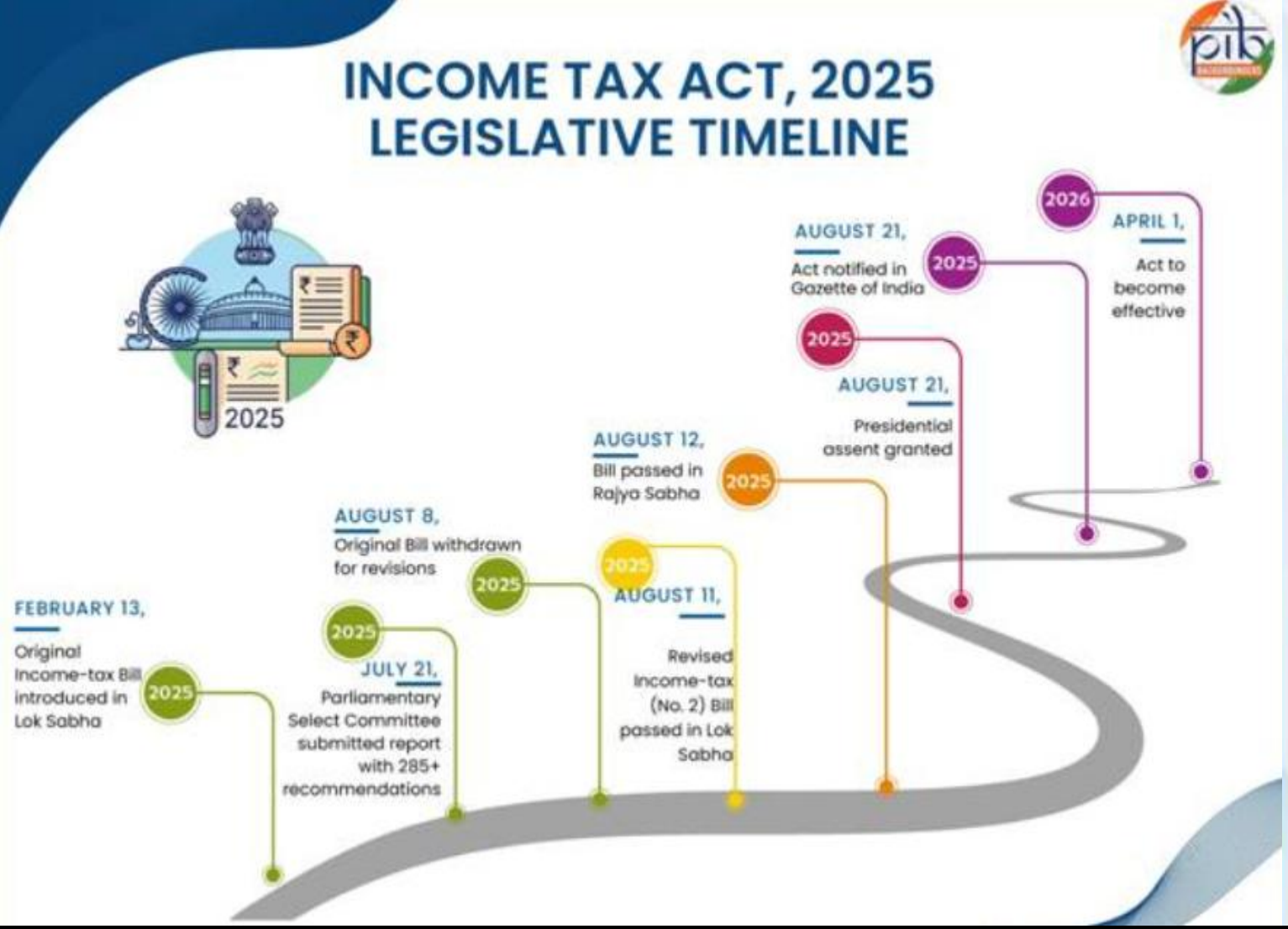
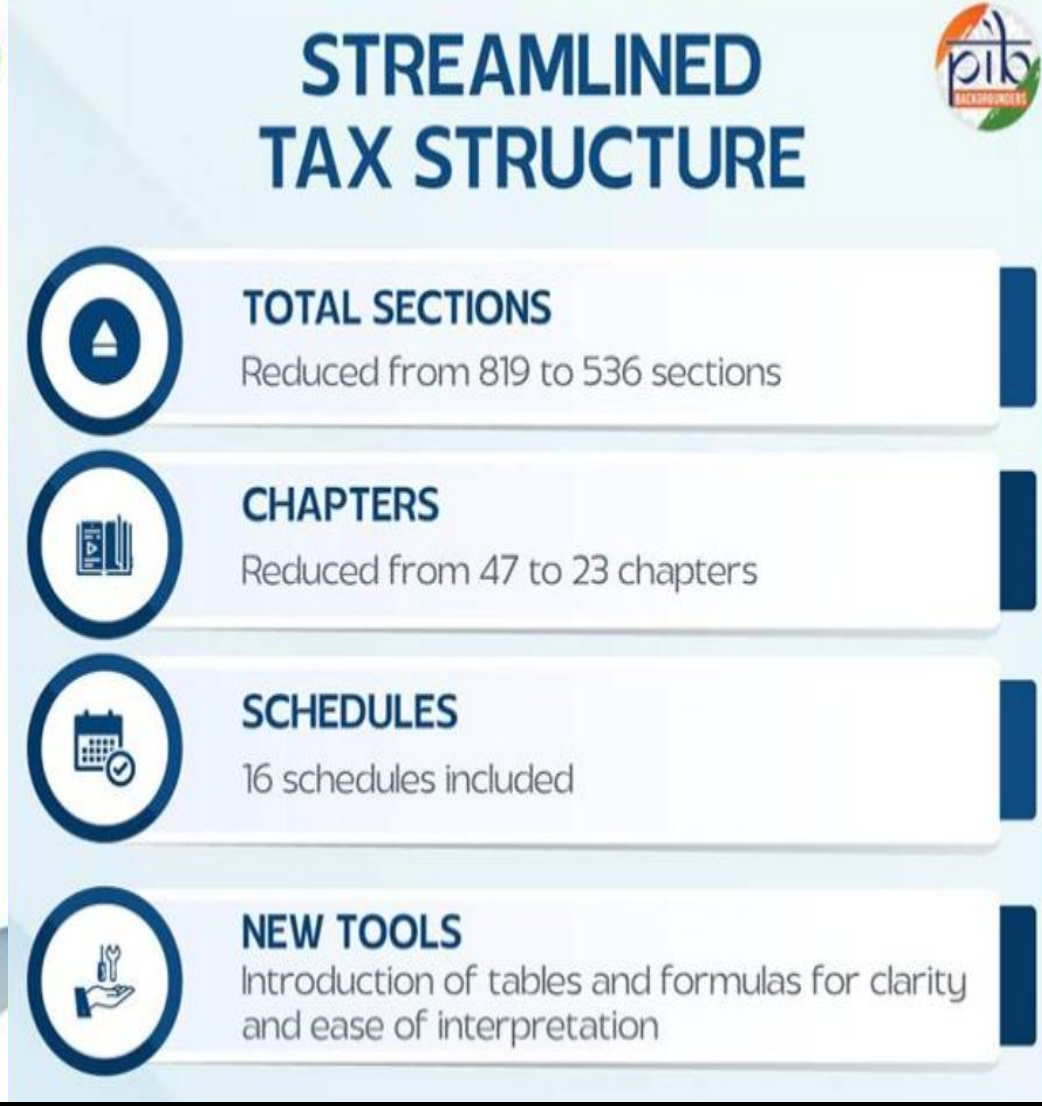
Discussions on new Income-tax Act, 2025 and Income-tax Rules, 2026 (Broad Perspective)

