



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

MEMORANDUM OF SUGGESTIONS
ON
THE INCOME TAX BILL, 2025
(PART - 3)

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SPECIFIC CLAUSE-WISE SUGGESTIONS
PART - 3 (Chapters XIV to XVIII)

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CHAPTER XIV

TAX ADMINISTRATION

1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
239	119	Instructions to subordinate authorities- (1) The Board may, from time to time, issue such orders, instructions and directions to other income-tax authorities as it may deem fit for the proper administration of this Act, and such authorities and all other people employed in the execution of this Act shall observe and follow such orders, instructions and directions of the Board : Provided that no such orders, instructions or directions shall be issued— (a) to require any income tax authority to make a particular assessment or to dispose	Instructions to subordinate authorities- (1) The Board may issue such orders, instructions and directions to other income-tax authorities as it considers fit for the proper administration of this Act, and such authorities and all other people employed in the execution of this Act shall observe and follow such orders, instructions and directions. (2) No orders, instructions or directions under sub-section (1) shall be issued to— (a) require any income tax authority to make a particular assessment or to		



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		<p>of a particular case in a particular manner; or</p> <p>(b) to interfere with the discretion of 88[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) in the exercise of his appellate functions.</p> <p>(2) Without prejudice to the generality of the foregoing power,</p> <p>(a) the Board may, if it considers it necessary or expedient so to do, for the purpose of proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of sections 115P, 115S, 115WD, 115WE, 115WF, 115WG, 115WH, 115WJ, 115WK, 139, 143, 144, 147, 148, 154, 155, 158BFA, sub-section (1A) of section</p>	<p>dispose of a particular case in a particular manner; or</p> <p>(b) interfere with the discretion of the Joint Commissioner (Appeals) or Commissioner (Appeals) in the exercise of his appellate functions.</p> <p>(3) Without prejudice to the foregoing power, the Board may,</p> <p>(a) if it considers necessary or expedient so to do for the proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of section 263, 270, 271, 279, 280, 287, 298, 398(3), 406, 407, 423, 424, 425, 427, 428, 439, 448, 449 or otherwise), general or special orders in respect of</p>	<p>It is suggested that section 239(3)(a) may be redrafted as under:</p> <p>(3) Without prejudice to the foregoing power, the Board may,</p> <p>(a) if it considers necessary or expedient so to do for the proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of section 263, 270, 271, 279, 280, 287, <u>288</u>, 298, 398(3), 406, 407, <u>408</u>, 423, 424, 425, 427, 428, 439, 448, 449 or</p>	<p>Reference to the following Sections of the Income-tax Bill, 2025, may be included in Section 239, since the corresponding existing sections of the Income-tax Act, 1961 have been included in section 119.</p> <p>1. Section 288 of the Income-tax Bill, 2025</p> <p>- Other amendments (corresponding to Section 155 of the Income-tax Act, 1961).</p>



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		<p>201, sections 210, 211, 234A, 234B, 234C, 234E, 234F, 270A, 271, 271C, 271CA and 273 or otherwise), general or special orders in respect of any class of incomes or fringe benefits or class of cases, setting forth directions or instructions (not being prejudicial to assessees) as to the guidelines, principles or procedures to be followed by other income-tax authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties and any such order may, if the Board is of opinion that it is necessary in the public interest so to do, be published and circulated in the prescribed manner for general information;</p> <p>(b) the Board may, if it considers it desirable or expedient so to do for</p>	<p>any class of incomes or class of cases,—</p> <p>(i) setting forth directions or instructions (not being prejudicial to assessees) as to the guidelines, principles or procedures to be followed by other income-tax authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties; and</p> <p>(ii) any such order may, if the Board is of the opinion that it is necessary in the public interest so to do, be published and circulated in the prescribed manner for general information.</p> <p>(b) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order, authorize any income-</p>	<p>otherwise), general or special orders in respect of any class of incomes or class of cases -</p> <p>2. Section 408 of the Income-tax Bill, 2025 - Instalments of advance tax and due dates (corresponding to section 211 of the Income-tax Act, 1961).</p>	



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		<p>avoiding genuine hardship in any case or class of cases, by general or special order, authorise any income-tax authority, not being a Joint Commissioner (Appeals) or a Commissioner (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief under this Act after the expiry of the period specified by or under this Act for making such application or claim and deal with the same on merits in accordance with law;</p> <p>(c) the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A, where the assessee has failed to</p>	<p>tax authority, not being a Joint Commissioner (Appeals) or a Commissioner (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief under this Act after the expiry of the period specified in this Act for making such application or claim and deal with the same on merits as per law;</p> <p>(c) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or VIII, where the assessee has failed to comply with any requirement specified in such provision</p>		



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		<p>comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions, namely:—</p> <p>(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and</p> <p>(ii) the assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed :</p> <p>Provided that the Central Government shall cause every order issued under this clause to be laid before each House of Parliament.</p>	<p>for claiming deduction thereunder, subject to the following conditions:—</p> <p>(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and</p> <p>(ii) the assessee has complied with such requirements before the completion of assessment in relation to the tax year in which such deduction is claimed.</p> <p>(4) The Central Government shall cause every order issued under sub-section (3)(c) to be laid before each House of Parliament.</p>		



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242	124	Jurisdiction of Assessing Officers- (5) Notwithstanding anything contained in this section or in any direction or order issued under section 120, every Assessing Officer shall have all the powers conferred by or under this Act on an Assessing Officer in respect of the income accruing or arising or received within the area, if any, over which he has been vested with jurisdiction by virtue of the directions or orders issued under sub-section (1) or sub-section (2) of section 120.	Jurisdiction of Assessing Officers- (6) Irrespective of anything contained in this section or in any direction or order issued under section 241, every Assessing Officer shall have all the powers conferred under this Act on an Assessing Officer in respect of the income accruing or arising or received within the area, if any, over which he has been vested with jurisdiction by virtue of the directions or orders issued under section 241(1) or. (2) or (3) or section (4).	Sub-section (6) may be redrafted as under: Irrespective of anything contained in this section or in any direction or order issued under section 241, every Assessing Officer shall have all the powers conferred under this Act on an Assessing Officer in respect of the income, <u>if any</u> , accruing or arising or received within the area, <u>if any</u> , over which he has been vested with jurisdiction by virtue of the directions or orders issued under section 241(1) or. (2) or (3) or section (4).	For the sake of clarity and proper interpretation, the expression 'if any' should be construed with reference to the term 'income' and not with the phrase 'within the area'.



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247	132	Search and seizure- (1) Where the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or Additional Director or Additional Commissioner or Joint Director or Joint Commissioner in consequence of information in his possession, has reason to believe that— (a) any person to whom a summons under sub-section (1) of section 37 of the Indian Income-tax Act, 1922 (11 of 1922), or under sub-section (1) of section 131 of this Act, or a notice under sub-section (4) of section 22 of the Indian Income-tax Act, 1922, or under sub-section (1) of section 142 of this Act was issued to	Search and seizure- (1) Where the competent authority, in consequence of information in his possession, has reason to believe that— (a) any person to whom a summons under section 246(1) or a notice under section 268(1),— (i) was issued to produce, or cause to be produced, any books of account or other documents or any information stored in any electronic media or a computer system, has omitted or failed to produce, or cause to be produced, such books of account or other documents or such information as required by such summons or notice; or (ii) has been issued or might be issued, will not, or would not, produce or cause		



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		<p>produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such summons or notice, or</p> <p>(b) any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any books of account or other documents which will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act, or</p> <p>(c) any person is in possession of any money, bullion, jewelry or other valuable article or thing and such money, bullion, jewelry or other valuable article or thing represents either wholly or partly income</p>	<p>to be produced, any books of account or other documents or any information stored in an electronic media or a computer system which will be useful for, or relevant to, any proceedings under this Act; or</p> <p>(b) any person is in possession of any asset or information in relation to any asset and such asset represents either wholly or partly, income or property which has not been, or would not be, disclosed, for the purposes of this Act, or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, (herein referred to as the undisclosed income or property in this section), then the approving authority may authorize any Joint Director or Joint Commissioner or Assistant Director or Assistant</p>	<p>It is suggested that section 247(1)(b) be amended to provide access only to official e-mail accounts of the person. This would protect the fundamental right to privacy of a person.</p>	<p>This provision allows authorised officer to inspect any information, electronic records and communication available on computer systems. This includes emails, social media etc. This provision could infringe the fundamental right to privacy of persons.</p>



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		<p>or property which has not been, or would not be, disclosed for the purposes of the Indian Income-tax Act, 1922 (11 of 1922), or this Act (hereinafter in this section referred to as the undisclosed income or property), then,</p> <p>(A) the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner, as the case may be, may authorize any Additional Director or Additional Commissioner or Joint Director, Joint Commissioner, Assistant Director or Deputy Director, Assistant Commissioner or Deputy Commissioner or Income-tax Officer, or</p> <p>(B) such an Additional Director or Additional Commissioner or Joint</p>	<p>Commissioner or Income-tax Officer, or any Joint Director or Joint Commissioner, so authorized, may authorize any Assistant Director or Assistant Commissioner or Income-tax Officer, hereinafter referred to as the authorized officer to—</p> <p>(i) enter and search for any building, place, vessel, vehicle, aircraft where he has reason to suspect that such assets, books of account, other documents, or any information stored in an electronic media or computer systems are kept.</p> <p>(ii) require any person, who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record [as defined in section 2(1)(ha), (i), (j), (k), (l), (r), and (t) of the</p>		<p>Grant of such unrestricted power to tax authorities to subject personal digital information to surveillance is a cause of concern.</p>



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		<p>Director, or Joint Commissioner may authorize any Assistant Director or Deputy Director, Assistant Commissioner or Deputy Commissioner or Income-tax Officer, (the officer so authorized in all cases being hereinafter referred to as the authorized officer)</p> <p>(i) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such books of account, other documents, money, bullion, jewelry or other valuable article or thing are kept.</p> <p>(ii) break open the lock of any door, box, locker, safe, almirah, or other receptacle for exercising the powers conferred by clause (i) where the keys thereof are not available.</p>	<p>Information Technology Act, 2000], on computer systems, any information stored in an electronic media or computer systems, to afford the authorized officer with such reasonable technical and other assistance (including access code, by whatever name called) as may be necessary to enable the authorized officer to inspect any information, electronic records and communication or data contained in or available on such computer systems;</p> <p>(iii) break open the lock of any door, box, locker, safe, almirah, or other receptacle for exercising the powers conferred by clause (i), to enter and search any building, place, etc., where the keys thereof or the access to such building, place, etc., is not available, or gain access by overriding the access</p>		



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		<p>(iia) search for any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorized officer has reason to suspect that such person has secreted about his person any such books of account, other documents, money, bullion, jewelry or other valuable article or thing;</p> <p>(iib) require any person who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000), to afford the authorized officer the necessary facility to inspect such books of account or other documents;</p>	<p>code to any said computer system, or virtual digital space, where the access code thereof is not available;</p> <p>(iv) search for any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorized officer has reason to suspect that such person has secreted his person any such books of account, other documents, computer systems or asset.</p> <p>(v) place marks of identification on any books of accounts or other documents or make or cause to be made extracts or copies therefrom and from computer systems.</p>		



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		<p>(iii) seize any such books of account, other documents, money, bullion, jewelry or other valuable article or thing found because of such search:</p> <p>Provided that bullion, jewelry or other valuable article or thing, being stock-in-trade of the business, found because of such search shall not be seized but the authorized officer shall make a note or inventory of such stock-in-trade of the business.</p> <p>(iv) place marks of identification on any books of account or other documents or make or cause to be made extracts or copies therefrom.</p> <p>(v) make a note or an inventory of any such money, bullion, jewelry or other valuable article or thing :</p>	<p>(vi) make a note or an inventory of any such asset, and stock-in-trade of the business, found because of such search.</p> <p>(vii) seize any such books of account, other documents, computer systems, or assets (other than stock-in-trade of the business), found as a result of such search.</p> <p>(viii) serve an order of deemed seizure, on the owner or the person who is in immediate possession or control thereof, of any valuable article or thing, which is not stock-in-trade, not to remove, part with or otherwise deal with it, except with the previous permission of the authorized officer, if it is not possible or practicable to take physical possession or removal to a safe place of such article or thing, due to its volume,</p>		



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		Provided that where any building, place, vessel, vehicle or aircraft referred to in clause (i) is within the area of jurisdiction of any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, but such Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner has no jurisdiction over the person referred to in clause (a) or clause (b) or clause (c), then, notwithstanding anything contained in section 120, it shall be competent for him to exercise the powers under this sub-section in all cases where he has reason to believe that any delay in getting the authorization from the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner having jurisdiction over such	weight, or other physical characteristics or it being of a dangerous nature. (2) If any building, place, vessel, vehicle or aircraft referred to in sub-section (1)(i) is within the area of jurisdiction of any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, but such income-tax authority has no jurisdiction over the person referred to in sub-section (1)(a) or(b), then, irrespective of the fact that he has no jurisdiction, it shall be competent for him to exercise the powers under sub-section (1), where he has reason to believe that any delay in getting the authorization from the income-tax authority having jurisdiction over such		



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		<p>such person may be prejudicial to the interests of the revenue :</p> <p>Provided further that where it is not possible or practicable to take physical possession of any valuable article or thing and remove it to a safe place due to its volume, weight or other physical characteristics or due to its being of a dangerous nature, the authorized officer may serve an order on the owner or the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it, except with the previous permission of such authorized officer and such action of the authorized officer shall be deemed to be seizure of such valuable article or thing under clause (iii):</p>	<p>person may be prejudicial to the interests of the revenue.</p> <p>(3) If any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, or any information stored in an electronic media or computer systems, or asset in respect of which an officer has been authorized by the competent authority to take action under sub-section (1)(i) to (viii) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorization under sub-section (1), then such Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may,</p>		



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		<p>Provided also that nothing contained in the second proviso shall apply in case of any valuable article or thing, being stock-in-trade of the business:</p> <p>Provided also that no authorization shall be issued by the Additional Director or Additional Commissioner or Joint Director or Joint Commissioner on or after the 1st day of October 2009 unless he has been empowered by the Board to do so.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.</p> <p>(1A) Where any Principal Chief Commissioner or Chief Commissioner or</p>	<p>irrespective of anything contained in section 241, authorize the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.</p> <p>(4) The authorized officer may, where it is not practicable to seize, any such books of account, other documents, computer systems, asset, bank locker, bank account, for reasons other than deemed seizure under of sub-section (1) (viii),—</p> <p>(a) serve an order on the owner or the person who is in immediate possession or control thereof, not to remove, part with or otherwise deal with it except with the previous permission of such an officer and take such steps as may be</p>		



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		<p>Principal Commissioner or Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, money, bullion, jewelry or other valuable article or thing in respect of which an officer has been authorized by the Principal Director General or Director General or Principal Director or Director or any other Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or Additional Director or Additional Commissioner or Joint Director or Joint Commissioner to take action under clauses (i) to (v) of sub-section (1) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorization under sub-section (1), such Principal Chief</p>	<p>necessary for ensuring compliance with the order; and</p> <p>(b) such order shall not remain in force for a period exceeding sixty days from the date of the order and serving of such order shall not be deemed to be seizure of such books of account, other documents or assets under sub-section (1)(vii),</p> <p>(5) The authorized officer may requisition the services of—</p> <p>(a) any police officer or any officer of the Central Government, or of both; or</p> <p>(b) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, as per</p>	<p>(A) Section 247(5)(b) can be redrafted as under</p> <p>(b) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director</p>	<p>Section 247(5)(b) may be redrafted to enhance clarity and ease of understanding.</p>



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		<p>Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, notwithstanding anything contained in section 120, authorize the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the reason to suspect, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.</p> <p>(2) The authorized officer may requisition the services of,</p> <p>(i) any police officer or of any officer of the Central Government, or of both; or</p>	<p>with such procedure, as prescribed, to assist him for all or any of the purposes specified in sub-sections (1) and (3) and it shall be the duty of every such officer or person or entity to comply with such requisition.</p> <p>(6) The authorized officer may, during the course of any search or seizure, examine on oath any person who is found to be in possession or control or access holder of any computer systems, books of account, other documents or asset, or any other person who is present in the premises or is being searched, and—</p> <p>(a) any statement made by such person, during such an examination may thereafter be used in evidence in any proceeding under this Act; and</p>	<p>General, as per with such procedure, as prescribed, as per such procedure as prescribed, to assist him for all or any of the purposes specified in sub-sections (1) and (3) and it shall be the duty of every such officer or person or entity to comply with such requisition.</p>	



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		<p>(ii) any person or entity may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, to assist him for all or any of the purposes specified in sub-section (1) or sub-section (1A) and it shall be the duty of every such officer or person or entity to comply with such requisition.]</p> <p>(3) The authorized officer may, where it is not practicable to seize any such books of account, other documents, money, bullion, jewelry or other valuable article or thing, for reasons other than those mentioned in the second proviso to sub-section (1), serve an order on the owner or the person who is in immediate possession or control thereof that he shall</p>	<p>(b) the examination of any such person may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of all matters relevant for the purposes of any investigation connected with any proceedings under this Act.</p> <p>(7) Where any book of accounts (in physical form or electronic form), other documents or asset, is found in the possession or control of any person in the course of a search, it may be presumed—</p> <p>(a) that such books of accounts, computer systems, virtual digital space, other documents or assets, belong or belong to such person.</p>		



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		<p>not remove, part with or otherwise deal with it except with the previous permission of such officer and such officer may take such steps as may be necessary for ensuring compliance with this sub-section.</p> <p>Explanation. For the removal of doubts, it is hereby declared that serving of an order as aforesaid under this sub-section shall not be deemed to be seizure of such books of account, other documents, money, bullion, jewelry or other valuable article or thing under clause (iii) of sub-section (1).</p> <p>(4) The authorized officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books of account, documents, money, bullion,</p>	<p>(b) that the contents of such books of account, other documents, electronic content, records or communication found on such computer systems or virtual digital space, are true.</p> <p>(c) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person, or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in the handwriting of that person; and</p> <p>(d) in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested, and that the</p>		



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		<p>jewelry or other valuable article or thing and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the examination of any person under this sub-section may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of all matters relevant for the purposes of any investigation connected with any proceeding under the Indian Income-tax Act, 1922 (11 of 1922), or under this Act.</p> <p>(4A) Where any books of account, other documents, money, bullion, jewelry or other valuable article or thing are or is</p>	<p>electronic records, data, communication, communication, and information exchange carried out using such electronic devices is presumed to be exchanged between the parties thereto.</p> <p>(8) The authorized officer may, by order in writing, provisionally attach any property belonging to the assessee, during the course of the search or seizure, or within sixty days from the date of execution of the last of the authorizations for the search and such provisional attachment shall—</p> <p>(a) be made, if the authorized officer is satisfied, after recording the reasons in writing, that it is necessary to do so in the interest of the revenue, with the prior approval of Principal Director General</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>found in the possession or control of any person during a search, it may be presumed—</p> <p>(i) that such books of account, other documents, money, bullion, jewelry or other valuable articles or thing belong or belong to such person.</p> <p>(ii) that the contents of such books of account and other documents are true; and</p> <p>(iii) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and</p>	<p>or Director General or Principal Director or Director.</p> <p>(b) be valid for six months from the end of the month in which the order of provisional attachment is made, and the rules prescribed as referred to in section 413 shall, mutatis mutandis, apply to such provisional attachment.</p> <p>(9) The authorized officer may, during the course of the search or seizure, or within sixty days from the date on which the last of the authorizations for search was executed, make a reference to a Valuation Officer, or any person registered as a value under section 514, or any person or entity registered by or under any law enforce, requiring him to—</p>	<p>(B) Section 247(9) can be redrafted as under:</p> <p>The authorised officer may, during the course of the search or seizure, or within sixty days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer, or any person registered as a value valuer under section 514, or any person</p>	<p>(B) Section 247(9) may be redrafted to correct typographical errors and to ensure that the provision appropriately refers to a 'valuer' and to laws 'in force'.</p>



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		<p>executed or attested by the person by whom it purports to have been so executed or attested.</p> <p>(5) [***]</p> <p>(6) [***]</p> <p>(7) [***]</p> <p>(8) The books of account or other documents seized under sub-section (1) or sub-section (1A) shall not be retained by the authorized officer for a period exceeding “one month from the end of the quarter from the date of the [order of assessment or reassessment or recomputation under sub-section (3) of section 143 or section 144 or section 147 or] section 153A or clause (c) of section 158BC unless the reasons for retaining the same are recorded by him in writing and</p>	<p>(a) estimate the fair market value of the property in the manner, as prescribed; and</p> <p>(b) submit a report of the estimate to the authorized officer or the Assessing Officer, within sixty days from the date of receipt of such reference.</p> <p>(10) The provisions of the Bhartiya Nagarik Suraksha Sanhita, 2023 relating to searches and seizure shall apply, so far as may be, to search and seizure under this section.</p> <p>(11) The Board may make rules in relation to any search or seizure under this section including providing for the procedure to be followed by the authorized officer—</p>	<p>or entity registered by or under any law enforce in force, requiring him to—</p> <p>(a) estimate the fair market value of the property in the manner, as prescribed; and</p> <p>(b) submit a report of the estimate to the authorised officer or the Assessing Officer, within sixty days from the date of receipt of such reference.</p>	



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the approval of the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director for such retention is obtained :</p> <p>Provided that the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director shall not authorize the retention of the books of account and other documents for a period exceeding thirty days after all the proceedings under the Indian Income-tax Act, 1922 (11 of 1922), or this Act in respect of the years</p>	<p>(a) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available; and</p> <p>(b) for ensuring safe custody of any books of account or other documents or assets seized.</p>		



