports</i>			
1.	0304 99 00	Frozen fish paste (surimi) for use in manufacture of surimi analogue products, for export	30%	5%	
2.	2301 20	Fish hydrolysate for use in manufacture of aquatic feed	15%	5%	
		<i>Leather</i>			
3.	4104 11 00 4104 19 00 4105 10 00 4106 21 00 4106 31 00 4106 91 00	Wet blue leather (hides and skins)	10%	Nil	
		<i>Gems and jewellery sector</i>			
4.	7113	Platinum findings	25%	5%	
		Metal Scrap and lithium-ion battery Waste and scrap			
5.	7802	Lead waste and scrap	5%	Nil	
6.	7902	Zinc waste and scrap	5%	Nil	

7.	8105 20 30	Cobalt powders	5%	Nil
8.	8549 13 00 8549 14 00 8549 19 00	Waste and scrap of lithium-ion battery	5%	Nil
		<i>IT and electronics sector</i>		
9.	8517	Ethernet switches carrier grade	20%	10%
10.	8524 8529	Open cell for interactive flat panel display module with or without touch, touch glass sheet and touch sensor PCB for the manufacture of the interactive flat panel display module.	15%/10%	5%
11.	8529	Inputs and parts of the open cells for use in the manufacture of television panels of LED/LCD TV.	2.5%	Nil
12.	Any chapter	Inputs or parts/sub-parts for use in the manufacture of the printed circuit board assembly, camera module and connectors of cellular mobile phones and inputs and raw materials for use in the manufacture of specified parts of cellular mobile phones, i. e, on wired headset, microphone and receiver, USB cable and fingerprint reader/scanner of cellular mobile phone.	2.5%	Nil
13.	Any chapter	Add 35 capital goods for use in the manufacture of lithium-ion battery of EVs and 28 capital goods for use in the manufacture of lithium-ion battery of mobile phones in the list of exempted capital goods	As applicable	Nil
14.	Any chapter	To amend entry S. No. 6D of notification No. 57 of 2017-Customs and incorporate 'any chapter' in column (2) for goods used to manufacture mechanics of mobile phone	As applicable	10%
		<i>Automobile</i>		
15.	8702	Motor vehicles for transport of 10 or more persons	25%/40%	20%
16.	8703	Motor cars and other motor vehicles with CIF value more than US \$40,000 or with engine capacity more than 3000 cc for petrol run vehicles and more than 2500 cc for diesel run vehicles or with both	100%	70%

17.	8704	Motor vehicles for transport of goods	25%/40%	20%
18.	8711	Motor cycles with engine capacity not exceeding 1600 cc in CBU form	50%	40%
19.	8711	Motor cycles with engine capacity not exceeding 1600 cc in SKD form	25%	20%
20.	8711	Motor cycles with engine capacity not exceeding 1600 cc in CKD form	15%	10%
21.	8711	Motor cycles with engine capacity of 1600 cc and above in CBU form	50%	30%
22.	8711	Motor cycles with engine capacity of 1600 cc and above in SKD form	25%	20%
23.	8711	Motor cycles with engine capacity of 1600 cc and above in CKD form	15%	10%
		<i>Toys</i>		
24.	9503 00 91	Parts of electronic toys for manufacture of electronic toys	25%	20%
<i>B.</i>	<i>Changes in export duty (to be effective from 2nd February, 2025)</i>		<i>Rate of duty</i>	
<i>Sl. No.</i>	<i>Tariff item</i>	<i>Commodity</i>	<i>From</i>	<i>To</i>
1.	4104 41 00 4104 49 00 4105 30 00 4106 22 00 4106 32 00 4106 92 00	Crust leather (hides and skins)	20%	Nil