CA. Nirav Sheth

Is this Sunday Morning
OR Working Day??





New Income tax Act Overview

Source: Press Information Bureau

New Income Tax Act Overview

Structural simplification:

- Use of **tables** and **formulae** and consolidation of common topics at one place makes it simple, lucid to read and understand.
- Smart forms introduced - Forms with autofill functionality

Textual simplification:

- The New Act has simplified language as against traditional legal language, eliminates redundant and obsolete provisions to make it concise
- **Explanation and Proviso** to section/sub-sections now worded as 'Sub-section'
- No change in scope of tax, rates of tax, due dates and income computation mechanism

Unified "Tax Year":

- The New Act eliminates the traditional dual concept of "Previous year" and "Assessment year" replacing both with a single streamlined term "Tax year".

Removing redundant and repetitive provisions:

- Includes 536 sections, 23 chapters, 16 schedules - reduces the volume of the act by almost half
- Number of rules reduced from 511 to 333 and number of forms reduced from 399 to 190

Robust KYC requirements:

- New forms introduce more robust KYC requirements

Structural simplification under new Act (Tabular)

Structural simplification: Use of tables and consolidation of common topics at one place makes it simple, lucid to read and understand

Section 393: Tax to be deducted at source.

TABLE

FOR PAYMENTS TO RESIDENT

Sl. No.	*Nature of Income or sum*	*Payer*	*Rate* *Threshold limit*
A	*B*	*C*	*D*
1. Commission or brokerage			
	(*i*) Any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).	Any person.	*Rate:* Rates in force. ——— *Threshold limit:* ₹ 20,000.
	(*ii*) Any income by way of commission [not being insurance commission referred to in serial number 1(*i*)] or brokerage.	Specified person.	*Rate:* 2% ——— *Threshold limit:* ₹ 20,000.

Structural simplification under new Act (Formulae)

Structural simplification: Use of formulae and consolidation of common topics at one place makes it simple, lucid to read and understand

Income-tax Act, 1961	Income-tax Act, 2025
43 (6) "written down value" means— ... (c) in the case of any block of assets,— (i) in respect of any previous year relevant to the assessment year commencing on the 1st day of April, 1988, the aggregate of the written down values of all the assets falling within that block of assets at the beginning of the previous year and adjusted,— (A) by the increase by the actual cost of any asset falling within that block, acquired during the previous year; (B) by the reduction of the moneys payable in respect of any asset falling within that block, which is sold or discarded or demolished or destroyed during that previous year together with the amount of the scrap value, if any, so, however, that the amount of such reduction does not exceed the written down value as so increased; and (C) in the case of a slump sale, decrease by the actual cost of the asset falling within that block as reduced— (a) by the amount of depreciation actually allowed to him under this Act or under the corresponding provisions of the Indian Income-tax Act, 1922 (11 of 1922) in respect of any previous year relevant to the assessment year commencing before the 1st day of April, 1988; and (b) by the amount of depreciation that would have been allowable to the assessee for any assessment year commencing on or after the 1st day of April, 1988 as if the asset was the only asset in the relevant block of assets, so, however, that the amount of such decrease does not exceed the written down value ...	41. (1) For the purposes of computation of income under the head "Profits and gains of business or profession", written down value means— ... c) in case of block of assets, the written down value computed in the following manner: **[(A - D) + B - C] - E, where** A = the written down value of the block of assets in the immediately preceding tax year; B = actual cost of any asset falling within that block, acquired during the tax year; C = moneys payable together with scrap value, if any, in respect of any asset falling within the block, which is sold, transferred, demolished, destroyed or discarded during the tax year, where "C" shall not exceed (A - D) + B; D = depreciation actually allowed in respect of block of assets in relation to the said immediately preceding tax year; E = in the case of a slump sale, the actual cost of the asset falling within that block as reduced by— i. depreciation actually allowed in respect of tax year commencing on 1st April, 1986 or any earlier tax year; and ii. depreciation allowable for tax year commencing on or after 1st April, 1987 under this Act or under the Income-tax Act, 1961 (43 of 1961), as if such asset was the only asset in the relevant block of asset. ...

Removal of explanation/ proviso

'Explanation' and 'Proviso' to section/sub-sections now worded as 'Sub-section'

Income-tax Act, 1961	Income-tax Act, 2025
9. (1) The following incomes shall be deemed to accrue or arise in India :— (i) all income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India, or through the transfer of a capital asset situate in India. **...** Explanation 5. - For the removal of doubts, it is hereby clarified that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India: Provided that nothing contained in this Explanation shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in a Foreign Institutional Investor as referred to in clause (a) of the Explanation to section 115AD for an assessment year commencing on or after the 1st day of April, 2012 but before the 1st day of April, 2015: Provided further that nothing contained in this Explanation shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 prior to their repeal, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992): …	9. (1) The income referred to in sub-sections (2) to (8) shall be deemed to accrue or arise in India. (2) The income accruing or arising, directly or indirectly, through or from— (a) any asset or source of income in India; or (b) any property in India; or (c) any business connection in India; or (d) the transfer of a capital asset situated in India, shall be deemed to accrue or arise in India. **...** (10) In sub-section (2),— (a) an asset or a capital asset, being any share of, or interest in, a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets (whether tangible or intangible) located in India; (g) the income referred to in sub-section (2) shall not include income from transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India,— if such share of, or interest in, a company or an entity registered or incorporated outside India is held by a non-resident by way of investment, directly or indirectly,— (A) in Category I or Category II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, prior to their repeal, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); (B) in Category I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Transition provisions – Section 536 Repeals and savings