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		<p>for which the books of account or other documents are relevant are completed.</p> <p>(8A) An order under sub-section (3) shall not be in force for a period exceeding sixty days from the date of the order.</p> <p>(9) The person from whose custody any books of account or other documents are seized under sub-section (1) or sub-section (1A) may make copies thereof, or take extracts therefrom, in the presence of the authorized officer or any other person empowered by him in this regard, at such place and time as the authorized officer may appoint in this behalf.</p> <p>(9A) Where the authorized officer has no jurisdiction over the person referred to in clause (a) or clause (b) or clause (c) of sub-section (1), the books of account or other documents, or any money, bullion,</p>			



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		<p>jewelry or other valuable article or thing (hereafter in this section and in sections 132A and 132B referred to as the assets) seized under that sub-section shall be handed over by the authorized officer to the Assessing Officer having jurisdiction over such person within a period of sixty days from the date on which the last of the authorizations for search was executed and thereupon the powers exercisable by the authorized officer under sub-section (8) or sub-section (9) shall be exercisable by such Assessing Officer.</p> <p>(9B) Where, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorizations for search was executed, the authorized officer, for reasons to be recorded in writing, is satisfied that for the purpose of protecting</p>			



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		<p>the interest of revenue, it is necessary so to do, he may with the previous approval of the Principal Director General or Director General or the Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee, and for the said purposes, the provisions of the Second Schedule shall, mutatis mutandis, apply.</p> <p>(9C) Every provisional attachment made under sub-section (9B) shall cease to have effect after the expiry of a period of six months from the date of the order referred to in sub-section (9B).</p> <p>(9D) The authorized officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorizations for</p>			



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		<p>search was executed, make a reference to,--</p> <p>(i) a Valuation Officer referred to in section 142A; or</p> <p>(ii) any other person or entity or any valuer registered by or under any law for the time being in force, as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, in accordance with the procedure, as may be prescribed, in this regard, who shall estimate the fair market value of the property in the manner as may be prescribed and submit a report of the estimate to the authorized officer or the Assessing Officer within a period of sixty</p>			



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1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>days from the date of receipt of such reference.</p> <p>(10) If a person legally entitled to the books of account or other documents seized under sub-section (1) or sub-section (1A) objects for any reason to the approval given by the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director under sub-section (8), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the books of account or other documents and the Board may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit.</p>			



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		<p>(13) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974), relating to searches and seizure shall apply, so far as may be, to searches and seizure under sub-section (1) or sub-section (1A).</p> <p>(14) The Board may make rules in relation to any search or seizure under this section ; in particular, and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorized officer—</p> <p>(i) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto are not available.</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) for ensuring safe custody of any books of an account or other documents or assets seized.</p> <p>Explanation 1.—For the purposes of sub-sections (9A), (9B) and (9D), the last of authorizations for search shall be deemed to have been executed,</p> <p>(a) in the case of search, on the conclusion of search as recorded in the last panchnama drawn in relation to any person in whose case the warrant of authorization has been issued; or</p> <p>(b) in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the authorized officer.]</p> <p>Explanation 2.—In this section, the word "proceeding" means any proceeding in</p>			



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		respect of any year, whether under the Indian Income-tax Act, 1922 (11 of 1922), or this Act, which may be pending on the date on which a search is authorized under this section or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after such date in respect of any year.			
252	133	Power to call for information- 133. The Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or 98[the Joint Commissioner (Appeals) or] the Commissioner (Appeals) may, for the purposes of this Act, (1) require any firm to furnish them with the return of the names and addresses of	Power to call for information- (1) The Assessing Officer, the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may, for the purposes of this Act, require any— (a) person, including a banking company or any officer thereof, to furnish, within such time, requisite		



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		<p>the partners of the firm and their respective shares.</p> <p>(2) require any Hindu undivided family to furnish him with a return of the names and addresses of the manager and the members of the family.</p> <p>(3) require any person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian or agent, and of their addresses.</p> <p>(4) require any assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any previous year rent, interest, commission, royalty or brokerage, or any annuity, not being any annuity taxable under the head "Salaries" amounting to more than one</p>	<p>information or to furnish statements of account and affairs verified in such manner specified by such authority, giving such information in relation to such matters as, in the opinion of such authority, will be useful for, or relevant to, any enquiry or proceedings under this Act.</p> <p>(b) firm to furnish him with a return of the names and addresses of the partners of the firm and their respective shares.</p> <p>(c) Hindu undivided family to furnish him with a return of the names and addresses of the manager and the members of the family.</p> <p>(d) person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the people for or of whom he</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>thousand rupees, or such higher amount as may be prescribed, together with particulars of all such payments made;</p> <p>(5) require any dealer, broker or agent or any person concerned in the management of a stock or commodity exchange to furnish a statement of the names and addresses of all persons to whom he or the exchange has paid any sum in connection with the transfer, whether by way of sale, exchange or otherwise, of assets, or on whose behalf or from whom he or the exchange has received any such sum, together with particulars of all such payments and receipts ;</p> <p>(6) require any person, including a banking company or any officer thereof, to furnish information in relation to such points or matters, or to furnish statements of accounts and affairs verified in the</p>	<p>is trustee, guardian or agent, and of their addresses.</p> <p>(e) assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any tax year, rent, interest, commission, royalty or brokerage, or any annuity, not being any annuity taxable under the head “Salaries” amounting to more than ten thousand rupees, or such higher amount as prescribed, together with particulars of all such payments made.</p> <p>(f) dealer, broker or agent or any person concerned in the management of a stock or commodity exchange to furnish a statement of the names and addresses of all persons to whom he or the exchange has paid any sum in connection with the transfer, whether by way of sale,</p>	<p>Clause (e) of section 252(1) can be drafted as: -</p> <p>(e) assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any tax year, rent, interest, commission, royalty or brokerage, or any annuity (not being any annuity taxable under the head “Salaries”), amounting to more than ten thousand rupees, or such higher amount as prescribed, together with particulars of all such payments made;</p>	<p>The real intention of clause (e) of section 252(1) is that the limit of more than Rs.10000 applies to all types of payments enumerated in clause (e) and not to only annuity taxable under the head ‘salaries’. This bracketing is in consonance with the language of para 9.10 of CBDT circular no. 551 dated 23.01.1990 explaining the amendments by Direct Tax Laws (Amendment) Act, 1987.</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>manner specified by the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals), giving information in relation to such points or matters as, in the opinion of the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals), will be useful for, or relevant to, any enquiry or proceeding under this Act :</p> <p>Provided that the powers referred to in clause (6), may also be exercised by the Principal Director General or Director-General, the Principal Chief Commissioner or Chief Commissioner, the Principal Director or Director or the Principal Commissioner or Commissioner or the Joint Director or Assistant Director:</p>	<p>exchange or otherwise, of assets, or on whose behalf or from whom he or the exchange has received any such sum, together with particulars of all such payments and receipts.</p> <p>(2) The powers conferred under sub-section (1)(a) may also be exercised by the competent authority or the Assistant Director.</p> <p>(3) The powers under sub-section (1)—</p> <p>(a) shall not be exercised by any income-tax authority below the rank of Principal Director or Director or Principal Commissioner or Commissioner, other than the Joint Director or Assistant Director, without the prior approval of the Principal Director or Director or, as the case may be, the Principal Commissioner or</p>		



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		<p>Provided further that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income-tax authority below the rank of Principal Director or Director or Principal Commissioner or Commissioner, other than the Joint Director or Deputy Director or Assistant Director, without the prior approval of the Principal Director or Director or, as the case may be, the Principal Commissioner or Commissioner:</p> <p>Provided also that for the purposes of an agreement referred to in section 90 or section 90A, an income-tax authority notified under sub-section (2) of section 131 may exercise all the powers conferred under this section, notwithstanding that no proceedings are pending before it or any other income-tax authority.</p>	<p>Commissioner, in a case where no proceeding is pending.</p> <p>(b) may be exercised by an income-tax authority notified under section 246(2)(a), for the purposes of an agreement referred to in section 159, even if no proceedings are pending before it or any other income-tax authority.</p>		



CHAPTER XV

RETURN OF INCOME

1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
262	139A	Permanent account number. (1) Every person,— (i) if his total income or the total income of any other person in respect of which he is assessable under this Act during any previous year exceeded the maximum amount which is not chargeable to income-tax; or (ii) carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed five lakh rupees in any previous year; or (iii) who is required to furnish a return of income under sub-section (4A) of section 139; or	Allotment of Permanent Account Number 262(1) Every person who has not been allotted a Permanent Account Number shall, within such time as prescribed, apply to the Assessing Officer for its allotment if he fulfils any of the following conditions:— (a) his total income or the total income of any other person for which he is assessable under this Act during any tax year exceeded the maximum amount not chargeable to income-tax; (b) he is carrying on any business or profession whose total sales, turnover or	(A) It is suggested that monetary limit under section 262(1)(b) may be enhanced as follows: (b) he is carrying on any business or profession whose total sales, turnover or	(A) The monetary limit may be enhanced in view of the amended total income limit



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		(iv) being an employer, who is required to furnish a return of fringe benefits under section 115WD; or (v) being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to two lakh fifty thousand rupees or more in a financial year; or (vi) who is the managing director, director, partner, trustee, author, founder, Karta, chief executive officer, principal officer or office bearer of the person referred to in clause (v) or any person competent to act on behalf of the person referred to in clause (v); or (vii) who intends to enter into such transaction as may be prescribed by the Board in the interest of revenue, and who has not been allotted a permanent	gross receipts are or is likely to exceed five lakh rupees in any tax year; (c) he is required to furnish a return of income under section 263 for any tax year; or (d) he is a resident, other than an individual, which enters into a financial transaction aggregating to two lakh fifty thousand rupees or more in a tax year; or (e) he is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (d) or any person competent to act on behalf of the person referred to in clause (d) (2) Any person, not covered under sub-section (1) may apply to the Assessing Officer for the allotment of a Permanent	gross receipts are or is likely to exceed twelve five lakh rupees in any tax year;	for full rebate upto total income of Rs. 12 lakhs and also in view of the GST Registration threshold of Rs. 20 lakhs / Rs.40 lakhs. Also, the limit of 5 lakhs was set by Finance Act, 1998 w.e.f. 1-08-1998 i.e., more than 26 years back.



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		<p>account number shall, within such time, as may be prescribed, apply to the Assessing Officer for the allotment of a permanent account number.</p> <p>(2) The Assessing Officer, having regard to the nature of the transactions as may be prescribed, may also allot a permanent account number, to any other person (whether any tax is payable by him or not), in the manner and in accordance with the procedure as may be prescribed.</p> <p>(3) Any person, not falling under sub-section (1) or sub-section (2), may apply to the Assessing Officer for the allotment of a permanent account number and, thereupon, the Assessing Officer shall allot a permanent account number to such person forthwith.</p>	<p>Account Number after which the Assessing Officer shall allot a Permanent Account Number to such person.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(5) Every person shall—</p> <p>(a) quote such number in all his returns to, or correspondence with, any income-tax authority;</p> <p>(b) quote such number in all challans for the payment of any sum due under this Act;</p> <p>(c) quote such number in all documents pertaining to such transactions as may be prescribed by the Board in the interests of the revenue, and entered into by him:</p> <p>Provided that the Board may prescribe different dates for different transactions or class of transactions or for different class of persons:</p> <p>Provided further that a person shall quote General Index Register Number</p>	<p>(3) Every person shall quote Permanent Account Number in all his returns to, or correspondence with, any income-tax authority and in all challans for the payment of any sum due under this Act.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>till such time Permanent Account Number is allotted to such person;</p> <p>(d) intimate the Assessing Officer any change in his address or in the name and nature of his business on the basis of which the permanent account number was allotted to him.</p> <p>(5A) Every person receiving any sum or income or amount from which tax has been deducted under the provisions of Chapter XVIIIB, shall intimate his permanent account number to the person responsible for deducting such tax under that Chapter :</p> <p>Provided further that a person referred to in this sub-section shall intimate the General Index Register Number till such time permanent account number is allotted to such person.</p>	<p>(4) Every person shall intimate the Assessing Officer of any change in his address or in the name and nature of his business on the basis of which the Permanent Account Number was allotted to him.</p>	<p>(B) Section 262(4) may be redrafted as follows:</p> <p>Every person shall intimate the Assessing Officer of any change in his address or in the name and nature of his business on the basis of which the Permanent Account Number was allotted to him.</p>	<p>(B) Since the change in nature of business is already reported in Return of income as well as in Tax Audit Report, reporting of the same under sub-section (4) will amount to duplication.</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(5B) Where any sum or income or amount has been paid after deducting tax under Chapter XVIB, every person deducting tax under that Chapter shall quote the permanent account number of the person to whom such sum or income or amount has been paid by him—</p> <p>(i) in the statement furnished in accordance with the provisions of sub-section (2C) of section 192;</p> <p>(ii) in all certificates furnished in accordance with the provisions of section 203;</p> <p>(iii) in all returns prepared and delivered or caused to be delivered in accordance with the provisions of section 206 to any income-tax authority;</p> <p>(iv) in all statements prepared and delivered or caused to be delivered in</p>	<p>(9)(a) Every person entering into such transaction, as prescribed, shall quote his Permanent Account Number or Aadhaar number, in the documents pertaining to such transactions and also authenticate such Permanent Account Number or Aadhaar number, in the manner, as prescribed;</p> <p>(b) every person receiving any document relating to the transactions referred to in clause (a), shall ensure that Permanent Account Number or Aadhaar number, has been duly quoted in such document and that such Permanent Account Number or Aadhaar number is authenticated as prescribed.</p>	<p>(C) It is suggested that in section 262(9)(b), the obligation cast on the person receiving any document may be omitted.</p>	<p>(C) Since, a specific obligation is already provided on the person entering such transaction in section 262(9)(a) of the Income-tax Bill, 2025, the obligation cast on the person receiving the document may be omitted.</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>accordance with the provisions of sub-section (3) of section 200:</p> <p>Provided that the Central Government may, by notification in the Official Gazette, specify different dates from which the provisions of this sub-section shall apply in respect of any class or classes of persons:</p> <p>Provided further that nothing contained in sub-sections (5A) and (5B) shall apply in case of a person whose total income is not chargeable to income-tax or who is not required to obtain permanent account number under any provision of this Act if such person furnishes to the person responsible for deducting tax, a declaration referred to in section 197A in the form and manner prescribed thereunder to the effect that the tax on his estimated total</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>income of the previous year in which such income is to be included in computing his total income will be nil.</p> <p>(5C) Every buyer or licensee or lessee referred to in section 206C shall intimate his permanent account number to the person responsible for collecting tax referred to in that section.</p> <p>(5D) Every person collecting tax in accordance with the provisions of section 206C shall quote the permanent account number of every buyer or licensee or lessee referred to in that section—</p> <p>(i) in all certificates furnished in accordance with the provisions of sub-section (5) of section 206C;</p> <p>(ii) in all returns prepared and delivered or caused to be delivered in accordance</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>with the provisions of sub-section (5A) or sub-section (5B) of section 206C to an income-tax authority;</p> <p>(iii) in all statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of section 206C.</p>			
263	139	<p>Return of income.</p> <p>139. (1) Every person,—</p> <p>(a) being a company or a firm; or</p> <p>(b) being a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of</p>	<p>Filing of return of income and processing</p> <p>263. (1)(a) The following persons shall furnish a return of income for the tax year under this Act, on or before the due date:—</p> <p>(i) a company;</p> <p>(ii) a firm;</p> <p>(iii) a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :</p> <p>Provided that a person referred to in clause (b), who is not required to furnish a return under this sub-section and residing in such area as may be specified by the Board in this behalf by notification in the Official Gazette, and who during the previous year incurs an expenditure of fifty thousand rupees or more towards consumption of electricity or at any time during the previous year fulfils any one of the following conditions, namely :—</p> <p>(i) is in occupation of an immovable property exceeding a specified floor area, whether by way of ownership,</p>	<p>during the tax year, without giving effect to the provisions of Chapter XVII-B or provisions of Schedule VIII (Table: Sl. No. 1) or deductions allowable under Chapter IV-E (Capital Gains) or Chapter VIII, as the case may be, exceeded the maximum amount which is not chargeable to income-tax;</p> <p>(iv) a specified entity if its total income without giving effect to the provisions of section 11, exceeds the maximum amount which is not chargeable to income-tax;</p> <p>(v) a University, college or other institution as referred to in section 45(3)(a);</p> <p>(vi) a business trust;</p> <p>(vii) an investment fund as referred to in section 224;</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>tenancy or otherwise, as may be specified by the Board in this behalf; or</p> <p>(ii) is the owner or the lessee of a motor vehicle other than a two- wheeled motor vehicle, whether having any detachable side car having extra wheel attached to such two-wheeled motor vehicle or not; or</p> <p>(iii) [***]</p> <p>(iv) has incurred expenditure for himself or any other person on travel to any foreign country; or</p> <p>(v) is the holder of a credit card, not being an "add-on" card, issued by any bank or institution; or</p> <p>(vi) is a member of a club where entrance fee charged is twenty-five thousand rupees or more,</p>	<p>(viii) a person who has sustained a loss in the tax year under the head "Profits and gains of business or profession" or under the head "Capital gains" and who intends to claim that such loss, or any part thereof, is to be carried forward as per this Act;</p> <p>(ix) a person who intends to make a claim of refund under Chapter XX;</p> <p>(x) a person, who is a resident, other than not ordinarily resident, and who at any time during the tax year,—</p> <p>(A) holds, as a beneficial owner or otherwise, any asset (including any financial interest in an entity) located outside India, or has signing authority in any account located outside India; or</p> <p>(B) is a beneficiary of any asset (including any financial interest in an entity) located outside India,</p>	<p>It is suggested that sub-clause (ix) may be removed from section 263(1)(a).</p> <p>(ix) a person who intends to make a claim of refund under Chapter XX;</p>	<p>Clause 263 (1)(a)(ix) requires a person who intends to make a claim of refund under Chapter XX to file return of income for the tax year on or before the due date i.e., 31st July/ 31st October/</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>shall furnish a return, of his income during any previous year ending before the 1st day of April, 2005, on or before the due date in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed :</p> <p>Provided further that the Central Government may, by notification in the Official Gazette, specify the class or classes of persons to whom the provisions of the first proviso shall not apply :</p> <p>Provided also that every company or a firm shall furnish on or before the due date the return in respect of its income or loss in every previous year :</p> <p>Provided also that a person, being a resident other than not ordinarily</p>	<p>except where any income arising from such asset is includible in the income of person referred to in item (A);</p> <p>(xi) a person, other than a company or firm, who during the tax year, fulfils such conditions as prescribed;</p>		<p>30th November, as the case may be, of the financial year succeeding the relevant tax year. This implies that refund cannot be claimed by filing a belated return on or before 31st December of the financial year succeeding the relevant tax year. This is a stringent condition imposed vide the new bill.</p> <p>However, clause 270(1), provides for the manner of</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>resident in India within the meaning of clause (6) of section 6, who is not required to furnish a return under this sub-section and who at any time during the previous year,—</p> <p>(a) holds, as a beneficial owner or otherwise, any asset (including any financial interest in any entity) located outside India or has signing authority in any account located outside India; or</p> <p>(b) is a beneficiary of any asset (including any financial interest in any entity) located outside India,</p> <p>shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed:</p>			processing a return which is made under section 263 or in response to a notice under section 268(1). The clause provides that the sum payable by, or amount of refund due to the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed on the basis of total income by TDS/TCS/advance tax paid etc. The



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Provided also that nothing contained in the fourth proviso shall apply to an individual, being a beneficiary of any asset (including any financial interest in any entity) located outside India where, income, if any, arising from such asset is includible in the income of the person referred to in clause (a) of that proviso in accordance with the provisions of this Act:</p> <p>Provided also that every person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year, without giving effect to the provisions of</p>			amount of refund due on the basis of such determination shall be granted to the assessee. It may be noted that clause 270 provides for the manner of processing a return made under section 263, which includes a return filed on or before the due date under sub-section (1) and a return filed belatedly under sub-section (4) thereof, within 9 months from the



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		clause (38) of section 10 or section 10A or section 10B or section 10BA or section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB or Chapter VI-A exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed: Provided also that a person referred to in clause (b), who is not required to furnish a return under this sub-section, and who during the previous year—			end of the relevant tax year, or before the completion of assessment, whichever is earlier. Thus, while section 270 permits granting of refund due on processing of a return filed on time and a return filed belatedly, section 263(1)(a) contains the requirement to file a return on or before due date where a person intends to make a claim for refund.