### V. Agriculture infrastructure and development cess (AIDC)

<i>Notification No. 11 of 2021-Customs, dated 1-2-2021 is being amended to revise the AIDC rates on the following goods (with effect from 2-2-2025) :</i>				
<i>Sl. No.</i>	<i>Heading, sub-heading, tariff item</i>	<i>Commodity</i>	<i>Rate</i>	
			<i>From</i>	<i>To</i>
1.	2515 11 00 2515 12	Marble and travertine, crude or roughly trimmed, merely cut into blocks, slabs and other	Nil	20%
2.	2516 11 00 2516 12 00	Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	Nil	20%
3.	3406	Candles, tapers and the like	Nil	7.5%
4.	3920 or 3921	PVC flex films, PVC flex sheets, PVC flex banner	Nil	7.5%
5.	6401	Waterproof footwear with outer soles and uppers of rubber or plastics	Nil	18.5%

6.	6402	Other footwear with outer soles and uppers of rubber or plastics	Nil	18.5%
7.	6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	Nil	18.5%
8.	6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	Nil	18.5%
9.	6405	Other footwear	Nil	18.5%
10.	6802 10 00 6802 21 10 6802 21 20 6802 21 90 6802 91 00 6802 92 00	Marble slab	Nil	20%
11.	7113	Platinum findings	Nil	1.4%
12.	8541 42 00	Solar cells nil	Nil	7.5%
13.	8541 43 00 8541 49 00	Solar module and other semiconductor devices and photo-voltaic cells	Nil	20%
14.	8702	Motor vehicles for transport of 10 or more persons	Nil	20%
15.	8702	Motor vehicles for transport of 10 or more persons when imported under S. No. 524(1)(b) of the Notification No. 50 of 2017-Customs	Nil	5%
16.	8702	Motor vehicles for transport of 10 or more persons when imported under S. No. 524(2) of the notification No. 50 of 2017-Customs	Nil	20%
17.	8703	Used motor vehicles	Nil	67.5%
18.	8703	Motor cars and other motor vehicles principally designed for the transport of persons in other than completely knocked down and semi knocked down form with CIF value exceeding USD 40,000	Nil	40%
19.	8704	Motor vehicles for transport of goods	Nil	20%
20.	8704	Motor vehicles for transport of goods when imported under S. No. 525(1)(b) of the Notification No. 50 of 2017-Customs	Nil	5%
21.	8704	Motor vehicles for transport of 10 or more persons when imported under S. No. 525(2) of the notification No. 50 of 2017-Customs	Nil	20%

22.	8711	Used motorcycles and cycles fitted with an auxiliary motor with or without side-car	Nil	40%
23.	8712 00 10	Bicycles	Nil	15%
24.	8903	Yachts and other vessels for pleasure of sports	Nil	7.5%
25.	9028 30 10	Electricity meters for alternating current (smart meter)	Nil	7.5%
26.	9401	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof	Nil	5%
27.	9403	Other furniture and parts thereof	Nil	5%
28.	9404	Mattress supports, articles of bedding and similar furnishing, etc.	Nil	5%
29.	9405	Luminaries and lighting fittings including searchlights and spotlights and parts thereof, etc.	Nil	5%
30.	9503 00 91	Parts of electronic toys	Nil	20%
31.	9503 00 91	Parts of electronic toys for manufacture of electronic toys (S. No. 591 of Notification No. 50 of 2017-Customs dated 30-6-2017)	Nil	7.5%
32.	9802 00 00	Laboratory chemicals (other than those attracting 10% BCD for specified end use)	Nil	70%

### VI. Social welfare surcharge (SWS)

<i>Amendment to Notification No. 11 of 2018-Customs, dated 2-2-2018 (with effect from 2-2-2025)</i>	
<i>Sl. No.</i>	<i>Description</i>
	Following goods are being exempted from levy of social welfare surcharge
1.	Candles, tapers and the like
2.	PVC flex films including flex banner and PVC flex sheets under heading 3920 or 3921
3.	Solar cells
4.	Yachts and other vessels for pleasure of sports
5.	Electricity meters for alternating current (smart meter)
6.	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof
7.	Other furniture and parts thereof
8.	Mattress supports, articles of bedding and similar furnishing, etc.
9.	Luminaries and lighting fittings including searchlights and spotlights and parts thereof, etc.