New rules and forms for transactions for TY 2026-27 to apply from 1 April 2026

- Any **sum payable under the old law may be recovered under the new law** without prejudice to action already taken.
- **Old Act would apply for all proceedings in respect of any year before 1 April 2026** Notices for FY 2025-26 and prior years would continue to refer to old sections
- **Any elections/declarations made/options exercised under 1961** Act deemed to have been made under the corresponding section of New Act
- **Tax credits** carried forward under the old law are carried forward under the new law, provided conditions are met.
- **Circular issued** or any scheme framed under 1961 Act **continue to apply** except in case of any inconsistency
- **Carry forward** of past losses, unabsorbed depreciation, MAT, tax credits etc. enabled
- **Judicial precedents** to also apply except in case of any inconsistency.
- **Refund or interest** for tax years before 1 April 2026 will follow the provisions of the old Act for the period up to 31 March 2026 and from 1 April 2026, the provisions of the New Act with respect to interest shall apply.

Key changes – International Taxation – Broad perspective

Interpretation of tax treaties

Changes

If DTAA provisions **are more beneficial** to taxpayers – then it can **override provisions of Income Tax Act (ITA) - Existing**

Terms not defined in DTAA shall **have the same meaning assigned under ITA or notification** [Sec. 90(3)/Expl. 3 and 4]

Provisions related to **terms not defined in DTAA expanded** [Sec. 159(7)].

Points to ponder

- Whether applicability of terms defined in other tax laws/central law aligned with Article 3(2) of DTAA?
- What if different meaning assigned for same term under different law
- If tax office/courts defines terms not defined under DTAA expanded – Can it overrule settled judicial principles?
- If term defined in say 2030, can it be used by authorities to interprets ongoing litigation of 2027? – Any Retro angle?

Sr. no	Situations	ITA, 1961 vs. ITA 2025 – Section 90/159	
		What remains same	Any change in ITA 2025
1	DTAA - Term defined	As per DTAA	
2	Term not defined in DTAA - But defined in ITA	As per ITA	
3	Term not defined in DTAA/ITA - But notification issued	As per Notification – Refer Example	Term "May be Taxed"
4	Term not defined in DTAA/ITA and notification not issued	N/A	-As per central tax law OR Any other central law (in case not defined in central tax law)

Key difference at glance for deliberation

Aspect	Old Act	New Act
Who interprets term	Courts/Statute/ Govt ??	Courts/Statute/ Govt ??
Basis	Treaty purpose & context / Domestic law definitions ??	Treaty purpose & context / Domestic law definitions ??
Retro. risk	Low/High??	Low/High??
Likely certainty of interpretation	Higher/Conditional??	Higher/Conditional??

Interpretation of tax treaties – 159

Section 90 of IT Act, 1961 – DTAA/ACT/Notification

Adobe Acrobat Document

Section 159 of IT Act, 2025 – DTAA/ACT/Notification/Tax laws/Any other law

Adobe Acrobat Document

Example of notification previously issued for clarifying terms defined in DTAA

NOTIFICATION NO. 91/2008 [S.O. 2123(E)] [(F.NO. 500/82/2004-FTD-I)], DATED 28-8-2008

*In exercise of the powers conferred by sub-section (3) of section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that where an agreement entered into by the Central Government with the Government of any country outside India for granting relief of tax, or as the case may be, avoidance of double taxation, provides that any income of a resident of India **"may be taxed"** in the other country, such income **shall be included in his total income chargeable to tax in India** in accordance with the provisions of the Income-tax Act, 1961 (43 of 1961), and relief shall be granted in accordance with the method for elimination or avoidance of double taxation provided in such agreement.*

Interpretation of tax treaties – 159

Whether applicability of terms defined in other tax laws/central law aligned with Article 3(2) of DTAA?

Though latest model tax convention allow meaning of an expression prevailing under non-tax laws for the purpose of interpreting the undefined terms of these tax treaties subject to contextual test. However, most of Indian tax treaties do not permit the same. So, could there be a challenge, if ITA override Article 3(2) of tax treaties?