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change															
		<p>(i) has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a co-operative bank; or</p> <p>(ii) has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country; or</p> <p>(iii) has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees towards consumption of electricity; or</p> <p>(iv) fulfils such other conditions as may be prescribed,</p> <p>shall furnish a return of his income on or before the due date in such form and verified in such manner and setting forth</p>	<p>(b) for the purposes of this section, “due date” means the date of the financial year succeeding the relevant tax year as mentioned in the corresponding entry of column C of the Table below in respect of the persons mentioned in column B of the said Table below:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Person</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company.</td> <td>31st October</td> </tr> <tr> <td>2</td> <td>Person (other than a company) whose accounts are required to be</td> <td>31st October</td> </tr> </tbody> </table>	Sl. No.	Person	Due date	1	Company.	31st October	2	Person (other than a company) whose accounts are required to be	31st October	<p>(B) It is suggested that in Table at Sl. No. 4 (due date for filling of ITR) may be suitably amended as under:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Person</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172</td> <td>30th November</td> </tr> </tbody> </table>	Sl. No.	Person	Due date	1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172	30th November	<p>(B) The current table requires clarity. For example, in case of a company which is required to furnish Transfer Pricing Audit report, whether due date would be as per Sl. No. 1 or Sl. No. 4. Therefore, the order of presentation may be modified and suitable exclusions be added in 2, 3 and 4 for greater clarity.</p>
Sl. No.	Person	Due date																		
1	Company.	31st October																		
2	Person (other than a company) whose accounts are required to be	31st October																		
Sl. No.	Person	Due date																		
1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172	30th November																		



The Institute of Chartered Accountants of India

1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		such other particulars, as may be prescribed. (1A) Without prejudice to the provisions of sub-section (1), any person, being an individual who is in receipt of income chargeable under the head "Salaries" may, at his option, furnish a return of his income for any previous year to his employer, in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, and such employer shall furnish all returns of income received by him on or before the due date, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media) and manner as may be specified in that	audited under this Act or under any other law in force.		
			3 Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse)	31st October	2 Company (other than covered in 1 above) 3 Person (other than a company) whose accounts are required to be audited under this Act or under any other law in force (other than covered in 1 above)
			4 Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse),	30th November	31st October
					31st October



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change						
		<p>scheme, and in such case, any employee who has filed a return of his income to his employer shall be deemed to have furnished a return of income under sub-section (1), and the provisions of this Act shall apply accordingly.</p> <p>(1B) Without prejudice to the provisions of sub-section (1), any person, being a company or being a person other than a company, required to furnish a return of income under sub-section (1), may, at his option, on or before the due date, furnish a return of his income for any previous year in accordance with such scheme as may be specified by the Board in this behalf by notification in the Official Gazette and subject to such conditions as may be specified therein, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-</p>	<table border="1"> <tr> <td></td><td>who is required to furnish a report referred to in section 172</td><td></td></tr> <tr> <td>5</td><td>Any other assessee</td><td>31st July</td></tr> </table> <p>(b) the particulars prescribed under clause (a) may also include—</p> <ul style="list-style-type: none"> (i) income exempt from tax; (ii) assets of the prescribed nature and value held by the assessee as a beneficial owner or otherwise or in which he is a beneficiary; (iii) bank account and credit card held by the assessee; 		who is required to furnish a report referred to in section 172		5	Any other assessee	31st July	<p>other law in force; or the spouse of such partner (if section 10 applies to such spouse) (other than covered in 1 above)</p> <p>5 Any other assessee 31st July</p>	
	who is required to furnish a report referred to in section 172										
5	Any other assessee	31st July									



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>ROM or any other computer readable media) and in the manner as may be specified in that scheme, and in such case, the return of income furnished under such scheme shall be deemed to be a return furnished under sub-section (1), and the provisions of this Act shall apply accordingly.</p> <p>(1C) Notwithstanding anything contained in sub-section (1), the Central Government may, by notification in the Official Gazette, exempt any class or classes of persons from the requirement of furnishing a return of income having regard to such conditions as may be specified in that notification.</p> <p>(3) If any person who has sustained a loss in any previous year under the head "Profits and gains of business or profession" or under the head "Capital</p>	<p>(iv) expenditure exceeding the prescribed limit incurred by the assessee under prescribed heads</p> <p>(v) such other outgoings as prescribed;</p> <p>(vi) the report of any audit referred to in section 63 or a copy thereof; (vii) the particulars of the location and style of the principal place of the business or profession and all the branches thereof;</p> <p>(viii) the names and addresses of the partners, if any, in the business or profession;</p> <p>(ix) the names of the other members of the association of person or the body of individuals and the extent of the share of the assessee and the shares of all such members, in the profits of the business or profession and any branches thereof</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>"gains" and claims that the loss or any part thereof should be carried forward under sub-section (1) of section 72, or sub-section (2) of section 73, or sub-section (2) of section 73A or sub-section (1) or sub-section (3) of section 74, or sub-section (3) of section 74A, he may furnish, within the time allowed under sub-section (1), a return of loss in the prescribed form and verified in the prescribed manner and containing such other particulars as may be prescribed, and all the provisions of this Act shall apply as if it were a return under sub-section (1).</p> <p>(4) Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the return for any previous year at any time before three months prior to the end of</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the relevant assessment year or before the completion of the assessment, whichever is earlier.</p> <p>(4A) Every person in receipt of income derived from property held under trust or other legal obligation wholly for charitable or religious purposes or in part only for such purposes, or of income being voluntary contributions referred to in sub-clause (iia) of clause (24) of section 2, shall, if the total income in respect of which he is assessable as a representative assessee (the total income for this purpose being computed under this Act without giving effect to the provisions of sections 11 and 12) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).			
267	140B	Tax on Updated Returns 140B. (1) Where no return of income under sub-section (1) or sub-section (4) of section 139 has been furnished by an assessee and tax is payable, on the basis of return to be furnished by such assessee under sub-section (8A) of section 139, after taking into account,— (i) the amount of tax, if any, already paid as advance tax;	Tax on Updated Returns 267. (1) Where no return of income under section 263(1) or (4) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (2), tax is payable on the basis of return to be furnished by such assessee under section 263(6), then— (a) the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		(ii) any tax deducted or collected at source; (iii) any relief of tax claimed under section 89; (iv) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India; (v) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and (vi) any tax credit claimed to be set off in accordance with the provisions of section 115JAA or section 115JD, the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for any delay in furnishing the return or	any delay in furnishing the return or any default or delay in payment of advance tax; (b) such tax, interest and fee shall be payable along with the payment of additional income-tax computed as per sub-section (5), before furnishing the return; and (c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee (2) The amounts referred to in sub-section (1) shall be,— (a) the amount of tax, if any, already paid as advance tax; (b) any tax deducted or collected at source; (c) any relief of tax claimed under section 157;		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>any default or delay in payment of advance tax, along with the payment of additional income-tax computed in accordance with sub-section (3), before furnishing the return and the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(2) Where, return of income under sub-section (1) or sub-section (4) or sub-section (5) of section 139 (referred to as earlier return) has been furnished by an assessee and tax is payable on the basis of return to be furnished by such assessee under sub-section (8A) of section 139,—</p> <p>(a) after taking into account,—</p> <p>(i) the amount of relief or tax referred to in sub-section (1) of section 140A, the</p>	<p>(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;</p> <p>(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and</p> <p>(f) any tax credit claimed to be set off as per the provisions of section 206(13)</p> <p>(3) Where, return of income under section 263(1) or (4) or (5) (referred to as earlier return) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (4) [as increased by the amount of refund, if any, issued in respect of such earlier return], tax is payable on the basis of return to be</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>credit for which has been taken in the earlier return;</p> <p>(ii) tax deducted or collected at source, in accordance with the provisions of Chapter XVII-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;</p> <p>(iii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(iv) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section on such</p>	<p>furnished by such assessee under section 263(6) then—</p> <p>(a) the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax;</p> <p>(b) such tax, interest and fee shall be payable along with the payment of additional income-tax, as computed as per sub-section (5), as reduced by the amount of interest paid under the provisions of this Act in the earlier return, before furnishing the return; and</p> <p>(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(4) The sums referred to in sub-section (3) shall be the following,—</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>income which has not been included in the earlier return;</p> <p>(v) any tax credit claimed, to be set off in accordance with the provisions of section 115JAA or section 115JD, which has not been claimed in the earlier return; and</p> <p>(b) as increased by the amount of refund, if any, issued in respect of such earlier return,</p> <p>the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax along with the payment of additional income-tax, as computed in accordance with sub-section (3), as reduced by the amount of interest paid under the provisions of this Act in the earlier</p>	<p>(a) the amount of relief or tax referred to in section 266(1), the credit for which has been taken in the earlier return;</p> <p>(b) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;</p> <p>(c) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>return, before furnishing the return and the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.</p> <p>(3) For the purposes of sub-sections (1) and (2), the additional income-tax payable at the time of furnishing the return under sub-section (8A) of section 139 shall be equal to,—</p> <p>(i) twenty-five 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 expiry of the time available under sub-section (4) or sub-section (5) of section 139 and before completion of the period of twelve months from the end of the relevant assessment year; or</p>	<p>in that section on such income which has not been included in the earlier return; and</p> <p>(e) any tax credit claimed, to be set off as per the provisions of section 206(13), which has not been claimed in the earlier return.</p> <p>(5) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to,—</p> <p>(a) 25% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(ii) fifty 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 twelve months from the end of the relevant assessment year but before completion of the period of twenty-four months from the end of the relevant assessment year.</p> <p>In section 140B of the Income-tax Act, in sub-section (3), after clause (ii), the following clauses shall be inserted, namely:</p> <p>–(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</p>	<p>(b) 50% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twelve months but before completion of twenty-four months from the end of the financial year succeeding the relevant tax year;</p> <p>(c) 60% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twenty-four months, but before completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or</p> <p>(d) 70% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of thirty-six months, but before completion of forty-</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>months from the end of the relevant assessment year; or</p> <p>(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</p> <p>(4) Notwithstanding anything contained in Explanation 1 to section 234B, for the purposes of sub-section (2), interest payable under section 234B shall be computed on an amount equal to the assessed tax 10[***] where, "assessed tax" means the tax on the total income as declared in the return to be furnished</p>	<p>eight months, from the end of the financial year succeeding the relevant tax year.</p> <p>(6) For the purposes of computation of "additional income-tax" under this section, tax shall include surcharge and cess, by whatever name called, on such tax</p> <p>(7) Irrespective of anything contained in section 424(2), for the purposes of sub-section (3), interest payable under section 424 shall be computed on an amount equal to the assessed tax where, "assessed tax" means the tax on the total income as declared in the return to be furnished under section 263(6),—</p> <p>(a) after taking into account,—</p> <p>(i)the amount of relief or tax referred to in section 266(1), the credit for which has been claimed in the earlier return, if any;</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>under sub-section (8A) of section 139,—</p> <p>(a) after taking into account,—</p> <p>(i) the amount of relief or tax referred to in sub-section (1) of section 140A, the credit for which has been claimed in the earlier return 11[, if any];</p> <p>(ii) tax deducted or collected at source, in accordance with the provisions of Chapter XVII-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return;</p> <p>(iii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p>	<p>(ii) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return</p> <p>(iii) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;</p> <p>(iv) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(iv) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;</p> <p>(v) any tax credit claimed, to be set off in accordance with the provisions of section 115JAA or section 115JD, which has not been claimed in the earlier return; and</p> <p>(b) as increased by the amount of refund, if any, issued in respect of such earlier return.</p> <p>(5) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the approval of the Central Government, by notification in</p>	<p>(v) any tax credit claimed, to be set off as per section 206(13), which has not been claimed in the earlier return; and</p> <p>(b) as increased by refund, if any, issued in respect of such earlier return.</p> <p>(8) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, by notification, issue guidelines removing the difficulty.</p> <p>(9) No guidelines under sub-section (8) shall be issued after the expiration of two years from the 1st April, 2026</p> <p>(10) Every guideline issued by the Board under sub-section (8) 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,</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the Official Gazette, issue guidelines for the purpose of removing the difficulty.</p> <p>(6) Every guideline issued under sub-section (5) shall be laid before each House of Parliament.</p> <p>Explanation.—For the purposes of this section,—</p> <p>(i) interest payable under section 234A, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return, under sub-section (8A) of section 139, in accordance with the provisions of sub-section (1A) of section 140A;</p> <p>(ii) interest payable under section 234C, for the purposes of sub-section (2), shall be computed after taking into account the total income furnished in the return</p>	<p>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</p> <p>(11) For the purposes of this section,—</p> <p>(a) interest payable under section 423, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return, under section 263(6), as per section 266(4);</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>under sub-section (8A) of section 139 as the returned income;</p> <p>(iii) interest payable, for the purposes of sub-section (3), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under sub-section (8A) of section 139, as reduced by interest paid, in accordance with the earlier return, if any:</p> <p>Provided that for the purposes of this clause, the interest paid in the earlier return shall be nil if such return is an updated return referred to in sub-section (1).]</p>	<p>(b) interest payable under section 425, for the purposes of sub-section (3), shall be computed after taking into account the total income furnished in the return under section 263(6) as the returned income</p> <p>(c) interest payable, for the purposes of sub-section (5), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under section 263(6), as reduced by interest paid, as per the earlier return, if any</p> <p>(12) For the purposes of sub-section (11)(c), the interest paid in the earlier return shall be nil if such return is an updated return referred to in sub-section (1).</p>	<p>It is suggested that section 267(12) may be omitted.</p>	<p>As per section 263(6)(c)(iv), no person can furnish an updated return if an updated return has already been furnished and as such section 267(12) cannot be acted upon and is infructuous.</p>



Chapter XVI

PROCEDURE FOR ASSESSMENT

1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
269	142A	Estimation of value of assets by Valuation Officer— (1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including fair market value, of any asset, property or investment and submit a copy of report to him.	Estimation of value of assets by Valuation Officer— (1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including the fair market value, of any asset, property or investment and submit a copy of report to him. (2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or	(A) It is suggested that the terms “asset”, “property” and “investment” be defined in the Bill.	(A) As the terms 'asset,' 'property,' and 'investment' are not defined in the Bill, their usage may give rise to interpretational challenges. Defining 'asset' or adopting a more specific, comprehensive term would provide greater clarity and help mitigate potential litigation. The provisions of this section pertain to the estimation of the value of assets by the Valuation Officer, who has been authorised to determine the value, including the fair market value, of any asset, property, or investment.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee. (3) The Valuation Officer, on a reference made under sub-section (1), shall, for the purpose of estimating the value of the asset, property or investment, have all the powers that he has under section 38A of the Wealth-tax Act, 1957 (27 of 1957).	completeness of the accounts of the assessee. (3) (a) For estimating the value, including the fair market value, of the asset, property, or investment, the Valuation Officer or any engineer, overseer, surveyor, or assessor authorized by him, may, subject to	 (B) It is suggested that section 269(3)(a) may be amended as under:	The term 'asset' is not defined in the Bill, although 'block of asset' is defined under Section 2(17). Additionally, the terms 'property' and 'investment' are also not defined. As a result, references to 'asset,' 'property,' or 'investment' may give rise to litigation regarding the interpretation of these terms. Therefore, it is recommended that instead of referring to 'asset,' 'property,' or 'investment,' a specific term encompassing all types of assets be used, along with a clear definition of 'asset' to ensure legal clarity and prevent ambiguity. (B) It is suggested that section 269(3)(a) be amended to refer to persons appointed by the Central Government, or by the Principal Chief Commissioner, Chief



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered, after giving an opportunity of being heard to the assessee. (5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.	any rules made in this regard and at such reasonable times, as prescribed,— (i) enter any land within the limits of the area assigned to the Valuation Officer; or (ii) enter any land, building, or other place belonging to or occupied by any person in connection with whose assessment a reference has been made to the Valuation Officer; or (iii) inspect any asset, property, or investment in respect of which a reference has been made to the Valuation Officer. (b) The Valuation Officer or any engineer, overseer, surveyor, or assessor, may require any person in	(a) For estimating the value, including the fair market value, of the asset, property, or investment, the Valuation Officer appointed by the Central Government , or any engineer, overseer, surveyor, or assessor authorized by him appointed by Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner , may, subject to any rules made in this regard and at such reasonable times, as prescribed—	Commissioner, Principal Commissioner, or Commissioner under section 269(10), to ensure consistency in language and remove any ambiguity regarding the authority for such appointments. Section 269(10), the Central Government is empowered to appoint Valuation Officers and the Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner is empowered to appoint any engineer, overseer, surveyor or assessor. Therefore, it is appropriate that the Valuation Officer appointed by the Central Government and the other persons specified u/s 269(3)(a) appointed by the Principal Chief Commissioner, Chief Commissioner,



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(6) The Valuation Officer shall send a copy of the report of the estimate made under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee, within a period of six months from the end of the month in which a reference is made under sub-section (1). (7) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in	charge of, or in occupation or possession of, such land, building, or other place or such asset, property, or investment to afford the necessary facility to: (i) survey or inspect such land, building, or other place or such asset, property, or investment; (ii) estimate its value; or (iii) inspect any books of account, document, or record relevant for the valuation of such asset, property, or investment and gather other particulars relating to it. (c) No Valuation Officer, engineer, overseer, surveyor, or assessor shall enter any land, building or place referred to in clause (a)(ii), or inspect	(C) It is suggested that section 269(3)(c) may be amended as under:	Principal Commissioner, or Commissioner under Section 269(10) be referenced, to eliminate any potential inconsistency.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>making the assessment or reassessment</p> <p>Explanation.—In this section, "Valuation Officer" has the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957 (27 of 1957).</p>	<p>any asset, property, or investment referred to in clause (a)(iii), except with the consent of the person in charge of, or in occupation or possession of, such land, building, place, or asset, property, or investment, without providing such person at least two days' notice in writing of their intention to do so.</p> <p>(d) If a person who, under this subsection, is required to afford any facility to the Valuation Officer or the engineer, overseer, surveyor, or assessor, either refuses or evades to afford such facility, the Valuation Officer shall have all the powers as are vested in a court under the Code of Civil Procedure, 1908, when trying</p>	<p>No Valuation Officer, engineer, overseer, surveyor, or assessor shall enter any land, building or place referred to in clause (a)(ii), or inspect any asset, property, or investment referred to in clause (a)(iii), except with the consent of the person in charge of, or in occupation or possession of, such land, building, place, or asset, property, or investment, without providing such person at least two fifteen days' notice in writing of their intention to do so.</p>	<p>(C) The existing requirement of giving two days' prior notice under section 269(3)(c) before a Valuation Officer, engineer, overseer, surveyor, or assessor may enter any land, building, or place be reconsidered, as it is not a reasonable time. A minimum notice period of fifteen days may be prescribed to ensure adequate opportunity and procedural fairness to the assessee.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>a suit in respect of the following matters,—</p> <p>(i) discovery and inspection;</p> <p>(ii) enforcing the attendance of any person, including any officer of a banking company, and examining him on oath;</p> <p>(iii) compelling the production of books of account and other documents; and (iv) issuing commissions.</p> <p>(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered,</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>after giving an opportunity of being heard to the assessee.</p> <p>(5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.</p> <p>(6) The Valuation Officer shall send the report of the estimate made under sub-section (4) or (5), to the Assessing Officer and the assessee.</p> <p>(7) With a view to rectifying any mistake apparent from the record, the Valuation Officer may amend any report made by him, as per section 287.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			<p>(8) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment</p> <p>(9) The Valuation officer shall send the report referred to in sub-section (6) within six months from the end of the month in which the reference is made under sub-section (1).</p> <p>(10) For the purposes of this Act,—</p> <p>(a) the Central Government may appoint as many Valuation Officers, as necessary; and</p> <p>(b) subject to the rules and orders of the Central Government regulating</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			the conditions of service of persons in public services and posts, a Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner may appoint as many engineers, overseers, surveyors and assessors as may be necessary to assist the Valuation Officers in the performance of their functions.		
270	143	Assessment— (1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142, such return shall be processed in the following manner,—	Assessment— (1) Where a return has been made under section 263, or in response to a notice under section 268(1) such return shall be processed in the following manner:—	1. Section 270(1)(a) be specifically limited to addressing only arithmetical errors and <i>prima facie</i> incorrect claims. By restricting the scope of adjustments to clear	The adjustments listed out in sub-clauses (i) to (v) of section 270(1)(a) are <i>prima facie</i> adjustments which are to be made in the course of computerized processing without any human interface. In other words, the software is designed to detect arithmetical inaccuracies and incorrect



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) the total income or loss shall be computed after making the following adjustments, namely:— (i) any arithmetical error in the return; (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return; (iia) any such inconsistency in the return, with respect to the information in the return of any preceding previous year, as may be prescribed; (iii) disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was	(a) the total income or loss shall be computed after making the adjustments towards the following:— (i) any arithmetical error in the return; (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return; (iii) disallowance of loss claimed, if return of the tax year for which set off of loss is claimed was furnished beyond the due date specified under section 263(1); (iv) disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return; or	mathematical inconsistencies and manifest errors, the possibility of disallowing legitimate exemptions and deductions can be significantly reduced. 2. Intimation under section 270(1)(a) to be issued after providing for an opportunity of being heard to the assessee. 3. Existing disputes relating to section 143(1)(a) of the Income-tax Act, 1961 be permitted to be settled through arbitration.	claims apparent from any information in the return and make appropriate adjustments in the computation of the total income. However, currently, in many cases, the adjustments made u/s 143(1)(a) of the Income-tax Act, 1961 go beyond the subclauses (i) to (v) listed therein. For example, in many cases, claim of foreign tax credit (FTC) for taxes paid in a country with which India has a DTAA is denied while processing returns under this section, even if the assessee has duly uploaded Form No.67 verified by him. This defeats the purpose of allowing double taxation relief. The automatic disallowance of genuine claims during the initial processing stage, often without proper verification,