10.	Parts of electronic toys
11.	Articles of gold/silver imported vide Sl. Nos. 356 and 357 of Notification No. 50 of 2017-Customs dated 30-6-2017
12.	Waterproof footwear with outer soles and uppers of rubber or plastics
13.	Other footwear with outer soles and uppers of rubber or plastics
14.	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather
15.	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials
16.	Other footwear
17.	All dutiable goods imported for personal use and not exempted under any prohibition in respect of imports thereof under the Foreign Trade (Development and Regulations) (FTDR) Act, 1992.
18.	Solar module and other semiconductor devices and photovoltaic cells
19.	Motor vehicles for transport of 10 or more persons
20.	Motor vehicles for transport of goods
21.	Motor cars and other motor vehicles principally designed for the transport of persons in other than completely built form with CIF value exceeding USD 40,000
22.	Motor cars and other motor vehicles which have been registered abroad before import into India, i. e., used vehicles
23.	Used motorcycles and cycles fitted with an auxiliary motor with or without side-car
24.	Laboratory Chemicals under CTH 9802 00 00 (other than those attracting 10% BCD for specified end use)
25.	Dutiable articles imported by passenger or member of crew in his baggage classified under heading 9803

## VII. Review of customs duty exemptions

*A. Review of conditional exemption rates of BCD prescribed in Notification No. 50/2017-Customs dated June 30, 2017 :*

A comprehensive review has been undertaken in respect of 25 conditional exemptions/concessional rate entries in Notification No. 50/2017-Customs dated 30th June, 2017 whose validity is expiring by March 31, 2025. After review, 24 entries are being continued for varying periods with modification in few entries and one entry is being lapsed.

(1) The details of exemptions/concessional rates being extended with or without modifications :

<i>Sl. No.</i>	<i>Description</i>	<i>Entry No</i>	<i>End date</i>
1	Ships and vessel for breaking up	S. No. 555A	31-3-2035
2	Raw materials, components, consumables or parts, for use in the manufacture of ships/vessels	S. No. 559	31-3-2035
3	Bulk drugs for manufacture of drugs or medicines (A separate entry is being created for drugs, medicines, diagnostic kits specified in list 3 with modifications in the list]	S. No. 166	31-3-2029
4	Bulk drugs used in the manufacture of polio vaccine and Monocomponent insulins	S. No. 166A	31-3-2029
5	Bulk drugs used in the manufacture of life saving drugs or medicines (A separate entry is being created for drugs, medicines, diagnostic kits specified in list 4 with modifications in the list)	S. No. 167	31-3-2029
6	Drugs, medicines or food for special medical purposes (FSMP) used for treatment of rare disease	S. No. 167A S. No. 607B	31-3-2029
7	Good specified in list 36 imported by testing agencies specified in list 37, for the purpose of testing and/or certification	S. No. 532A	31-3-2029
8	Crude glycerin for use in manufacture of Epichlorohydrin	S. No. 81A	31-3-2027
9	Denatured ethyl alcohol for use in manufacture of industrial chemicals	S. No. 104B	31-3-2027
10	Fish meal for use in manufacture of aquatic feed	S. No. 104C	31-3-2027
11	Goods for the manufacture of telecommunication grade optical fibres or optical fibre cables	S. No. 168, S. No. 341, S. No. 341A	31-3-2027
12	Textile machinery (with addition of two new machinery)	S. No. 460 S. No. 460A S. No. 460B S. No. 460C S. No. 460D	31-3-2027
13	Parts and components for use in manufacturing of textile machineries	S. No. 460E	31-3-2027
14	Goods for use in the manufacture of open cell of LCD and LED TV panel	S. No. 515B	31-3-2027

15	Seeds for use in manufacturing of rough lab-grown diamonds (IGCR condition removed)	S. No. 345B	31-3-2026
16	Parts of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators (The entry has also been modified)	S. No. 405	31-3-2026
17	Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators	S. No. 406	31-3-2026

Note : *Description of entries is indicative. Notification may be referred to for complete description.*

(2) The following entry is being allowed to lapse with effect from April 1, 2025 :

Sl. No.	S. No. of 50/2017-Customs	Description
1.	489AA	Heat coil for use in the manufacture of electric kitchen chimneys falling under tariff item 84146000

(3) Other changes in Notification No. 50/2017-Customs dated June 30, 2017.