Interpretation of tax treaties – 159

What if different meaning assigned for same term under different law

Ex: Meaning of the term "Service"

The Consumer Protection Act, 2019

"(42) "service" means service of any description which is made available to potential users and includes, but not limited to, the provision of facilities in connection with banking, financing, insurance, transport, processing, supply of electrical or other energy, telecom, boarding or lodging or both, housing construction, entertainment, amusement or the purveying of news or other information, but does not include the rendering of any service free of charge or under a contract of personal service"

The Central Goods and Services Tax Act, 2017

"(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged"

Interpretation of tax treaties – 159

Provisions related to terms not defined in DTAA expanded i.e., meaning of terms not defined under DTAA/ITA/Notification can be taken from domestic tax laws or other laws **unless context otherwise requires.**

"Clause 159(7)(a) & 159(7)(b) are pari-materia to Explanation 3 & Explanation. 4 to section 90 of the IT Act. Accordingly, any term mentioned in a DTAA takes its meaning from such agreement or from IT Act or from Explanation given by the Central Government or by notification issued by the Central Government. There are cases where still some terms remained to be assigned a meaning. For example, what is a copyright or a software. Such terms should take meaning from other tax laws or other central government laws as ***applicable in the context.*** *The domestic tax law should give precedence to the other domestic laws over public international law. Therefore, the amendment in the Bill has been rightly made. Since, it does not disturb the treaty provisions in any manner, there is no cause for any apprehension in this regard. A tax treaty is also part of international law.* ***This body of international law itself permits the recourse to domestic law meaning in case of terms not defined in a tax treaty, with the caveat that the meaning in the domestic tax law shall prevail over the meaning given in any other domestic law.*** *Therefore, the proposed provision shall remove ambiguity and bring clarity on the existing legal position. The amendment has been made with a view to rationalise the provision so as to provide tax certainty and reduce litigation and to make the language clear and direct. Therefore, no change in the provision may be necessary.* ***The proposed provision is similar to the provisions of the Income-tax Act, 1961. It has further been rationalised by taking into account the DTAA provisions*** *and settled judicial precedents. This shall clarify the legal position and minimise probable dispute in future".*

Interpretation of tax treaties – 159

Definitions under Indian laws (ITA/notification/other laws) **– Any retro angle?**

Any term defined under other laws of the India, satisfying contextual requirement, will be applied from date of applicability of tax treaty. Thus, definition under other laws may apply retrospectively.

if meaning of *XYZ* term is not defined in the treaty/Act (Say, managerial services).

Such term is then defined in say Tax Year 2029-30 under other Central Tax Law. Can it be applied by Revenue to open cases of say Tax Year 2026-27 and onwards and can treaty benefit be denied? Any savior available?

*"term is used in any agreement entered into under sub-section (1) or (2), and not defined under the said agreement or this Act, or in any notification issued under clause (b), then, **unless the context otherwise requires**, it shall have the same meaning as assigned to it-"*

Key changes in certain Forms – *Broad perspective*

Changes in Form 41 *(erstwhile Form 10F)*

FORM NO. 41
[*See* rule 75(1)]

Information to be provided under section 159(8)

Part A: Particulars of the Applicant			
1.	Name:	*(refer Note 1)*	
2.	Address:	*(refer Note 2)*	
3.	Communication Address in India (if available):	*(refer Note 3)*	
4.	Permanent Account Number (PAN) (if available):		
5.	E-mail Id:		
6.	Contact Number:	Country Code	Number
Part B: Residential Information			
7.	Tax Year:		
8.	Status:	*(refer Note 4)*	
9.	Country of residence (in the case of an individual) or Country/Region of incorporation/ registration (in the case of others):	*(refer Note 5)*	
10.	Tax Identification Number (TIN) in country/region of residence:	*(refer Note 6)*	
11.	Period for which the residential status as mentioned in the certificate referred to in section 159(8) is applicable:		
12.	Address of the assessee in the country or region outside India during the period for which the certificate, mentioned in Sl. No. 11 above, is applicable:		
13.	Copy of the certificate referred to in section 159(8):	*Upload the copy as Annexure*	

Declaration

I _____ (Name of assessee) with _____ (PAN/Unique identification number) have obtained a certificate referred to in section 159(8) from the Government of _____ (name of country or region outside India) which is provided as per Part B (Sl. No. 13).