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		furnished beyond the due date specified under sub-section (1) of section 139; (iv) disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return; (v) disallowance of deduction claimed under section 10AA or under any of the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes", if the return is furnished beyond the due date specified under sub-	(v) disallowance of deduction claimed under section 144 or under any of the provisions of Chapter VIII if the return is furnished beyond the due date specified under section 263(1); (b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a); (c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed under clause (b) by— (i) any tax deducted at source; (ii) any tax collected at source; (iii) any advance tax paid;		leads to unintended consequences, including increased litigation and taxpayer grievances. Also, there are cases where the response filed by the assessee in relation to the adjustment is not considered nor any response is provided for not accepting the assessee's stand.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>section (1) of section 139; or</p> <p>(vi) addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return:</p> <p>Provided that no such adjustments shall be made unless an intimation is given to the assessee of such adjustments either in writing or in electronic mode:</p> <p>Provided further that the response received from the assessee, if any, shall be considered before making any adjustment, and in a</p>	<p>(iv) any rebate or relief allowable under Chapter IX;</p> <p>(v) any tax paid on self-assessment; and</p> <p>(vi) any amount paid otherwise by way of tax, interest or fee;</p> <p>(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or refund due to, the assessee under clause (c); and</p> <p>(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee.</p> <p>(2) Before making any adjustment under sub-section (1)(a),—</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made:</p> <p>Provided also that no adjustment shall be made under sub-clause (vi) in relation to a return furnished for the assessment year commencing on or after the 1st day of April, 2018;</p> <p>(b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a);</p> <p>(c) the sum payable by, or the amount of refund due</p>	<p>(a) an intimation is to be given to the assessee of such adjustments either in writing or in electronic mode;</p> <p>(b) the response received from the assessee in this regard, if any, shall be considered; and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made.</p> <p>(3) For the purposes of sub-section (1), an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax, interest or fee is payable by, or no refund is due to, him.</p> <p>(4) No intimation under sub-section (1) shall be sent after the expiry of nine months from the end of the</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		to, the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed under clause (b) by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowable under section 89, any relief allowable under an agreement under section 90 or section 90A, or any relief allowable under section 91, any rebate allowable under Part A of Chapter VIII, any tax paid on self-assessment and any amount paid otherwise by way of tax, interest or fee;	financial year in which the return is made. (5) For the purposes of sub-sections (1) to (4),— (a) “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return,— (i) of an item, which is inconsistent with another entry of the same or some other item in such return; (ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or (iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and</p> <p>(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee:</p> <p>Provided that an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax, interest or fee is</p>	<p>expressed as monetary amount or percentage or ratio or fraction;</p> <p>(b) “the acknowledgement of the return” shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under sub-section(1)(c), and where no adjustment has been made under sub-section(1)(a).</p> <p>(6) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>payable by, or no refund is due to, him:</p> <p>Provided further that no intimation under this sub-section shall be sent after the expiry of nine months from the end of the financial year in which the return is made.</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(a) "an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,—</p> <p>(i) of an item, which is inconsistent with another</p>	<p>(7) The scheme made under sub-section (6) shall, as soon as may be laid before each House of Parliament.</p> <p>(8) Where a return has been furnished under section 263 or in response to a notice under section 268(1), the Assessing Officer or the prescribed income-tax authority, if, considers it necessary or expedient to ensure that the assessee—</p> <p>(a) has not understated the income;</p> <p>(b) has not computed excessive loss;</p> <p>(c) has not under-paid the tax in any manner, shall serve on the assessee a notice requiring him, on a date to be specified therein,—</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		entry of the same or some other item in such return; (ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; o (iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction; (b) the acknowledgement of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable	(i) either to attend the office of the Assessing Officer; or (ii) to produce, or cause to be produced before the Assessing Officer any evidence on which the assessee may rely in support of the return. (9) No notice under sub-section (8) shall be served on the assessee after the expiry of three months from the end of the financial year in which the return is furnished. (10) On the day specified in the notice issued under sub-section (8), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant material		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>to, the assessee under clause (c), and where no adjustment has been made under clause (a).</p> <p>(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section</p> <p>(1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the</p>	<p>which he has gathered, the Assessing Officer, subject to the provisions of sub-sections (11) and (13), shall—</p> <p>(a) by an order in writing, make an assessment of the total income or loss of the assessee; and</p> <p>(b) determine the sum payable by him or refund of any amount due to him on the basis of such assessment.</p> <p>(11) In the case of entities referred to in sub-section (12), which are required to furnish the return of income under section 263(1)(a)(iv), no order under sub-section (10) making an assessment of the total income or loss of any such entity shall be made by the Assessing Officer,</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2012.</p> <p>(1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), shall, as soon as may be after the notification is issued, be</p>	<p>without giving effect to the provisions of section 11, unless—</p> <p>(i) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions mentioned in Schedule III (Table: Sl. No. 23, 24 or 25), by such entity, where in his view such contravention has taken place; and</p> <p>(ii) the approval granted to such entity has been withdrawn or notification issued in respect of such entity has been rescinded.</p> <p>(12) For the purposes of sub-section (11), the entities shall be— (a) a research association referred to in Schedule III (Table: Sl. No. 23); (b) an association or institution referred to in</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>laid before each House of Parliament.</p> <p>(1D) Notwithstanding anything contained in sub-section (1), the processing of a return shall not be necessary, where a notice has been issued to the assessee under sub-section (2):</p> <p>Provided that the provisions of this sub-section shall not apply to any return furnished for the assessment year commencing on or after the 1st day of April, 2017.</p> <p>(2) Where a return has been furnished under section 139, or in response to a</p>	<p>Schedule III (Table: Sl. No. 24); (c) an institution referred to in Schedule III (Table: Sl. No. 25).</p> <p>(13) In the case of a registered non-profit organisation, where the Assessing Officer is satisfied that any such entity has committed any specified violation as mentioned in section 351(1), he shall—</p> <p>(a) send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration; and</p> <p>(b) no order making an assessment of the total income or loss of such registered non-profit organisation shall be made by him without giving effect to the order passed by the Principal Commissioner or</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		notice under sub-section (1) of section 142, the Assessing Officer or the prescribed income-tax authority, as the case may be, if, considers it necessary or expedient to ensure that the assessee has not understated the income or has not computed excessive loss or has not under-paid the tax in any manner, shall serve on the assessee a notice requiring him, on a date to be specified therein, either to attend the office of the Assessing Officer or to produce, or cause to be produced before the Assessing Officer any	Commissioner under section 351(2)(ii)(A) or (B). (14) For the purposes of sub-section (10), where the Assessing Officer is satisfied that the activities of the university, college or other institution referred to in section 45(3)(a) (hereinafter referred to as "entity") are not being carried out in accordance with all or any of the conditions subject to which such entity was approved, then— (a) he may, after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned entity, recommend to the Central Government to withdraw the approval; and		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		evidence on which the assessee may rely in support of the return: Provided that no notice under this sub-section shall be served on the assessee after the expiry of three months from the end of the financial year in which the return is furnished. (3) On the day specified in the notice issued under sub-section (2), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into	(b) that Government may by order, withdraw the approval and forward a copy of the order to the concerned entity and the Assessing Officer. (15) Where a regular assessment under sub-section (10) or section 271 is made,— (a) any tax or interest paid by the assessee under sub-section (1) shall be considered to have been paid towards such regular assessment; (b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be considered to be tax payable by the		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>account all relevant material which he has gathered, the Assessing Officer shall, by an order in writing, make an assessment of the total income or loss of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment:</p> <p>Provided that in the case of a—</p> <p>(a) research association referred to in clause (21) of section 10;</p> <p>(b) news agency referred to in clause (22B) of section 10;</p>	<p>assessee and the provisions of this Act shall apply accordingly.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(c) association or institution referred to in clause (23A) of section 10; (d) institution referred to in clause (23B) of section 10, which is required to furnish the return of income under sub-section (4C) of section 139, no order making an assessment of the total income or loss of such research association, news agency, association or institution, shall be made by the Assessing Officer, without giving effect to the provisions of section 10, unless— (i) the Assessing Officer has intimated the Central			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Government or the prescribed authority the contravention of the provisions of clause (21) or clause (22B) or clause (23A) or clause (23B), as the case may be, by such research association, news agency, association or institution, where in his view such contravention has taken place; and</p> <p>(ii) the approval granted to such research association or other association or institution has been withdrawn or notification issued in respect of such news agency or association</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>or institution has been rescinded:]</p> <p>Provided further that where the Assessing Officer is satisfied that any fund or institution referred to in sub-clause (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (via), of clause (23C) of section 10, or any trust or institution referred to in section 11, has committed any specified violation as defined in Explanation 2 to</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the fifteenth proviso to clause (23C) of section 10 or the Explanation to sub-section (4) of section 12AB, as the case may be, he shall—</p> <p>(a) send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration, as the case may be; and</p> <p>(b) no order making an assessment of the total income or loss of such fund or institution or trust or any university or other educational institution or any hospital or other medical institution shall be made by him without</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>giving effect to the order passed by the Principal Commissioner or Commissioner under clause (ii) or clause (iii) of the fifteenth proviso to clause (23C) of section 10 or clause (ii) or clause (iii) of sub-section (4) of section 12AB:</p> <p>Provided also]that where the Assessing Officer is satisfied that the activities of the university, college or other institution referred to in clause (ii) and clause (iii) of sub-section (1) of section 35 are not being carried out in accordance with all or any of the conditions subject to which</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such university, college or other institution was approved, he may, after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned university, college or other institution, recommend to the Central Government to withdraw the approval and that Government may by order, withdraw the approval and forward a copy of the order to the concerned university, college or other institution and the Assessing Officer.</p> <p>(3A) The Central Government may make a scheme, by notification in</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the Official Gazette, for the purposes of making assessment of total income or loss of the assessee under sub-section (3) or section 144 so as to impart greater efficiency, transparency and accountability by—</p> <p>(a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;</p> <p>(b) optimising utilisation of the resources through economies of scale and functional specialisation;</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(c) introducing a team-based assessment with dynamic jurisdiction. (3B) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (3A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Provided that no direction shall be issued after the 31st day of March, 2021.</p> <p>(3C) Every notification issued under sub-section (3A) and sub-section (3B) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.</p> <p>(3D) Nothing contained in sub-section (3A) and sub-section (3B) shall apply to the assessment made under sub-section (3) or under section 144, as the case may be, on or after the 1st day of April, 2021.</p> <p>(4) Where a regular assessment under sub-</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>section (3) of this section or section 144 is made,—</p> <p>(a) any tax or interest paid by the assessee under sub-section (1) shall be deemed to have been paid towards such regular assessment ;</p> <p>(b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly.</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
274	144BA	Reference to Principal Commissioner or Commissioners in certain cases— Explanation.—In computing the period referred to in sub-section (13), the following shall be excluded— (i) the period commencing from the date on which the first direction is issued by the Approving Panel to the Principal Commissioner or Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 159 and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less;	Reference to Principal Commissioner or Commissioners in certain cases— (14) In computing the period referred to in sub-section (13), the following shall be excluded:— (a) the period commencing from the date on which the first direction is issued by the Approving Panel to the Principal Commissioner or Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 159 and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less;		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		section 90 or section 90A and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less; (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:	(b) the period commencing on the date on which the proceeding of the Approving Panel is stayed 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.	It is suggested that section 274(14)(b) may be redrafted as under: (b) the period commencing on the date on which <u>stay on</u> the proceeding of the Approving Panel <u>is stayed</u> <u>was granted</u> 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.	The amendment made by Finance Act, 2025 in clause (ii) to Explanation to section 144BA of Income-tax Act, 1961 to be incorporated in Section 274(14)(b) of Income-tax Bill, 2025.



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
275	144C	Reference to dispute resolution panel— (1) The Assessing Officer shall, notwithstanding anything to the contrary contained in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee if he proposes to make, on or after the 1st day of October, 2009, any variation which is prejudicial to the interest of such assessee. (2) On receipt of the draft order, the eligible assessee	Reference to dispute resolution panel— (1) The Assessing Officer shall, irrespective of anything to the contrary contained in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee, if he proposes to make any variation which is prejudicial to the interest of such assessee. (2) On receipt of the draft order, the eligible assessee shall, within thirty days of its receipt,— (a) file his acceptance of the variations to the Assessing Officer; or	It is suggested that Section 275 be appropriately amended so that there is no conflict with jurisdictional provisions and constitutional principles under Article 265.	Section 275 empowers the DRP to issue binding directions to the Assessing Officer, which contradicts Section 239(2) that restricts even the CBDT from directing assessments. As DRP members are not defined as Assessing Officers, such powers may conflict with jurisdictional provisions and constitutional principles under Article 265, necessitating reconsideration. Section 275, inter alia, deals with transfer pricing assessment and as per Section 275(5), the Dispute Resolution Panel is the appropriate authority where objections against a draft assessment order can be challenged. The Dispute Resolution Panel has been empowered to give direction to the Assessing Officer in writing after making such enquiry as it



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		shall, within thirty days of the receipt by him of the draft order,— (a) file his acceptance of the variations to the Assessing Officer; or (b) file his objections, if any, to such variation with,— (i) the Dispute Resolution Panel; and (ii) the Assessing Officer. (3) The Assessing Officer shall complete the assessment on the basis of the draft order, if—	(b) file his objections, if any, to such variation with,— (i) the Dispute Resolution Panel; and (ii) the Assessing Officer. (3) The Assessing Officer shall complete the assessment on the basis of the draft order, if— (a) the assessee intimates to the Assessing Officer the acceptance of the variation; or (b) no objection is received within the period specified in sub-section (2). (4) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one		thinks fit or cause any further enquiry to be made by any income tax authority in view of Section 275(7). Moreover, as per Section 275(8) the DRP may confirm, reduce or enhance the variation proposed in the draft order and it has also been specified in Section 275(11) that every direction issued by DRP shall be binding on the Assessing Officer. Dispute Resolution Panel has been defined in Section 275(17)(a) as a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose. From the aforesaid provisions of Section 275, it is abundantly clear that a DRP consisting of three Commissioners which has been constituted by the Board



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) the assessee intimates to the Assessing Officer the acceptance of the variation; or (b) no objections are received within the period specified in sub-section (2). (4) The Assessing Officer shall, notwithstanding anything contained in section 153 or section 153B, pass the assessment order under sub-section (3) within one month from the end of the month in which,— (a) the acceptance is received; or	month from the end of the month in which,— (a) the acceptance is received; or (b) the period of filing of objections under sub-section (2) expires. (5) The Dispute Resolution Panel shall, in a case where any objection is received under sub-section (2), issue such directions, as it thinks fit, for guidance of the Assessing Officer to enable him to complete the assessment. (6) The Dispute Resolution Panel shall issue the directions as referred to in sub-section (5), in writing, stating the points of determination, the decision thereon and the reason for such decision.		is empowered to give binding direction to the Assessing Officer. This is directly in contradiction to the provisions of Section 239(2) dealing with instructions to sub-ordinate authorities as per which the Central Board of Direct Taxes also is not empowered to give any order, instruction or direction so as to require any income tax authority to make a particular assessment or dispose of a particular case in a particular manner. Thus, when the CBDT itself is not empowered to give any direction to any income tax authority, it is surprising that Section 275 postulates that the DRP which is constituted by the Board and which consists of three Principal Commissioners can be allowed to give



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(b) the period of filing of objections under sub-section (2) expires. (5) The Dispute Resolution Panel shall, in a case where any objection is received under sub-section (2), issue such directions, as it thinks fit, for the guidance of the Assessing Officer to enable him to complete the assessment. (6) The Dispute Resolution Panel shall issue the directions referred to in sub-section (5), after considering the following, namely:—	(7) The Dispute Resolution Panel may, before issuing any directions referred to in sub-section (5),— (a) make such further enquiry, as it thinks fit; or (b) cause any further enquiry to be made by any income-tax authority, and report the result of the same to it. (8) The Dispute Resolution Panel may, confirm, reduce or enhance the variations proposed in the draft order, so however, that it shall not set aside any proposed variation, or issue any direction under sub-section (5) for further enquiry and passing of the assessment order. (9) For the purposes of sub-section (8), the power of the Dispute		binding direction to the Assessing Officer. It virtually means that what Board cannot do is allowed to be done by an income tax authority lower in rank to the Board and thus, the entire scheme of the Act in so far as the power of the DRP to give binding direction to the Assessing Officer for enhancement is ultra vires. It is also appropriate to note that the “Assessing Officer” is defined in Section 2(12) as Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director or Income Tax OfficerThe definition of “Assessing Officer” does not include Principal Commissioner or Commissioner and therefore, in so far as the act of assessment is concerned it can only be done by an Assessing Officer and



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) draft order; (b) objections filed by the assessee; (c) evidence furnished by the assessee; (d) report, if any, of the Assessing Officer, Valuation Officer or Transfer Pricing Officer or any other authority; (e) records relating to the draft order; (f) evidence collected by, or caused to be collected by, it; and	Resolution Panel to enhance the variation shall include the power to consider any matter arising out of the assessment proceedings relating to the draft order, irrespective of the fact that such matter was not raised by the eligible assessee. (10) If the members of the Dispute Resolution Panel differ in opinion on any point, the point shall be decided as per the opinion of the majority of the members. (11) Every direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer. (12) No direction under sub-section (5) shall be issued unless an opportunity of being heard is given to the assessee, and the Assessing		not otherwise and if any income tax authority is allowed to do an act which results into an assessment it will be apparently in violation of the jurisdiction of the Assessing Officer as well as the provisions regarding the power of the Board to give directions and thus, against Article 265 of the Constitution of India as per which no taxes can be levied except as per the authority of law. Even though this provision is present in the Income-tax Act, 1961 also, this is an issue which requires examination.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(g) result of any enquiry made by, or caused to be made by, it. (7) The Dispute Resolution Panel may, before issuing any directions referred to in sub-section (5),— (a) make such further enquiry, as it thinks fit; or (b) cause any further enquiry to be made by any income-tax authority and report the result of the same to it. (8) The Dispute Resolution Panel may confirm, reduce or enhance the variations proposed in the draft order	Officer, on such directions which are prejudicial to the interest of the assessee, or the interest of the revenue, respectively. (13) No direction under sub-section (5) shall be issued after nine months from the end of the month in which the draft order is forwarded to the eligible assessee. (14) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the directions, complete, irrespective of anything to the contrary contained in section 286, the assessment without providing any further opportunity of being heard to the assessee, within one month from		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>so, however, that it shall not set aside any proposed variation or issue any direction under sub-section (5) for further enquiry and passing of the assessment order.</p> <p>Explanation.—For the removal of doubts, it is hereby declared that the power of the Dispute Resolution Panel to enhance the variation shall include and shall be deemed always to have included the power to consider any matter arising out of the assessment proceedings relating to the</p>	<p>the end of the month in which such direction is received.</p> <p>(15) The Board may make rules for the purposes of the efficient functioning of the Dispute Resolution Panel and expeditious disposal of the objections filed under sub-section (2) by the eligible assessee.</p> <p>(16) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner as provided in section 274(12). (17) In this section, subject to the provisions of sub-section (18),—</p> <p>(a) “Dispute Resolution Panel” means a collegium comprising of three</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>draft order, notwithstanding that such matter was raised or not by the eligible assessee.</p> <p>(9) If the members of the Dispute Resolution Panel differ in opinion on any point, the point shall be decided according to the opinion of the majority of the members.</p> <p>(10) Every direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer.</p> <p>(11) No direction under sub-section (5) shall be issued unless an opportunity of being heard</p>	<p>Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose;</p> <p>(b) "eligible assessee" means,—</p> <p>(i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer Pricing Officer passed under section 166(6);</p> <p>(ii) any non-resident (not being a company), or any foreign company.</p> <p>(18) The eligible assessee referred to in sub-section (17) shall not include person referred to in section 292(1) or other person referred to in section 295.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>is given to the assessee and the Assessing Officer on such directions which are prejudicial to the interest of the assessee or the interest of the revenue, respectively.</p> <p>(12) No direction under sub-section (5) shall be issued after nine months from the end of the month in which the draft order is forwarded to the eligible assessee.</p> <p>(13) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the</p>	<p>(19) The provisions of this section shall not apply to any proceedings under Chapter XVI-B.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>directions, complete, notwithstanding anything to the contrary contained in section 153 or section 153B, the assessment without providing any further opportunity of being heard to the assessee, within one month from the end of the month in which such direction is received.</p> <p>(14) The Board may make rules for the purposes of the efficient functioning of the Dispute Resolution Panel and expeditious disposal of the objections filed under sub-section (2) by the eligible assessee.</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(14A) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner as provided in sub-section (12) of section 144BA. (14B) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of issuance of directions by the dispute resolution panel, so as to impart greater efficiency,			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		transparency and accountability by— (a) eliminating the interface between the dispute resolution panel and the eligible assessee or any other person to the extent technologically feasible; (b) optimising utilisation of the resources through economies of scale and functional specialisation; (c) introducing a mechanism with dynamic jurisdiction for issuance of directions by dispute resolution panel.			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(14C) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (14B), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:</p> <p>(14D) Every notification issued under sub-section (14B) and sub-section (14C) shall, as soon as may be after the notification is</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		issued, be laid before each House of Parliament. (15) For the purposes of this section,— (a) "Dispute Resolution Panel" means a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose; (b) "eligible assessee" means,— (i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		Pricing Officer passed under sub-section (3) of section 92CA; and (ii) any non-resident not being a company, or any foreign company: 26[Provided that such eligible assessee shall not include person referred to in sub-section (1) of section 158BA or other person referred to in section 158BD.] 26[(16) The provisions of this section shall not apply to any proceedings under Chapter XIV-B.]			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
276	145	Method of accounting— (2) The Central Government may notify in the Official Gazette from time to time income computation and disclosure standards to be followed by any class of assessees or in respect of any class of income.	Method of accounting— (2) The Central Government may notify income computation and disclosure standards to be followed by any class of assessees or in respect of any class of income.	It is suggested that section 276(2) may be omitted.	<p>The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS.</p> <p>Consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.</p> <p>Accordingly, section 276(2) empowering the Central Government to notify ICDSs may be omitted.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
277	145A	Method of accounting in certain cases— For the purpose of determining the income chargeable under the head "Profits and gains of business or profession",— (i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145; (ii) the valuation of purchase and sale of goods	Method of accounting in certain cases— (1) For the purposes of determining the income chargeable under the head "Profits and gains of business or profession",— (i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed as per the income computation and disclosure standards notified under section 276(2); (ii) the valuation of purchase and sale of goods or services and valuation of inventory shall be adjusted to include any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or	It is suggested that Section 277 may be omitted.	The discrepancies between accounting profit and taxable profit arising from the application of ICDS have led to disputes and litigation. The introduction of ICDS created an additional compliance burden, as taxpayers are required to compute income separately under ICDS. Consideration of profits derived on the basis of accounts drawn in compliance with the accounting standards issued by regulatory bodies for tax purposes will help mitigate litigation and also serve the objective of simplification of tax laws.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation; (iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised in	services to the place of its location and condition as on the date of valuation; (iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised as per the income computation and disclosure standards notified under section 276(2); (iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value as per the income computation and disclosure standards notified under section 276(2).		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>accordance with the income computation and disclosure standards notified under sub-section (2) of section 145;</p> <p>(iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145:</p> <p>Provided that the inventory being securities held by a scheduled bank or public financial institution shall</p>	<p>(2) For the purposes of sub-section (1), the inventory being securities held by a scheduled bank or public financial institution shall be valued as per the income computation and disclosure standards notified under section 276(2) after taking into account the extant guidelines issued by the Reserve Bank of India in this regard.</p> <p>(3) For the purposes of sub-sections (1) and (2), the comparison of actual cost and net realisable value of securities shall be made category-wise.</p> <p>(4) For the purposes of this section, any tax, duty, cess or fee (by whatever name called) under any law in force, shall include all such payment</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be valued in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145 after taking into account the extant guidelines issued by the Reserve Bank of India in this regard:</p> <p>Provided further that the comparison of actual cost and net realisable value of securities shall be made category-wise.</p> <p>Explanation 1.—For the purposes of this section, any tax, duty, cess or fee (by whatever name called)</p>	<p>irrespective of any right arising as a consequence to such payment.</p> <p>(5) In this section, “public financial institution” shall have the same meaning as assigned to it in section 2(72) of the Companies Act, 2013.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>under any law for the time being in force, shall include all such payment notwithstanding any right arising as a consequence to such payment.</p> <p>Explanation 2.—For the purposes of this section,—</p> <p>(a) "public financial institution" shall have the meaning assigned to it in clause (72) of section 2 of the Companies Act, 2013 (18 of 2013);</p> <p>(b) "recognised stock exchange" shall have the meaning assigned to it in</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		clause (ii) of Explanation 1 to clause (5) of section 43; (c) "scheduled bank" shall have the meaning assigned to it in clause (ii) of the Explanation to clause (viia) of sub-section (1) of section 36.			
279	147	Income escaping assessment- If any income chargeable to tax, in the case of an assessee, has escaped assessment for any assessment year, the Assessing Officer may, subject to the provisions of sections 148 to 153, assess	Income escaping assessment- (1) If, in the case of an assessee, any income chargeable to tax has escaped assessment for any tax year (hereinafter referred to as "the relevant tax year" in this section and sections 280 to 286, the Assessing Officer may, subject to the provisions of sections 280 to 286, for the relevant tax year,—	It is suggested that section 279(1) may be amended as under: (1) If, in the case of an assessee, any income chargeable to tax has escaped assessment for any tax year (hereinafter referred to as "the relevant tax year"	The bracket opened before the reference to section 286 should be appropriately closed to ensure grammatical accuracy and proper statutory referencing.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for such assessment year (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year).		in this section and sections 280 to 286), the Assessing Officer may, subject to the provisions of sections 280 to 286, for the relevant tax year,—	
280	148	Issue of notice where income has escaped assessment— (1) Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall, subject to the	Issue of notice where income has escaped assessment— (1)(a) Before making the assessment, reassessment or recomputation under section 279, the Assessing Officer shall, subject to the provisions of section 281, issue a notice to the		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		provisions of section 148A, issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A, requiring him to furnish, within such period as may be specified in the notice, not exceeding three months from the end of the month in which such notice is issued, a return of his income or income of any other person in respect of whom he is assessable under this Act during the previous year corresponding to the relevant assessment year:	assessee, along with a copy of the order passed under section 281(3). (b) the notice referred to in clause (a) shall require the assessee to furnish, within such period as may be specified therein, a return of his income or income of any other person in respect of whom he is assessable under this Act during the relevant tax year; and. (c) the period specified in the notice referred to in clause (a) shall not exceed three months from the end of the month in which such notice is issued.	It is suggested that section 280(1)(c) can be redrafted as under: the period specified in the notice referred to in clause (a) <u>shall not be less than one month but</u> shall not exceed three months from the end of the month in which such notice is issued.	The insertion of the words “be less than one month but shall not” ensures clarity and precision in defining the minimum and maximum time limits, thereby aligning the provision with standard legal drafting practices and eliminating ambiguity.