Certain entries are being modified as under :

Sl. No.	Sl. No. of 50/17-Cus	Brief description
1.	257A	9 new groups of items such as sea shell, adhesive, etc., are being added to the list of duty free items for use in manufacture of handicrafts for export. The time period for export of the handicraft items is also being increased from 6 months to 1 year, further extended by another three months.
2.	539	BCD exemption is being extended to imports of ground installations for satellites and payloads and its spares and consumables of such installations.
3.	539A	BCD exemption is being provided on goods for use in the building of launch vehicles and launching of satellites

Note : *Description of entries is indicative. Notification may be referred to for complete description.*



**B. Amendment of Notifications Nos. 16/2017-Customs dated 20-4-2017 and 153/94-Customs dated 13-7-1994**

<i>Notification No.</i>	<i>Brief description</i>
16/2017-Customs dated 20-4-2017	The notification exempts specified drugs and medicines from the whole of the duty of customs leviable thereon subject to their being supplied free to cost to patients under patient assistance programme (PAP) run by the pharmaceutical companies. 37 new drugs and 13 patient assistance programmes are being added to the list
153/94-Customs, dated 13-7-1994	Currently, articles of foreign origin can be imported into India for maintenance, repair and overhauling subject to their export within six months extendable to one year. The duration for export in the case of railway goods imported for such purpose has been increased from 6 months to 1 year further extendable by 1 year

Note : *Description of entries is indicative. Notification may be referred to for complete description.*

**VIII. Changes to IGCR (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2017**

Rules 6 and 7 are being amended to increase the time limit for fulfilling end use from current six months to one year. Further, the importers will now have to file only a quarterly statement instead of monthly statement.

**CENTRAL EXCISE**

**1. Amendments in Central Excise Act, 1944**

<i>Sl. No.</i>	<i>Amendment</i>	<i>Clause of the Finance Bill, 2025</i>
These changes will come into effect from the 1st day of April, 2025		
1.	Section 31 is being amended to define "Interim Board for Settlement" and "pending application".	[99]
2.	A new section 31A is being inserted to establish one or more Interim Boards for Settlement to process the pending applications and to provide that every pending application shall be dealt by the Interim Board from the stage at which such pending application stood immediately before its constitution.	[100]
3.	A proviso to sub-section (1) of section 32 is being inserted to provide that CCESC shall cease to operate on or after 1st April, 2025.	[101]

4.	Sections 32A, 32B, 32C and 32D are being amended by inserting a proviso in all these sections to provide that the provisions of these sections shall not apply on or after 1st April, 2025.	[102 to 105]
5.	A proviso to sub-section (5) of section 32E is being inserted to provide that no new application shall be made under this section on or after 1st April, 2025.	[106]
6.	Section 32F is being amended to substitute the expression "Settlement Commission" with "Interim Board" so that the specified procedure on receipt of the application under section 32E shall apply to the Interim Boards. Additionally, a new sub-section is being introduced to allow the Interim Board, within three months of its constitution, to extend the time limit for disposing of pending applications by up to twelve months from its constitution, with reasons to be recorded in writing.	[107]
7.	Sections 32G, 32-I, 32J, 32K, 32L, 32M, 32-O and 32P are being amended to provide that on and after 1st April, 2025, the powers and functions of the Settlement Commission under these sections shall be exercised by the Interim Boards.	[108 to 115]

#### SERVICE TAX

<i>Sl. No.</i>	<i>Retrospective exemptions</i>	<i>Clause of the Finance Bill, 2025</i>
1.	Services provided or agreed to be provided by insurance companies by way of reinsurance services under the Weather Based Crop Insurance Scheme (WBCIS) and the Modified National Agricultural Insurance Scheme (MNAIS) are proposed to be exempted from service tax retrospectively for the period commencing from 1st April, 2011 and ending with 30th June, 2017.	[130]