Verification

I _____ hereby affirm that the information provided above is true and correct to the best of my knowledge and belief. I have not concealed any relevant fact. I am submitting this form in my capacity as _____ (designation), holding PAN _____ and I am competent to verify and submit this form.

Place:
Date:

Signature:
Name:
Designation:

Changes in Form 41 *(erstwhile Form 10F)*

- Applicable for tax year 2026-27 and onwards
- **Mandatory** for non-resident taxpayers for claiming DTAA benefit and TRC should be attached for relevant Indian tax year
- Requires additional information such as **communication address in India and PAN** only if available.
- **Contact number of the non-resident appears to be mandatory**
- Email ID and contact number is auto populated from profile on the portal
- The New Form can be filed once a year
- Form No. 41 to be filed when DTAA benefits are claimed (FAQ No. 4 of the FAQs issued by CBDT)
- Domestic companies may additionally seek no-PE declaration, no-SEP declaration, indemnity bond, etc.
- Self-declaration verified electronically by the non-resident or authorized signatory. Further, the declaration in Form 10F read as:

  "I _____ hereby affirm that the information provided above is true and correct to the best of my knowledge and belief. I have not concealed any relevant fact. I am submitting this form in my capacity as ____ (designation), holding PAN ____ and I am competent to verify and submit this form ".

Changes in Form 41 *(erstwhile Form 10F)*

- **Form 41 (erstwhile Form 10F) – Mandatory:**
- Earlier Form 10F was not mandatory if TRC contain all the requisite information. However, now Form 41 is mandatory to claim DTAA benefit even if TRC contains all the requisite information.
- Form 41 is required to be filed by NR who does not have PAN in India. Functionality to file such form without PAN is already available on IT portal even in case of Form 10F.

- **CBDT FAQ refers "Valid Form 41":**
- As per FAQ Q. 13, in absence of valid Form 41 (along with TRC and other documents), DTAA benefit will not be available which means Taxes will have to be withheld at rate prescribed under the Act.

- Further, to the above point w.r.t. valid Form 41 – How far does Indian remitter have to go to check validity of Form 41 before deducting TDS?

- Whether onus is casted on Indian remitter to verify details in Form 41?

- Whether validity of Form 41 can be challenged if correct contact no. of NR or email ID is not mentioned?

- Suggestion – Form 41 should be option when TRC is complete.

Changes in Form 41 *(erstwhile Form 10F)*

CBDT FAQ refers "Other Documents" to be filed along with Form 41

What are 'other documents' to be submitted along with TRC? Whether No PE declaration can be considered as other document? Recent Apex court ruling in case of Tiger Global, has held that TRC is not sufficient for NR to establish Residency in Foreign Jurisdiction. Does it mean that "Other Documents" can consists of further documents to establish "Residency".

CBDT FAQ refers Timing of filing of Form 41

There is no time limit prescribed for filing Form 41. However, as per FAQ Q. 4, Form 41 is required to be filed whenever treaty benefits are claimed. Thus, Form 41 is required before deducting TDS by Indian remitter.

Changes in Form 41 *(erstwhile Form 10F)*

CBDT FAQ refers one time filing of Form 41

As per FAQ Q. 5, Form 41 is required to be filed once per tax year which means NR entity cannot revise Form 41 once it is filed. There was no such filing restriction in case of Form 10F.

<u>Industry concerns</u>

Since Form 41 requires TRC for the relevant financial year to be submitted, this could create challenge since TRC is generally issued for calendar year.

If contact Number of an Employee is mentioned and what if an employee leaves the organization? – No option to modify form later enabled currently

Changes in Form 41 *(erstwhile Form 10F)*

Additionally, Form 41 requires contact details of NR entity which auto populate basis details submitted on IT website. On a practical basis, earlier NR entity used to provide contact details of employees of Indian subsidiary for registering on IT website. In view of this changes, whether NR entities have to update their contact details and provide overseas contact information?

Form 41: Verification tab refers "Competent to Verify":

Form 41 is to be signed by an individual who is 'competent to verity'. Further, he is required to affirm correctness of details mentioned therein.

Whether Non resident individual signing Form 10F is expected to have required knowledge regarding taxation? Eg. If a person is from Sales or Marketing Background, is he not "competent to verify" Whether Indian remitter is required to check competency of individual? Whether validity of Form 41 can be challenged on this ground and DTAA benefit can be denied?