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Provided that no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year:</p> <p>Provided further that where the Assessing Officer has received information under the scheme notified under section 135A, no notice under this section shall be issued without prior approval of the specified authority.</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
281	148A	Procedure before issuance of notice u/s 148— (1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice under section 148 provide an opportunity of being heard to such assessee by serving upon him a notice to show cause as to why a notice under section 148 should not be issued in his case and such notice to show cause shall	Procedure before issuance of notice u/s 280— (1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a show cause notice. (2) The notice to show cause referred to in sub-section (1) shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant tax year, and on receipt of such notice,	(A) It is suggested that section 281(1) can be redrafted as under: Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a show cause notice allowing time of not	(A) The inclusion of the phrase 'allowing a minimum period of 15 days from the date of service' ensures that the assessee is provided with a reasonable opportunity to be heard, thereby ensuring adherence to the principles of natural justice and procedural fairness.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year.</p> <p>(2) On receipt of the notice under sub-section (1), the assessee may furnish his reply within such period, as may be specified in the notice.</p> <p>(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280.</p> <p>(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any tax year in the case of an assessee, where the Assessing Officer has received—</p>	<p>the assessee may furnish his reply within such period, as specified in therein.</p> <p>(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280.</p> <p>(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any tax year in the case of an assessee, where the Assessing Officer has received—</p>	<p><u>less than fifteen days from the date of its service.</u></p> <p>(B) It is suggested that section 281(3) can be redrafted as under:</p> <p>The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280, <u>within a period of 15 days from the end of the</u></p>	<p>(B) The inclusion of the phrase 'within a period of 15 days from the end of the month in which the reply is received from the assessee' provides a definitive timeline for the passing of the order, thereby ensuring procedural certainty and facilitating prompt action by the Assessing Officer.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 148.</p> <p>(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any assessment year in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A.</p> <p>Explanation.—For the purposes of this section and section 148, "specified</p>	<p>(a) information under the scheme notified under section 260;</p> <p>(b) directions issued by the Approving Panel under section 274(6);</p> <p>(c) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.</p>	<p><u>month in which reply is received from the assessee.</u></p>	



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		authority" means the specified authority referred to in section 151.]			
282	149	Time limit for notice u/s 148 and 148A— (1) No notice under section 148 shall be issued for the relevant assessment year,— (a) if three years and three months have elapsed from the end of the relevant assessment year, unless the case falls under clause (b); (b) if three years and three months, but not more than five years and three months, have elapsed from	Time limit for notice u/s 280 and 281A— (1) No notice under section 280 shall be issued for the relevant tax year,— (a) if four years and three months have elapsed from the end of the relevant tax year, unless the case falls under clause (b); (b) if four years and three months, but not more than six years and three months, have elapsed from the end of the relevant tax year, unless the Assessing Officer has books of account or other documents or evidence related to any asset or	<p>It is suggested that section 282(1)(b) can be amended as under:</p> <p>If four years and three months, but not more than six years and three months, have elapsed from the end of the relevant tax year, unless</p>	<p>The insertion of the words 'in his possession' ensures that the Assessing Officer forms a belief regarding income escaping assessment based on specific material evidence in his possession, thereby conforming to the principles of reasonableness and objective satisfaction</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		the end of the relevant assessment year unless the Assessing Officer has in his possession books of account or other documents or evidence related to any asset or expenditure or transaction or entries which show that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	expenditure or transaction or entry which shows that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	the Assessing Officer has <u>in his possession</u> books of account or other documents or evidence related to any asset or expenditure or transaction or entry which shows that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more.	as mandated under the provisions of the Act.
285	152	Other provisions— (2) Where an assessment is reopened under section 147, the assessee may, if he	Other provisions— (2) The Assessing Officer may drop the proceedings initiated under	It is suggested that section 285(2) can be amended as under:	It is proposed to substitute the word 'may' with 'shall', thereby making it mandatory for the Assessing Officer to drop the



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		has not impugned any part of the original assessment order for that year either under sections 246 to 248 or under section 264, claim that the proceedings under section 147 shall be dropped on his showing that he had been assessed on an amount or to a sum not lower than what he would be rightly liable for even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made :	section 279 on a claim made by the assessee to the effect that— (a) he had been assessed on an amount not lower than what he would be rightly liable for, even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made; and (b) he has not impugned any part of the original assessment order for the relevant year under section 356 or 357 or 378.	(2) The Assessing Officer may shall drop the proceedings initiated under section 279 on a claim made by the assessee to the effect that—	proceedings upon a valid claim made by the assessee.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Provided that in so doing he shall not be entitled to reopen matters concluded by an order under section 154, 155, 260, 262, or 263.			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
292	158BA	<p>Assessment of total undisclosed income as a result of search–</p> <p>(1) Notwithstanding anything in any other provisions of this Act, where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, then, the Assessing Officer shall proceed to assess or reassess the total undisclosed income of the block period in accordance with the provisions of this Chapter.</p>	<p>Assessment of total income as a result of search–</p> <p>(1) Irrespective of any other provision of this Act, where on or after the commencement of this Act, in the case of any person, search is initiated or requisition is made, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period as per this Chapter.</p> <p>(2) The assessment or reassessment or recomputation proceedings under the provisions of this Act (other than this Chapter), if any, pertaining to any tax year falling in the block period, pending on the date of initiation of search, or the date of making of requisition, shall abate</p>	<p>(A) It is suggested that following sub-section of section 292 may be amended as under:</p> <p>“Assessment of total income total undisclosed income as a result of search–</p> <p>(1) Irrespective of any other provision of this Act, where on or after the commencement of this Act, in the case of any person, search is initiated or requisition is made, then, the Assessing Officer shall proceed to assess or reassess the total income total undisclosed income of the block period as per this Chapter.</p>	<p>(A) The amendments made by Finance Act, 2025, in section 158BA(1)/(5)/(7) of Income-tax Act, 1961 may be incorporated in the section 292(1)/(5)/(7) of the Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(2) The assessment or reassessment or recomputation under the provisions of this Act (other than this Chapter), if any, pertaining to any assessment year falling in the block period, pending on the date of initiation of the search under section 132, or making of requisition under section 132A, as the case may be, shall abate and shall be deemed to have abated on the date of initiation of search or making of requisition.</p> <p>(5) If any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (c) of sub-section (1) of section 158BC has been annulled in appeal or</p>	<p>and shall be deemed to have been abated on such date.</p> <p>(5) Irrespective of anything contained in any other provision of this Act, if any proceeding initiated or completed under this Chapter has been annulled in an appeal or any other legal proceeding, then—</p> <p>(a) the assessment or reassessment or recomputation or reference or order which has abated under sub-section (2) or (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner;</p>	<p>(B) (2) The assessment or reassessment or recomputation proceedings under the provisions of the Income-tax Act, 1961 or this Act (other than this Chapter), if any, pertaining to any assessment year or tax year falling in the block period, pending on the date of initiation of search, or the date of making of requisition, shall abate and shall be deemed to have been abated on such date.</p> <p>(5)(a) the assessment or reassessment or recomputation or reference or order</p> <p>the assessment or reassessment or recomputation or reference or order relating to any</p>	<p>(B) In case of search, there may be situations where original assessment under Income-tax Act, 1961 may be pending. Those assessments also need to be abated.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment or recomputation or reference or order relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:</p> <p>Provided that such revival shall cease to have effect, if such order of annulment is set aside.</p> <p>(7) The total undisclosed income relating to the block</p>	<p>(b) the revival, as referred to in clause (a) shall cease to have effect, if such order of annulment is set aside.</p> <p>(7) The total income pertaining to the block period, as referred to in section 293(5) shall be charged to tax at the rate specified in section 192, irrespective of the tax year or years to which such income pertains.</p>	<p>assessment year or tax year which has abated under sub-section (2) or (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner;</p> <p>(7) The total income total undisclosed income pertaining to the block period, as referred to in section 293(5) shall be charged to tax at the rate specified in section 192, irrespective of the tax year or years to which such income pertains.</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.			
293	158BB	Computation of total undisclosed income of the block period— (1) The total undisclosed income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following, namely:—	Computation of undisclosed income of the block period— (1) The total income of the block period referred to in section 292(1) shall be the aggregate of the following:— (a) undisclosed income declared in the return furnished under section 294; (b) income assessed under section 270(10) or section 271 or 279 of this Act, or section 153A or 153C of the	It is suggested that Section 293 may be amended as under: (A) Computation of undisclosed income total undisclosed income of the block period— (B) Sub-section (1) and (1A) of section 158BB of Income-tax Act, 1961 has been substituted by Finance Act, 2025. Suitable consequential amendments may	(A) The amendments made by Finance Act 2025 in section 158BB of the Income-tax Act, 1961 may be suitably incorporated in section 293 of Income-tax Bill, 2025.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(a) undisclosed income declared in the return furnished under section 158BC; (b) undisclosed income determined by the Assessing Officer under sub-section (2). (1A) The following income shall not be included in the total undisclosed income of the block period, namely:— (a) the total income determined under sub-section (1) of section 143 or assessed under section 143 or section 144 or section 147 or section 153A or section 153C or assessed earlier under clause (c) of sub-section (1) of section 158BC or sub-section	Income-tax Act, 1961, prior to the date of initiation of search or the date of making of requisition in respect of tax years comprising the block period; (c) income declared in the return of income furnished under section 263 or in response to a notice under section 268(1) or 280 in respect of tax years comprising the block period, which is not covered under clause (a) or (b); (d) income determined— (i) in respect of a tax year, where such tax 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	be made in section 293(1) of Income-tax Bill, 2025 as under: (1) The total income total undisclosed income of the block period referred to in section 292(1) shall be the aggregate of the following: a) undisclosed income declared in the return furnished under section 294; (b) undisclosed income determined by the Assessing Officer under sub-section (2). ;	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(4) of section 245D, prior to the date of initiation of the search or the date of requisition, in respect of any of the previous year comprising the block period; (b) the 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, prior to the date of initiation of the search or the date of requisition, in respect of any of the previous year comprising the block period, and not covered under clause (a);	books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition; (ii) in respect of period commencing from 1st April of the tax 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; (iii) in respect of period commencing from the date of initiation of the search	(C) Section 293(2) to be amended as under: (2) The undisclosed income forming part of the total income referred to in section 292(1) shall be computed on the basis of following:— a) evidence found as a result of search or survey or requisition; and” (D) Section 293(3) may be substituted as under: (3) The relating to any international transaction or specified domestic transaction referred to in section 166, shall not be considered for the purposes of	(C) It is suggested that the word ‘survey’ appearing in section 293(2) of the Income-tax Bill appears to have been inadvertently included, as the entire Chapter XVI-B pertains specifically to the assessment of search cases.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(c) the income computed by the assessee, in respect of— (i) 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;	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; (e) undisclosed income determined by the Assessing Officer under sub-section (2). (2) The undisclosed income forming part of the total income referred to in section 292(1) shall be computed on the basis of following:—	determining the total income of the block period, and shall be considered in the assessment made under other provisions of this Act, if (a) such income pertains to the period beginning from the 1st April of the tax year in which last of the authorisations was executed and ending with the date of execution of the last of the authorisations; and (b) such income is required to be determined (i) as a result of search or requisition of books of account or other documents; or	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(ii) the period commencing from the 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; (iii) the period commencing from the date of initiation of the search or the date of requisition	(a) evidence found as a result of search or survey or requisition; and (b) any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter. (3) The relating to any international transaction or specified domestic transaction referred to in section 166, shall not be considered for the purposes of determining the total income of the block period, and shall be considered in the assessment made under other provisions of this Act, if— (a) such income pertains to the period beginning from the 1st April of the tax year in which last of the authorisations	(ii) based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter; or (iii) based on entries relating to 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. 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	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>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:</p> <p>Provided that where the Assessing Officer is of the opinion that any part of the income as computed by the assessee under this clause is</p>	<p>was executed and ending with the date of execution of the last of the authorisations; and</p> <p>(b) such income is required to be determined—</p> <p>(i) as a result of search or requisition of books of account or other documents; or</p> <p>(ii) based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter; or</p> <p>(iii) based on entries relating to income or transactions as recorded in books of account and other documents maintained in the normal course on or</p>	<p>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 166, pertaining to the period beginning from the 1st day of April of the tax year in which last of the authorisations was executed and ending with the date on which last of the</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>undisclosed, he may recompute such income;</p> <p>(d) the total income referred to in sub-section (5) of section 115A or section 115G or sub-section (1) of section 194P.</p> <p>(2) The undisclosed income falling within the block period, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey 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</p>	<p>before the date of the execution of the last of the authorisations.</p> <p>(4) For the purposes of determination of undisclosed income,—</p> <p>(a) of a firm, such income assessed for each of the tax years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration, by whatever name called, to any partner not being a working partner;</p> <p>(b) the provisions of sections 102, 103, 104 and 105 shall, so far as may be, apply and reference to tax year in those sections shall be construed as references</p>	<p>authorisations was executed, such income shall not be considered for the purposes of determining the total undisclosed income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.</p> <p>(E) Section 293(5) to be amended as under:</p> <p>(5) The tax referred to in section 292(7) shall be charged on the total income pertaining to the block period determined in the manner specified in sub-section (1) as reduced by the total income</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		his notice during the course of proceedings under this Chapter. (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	to the relevant tax year falling in the block period; (c) the provisions of section 166 shall, so far as may be, apply and reference to tax year in that section shall be construed as reference to the relevant tax year falling in the block period excluding the period referred to in sub-section (3). (5) The tax referred to in section 292(7) shall be charged on the total income pertaining to the block period determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (b), (c) and (d) of the said sub-section.	referred to in clause (b), (c) and (d) of the said sub-section. The tax referred to in sub-section (7) of section 292 shall be charged on the total undisclosed income determined in the manner specified in sub-section (1).";	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		any 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.	(6) For the purposes of sub-sections (1) and (5) , the following shall be ignored: — (a) the undisclosed income declared under sub-section (1)(a) is a loss; or (b) the income disclosed in respect of any tax year comprising the block period is a loss; or (c) the returned income or assessed income under sub-section (1)(b) or (c) is a loss; or (d) the income as determined under of sub-section (1)(d) is a loss. (7) For the purposes of assessment, losses brought forward from the tax year (prior to the first tax year comprising the	(F) Sub-section (6) of section 293 to be omitted. (6) For the purposes of sub-sections (1) and (5), the following shall be ignored: (a) the undisclosed income declared under sub-section (1)(a) is a loss; or (b) the income disclosed in respect of any tax year comprising the block period is a loss; or	(F) Sub-section (6) of section 158BB has been omitted by the Finance Act, 2025. Correspondingly, sub-section (6) of section 293 has to be omitted in the Income-tax Bill, 2025.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(4) For the purposes of determination of undisclosed income, -- (a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner; (b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in those sections shall be construed as references to the	block period) under Chapter VII or unabsorbed depreciation under section 33(11) shall not be set off against the undisclosed income determined in the block assessment under this Chapter. (8) Losses or unabsorbed depreciation as referred to in sub-section (7) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period, taking into account the block period and such tax year, and as per the provisions of this Act	(e) the returned income or assessed income under subsection (1)(b) or (e) is a loss; or (d) the income as determined under of sub-section (1)(d) is a loss. (G) It is suggested to substitute section 293(8) as follows: (8) Losses or unabsorbed depreciation as referred to in sub-section (7) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period as per the provisions of this Act. Such remaining period shall be increased by such period during	 (G) As per the provisions of the Income-tax Bill, 2025, the losses or unabsorbed depreciation brought forward are not allowed to be set off against the total income computed under 293(1). There may be situations where such loss may get lapsed after the assessment order for the block period has been passed. Hence, the Income-tax Bill, 2025 may clarify that the loss can be carried forward for the



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>relevant previous year falling in the block period;</p> <p>(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).</p> <p>(5) The tax referred to in sub-section (7) of section 158BA shall be charged on the total undisclosed income determined in the manner specified in sub-section (1).</p>		<p>which loss or unabsorbed depreciation cannot be adjusted in the block period and tax year.</p>	remaining period as per the provisions of the Act.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(6) Omitted (7) For the purposes of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		such assessment year, and in accordance with the provisions of this Act.			
294	158BC	Procedure for block assessment- (1) Where any search has been initiated under section 132 or books of account, other documents or assets are requisitioned under section 132A, in the case of any person, then,— (a) the Assessing Officer shall, in respect of search initiated, or books of account or other documents or any assets requisitioned, on or after the 1st	Procedure for block assessment— (1) Where any search has been initiated or requisition is made in the case of any person, then,— (a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, not exceeding sixty days, a return in the form and verified in the manner, as prescribed, setting forth his total income, including the undisclosed income, for the block period, and—	<p>It is suggested that -</p> <p>(A) Section 294(1)(a) may be amended as under:</p> <p>(a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, being not less than fifteen days and not exceeding sixty days, a return in the form and verified in the manner, as</p>	<p>(A) The amendment made by the Finance Act, 2025 to section 158BC of the Income-tax Act, 1961 may be suitably incorporated in section 294 of the Income-tax Bill, 2025.</p> <p>There should be a minimum time limit prescribed for furnishing the return for the block period, The furnishing of the block return requires review of seized documents and returns of various years. Even in reopening cases,</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>day of September, 2024, issue a notice to such person, requiring him to furnish within such period, not exceeding a period of sixty days, as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his undisclosed income, for the block period:</p> <p>Provided that such return shall be considered as if it was a return furnished under the provisions of section 139 and notice under sub-section (2) of section 143 shall thereafter be issued:</p> <p>Provided further that any return of income, required to be</p>	<p>(i) such return shall be considered as if it was a return furnished under section 263 and thereafter notice under section 270(8) shall be issued;</p> <p>(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section 259;</p> <p>(iii) no notice under section 280 is required to be issued for the purpose of proceeding under this Chapter;</p> <p>(iv) a person who has furnished a return under this clause shall not be entitled to furnish a revised return;</p>	<p>prescribed, setting forth his total income, including the undisclosed income, for the block period, and—</p> <p>(B) It is suggested that section 294(1)(a)(iii) may be amended as under:</p> <p>(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section 259-263.</p> <p>(C) It is suggested that clause (v) may be inserted in section 294(1):</p> <p>(v) the time allowed for furnishing a return under this</p>	<p>the time limit prescribed is three months.</p> <p>(B) Sub-clause (ii) contains a typographical error, wherein the reference to 'section 259' should be substituted with 'section 263', as the provisions relating to the return of income are correctly dealt with under section 263 and not under section 259.</p> <p>(C) The amendment made by the Finance Act, 2025 to the 5th proviso of section 158BC(1) of the Income-tax Act, 1961 may be appropriately incorporated in</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		furnished by an assessee under this section and furnished beyond the period allowed in the notice shall not be deemed to be a return under section 139: Provided also that no notice under section 148 is required to be issued for the purpose of proceeding under this Chapter: Provided also that a person who has furnished a return under this clause shall not be entitled to furnish a revised return; Provided also that the time allowed for furnishing a return under this clause may be		clause may be extended by a further period of thirty days, where— (i) in respect of a tax year immediately preceding the tax year in which the search is initiated or requisition is made, the due date for furnishing the return has not expired prior to the date of initiation of such search or requisition; (ii) the assessee was liable for audit under section 63 for such tax year; (iii) the accounts (maintained in normal course) of such tax year have not been audited on the	section 294(1)(v) of the Income-tax Bill, 2025



