

ICAI's suggestions considered in the Income-tax Bill 2025 tabled in the Lok Sabha on 13.02.2025

Sl. No.	ICAI's Suggestion	Consideration in the Income-tax Bill, 2025
1	The number of provisos to be kept to the minimum, considering that provisos, explanations make the section complicated.	In the Income-tax Bill, 2025, the provisos and explanations have been converted into sub-sections/clauses.
2	To remove 13 chapters (comprising of 130 sections) which have been omitted or attained sunset To remove 134 sections on account of having been omitted or attained sunset To remove 9 schedules [Detailed list is given in ICAI's suggestions on Comprehensive Review of the Income-tax Act, 1961]	These sections and schedules have been removed in the Income-tax Bill, 2025.
3	To simplify the Charitable Trust Registration and Taxation regime, including compliance with procedures	The sections (including accreted income provisions) spread across different Chapters of the Income-tax Act, 1961 are being consolidated in Chapter XVII-B divided into sub-parts, namely, registration, income, commercial activities, compliances, violations, registrations for the purposes of eligibility of donations and interpretations.
4	To introduce simplified exemption provision for small charitable trusts and institutions (with aggregate receipts upto Rs.5 crore) having as its object, any charitable purpose as defined in section 2(25), to reduce their compliance burden.	In order to reduce the compliance burden for the smaller trusts or institutions, it is proposed to increase the period of validity of registration of trust or institution from 5 years to 10 years, in cases where the trust or institution made

		an application under section 332(3) [Sl. No. 3 to 7 in table], and the total income of such trust or institution, without giving effect to the provisions of Part B of Chapter XVII, does not exceed Rs. 5 crores during each of the two tax years, preceding the tax year in which such application is made.
5	To reconsider the salary threshold of Rs.50,000 for “specified employee” fixed 22 years back for taxation of perquisites, since the same is currently not relevant.	<p>This has been considered in the Finance Bill, 2025 and the Income-tax Bill, 2025</p> <p>The definition of perquisite under section 17(1)(c)(ii) provides that the value of any benefit or amenity granted or provided free of cost or at concessional rate, inter alia, by any employer (including a company) to an employee whose income under the head “Salaries” by way of monetary payment (from one or more employers) exceeds such amount as prescribed.</p>
6	To increase threshold limit for TDS in section 194J (fees for professional services/technical services/royalty existing limit Rs.30,000), 194A (interest other than interest on securities – existing limit Rs.5,000, where the payer is not a banking company, co-operative bank or post office) and 194H (Commission or brokerage – existing limit Rs.15,000).	<p>These limits are proposed to be increased in the Finance Bill, 2025 and the Income-tax Bill, 2025.</p> <p>In clause 393(1),</p> <p>Pt.1 – the threshold limit for commission or brokerage is Rs.20,000.</p> <p>Pt. 5(iii) – the threshold limit is Rs.10,000 for interest other than interest on securities, where the payer is not a banking company or co-operative bank or a post office</p> <p>Pt. 6(iii) – The threshold limit is Rs.50,000 for fees for professional</p>

		<p>services/technical services/royalty etc.</p> <p>This increase has been effected in the Finance Bill, 2025 and is continuing in the Income-tax Bill, 2025.</p>
7	To remove TCS u/s 206C(1H) to reduce compliance burden	The removal has been proposed in the Finance Bill, 2025. Also, this provision does not find place in the Income-tax Bill, 2025.
8	To modify the definition of "relative" in section 56(2) to include maternal lineal ascendants/descendants of self and spouse	Definition of "relative" in clause 92(5)(g) of the Income-tax Bill, 2025 includes both maternal and paternal lineal ascendants/descendants of self and spouse.
9	To modify the definition of "property" defined in section 56(2) to include virtual digital asset as item (x) after bullion. This would clarify that only VDAs held as capital asset would be included in the definition of "property"	Virtual digital asset included as item (x) in the definition of "property" in clause 92(5)(f) of the Income-tax Bill, 2025
10	To amend the definition of "advance ruling" in section 245N(a) to replace "Authority" with "Board"	In the definition of "advance ruling" in clause 380(a), "Board for Advance Rulings" has replaced "Authority".