#### GOODS AND SERVICES TAX

*Note :*

(a) CGST Act means Central Goods and Services Tax Act, 2017

(b) Amendments carried out through the Finance Bill, 2025 will come into effect from the date when the same will be notified concurrently, unless specified otherwise, as far as possible, with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

**I. Amendments in the CGST Act, 2017 :**

Sl. No.	Amendment	Clause of the Finance Bill, 2025
1	Clause (61) of section 2 of the Central Goods and Services Tax Act is being amended to explicitly provide for distribution of input tax credit by the input service distributor in respect of inter-state supplies on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act. This amendment will be effective from 1st April 2025.	[116]
2	Sub-clause (c) of clause (69) of section 2 is being amended to replace "municipal or local fund" with "municipal fund or local fund" and to insert an <i>Explanation</i> after the said sub-clause, to provide for definitions of the terms "local fund" and 'Municipal Fund' used in the definition of "local authority" under the said clause so as to clarify the scope of the said terms.	[116]
3	A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism.	[116]
4	(i) Sub-section (4) of section 12 relating to time of supply in respect of Vouchers is being deleted. (ii) Sub-section (4) of section 13 relating to time of supply in respect of vouchers is being deleted.	[117, 118]
5	Clause (d) of sub-section (5) of section 17 is being amended to substitute the words "plant or machinery" with words "plant and machinery". This amendment will be effective retrospectively from 1st July 2017, notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.	[119]
6	Section 20(1) and section 20(2) are being amended to explicitly provide for distribution of input tax credit by the input service distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of Integrated Goods and Services Tax Act in said sub-sections of section 20 of Central Goods and Services Tax Act. The amendment will be effective from 1st April, 2025.	[120]
7	Proviso to sub-section (2) of section 34 is being amended to explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.	[121]
8	Section 38(1) is being amended to omit the expression "auto generated" with respect to statement of input tax credit in the said sub-section.	[122]

9	Section 38(2) is being amended by omitting the expression "auto generated" with respect to statement of input tax credit in said sub-section and also to insert the expression "including" after the words "by the recipient" in clause (b) of said sub-section to make the said clause more inclusive.	[122]
10	Section 38(2) is being amended by inserting a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.	[122]
11	Section 39(1) is being amended so as to provide for an enabling clause to prescribe conditions and restriction for filing of return under the said sub-section.	[123]
12	Section 107(6) is being amended to provide for 10% mandatory pre-deposit of penalty amount for appeals before appellate authority in cases involving only demand of penalty without any demand for tax.	[124]
13	Section 112(8) is being amended to provide for 10% mandatory pre-deposit of penalty amount for appeals before Appellate Tribunal in cases involving only demand of penalty without any demand for tax.	[125]
14	New section 122B is being inserted to provide penalty for contraventions of provisions related to the track and trace mechanism provided under section 148A.	[126]
15	New section 148A is being inserted to provide for an enabling mechanism for track and trace mechanism for specified commodities.	[127]
16	Schedule III of CGST Act is being amended, with effect from July 1, 2017 by inserting a new clause (aa) in paragraph 8 of Schedule III of the Central Goods and Services Tax Act, to provide that the supply of goods warehoused in a special economic zone or in a free trade warehousing zone to any person before clearance for exports or to the domestic tariff area shall be treated neither as supply of goods nor as supply of services.	[128]
17	It further seeks to amend <i>Explanation 2</i> of Schedule III of the Central Goods and Services Tax Act, with effect from July 1, 2017 to clarify that the said <i>Explanation</i> would be applicable in respect of clause (a) of paragraph 8 of the said Schedule.	[128]
18	It further seeks to amend Schedule III of CGST Act, with effect from July 1, 2017 by inserting <i>Explanation 3</i> to define the terms "special economic zone", "free trade warehousing zone" and "domestic tariff area", for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule.	[128]
19	No refund of tax already paid will be available for the aforesaid activities or transactions referred to in clause 128.	[129]