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>extended by a further period of thirty days, where—</p> <p>(i) in respect of a previous year immediately preceding the previous year in which the search is initiated or requisition is made, the due date for furnishing the return has not expired prior to the date of initiation of such search or requisition;</p> <p>(ii) the assessee was liable for audit under section 44AB for such previous year;</p> <p>(iii) the accounts (maintained in normal course) of such previous year have not been</p>	<p>(b) the Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8), 270(10), 271, 276, 287 and 288 shall, so far as may be, apply;</p>	<p>date of issuance of such notice; and</p> <p>(iv) the assessee requests in writing for extension of time for furnishing such return to get such accounts audited;</p> <p>(D) It is suggested that section 294(1)(b)/(c) may be amended as under:</p> <p>(b) the Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8),</p>	<p>(D) There are two typographical errors in clause (b), where the references to sections '287 and 288' should be substituted with 'sections 277 and 278', as the provisions relating to 'method of accounting in certain cases' and 'taxability of certain income' are correctly dealt with under sections 277 and 278, respectively. However, we have</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>audited on the date of issuance of such notice; and</p> <p>(iv) the assessee requests in writing for extension of time for furnishing such return to get such accounts audited;</p> <p>(b) the Assessing Officer shall proceed to determine the total undisclosed income of the block period in the manner laid down in section 158BB and the provisions of section 142, sub-sections (2) and (3) of section 143, section 144, section 145, section 145A and section 145B shall, so far as may be, apply;</p> <p>(c) the Assessing Officer, on determination of the total</p>	<p>(c) the Assessing Officer, on determination of the total income of the block period as per this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, so, however that—</p> <p>(i) the provisions of section 275 shall not apply in respect of such order;</p> <p>(ii) where the order of assessment or reassessment is made in pursuance of section 295, the block period for such assessment or reassessment shall be the same as that determined in respect of the person in whose case search was initiated or requisition was made and proceedings under the said section were</p>	<p>270(10), 271, 276, 287 and 288 278 shall, so far as may be, apply;</p> <p>(c) the Assessing Officer, on determination of the total income total undisclosed income of the block period as per this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, so, however that—</p> <p>(i) the provisions of section 275 shall not apply in respect of such order;</p> <p>(ii) where the order of assessment or reassessment is made in pursuance of section 295, the block period for such assessment</p>	<p>suggested removal of section 277.</p> <p>The amendment made by the Finance Act, 2025 to section 158BC(1)(c) of the Income-tax Act, 1961 may be suitably incorporated in section 294(1)(c) of the Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>undisclosed income of the block period in accordance with this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment:</p> <p>Provided that nothing in the provisions of section 144C shall apply in respect of such order:</p> <p>(d) the assets seized under section 132 or requisitioned under section 132A shall be dealt with in accordance with the provisions of section 132B.</p> <p>(2) The provisions of sub-section (1) of section 143 shall</p>	<p>initiated due to such search or requisition;</p> <p>(d) the assets seized under section 247 or requisitioned under section 248 shall be dealt with as per section 250.</p> <p>(2) The provisions of section 270(1) shall not apply to the return furnished under this section.</p> <p>(3) The Assessing Officer, before issuance of notice under sub-section (1)(a), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.</p>	<p>or reassessment shall be the same as that determined in respect of the person in whose case search was initiated or requisition was made and proceedings under the said section were initiated due to such search or requisition;</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>not apply to the return furnished under this section.</p> <p>(3) The Assessing Officer, before issuance of notice under clause (a) of sub-section (1), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.</p>			
295	158BD	<p>Undisclosed income of any other person—</p> <p>158BD. Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein referred to as the</p>	<p>Undisclosed income of any other person—</p> <p>Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom</p>	<p>It is suggested that section 295 may be amended as under:</p> <p>Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom</p>	<p>The amendment made by Finance Act, 2025 in section 158BD of Income-tax Act, 1961 may be incorporated in Section 295 of Income-tax Bill, 2025.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		“other person”), other than the person (herein referred to as the “specified person” for the purposes of this section) with respect to whom search was initiated under section 132 or requisition was made under section 132A, then any money, bullion, jewellery, virtual digital asset or other valuable article or thing or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and	whom search was initiated or requisition was made, then— (a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and (b) such other person referred to in clause (a) shall be assessed under section 294 and the provisions of this Chapter shall apply accordingly.	search was initiated or requisition was made, then— (a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing, or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and (b) such other person referred to in clause (a) shall be assessed under section 294 and the provisions of this Chapter shall apply accordingly.	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>such other person and the provisions of this Chapter shall apply accordingly:</p> <p>Provided that,—</p> <p>(a) where there is one specified person relevant to such other person, the block period for such other person shall be the same as that for the specified person; and</p> <p>(b) where there is more than one specified persons relevant to such other person, the block period for such other persons shall be the same as that for the specified person in whose case</p>		<p><u>295 (1) Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein referred to as the “other person”), other than the person (herein referred to as the “specified person” for the purposes of this section) with respect to whom search was initiated under section 247 or requisition was made under section 248, then any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income shall be handed over to</u></p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the block period ends on a later date:</p> <p>Provided further that in case of such other person, for the purposes of abatement under sub-sections (2) and (3) of section 158BA, the reference to the date of initiation of the search under section 132 or making of requisition under section 132A shall be construed as reference to the date on which such money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed</p>		<p>the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 294 against such other person and the provisions of this Chapter shall apply accordingly:</p> <p>(2) (a) where there is one specified person relevant to such other person, the block period for such other person shall be the same as that for the specified person; and</p> <p>(b) where there is more than one specified persons relevant to such other person, the block period for such other persons shall be the same as that for the</p>	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		income were received by the Assessing Officer having jurisdiction over such other person.		specified person in whose case the block period ends on a later date: (3) In case of such other person, for the purposes of abatement under sub-sections (2) and (3) of section 292, the reference to the date of initiation of the search under section 247 or making of requisition under section 248 shall be construed as reference to the date on which such money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed	



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				income were received by the Assessing Officer having jurisdiction over such other person.'	
296	158BE	Time limit for completion of block assessment– (1) Notwithstanding the provisions of section 153, 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 under section 132, or requisition under section 132A, was executed or made, as the case may be:	Time limit for completion of block assessment– (1) Irrespective of the provisions of section 296, the order under section 294 shall be passed within twelve months from the end of the month in which the last of the authorisations for search was executed, or requisition was made. (2) Where search was initiated or requisition was made, and during the course of assessment or reassessment of the total income of the relevant block period, any reference under section	It is suggested that following sub-section to section 296 may be amended as under: (1) Irrespective of the provisions of section 296, the order under section 294 shall be passed within twelve months from the end of the month quarter in which the last of the authorisations for search was executed, or requisition was made. (2) Where search was initiated or requisition was made, and during the course of assessment or	 (A) The amendment made by Finance Act, 2025 in sub-section (1)/(3) of section 158BE of Income-tax Act, 1961 may be incorporated or inserted in sub-section (1)/(3)/(5) of Section 296 of Income-tax Bill,2025. The serial numbering of Section 296 has been duly revised in accordance with the



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Provided that in a case where search under section 132 was initiated, or requisition under section 132A was made, and during the course of the proceedings for the assessment or reassessment of the total undisclosed income of the relevant block period, any reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment or reassessment in respect of the block period shall be extended by twelve months.</p> <p>Provided further that in a case where in pursuance to fifth proviso to clause (a) of sub-section (1) of section 158BC,</p>	<p>166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.</p> <p>(5) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be twelve months from the end of the month in which the notice under section 294 in pursuance of section 295, was issued to such other person.</p> <p>(6) The period available for completion of assessment or reassessment proceeding in respect of the block period in a case referred to in sub-section (5) shall be extended by twelve months,</p>	<p>reassessment of the total income total undisclosed income of the relevant block period, any reference under section 166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.</p> <p>(5) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be twelve months from the end of the month quarter in which the notice under section 294 in pursuance of section 295, was issued to such other person.</p>	renumbering of provisions under the Income-tax Bill, 2025, to ensure consistency and alignment with the amended provisions of the Income-tax Act, 1961



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the time allowed under the said clause for furnishing return is extended by a further period of thirty days, the provisions of this sub-section shall have effect, as if for the words “twelve months”, the words “thirteen months” had been substituted.</p> <p>(3) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 158BD shall be twelve months from the end of the quarter in which the notice under section 158BC in pursuance of section</p>	<p>where a reference under section 166(1) is made in such case</p> <p>.</p>		



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>158BD, was issued to such other person:</p> <p>Provided that in case where during the course of the proceedings for the assessment of undisclosed income of the block period in case of other person referred to in section 158BD, a reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment in respect of the block period in case of such other person shall be extended by twelve months.</p> <p>Provided further that in a case where in pursuance to fifth proviso to clause (a) of sub-section (1) of section 158BC,</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>the time allowed under the said clause for furnishing return is extended by a further period of thirty days, the provisions of this sub-section shall have effect, as if for the words “twelve months”, the words “thirteen months” had been substituted.</p> <p>(4) In computing the period of limitation under this section, the following period shall be excluded,—</p> <p>(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</p>			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner; or”			
298	158BFA	Levy of interest and penalty in certain cases— (1) Where the return of undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (a) of sub-section (1) of section	Levy of interest and penalty in certain cases— (1) Where the return of total income as required under a notice under section 294(1)(a), is not furnished within the period specified in such notice, or is not furnished, then,—	(A) It is suggested that section 298(1) may be amended as under: (1) Where the return of total income undisclosed income as required under a notice under section 294(1)(a), is not furnished within the period specified in such notice, or is not furnished, then,—	(A) The amendment made by Finance Act, 2025 in sub-section 158BFA(1) of Income-tax Act, 1961 may be incorporated in Section 298(1) of Income-tax Bill, 2025.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent of the tax on undisclosed income determined under clause (c) of sub-section (1) of section 158BC, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (c) of sub-section (1) of section 158BC.			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (c) of sub-section (1) of section 158BC:	(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to 50% of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under section 294(1)(c).	(B) It is suggested that section 298(2) may be amended as under: The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to 50% of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under section 294(1)(e) any part of undisclosed income determined under section 293(1)(e). ”	(B) As per the current provisions of the Income-tax Bill, 2025, tax at the rate of 50% shall be payable for all additions or disallowance. The definition of "undisclosed income" under section 301(g) is broad enough to include additions or disallowances that may not have a direct nexus with the search proceedings. For instance, addition under section 2(22)(e) or disallowance under section 14A of the Income-tax Act, 1961 which has not been added /which has been disallowed by the Assessing Officer in earlier assessment or reassessment since the same falls under section



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				293(1)(e) read with section 293(2) of Income-tax Bill. As per the existing provisions, there is no specific power to levy penalty on some additions and not to levy penalty on other additions. The proposed changes suggested by us gives the discretion to the Assessing Officer not to impose penalty on additions or disallowances which are forming part of regular assessment proceedings.	



CHAPTER XVII

SPECIAL PROVISIONS RELATING TO CERTAIN PERSONS

B. Special Provisions for Registered Non-Profit Organisations

1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
332(1)		These entities are availing benefits under different provisions of the Income-tax Act, 1961 like different sub-clauses of 10(23C) and 11 and 12.	(1) The following persons may, for claiming benefits under this Part as a registered non-profit organisation, make an application for registration in such form and manner, as prescribed, to the Principal Commissioner or Commissioner:— (a) a public trust; (b) a society registered under the Societies Registration Act, 1860, or under any law in force in India; (c) a company registered under section 8 of the Companies Act, 2013 or the companies registered under section 25 of the Companies Act, 1956 and deemed to have been registered in pursuance of section 465 (2)(g) of the Companies Act, 2013; (d) a University established by law or any other educational institution affiliated thereto or recognised by the Government;	Section 332(1) contains a list of persons who are eligible for registration as non-profit organisation and can make an application for registration. Following addition is suggested in this list in clause (f) (1) A person referred to in Schedule III (Table: Sl. No. 24) to be included in clause (f) of	In order to encourage the profession of law, medicine, accountancy, engineering, architecture and other notified



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(e) an institution financed wholly or in part by the Government or a local authority; (f) any person as referred to in Schedule III (Table: Sl. No. 27) to (Table: Sl. No. 29) and (Table: Sl. No. 36) and in Schedule VII (Table: Sl. No. 10) to (Table: Sl. No. 19) and (Table: Sl. No. 42); or (g) any other person notified by the Board.	section 332(1)	professions, an association or institution established in India having as its object the control, supervision, regulation or encouragement of the above professions needs to be included within the scope of persons eligible for claiming benefits under this Part of the Chapter and can make an



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					application for registration.
335			<p>Regular income of any tax year of a registered non-profit organisation means—</p> <p>(a) receipts from any charitable or religious activity, for which it is registered, carried out by such registered non-profit organisation in such tax year;</p> <p>(b) receipts, other than those specified in clause (d), whether capital or revenue, derived from any property or investment held by such registered non-profit organisation in such tax year;</p>	<p>The term “income” may be used in place of the term “receipts”</p>	<p>The phrase “receipts, whether capital or revenue” in the definition of regular income, could include capital receipts such as maturity proceeds of investments, which are not</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
					income. The term 'Income' specifically refers to the portion of receipts that is earned over and above the value of the initial investment, distinguishing it clearly from capital receipts. Therefore, it is suggested to replace 'receipts' with 'income', which specifically refers to earnings above the cost /



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
					principal value of an investment. This change will ensure that only actual income is considered as regular income, avoiding any wrong classification of return of capital as income.
335 (c)	11(1) 12(1)	11(1) (Explanation I) (1) in computing the fifteen per cent of the income which may be accumulated or set apart, any such voluntary contributions as are referred to in section 12 shall be deemed to be part of the income;	(c) voluntary contributions received by such registered non-profit organisation in such tax year; and	Clarification is needed that Anonymous Donation which is excluded from the	Amount treated as “Regular Income” is to be taxed after reduction of application for charitable purposes



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>12(1) - Any voluntary contributions received by a trust created wholly for charitable or religious purposes or by an institution established wholly for such purposes (not being contributions made with a specific direction that they shall form part of the corpus of the trust or institution) shall for the purposes of section 11 be deemed to be income derived from property held under trust wholly for charitable or religious purposes and the provisions of that section and section 13 shall apply accordingly.</p>		<p>“Specified Income” in case of religious organisation, would form part of “Regular Income”.</p>	<p>whereas no such reduction is allowed against “Residual Income”. Thus, in order to avoid possibilities of any dispute, it would be appropriate to clarify the treatment of anonymous donations excluded from the Specified Income.</p>
	11(1A)	(1A) For the purposes of sub-section (1),— (a) where a capital asset, being property held under trust wholly for charitable or religious purposes, is transferred and the whole or any part of the net consideration is utilised for acquiring another	-	Provision for exemption for capital gains be introduced in the	Exemption for capital gains is being removed on the ground that acquisition



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		capital asset to be so held, then, the capital gain arising from the transfer shall be deemed to have been applied to charitable or religious purposes to the extent specified hereunder, namely:— (i) where the whole of the net consideration is utilised in acquiring the new capital asset, the whole of such capital gain; (ii) where only a part of the net consideration is utilised for acquiring the new capital asset, so much of such capital gain as is equal to the amount, if any, by which the amount so utilised exceeds the cost of the transferred asset; (b) where a capital asset, being property held under trust in part only for such purposes, is transferred and the whole or any part of the net consideration is utilised for acquiring another capital asset to be so held, then, the appropriate fraction of the capital gain arising from the transfer shall be deemed to have been applied to charitable or religious purposes to the extent specified hereunder, namely:— (i) where the whole of the net consideration is utilised in acquiring the new capital asset, the		Income-tax Bill, 2025 also.	of a capital asset qualifies as application of income. However sales proceeds of capital assets may be invested in capital assets, which are to earn income, and therefore do not qualify as application of income. Exemption of capital gains in such cases is essential to ensure that the net worth of the trust does



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>whole of the appropriate fraction of such capital gain; (ii) in any other case, so much of the appropriate fraction of the capital gain as is equal to the amount, if any, by which the appropriate fraction of the amount utilised for acquiring the new asset exceeds the appropriate fraction of the cost of the transferred asset.</p> <p>Explanation.—</p> <p>In this sub-section,—</p> <p>(i) "appropriate fraction" means the fraction which represents the extent to which the income derived from the capital asset transferred was immediately before such transfer applicable to charitable or religious purposes;</p> <p>(ii) "cost of the transferred asset" means the aggregate of the cost of acquisition (as ascertained for the purposes of sections 48 and 49) of the capital asset which is the subject of the transfer and the cost of any improvement thereto within the meaning assigned to that expression in sub-clause (b) of clause (1) of section 55;</p>			not get reduced merely because of shifting assets from one type to another, by reinvesting in income earning investments.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change									
		(iii) "net consideration" means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.]												
337 (Table: S.No. 1)	115 BBC	(1) Where the total income of an assessee, being a person in receipt of income on behalf of any university or other educational institution referred to in sub-clause (iiiad) or sub-clause (vi) or any hospital or other institution referred to in sub-clause (iiiae) or sub-clause (via) or any fund or institution referred to in sub-clause (iv) or any trust or institution referred to in sub-clause (v) of clause (23C) of section 10 or any trust or institution referred to in section 11, includes any income by way of any anonymous donation, the income-tax payable shall be the aggregate of— (i) the amount of income-tax calculated at the rate of thirty per cent on the aggregate of anonymous donations received in excess of the higher of the following, namely:—	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Specified income</th> <th>Tax year</th> </tr><tr> <th>A</th> <th>B</th> <th>C</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Any anonymous donation received by a registered non-profit organisation (other than a registered non-profit organisation created or established wholly for religious purposes) excluding the anonymous donations up to ₹1,00,000 or 5% of the such donations received by it</td> <td>Tax year in which such anonymous donation is received.</td> </tr> </tbody> </table>	Sl. No.	Specified income	Tax year	A	B	C	1	Any anonymous donation received by a registered non-profit organisation (other than a registered non-profit organisation created or established wholly for religious purposes) excluding the anonymous donations up to ₹1,00,000 or 5% of the such donations received by it	Tax year in which such anonymous donation is received.	Amounts received by Religious-cum-Charitable trusts may also be excluded from the scope of anonymous donations. [Currently, the provisions of section 115BBC of	There are a large number of primarily religious NPOs (mostly large temple trusts) which are applying the donations received in Hundi / donation boxes for various charitable purposes. These are therefore partly religious
Sl. No.	Specified income	Tax year												
A	B	C												
1	Any anonymous donation received by a registered non-profit organisation (other than a registered non-profit organisation created or established wholly for religious purposes) excluding the anonymous donations up to ₹1,00,000 or 5% of the such donations received by it	Tax year in which such anonymous donation is received.												



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change			
		<p>(A) five per cent of the total donations received by the assessee; or</p> <p>(B) one lakh rupees, and</p> <p>(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B) of clause (i), as the case may be.</p> <p>(2) The provisions of sub-section (1) shall not apply to any anonymous donation received by—</p> <p>(a) any trust or institution created or established wholly for religious purposes;</p> <p>(b) any trust or institution created or established wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any university or other educational institution or any</p>	<table border="1"> <tr> <td></td> <td>during the tax year, whichever is higher</td> <td></td> </tr> </table>		during the tax year, whichever is higher		<p>the Income-tax Act, 1961 do not apply to a trust or institution created or established wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any university or other</p>	<p>and partly charitable NPOs. To prevent the genuine hardship that may be caused to such NPOs and to encourage utilisation of such funds for charitable purposes, it is suggested to exclude the partly religious and partly charitable NPOs from the purview of taxability of</p>
	during the tax year, whichever is higher							



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>hospital or other medical institution run by such trust or institution.</p> <p>(3) For the purposes of this section, "anonymous donation" means any voluntary contribution referred to in sub-clause (iiia) of clause (24) of section 2, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and such other particulars as may be prescribed.</p>		<p>educational institution or any hospital or other medical institution run by such trust or institution.]</p> <p>2.Column B of Sl. No.1 may read as follows -</p> <p>Any anonymous donation received by a registered non-profit organisation (other than a registered</p>	<p>anonymous donations, so long as such donations are received in the course of their religious activities.</p> <p>2. 5% of "such" donations is a drafting error as such donations refer to anonymous donations and not total donations. Also, 5% of anonymous</p>



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				non-profit organisation created or established wholly for religious purposes and wholly for religious and charitable purposes) excluding the anonymous donations up to ₹ 1,00,000 or 5% of the such total donations received by it during the tax year, whichever is higher	donations will always be lower than the amount of anonymous donations. The 5% exclusion has to be computed with respect to total donations, and not such donations, which imply anonymous donations.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change	
337 (Table: S.No. 4)	11(3) (b)	(3) Any income referred to in sub-section (2) which— (b) ceases to remain invested or deposited in any of the forms or modes specified in sub-section (5)	4 Any investment made in contravention to the provisions of section 350 out of any income, accumulated income, deemed accumulated income, corpus, deemed corpus, or any other fund.	Tax year in which such investment is made.	Any investment made in contravention to the provisions of section 350 out of any income, accumulated income, and corpus or deemed corpus, or any other fund.	Any investment made in contravention of the provisions of section 350 out of accumulated income, corpus and deemed corpus alone would be treated as a specified violation. The phrase “Out of any income” is very broad and would be prone to litigation. Further, Deemed accumulated



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
					income is 15% of income which is allowed to be accumulated unconditionally. The same should not be subject to the requirement of investment in specified modes, the contravention of which would be treated as a specified violation. The specified violation should be restricted to amount not



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
					invested in accordance with section 350 out of accumulated income and corpus donations alone. Other amounts not invested in modes specified in section 350 may be treated as regular income, however, they would not be eligible for benefit of 15% unconditional accumulation.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
338(a)	11(1)(C)	<p>(c) income derived from property held under trust—</p> <p>(i) created on or after the 1st day of April, 1952, for a charitable purpose which tends to promote international welfare in which India is interested, to the extent to which such income is applied to such purposes outside India, and</p> <p>(ii) for charitable or religious purposes, created before the 1st day of April, 1952, to the extent to which such income is applied to such purposes outside India:</p> <p>Provided that the Board, by general or special order, has directed in either case that it shall not be included in the total income of the person in receipt of such income;</p>	<p>While computing the regular income of a registered non-profit organisation, the following income shall not be included:—</p> <p>(a) income applied outside India, where the Board, by general or special order, directs that such income shall not be so included in its total income in case of a registered non-profit organisation—</p> <p>(i) created before the 1st April, 1952 for charitable or religious purposes; or (ii) created on or after the 1st April, 1952 for charitable purposes where such application of income outside India tends to promote international welfare in which India is interested;</p>	<p>The provisions of section 338 may be incorporated as a sub-section of Section 335.</p>	<p>Section 338 provides for exclusions from “regular income” and Section 335 provides for inclusions in “regular income”. If both the inclusions and exclusions are covered in one section, the scope of “regular income” would be comprehensively covered in one section, in line with the</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
					objective of the simplification of income-tax law.
342(1)	11(2) ((a), 11(2) (c), 13(9))	<p>11(2)(a)-</p> <p>(a) such person furnishes a statement in the prescribed form and in the prescribed manner to the Assessing Officer, stating the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed five years;</p> <p>11(2)(c)-</p> <p>the statement referred to in clause (a) is furnished 82[at least two months prior to] the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year:</p>	<p>(1) A registered non-profit organisation may accumulate or set apart any part of its regular income during any tax year by furnishing a statement to the Assessing Officer in such form and manner, as prescribed, on or before the due date specified in section 263(1) for furnishing the return of income for such tax year stating therein the purpose and period, not exceeding five years, for which the income is being accumulated or set apart.</p>	<p>Accumulation should be permitted for any object of the trust</p> <p>This will help reduce litigation</p>	<p>To set at rest the controversy as to whether purpose is specific or not and whether accumulation for general objects is permissible, and given that the option under Explanation to section 11(1) of the Income-tax Act, 1961 to spend in subsequent year</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>13(9)-</p> <p>Nothing contained in sub-section (2) of section 11 shall operate so as to exclude any income from the total income of the previous year of a person in receipt thereof, if—</p> <p>(i) the statement referred to in clause (a) of the said sub-section in respect of such income is not furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year; or</p> <p>(ii) the return of income for the previous year is not furnished by such person on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the said previous year.</p>			(which does not require any purpose to be specified) is being done away with, the trust should be permitted to accumulate its income for any object of the trust. This will also eliminate the need to seek change of purpose from the Assessing Officer.



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
342(2)	11(2) (Explanation), 11(3A)(1st Proviso)	<p>11(2) Explanation.— Any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1), read with the Explanation to that sub-section, which is not applied, but is accumulated or set apart, to any trust or institution registered under section 12AA or section 12AB or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, shall not be treated as application of income for charitable or religious purposes, either during the period of accumulation or thereafter.</p>	(2) The amount credited or paid by a registered non-profit organisation to any other registered non-profit organisation out of its income accumulated or set apart, shall not be treated as application of income.	Donation to another registered NPO may be permitted as utilisation in the first year following the year for which income is accumulated.	Since the option to spend in the subsequent year under Explanation to section 11(1) of the Income-tax Act, 1961 is being removed, and effectively merged with accumulation for a period of 5 years, donation to another registered NPO, which was permissible under that option, may be permitted out of accumulation in



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		11(3A)(1st Proviso) -Provided that in computing the period of five years referred to in clause (a), the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.			the year following the year of accumulation.
343			(1) The regular income, as reduced by the application of income and accumulated income under section 342, to the extent of 15% of regular income, shall be considered as deemed accumulated income and shall be invested or deposited in any of the modes permitted under section 350. (2) The deemed accumulated income under this section shall not be considered as accumulated income for the purposes of section 342.	Sub-section (1) to be reworded as follows - (1) The regular income, as reduced by the application of income and accumulated	There should be no requirement to invest 15% of regular income, in any modes permitted under section 350. Also, section 337 provides that if the same is not so invested, it would



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
			income under section 342, to the extent of 15% of regular income, shall be considered as deemed accumulated income and shall be invested or deposited in any of the modes permitted under section 350.	constitute specified income taxable@ 30%. 15% of income which has been exempted unconditionally should not be required to be invested in the modes specified in section 350, the contravention of which would attract tax@30%.	
345	11(4A)	11(4A) –	No registered non-profit organisation, other than a registered non-profit organisation, carrying out advancement of any other object	The opening portion of clause 345 be	In the context of the provision in this section, “a



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) shall not apply in relation to any income of a trust or an institution, being profits and gains of business, unless the business is incidental to the attainment of the objectives of the trust or, as the case may be, institution, and separate books of account are maintained by such trust or institution in respect of such business.</p>	<p>of general public utility, shall carry out any commercial activity unless—</p> <p>(a) such commercial activity is incidental to the attainment of the objectives of the registered non-profit organisation; and</p> <p>(b) separate books of account are maintained for such activities.</p>	<p>reworded as follows :</p> <p>No registered non-profit organisation, other than a registered non-profit organisation carrying out advancement of any other object of general public utility, shall carry out any commercial activity unless—</p> <p>(a) such commercial activity is</p>	<p>registered non-profit organisation which is carrying out advancement of any other object of general public utility” needs to be read as one single term. A “comma” after “other than a registered non-profit organisation” is irrelevant and may change the meaning sought to be conveyed.</p>



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
				incidental to the attainment of the objectives of the registered non-profit organisation; and (b) separate books of account are maintained for such activities.	Therefore, it is to be removed.
349	12A(1) (ba)	12A(1)(ba) - the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under [sub-section (1) or sub-section (4) of] that section;	Where the total income of a registered non-profit organisation, without giving effect to the provisions of this Part, exceeds the maximum amount which is not chargeable to income-tax in any tax year, it shall furnish the return of income for such tax year as per the provisions of section 263(1)(a)(iii), within the time limit allowed under sub-section (1)(b) of that section.	Where during any tax year the total income of a registered non-profit organisation,	Reference of section 263(2) is required so as to enable furnishing its return online and in the



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
				without giving effect to the provisions of this Part, exceeds the maximum amount which is not chargeable to income-tax, it shall furnish the return of income for that tax year as per the provisions of section 263(1)(a)(iii), within the time limit allowed under sub-section (1)(b) of that	manner as prescribed under 263(2).



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				section, and in accordance with provisions of Section 263(2).	
351	12AB(4) (Explanation), 13(1)(a), 13(1)(b), 13 (Explanation 2)	12AB(4) Explanation.—For the purposes of this sub-section, the following shall mean "specified violation",— (a) where any income derived from property held under trust, wholly or in part for charitable or religious purposes, has been applied, other than for the objects of the trust or institution; or (b) the trust or institution has income from profits and gains of business which is not incidental to the attainment of its objectives or separate books of account are not maintained by such trust	(1) The following shall constitute specified violation by a registered non-profit organisation:— (a) where any income of the registered non-profit organisation has been applied, other than for its objects; or (b) it carries out any commercial activity in contravention of the provisions of section 345; or (c) where it has applied any part of its total income for private religious purposes, which does not enure for the benefit of the public; or (d) where a registered non-profit organisation, created or established after the commencement of this Act for charitable purpose, has applied any part of its income for the benefit of any particular religious community or caste other than the Scheduled	Carrying on commercial activity by a non-GPU (non-General Public Utility) Trust, in respect of which section 345 contains specific restrictions, may attract tax, but should not be	Commercial activity is defined in section 355(e) and applies to both sections 345 and 346. The Hon'ble Supreme Court decision in Ahmedabad Urban Development Authority applied only to



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>or institution in respect of the business which is incidental to the attainment of its objectives; or</p> <p>(c) the trust or institution has applied any part of its income from the property held under a trust for private religious purposes, which does not enure for the benefit of the public; or</p> <p>(d) the trust or institution established for charitable purpose created or established after the commencement of this Act, has applied any part of its income for the benefit of any particular religious community or caste; or</p> <p>(e) any activity being carried out by the trust or institution,—</p> <p>(i) is not genuine; or</p> <p>(ii) is not being carried out in accordance with all or any of the</p>	<p>Castes or the Scheduled Tribes or backward classes or women and children; or</p> <p>(e) where any activity being carried out by the registered non-profit organisation is not genuine or is not being carried out in accordance with all or any of the conditions subject to which it was registered; or</p> <p>(f) the registered non-profit organisation has not complied with the requirements under section 332(7) and the order, direction or decree, holding that such non-compliance has occurred, has either not been disputed, or has attained finality; or</p> <p>(g) the application referred to in section 332(1) contains any false or incorrect information.</p>	a specified violation resulting in cancellation of registration	general purpose utility trusts, not non-GPU trusts. Income from Commercial activity of GPU trusts is restricted under section 346 and taxed as specified income, but does not attract cancellation of registration. However, carrying on commercial activity by non-GPU trusts can result in



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>conditions subject to which it was registered; or</p> <p>(f) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality [; or]</p> <p>(g) the application referred to in clause (ac) of sub-section (1) of section 12A contains false or incorrect information.</p> <p>13(1)(a) – Nothing contained in section 11 or section 12 shall operate so as to exclude from the total income of the previous year of the person in receipt thereof—</p>			cancellation of registration.



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income- tax Bill, 2025	6 Rationale for change
		(a) any part of the income from the property held under a trust for private religious purposes which does not enure for the benefit of the public; 13(1)(b) – (b) in the case of a trust for charitable purposes or a charitable institution created or established after the commencement of this Act, any income thereof if the trust or institution is created or established for the benefit of any particular religious community or caste; 13 (Explanation 2) – A trust or institution created or established for the benefit of Scheduled Castes, backward classes, Scheduled Tribes or women and children shall not be deemed to be a trust or institution created or established for the benefit of			



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Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		a religious community or caste within the meaning of clause (b) of sub-section (1).			
354	80G(5), 80G(5) (Proviso)	80G(5) - This section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely :— (i) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (23AA) or clause (23C) of section 10 : Provided that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to	(1) A registered non-profit organisation or a person referred to in Schedule III (Table: Sl. No. 1) may, for the purpose of section 133(1)(b)(ii), make an application for approval in such form and manner, as prescribed, to the Principal Commissioner or Commissioner, subject to the following conditions:— (a) it is not expressed to be for the benefit of any particular religious community or caste; (b) it is established in India for a charitable purpose and does not incur any expenditure of an amount being 5% or more of its total income during a tax year which is of a religious nature; (c) the instrument under which it is constituted does not, or the rules governing it do not, contain any provision for the transfer at any time of the whole or any part of its assets for any purpose other than a charitable purpose; (d) it maintains regular accounts of its receipts and expenditure;		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>inclusion in its total income under the provisions of section 11 shall not apply in relation to such income, if—</p> <p>(a) the institution or fund maintains separate books of account in respect of such business;</p> <p>(b) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and</p> <p>(c) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business;</p> <p>(ii) the instrument under which the institution or fund is constituted does</p>	<p>(e) it prepares such statement for such period, as prescribed, and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time, as prescribed;</p> <p>(f) it delivers to the said prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under clause (e) in such form and verified in such manner, as prescribed; and</p> <p>(g) it furnishes a certificate to the donor specifying the amount of donation within such period from the date of receipt of the donation containing the requisite particulars in the manner, as prescribed.</p> <p>(2) The application under sub-section (1) shall be made in respect of the cases referred to in column B of the Table below within the time limit provided in column C of the said Table and the Principal Commissioner or Commissioner, on receipt of such application, shall follow the procedure provided in sub-sections (3) and (4), and shall pass an order in writing within the time limit provided in</p>	<p>The Commissioner to have the power to condone any delay in filing</p> <p>The power to condone delay may be vested in the Commissioner, as done in the</p>	



1	2	3	4	5	6														
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change														
		<p>not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose;</p> <p>(iii) the institution or fund is not expressed to be for the benefit of any particular religious community or caste;</p> <p>(iv) the institution or fund maintains regular accounts of its receipts and expenditure;</p> <p>(v) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 25 of the Companies Act, 1956 (1 of 1956), or is a University</p>	<p>column D and approval, if granted, shall be valid for a period provided in column E of the said Table.</p> <table border="1"> <thead> <tr> <th>Sl. N o.</th> <th>Case</th> <th>Time limit for furnishing application</th> <th>Time limit for passing the order</th> <th>Validity of approval</th> </tr><tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Where the activities of the applicant have not commenced.</td> <td>At any time during the tax year from which approval is sought.</td> <td>One months from the end of the month in which application is made.</td> <td>Three tax years commencing from the tax year in which such application is made</td> </tr> </tbody> </table>	Sl. N o.	Case	Time limit for furnishing application	Time limit for passing the order	Validity of approval	A	B	C	D	E	1	Where the activities of the applicant have not commenced.	At any time during the tax year from which approval is sought.	One months from the end of the month in which application is made.	Three tax years commencing from the tax year in which such application is made	<p>of the application for renewal, if he considers that there is reasonable cause for delay in furnishing the application, and such application shall be deemed to have been made within time.</p> <p>context of registration under section 332(4)</p>
Sl. N o.	Case	Time limit for furnishing application	Time limit for passing the order	Validity of approval															
A	B	C	D	E															
1	Where the activities of the applicant have not commenced.	At any time during the tax year from which approval is sought.	One months from the end of the month in which application is made.	Three tax years commencing from the tax year in which such application is made															



1	2	3	4					5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025					Suggested change in the Income-tax Bill, 2025	Rationale for change
		established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by law, or is an institution financed wholly or in part by the Government or a local authority; (vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Principal Commissioner or Commissioner; (vii) where any institution or fund had been approved under clause (vi) for the previous year beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2008, such institution or fund shall, for the purposes of this section and notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been,—	2	Where the activities of the applicant have commenced.	At any time during the tax year from which approval is sought.	Six months from the end of the quarter in which application is made	Five tax years commencing from the tax year in which such application is made.	Approval may be granted for 10 tax years to small trusts	The period of validity of approval to be 10 tax years for small trusts, as is the case for registration under section 332(5).
			3	Where the applicant has provisional approval and activities have commenced.	Within six months of the commencement of activities.	Six months from the end of the quarter in which application is made	Five tax years commencing from the tax year in which such application is made		



1	2	3	4				5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025				Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) established for charitable purposes for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; and</p> <p>(b) approved under the said clause (vi) for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009;</p> <p>(viii) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed:</p> <p>Provided that the institution or fund may also deliver to the said prescribed authority, a correction statement for rectification of any mistake or to add,</p>	4	Where the provisional approval of the applicant is due to expire and activities have not commenced.	At least six months prior to the expiry of the provisional approval.	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made.	
			5	Where the period for approval of a registered non-profit organisation is due to expire.	At least six months prior to the expiry of the said approval.	Six months from the end of the quarter in which application is made	Five tax years following the tax year in which such application is made.	



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be prescribed; and</p> <p>(ix) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed:</p> <p>Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—</p> <p>(i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Taxation and Other Laws</p>	<p>(3) Where an application has been made in any of the cases specified under sub-section (2) (Table: Sl. No. 2) to (Table: Sl. No. 5), the Principal Commissioner or Commissioner shall call for such documents or information or make such inquiries as he thinks necessary in order to satisfy himself as to the compliance of such requirements of any other law in force, as are material for the purpose of achieving its objects, and the genuineness of activities and—</p> <p>(a) if he is so satisfied about the objects and the genuineness of the activities and compliance of the requirements of any other law in force, he shall pass an order in writing approving it; or</p> <p>(b) if he is not so satisfied, after affording a reasonable opportunity of being heard,—</p> <p>(i) shall pass an order in writing rejecting the application, where the application was made in any of the cases specified in sub-section (2) (Table: Sl. No. 2); and</p> <p>(ii) in any other case, shall pass an order rejecting the application and also cancelling the approval, and send a copy of the order to the applicant and the Assessing Officer.</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(Relaxation and Amendment of Certain Provisions) Act, 2020], within three months from the 1st day of April, 2021;</p> <p>(ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period;</p> <p>(iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier; [or]</p> <p>[(iv) [***] where activities of the institution or fund have—</p> <p>(A) not commenced, at least one month prior to the commencement of the previous year relevant to the</p>	<p>(4) Where an application has been made in any of the cases specified in sub-section (2) (Table: Sl. No. 1), the Principal Commissioner or Commissioner shall pass an order granting provisional approval.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>assessment year from which the said approval is sought;</p> <p>(B) commenced⁹[***]at any time after the commencement of such activities:] Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,—</p> <p>(i) where the application is made under clause (i) of the said proviso, pass an order in writing granting it approval for a period of five years;</p> <p>(ii) where the application is made under clause (ii) or clause (iii)¹⁰[or sub-clause (B) of clause (iv)] of the said proviso,—</p> <p>a)call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(A) the genuineness of activities of such institution or fund; and</p> <p>(B) the fulfilment of all the conditions laid down in clauses (i) to (v);</p> <p>(b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),—</p> <p>(A) pass an order in writing granting its approval for a period of five years; or</p> <p>[(B) if he is not so satisfied, pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard;]</p> <p>[(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought,]</p> <p>and send a copy of such order to the institution or fund:</p> <p>[Provided also that the order under clause (i) and clause (iii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months and one month, as the case may be, calculated from the end of the month in which the application was received:]</p> <p>[Provided also that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of six months from</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>the end of the quarter in which the application was received:]</p> <p>Provided also that the approval granted under the second proviso shall apply to an institution or fund, where the application is made under—</p> <p>(a) clause (i) of the first proviso, from the assessment year from which approval was earlier granted to such institution or fund;</p> <p>(b) clause (iii) of the first proviso, from the first of the assessment years for which such institution or fund was provisionally approved;</p> <p>(c) in any other case, from the assessment year immediately following the financial year in which such application is made.</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in the Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
355 (j)			(j) “residual income” means the total income, as reduced by regular income and specified income;	(j) “residual income” means the total income, as reduced by regular income, specified income and corpus donations.	The definition of residual income to be modified to specifically exclude corpus donations, since it would otherwise be included in this category of income.



CHAPTER XVIII

A. APPEALS

1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
359	250	Procedure in appeal.	Procedure in appeal.		
		(6A) In every appeal, the Joint Commissioner (Appeals) or the Commissioner (Appeals), as the case may be, where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub-section (1) or transferred to him under sub-section (2) or sub-section (3) of <u>section 246</u> or filed before him under sub-section (1) of <u>section 246A</u> , as the case may be	(5) The Joint Commissioner (Appeals) or the Commissioner (Appeals), where it is possible, may hear and decide such appeal within one year from the end of the financial year in which such appeal is filed or transferred to him under section 356.	Section 359(5) be amended to replace the words “where it is possible, may hear and decide such appeal within one year..” with “ shall hear and decide such appeal within one year.... ” (5) The Joint Commissioner (Appeals) or the Commissioner (Appeals), <u>where it is possible, may</u> shall hear and decide such appeal within one year from the end of the financial year in which such appeal	Though time limit has been provided in Section 359(5) for disposal of appeals, the use of the words “where it is possible, may” indicates that the same are not mandatory. The absence of mandatory provision prescribing a definite timeline results in prolonged litigation, causing genuine hardship to taxpayers. There is a huge pendency of appeals



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
				is filed or transferred to him under section 356.	before Commissioner (Appeals) for over years.
361	252, 252A	252- Appellate Tribunal, 252A -Qualifications, terms and conditions of service of President, Vice-President and Member.	Appellate Tribunal	The requirement for an accountant member may also be atleast 10 years in the practice of accountancy as a chartered accountant, as was the case earlier. Suitable amendment be made in the Tribunal (Conditions of Service) Rules, 2021.	As per the Tribunal (Conditions of Service) Rules, 2021, a person shall not be qualified for appointment as Accountant member, unless, <i>inter alia</i> , he has been in the practice of accountancy as a chartered accountant for 25 years. It may be noted that in case of a Judicial member, the period of experience required as an advocate is 10 years as per the said Rules.
		Section 252- Appellate Tribunal (1) The Central Government shall constitute an Appellate Tribunal consisting of as many judicial and accountant members as it thinks fit to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Act. (2) A judicial member shall be a person who has for at least ten years held a judicial office in the territory of India or who has been a member of the Indian	(1) The Central Government shall constitute an Appellate Tribunal consisting of as many Judicial and Accountant Members as it thinks fit, to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Act. (2) Irrespective of anything contained in this Act, the qualifications, appointment,		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>Legal Service and has held a post in Grade II of that Service or any equivalent or higher post for at least three years or who has been an advocate for at least ten years.</p> <p>Explanation.—For the purposes of this sub-section,—</p> <p>(i) in computing the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during which the person has been an advocate or has held the office of a member of a Tribunal or any post, under the Union or a State, requiring special knowledge of law;</p> <p>(ii) in computing the period during which a person has been an advocate, there shall be included any period during which the person has held judicial office or the office of a member of a Tribunal or any post,</p>	<p>term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the President, Vice-President and other Members of the Appellate Tribunal appointed,—</p> <p>(a) after the commencement of the Tribunals Reforms Act, 2021, shall be governed by the provisions of Chapter II of the said Act;</p> <p>(b) before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall be governed by the provisions of the Income-tax Act, 1961</p> <p>and the rules made thereunder, as if the provisions of section</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>under the Union or a State, requiring special knowledge of law after he became an advocate.</p> <p>(2A) An accountant member shall be a person who has for at least ten years been in the practice of accountancy as a chartered accountant under the Chartered Accountants Act, 1949 (38 of 1949), or as a registered accountant under any law formerly in force or partly as a registered accountant and partly as a chartered accountant, or who has been a member of the Indian Income-tax Service, Group A and has held the post of Additional Commissioner of Income-tax or any equivalent or higher post for at least three years.</p> <p>(3) The Central Government shall appoint—</p>	<p>184 of the Finance Act, 2017 had not come into force.</p> <p>(3) The Central Government shall appoint—</p> <p>(a) a person who is a sitting or retired Judge of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or</p> <p>(b) one of the Vice-Presidents of the Appellate Tribunal, to be the President thereof.</p> <p>(4) The Central Government may appoint one or more members of the Appellate Tribunal to be the Vice-President or, Vice-Presidents thereof.</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(a) a person who is a sitting or retired Judge of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or</p> <p>(b) one of the Vice-Presidents of the Appellate Tribunal, to be the President thereof.</p> <p>(4) The Central Government may appoint one or more members of the Appellate Tribunal to be the Vice-President or, as the case may be, Vice-Presidents thereof.</p> <p>(5) The Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President by a general or special order in writing.</p>	<p>(5) The Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President by a general or special order in writing.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>Section 252A- Qualifications, terms and conditions of service of President, Vice-President and Member.</p> <p>Notwithstanding anything contained in this Act, the qualifications, appointment, term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the President, Vice-President and other Members of the Appellate Tribunal appointed after the commencement of the Tribunals Reforms Act, 2021, shall be governed by the provisions of Chapter II of the said Act:</p> <p>Provided that the President, Vice-President and Member appointed before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall continue to be governed by the provisions of this Act, and the rules made thereunder as if the provisions of section 184 of the</p>			



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		Finance Act, 2017 had not come into force.			
362	253	Appeals to the Appellate Tribunal.	Appeals to Appellate Tribunal.		
		<p>(1) Any assessee aggrieved by any of the following orders may appeal to the Appellate Tribunal against such order—</p> <p>(a) an order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a Commissioner (Appeals) under section 154, [section 158BFA,] section 250, section 270A, section 271, section 271A,⁷³ [section 271AAC, section 271AAB, section 271AAD], section 271J or section 272A; or</p> <p>[<i>(aa)</i> an order passed by a Joint Commissioner (Appeals) under section</p>	<p>(1) Any assessee, aggrieved by any of the following orders, may appeal to the Appellate Tribunal against such order—</p> <p>(a) an order passed under this Act, by a Commissioner (Appeals) or a Joint Commissioner (Appeals);</p> <p>(b) an order passed by a Principal Commissioner or Commissioner under—</p> <p>(i) section 332(7) or (8) or (9), 351(2)(ii) or 354(3); or</p>	<p>Sub-sections (6) and (8) be redrafted as given below -</p> <p>(6) An appeal to the Appellate Tribunal shall be in such form and verified in such manner, as prescribed and shall be accompanied by and shall be furnished after depositing a fee of - ...</p> <p>(8) An application for stay of demand shall be furnished after depositing accompanied by a fee of five hundred rupees.</p> <p>Since the appeals are also furnished online, therefore, the phrase “and shall be accompanied by a fee” may be replaced with the phrase “and shall be furnished after depositing a fee of”.</p> <p>A similar amendment has to be made in sub-section (8) for application for stay of demand. The words “accompanied by” to be replaced by “furnished after depositing”.</p>	



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		154, section 250, section 270A, section 271, section 271A, section 271AAC, section 271AAD or section 271J; or] (b) an order passed by an Assessing Officer under clause (c) of section 158BC, in respect of search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, after the 30th day of June, 1995, but before the 1st day of January, 1997; or (ba) an order passed by an Assessing Officer under sub-section (1) of section 115VZC; or [(c) an order passed by,— (i) a Principal Commissioner or Commissioner under section 12AA or section 12AB or under clause (vi) of sub-section (5) of section 80G or	(ii) section 377 or 439 or 465; or (iii) section 287; (c) an order passed by a Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 377 or 465 or an order passed under section 287 amending any such order; (d) an order passed by an Assessing Officer under section 270(10) or 279, in pursuance of the directions of the Dispute Resolution Panel or an order		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>under section 263 or under section 270A or under section 271 or under section 272A or an order passed by him under section 154 amending any such order; or</p> <p>(ii) a Principal Chief Commissioner or Chief Commissioner or a Principal Director General or Director General or a Principal Director or Director under section 263 or under section 272A or an order passed by him under section 154 amending any such order; or]</p> <p>(d) an order passed by an Assessing Officer under sub-section (3), of section 143 or section 147 or section 153A or section 153C in pursuance of the directions of the Dispute Resolution Panel or an order passed under section 154 in respect of such order;</p>	<p>passed under section 287 in respect of such order;</p> <p>(e) an order passed by an Assessing Officer under section 270(10) or</p> <p>279, with the approval of the Principal Commissioner or Commissioner as referred to in section 274(12) or an order passed under section 287 or 288 in respect of such order; or</p> <p>(f) an order passed by an Assessing Officer under section 234(4).</p> <p>(2) The Principal Commissioner or Commissioner may, if he objects to any order passed by the Joint Commissioner</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(e) an order passed by an Assessing Officer under sub-section (3) of section 143 or section 147 or section 153A or section 153C with the approval of the Principal Commissioner or Commissioner as referred to in sub-section (12) of section 144BA or an order passed under section 154 or section 155 in respect of such order; (f) an order passed by the prescribed authority under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10. (2) The Principal Commissioner or Commissioner may, if he objects to any order passed by a Deputy Commissioner (Appeals) before the 1st day of October, 1998 or, as the case may be, a [the Joint Commissioner (Appeals) or the] Commissioner (Appeals) under section	(Appeals) or the Commissioner (Appeals) under this Act, direct the Assessing Officer to appeal to the Appellate Tribunal against the order. (3) Every appeal under sub-section (1) or (2) shall be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner. (4) The Assessing Officer or the assessee, on receipt of notice that an appeal against an order, has been preferred under sub-section (1)		



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Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>154 or section 250, direct the Assessing Officer to appeal to the Appellate Tribunal against the order.</p> <p>(2A) [***]</p> <p>(3) Every appeal under sub-section (1) or sub-section (2) shall be filed within [two months from the end of the month in] which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be :</p> <p>Provided that in respect of any appeal under clause (b) of sub-section (1), this sub-section shall have effect as if for the words "sixty days", the words "thirty days" had been substituted.</p> <p>(3A) [***]</p> <p>(4) The Assessing Officer or the assessee, as the case may be, on receipt of notice</p>	<p>or (2) by the other party, may, irrespective of that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the manner, as prescribed, against any part of such order, and such memorandum shall be disposed of by the Appellate Tribunal as if</p> <p>it were an appeal presented within the time specified in sub-section (3).</p> <p>(5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>that an appeal [against an order], has been preferred under sub-section (1) or sub-section (2) by the other party, may, notwithstanding that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the prescribed manner, against [any part of such order], and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (3).</p> <p>(5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (3) or sub-section (4), if it is satisfied that there was sufficient cause for not presenting it within that period.</p>	<p>referred to in sub-section (3) or (4), if it is satisfied that there was sufficient cause for not presenting it within that period.</p> <p>(6) An appeal to the Appellate Tribunal shall be in such form and verified in such manner, as prescribed and shall, be accompanied by a fee of—</p> <p>(a) five hundred rupees, where the total income of the assessee as computed by the Assessing Officer, in the case to which the appeal relates, is one lakh rupees or less;</p> <p>(b) one thousand five hundred rupees, where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(6) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner and shall, in the case of an appeal made, on or after the 1st day of October, 1998, irrespective of the date of initiation of the assessment proceedings relating thereto, be accompanied by a fee of,—</p> <p>(a) where the total income of the assessee as computed by the Assessing Officer, in the case to which the appeal relates, is one hundred thousand rupees or less, five hundred rupees,</p> <p>(b) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than one hundred thousand rupees but not more than two hundred thousand rupees, one thousand five hundred rupees,</p>	<p>one lakh rupees but not more than two lakh rupees;</p> <p>(c) 1% of the assessed income, subject to a maximum of ten thousand rupees, where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two lakh rupees;</p> <p>(d) five hundred rupees, where the subject matter of an appeal relates to any matter, other than those specified in clauses (a), (b) and (c).</p> <p>(7) No fee shall be payable for an appeal referred to in sub-section (2), or a memorandum of cross objections referred to in sub-section (4).</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(c) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two hundred thousand rupees, one per cent of the assessed income, subject to a maximum of ten thousand rupees,</p> <p>(d) where the subject matter of an appeal relates to any matter, other than those specified in clauses (a), (b) and (c), five hundred rupees:</p> <p><i>Provided</i> that no fee shall be payable in the case of an appeal referred to in sub-section (2), or, sub-section (2A) as it stood before its amendment by the Finance Act, 2016, or, a memorandum of cross objections referred to in sub-section (4).</p> <p>(7) An application for stay of demand shall be accompanied by a fee of five hundred rupees.</p>	<p>(8) An application for stay of demand shall be accompanied by a fee of five hundred rupees.</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>(8) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of appeal to the Appellate Tribunal under sub-section (2), so as to impart greater efficiency, transparency and accountability by—</p> <p>(a) optimising utilisation of the resources through economies of scale and functional specialisation;</p> <p>(b) introducing a team-based mechanism for appeal to the Appellate Tribunal, with dynamic jurisdiction.</p> <p>(9) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (8), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such</p>			



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		exceptions, modifications and adaptations as may be specified in the notification: (10) Every notification issued under sub-section (8) and sub-section (9) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.			
63	254	Orders of Appellate Tribunal.	Orders of Appellate Tribunal.		
		(1) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit. (2) The Appellate Tribunal may, at any time within six months from the end of the month in which the order was passed, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (1), and shall make	(1) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit. (2) The Appellate Tribunal may amend any order passed by it under sub-section (1) for the rectification of any mistake apparent from record, within six months from the end of the month in which the order was passed, if the mistake is brought to its notice by the assessee or the	Sub-section (2) may be redrafted as under - (2) The Appellate Tribunal may amend any order passed by it under sub-section (1) for the rectification of any mistake apparent from record, within six months from the end of the month in which the order was passed, if the mistake is brought to its notice by the assessee or the	The words “income tax authority”, may also be inserted at the end in sub-section (2) because there may be appeal to ITAT against order of rejection of an application under section 12A or 80G passed by CIT (Exemptions) who is not the Assessing Officer, but an income tax authority. Also,



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>such amendment if the mistake is brought to its notice by the assessee or the Assessing Officer :</p> <p><i>Provided</i> that an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this sub-section unless the Appellate Tribunal has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard :</p> <p><i>Provided further</i> that any application filed by the assessee in this sub-section on or after the 1st day of October, 1998, shall be accompanied by a fee of fifty rupees.</p> <p>(2A) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial</p>	<p>apparent from record, within six months from the end of the month in which the order was passed, if the mistake is brought to its notice by the assessee or the Assessing Officer.</p> <p>(3) An amendment, as referred to in sub-section (2), which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made, unless the assessee has been allowed a reasonable opportunity of being heard.</p> <p>(4) Any application filed by the assessee under sub-section (2)</p>	<p>Assessing Officer or the income tax authority.</p>	<p>in case of appeal against revision order by Commissioner, the respondent is the Commissioner and not the Assessing Officer.</p>



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Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>year in which such appeal is filed under sub-section (1) or sub-section (2) of <u>section 253</u>:</p> <p><i>Provided</i> that the Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under sub-section (1) of <u>section 253</u>, for a period not exceeding one hundred and eighty days from the date of such order subject to the condition that the assessee deposits not less than twenty per cent of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnishes security of equal amount in respect thereof and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order:</p>	<p>shall be accompanied by a fee of fifty rupees.</p> <p>(5) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within four years from the end of the financial year in which such appeal is filed under section 362(1) or (2).</p> <p>(6) The Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under section 362(1), for a period not exceeding one hundred and eighty days from the date of</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p><i>Provided further</i> that no extension of stay shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay, unless the assessee makes an application and has complied with the condition referred to in the first proviso and the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed:</p> <p><i>Provided also</i> that if such appeal is not so disposed of within the period allowed under the first proviso or the period or</p>	<p>such order, subject to the condition that the assessee—</p> <p>(a) deposits not less than 20% of the amount of tax, interest, fee, penalty or any other sum payable under this Act; or</p> <p>(b) furnishes security of equal amount as referred to in clause (a), and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order.</p> <p>(7) No extension of stay, as referred to in sub-section (6), shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay</p>		



1 Section No. in the Income-tax Bill, 2025	2 Section No. in Income-tax Act, 1961	3 Provision in the Income-tax Act, 1961	4 Provision in the Income-tax Bill, 2025	5 Suggested change in the Income-tax Bill, 2025	6 Rationale for change
		<p>periods extended or allowed under the second proviso, which shall not, in any case, exceed three hundred and sixty-five days, the order of stay shall stand vacated after the expiry of such period or periods, even if the delay in disposing of the appeal is not attributable to the assessee.</p> <p>(2B) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.</p> <p>(3) The Appellate Tribunal shall send a copy of any orders passed under this section to the assessee and to the Principal Commissioner or Commissioner.</p> <p>(4) Save as provided in section 256 or section 260A, orders passed by the Appellate Tribunal on appeal shall be final.</p>	<p>passed under the said sub-section, unless—</p> <p>(a) the assessee makes an application and has complied with the condition referred to in sub-section (6); and</p> <p>(b) the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so, however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and</p> <p>the Appellate Tribunal shall dispose of the appeal within the</p>		



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			<p>period or periods of stay so extended or allowed.</p> <p>(8) The order of stay shall stand vacated if the appeal is not disposed of within the period allowed under sub-section (6) or (7), even if the delay in disposing of the appeal is not attributable to the assessee.</p> <p>(9) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.</p> <p>(10) The Appellate Tribunal shall send a copy of any orders passed under this section to the assessee and to the Principal Commissioner or Commissioner.</p>	<p>Sub-section (10A) be inserted -</p> <p>(10A) The appeal effect by the Assessing Officer or income tax authority pursuant to such order referred to in sub-section (10) can be on the basis of self-certified copy of such order downloaded from the income tax portal or website of the tribunal or court, as the case may be</p>	<p>Sub-section (10A) needs to be inserted to provide that even if there is a delay in receiving appellate order from ITAT or High Court or Supreme Court, the order giving appeal effect cannot be delayed. In this digital era, the appellate orders can be downloaded and verified from website of ITAT, High Court, Supreme Court. Therefore, the income tax authority may rely upon the copy of appeal order furnished by the assessee/appellant not physically signed by appellate authority but downloaded from</p>



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
			(II) Save as provided in section 365, orders passed by the Appellate Tribunal on appeal shall be final.		website or portal. Similar provision to be made in case of appeal orders of High Court and Supreme Court.
373	268A	Filing of appeal or application for reference by income-tax authority.	Filing of appeal or by income-tax authority.		
		(1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal or application for reference by any income-tax authority under the provisions of this Chapter. (2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax authority has not filed any appeal or application for reference on any issue in the case of an	(1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal by any income-tax authority under the provisions of this Chapter. (2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax	It is suggested that Section 373(2) be modified as follows: (2) Where, in pursuance of the orders, instructions, or directions issued under sub-section (1), an income-tax authority has not filed any appeal on any issue in the case of an assessee for any tax year or assessment year relevant to the tax year commencing before 1.4.2026 , it shall not preclude such	Section 373(2) provides for the issuance of orders, instructions, or directions by the Board regarding the filing of appeals by income-tax authorities. Where, in pursuance of such orders/ instructions/ directions, an income-tax authority has not filed any appeal on any issue in the case of the assessee for any tax year, it shall not preclude



1	2	3	4	5	6
Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		assessee for any assessment year, it shall not preclude such authority from filing an appeal or application for reference on the same issue in the case of— (a) the same assessee for any other assessment year; or (b) any other assessee for the same or any other assessment year. (3) Notwithstanding that no appeal or application for reference has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal or reference, to contend that the income-tax authority has acquiesced in the decision on the disputed issue by not filing an appeal or application for reference in any case.	authority has not filed any appeal on any issue in the case of an assessee for any tax year, it shall not preclude such authority from filing an appeal on the same issue in the case of— (a) the same assessee for any other tax year; or (b) any other assessee for the same or any other tax year. (3) Where even when no appeal has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal, to contend that the income-tax authority has	authority from filing an appeal on the same issue in the case of— (a) the same assessee for any other tax year; or (b) any other assessee for the same or any other tax year	such authority from filing an appeal on the same issue in the case of the same assessee for any other tax year; or any other assessee for the same or any other tax year. The inclusion of the phrase "assessment year relevant to the previous year" after "any tax year" in the first part of the above sentence is suggested to cover cases, including those that may pertain to assessments made under the provisions of the Income-tax Act, 1961, in respect of which the income-tax authority has not filed any appeal.



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Section No. in the Income-tax Bill, 2025	Section No. in Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		(4) The Appellate Tribunal or Court, hearing such appeal or reference, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal or application for reference was filed or not filed in respect of any case. (5) Every order, instruction or direction which has been issued by the Board fixing monetary limits for filing an appeal or application for reference shall be deemed to have been issued under sub-section (1) and the provisions of sub-sections (2), (3) and (4) shall apply accordingly.	acquiesced in the decision on the disputed issue by not filing an appeal in any case. (4) The Appellate Tribunal or Court, hearing such appeal, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal was filed or not filed in respect of any case.		Filing of appeal by income-tax authority. For example, where, in pursuance of an order, an income-tax authority has not filed any appeal on any issue in the case of Mr.X for assessment year 2025-26 , before the Appellate Tribunal due to the reason that the disputed demand was only Rs.45 lakh, it shall not preclude such authority from filing an appeal on the same issue in the case of the Mr. X for any other tax year (say tax year 2026-27); or Mr. Y or Mr. Z for the tax year 2026-27 or any other tax year.



CHAPTER XVIII

C- ADVANCE RULINGS

Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
383	245Q	245Q Application for advance ruling.	383 Application for advance ruling.		
		<p>(1) An applicant desirous of obtaining an advance ruling under this Chapter or under Chapter V of the Customs Act, 1962 (52 of 1962) or under Chapter IIIA of the Central Excise Act, 1944 (1 of 1944) or under Chapter VA of the Finance Act, 1994 (32 of 1994) may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.</p> <p>(2) The application shall be made in quadruplicate and be accompanied by a fee of ten thousand rupees or such fee as may be prescribed in this behalf, whichever is higher.</p>	<p>(1) An applicant desirous of obtaining an advance ruling under this Chapter, may make an application in such form and manner, as prescribed, stating the question on which the advance ruling is sought.</p> <p>(2) The application shall be made in quadruplicate and be accompanied by a fee of ten thousand rupees or such fee, as prescribed.</p> <p>(3) An applicant may withdraw an application within thirty days from the date of the application.</p>	<p>The requirement to make the application in quadruplicate in Section 383(2) may be removed.</p> <p>(2) The application shall be furnished made in quadruplicate and be accompanied by after payment of a fee of ten thousand</p>	<p>Rule 44E requiring the application for obtaining advance ruling under section 245Q(1) to be made in the respective forms, Form No.34C/34D/34DA/34E/34EA has deleted the words “in quadruplicate” w.e.f. 5.5.2022. This requirement has been removed in Rule 44E, since the forms have to be sent vide e-mail.</p>



Section No. in the Income-tax Bill, 2025	Section No. in the Income-tax Act, 1961	Provision in the Income-tax Act, 1961	Provision in the Income-tax Bill, 2025	Suggested change in the Income-tax Bill, 2025	Rationale for change
		<p>(3) An applicant may withdraw an application within thirty days from the date of the application.</p> <p>(4) Where an application for advance ruling under this Chapter is made before such date as the Central Government may, by notification in the Official Gazette appoint, and in respect of which no order under sub-section (2) of section 245R has been passed or no advance ruling under sub-section (4) of section 245R has been pronounced before such date, such application along with all the relevant records, documents or material, by whatever name called, on the file of the Authority shall be transferred to the Board for Advance Rulings and shall be deemed to be the records before the Board for Advance Rulings for all purposes:</p>		<p>rupees or such fee, as prescribed.</p>	<p>However, the same continued in section 245Q(2).</p> <p>Further, e-filing utility may be introduced for advance ruling to enable effective tracking. Then, instead of "accompanied by" fee, the words "after payment of fee" may be used in sub-section (2).</p>