As per PDF version of Form 41, there is separate field to mention PAN of individual signing the Form. Whether Non resident individual is required to have PAN. Based on practical experience, Form 41 is getting filed in absence of PAN as PAN is getting auto-fetch from key person details in IT website.

FOREIGN REMITTANCES – KEY CHANGES TO ERSTWHILE FORM 15CA/CB

Form 145 (15CA equivalent) additional disclosures

- Tax Identification number in country of residence
- Country of residence
- In Part C - UDIN and Form 146 acknowledgement number to be mentioned

Form 146 (15CB equivalent) additional disclosures

- Details of remittee – PAN, Tax Identification Number, country of residence, principal place of business, contact details
- Under verification – PAN, UDIN and membership number of signing CA to be mentioned;
- Capital gain working to be provided
- CA to certify the details to be true and correct – practical challenges

Form can be withdrawn within 7 days of filing (practically taxpayers are facing challenges for the same)

Form 145/146 (erstwhile Form 15CA/Form 15CB)

Applicability of new Form:

- As per FAQ Q. 25, for any remittance made on or after 1 April 2026, new Form 145 will apply (Even though TDS Liability pertains to FY 2025-26 or before)

Additional Disclosures:

- Additional disclosures have been added in Form 145 to include details of TIN of foreign remitter (FR), country of residency and in Part C – UDIN and Form 146 acknowledgement no. to be mentioned.
- Further, following additional disclosures have been added in Form 146:
- Details of remittee - PAN, Tax Identification Number, country of residence, principal place of business, contact details
- Under verification – PAN, UDIN and membership number of signing CA to be mentioned;
- Capital gain working to be provided
- CA to certify the details to be true and correct – Can a CA solely rely on Form 41?

Form 145 Withdrawal:

- Erstwhile Form 15CA was allowed to be withdrawn at any point of time, however, as per CBDT FAQ No. 17, Form 145 can only be withdrawn within 7 days from the submission date

Form 145/146 (erstwhile Form 15CA/Form 15CB)

"Principal Place of Business", "Country of Residence":

- As mentioned above, Form 146 requires mentioning "Principal Place of Business" and "Country of Residence". It is not necessary that both are same. Is a CA required to verify before signing that what is the "Principal Place of Business"
- For certification, would the Accountant seek MR from the remitter? As a result, the remitter might as well need an MR from the remittee.
- For country of residence – Is the Accountant required to verify beyond MR, particularly for tax heaven jurisdictions?
- Is the CA required to make independent enquiry eg. Browsing website of NR

Purpose Code - Sync:

- Nature of Remittances ('NOR') to be selected from 65 categories - Certain categories overlap - which can create doubts for CA
- While CA is selecting NOR it should be discussed with client so that the same is in sync with Purpose code mentioned in RBI as the mismatch may trigger scrutiny.
- Knowledge of FEMA may also be required for the above. It is advisable that all the teams are in sync while making remittance eg. Treasury, Finance, Accounting – so the same nature of remittance is there.

Other key changes – broad perspective

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Withholding tax

- Current provisions spread across multiple sections under Old Act – New provisions merged into just 11 sections- section 392 to 402
- TDS rates are now compiled only under sections 393 and 394 in four categories- (a) Payments to residents; (b) Payments to non-residents; (c) Payments to any person; (d) No deduction at source
- Conditions contained in the relevant current provisions shifted to interpretation section 402 or in form of notes to Tables in section 393
- Section 395 broadens the scope to include withholding and TCS under the relevant chapter-earlier exclusions also covered now [194R, 194S, TCS on LRS, motor vehicles]
- Common explanations have been added in section 393 consolidating clarifications and conditions provided in different TDS sections. Few provisions clarified TDS instance to be payment or credit, whichever is earlier, and also contain a clause to provide that credits to suspense or any other account will be deemed as credit of income to the payee's account, now such deeming fiction exists for all TDS provisions
- TDS and TCS rules clubbed
- Application for obtaining lower withholding tax certificate is required to be made in **New Form 128 for tax 2026-27 onwards** (replacing old Form No. 13).

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Withholding tax

- **CBDT FAQ No. 4.10 on Interplay and Transition**

  "Will a lower/nil withholding certificate issued under Section 197 of the old Act remain valid for payments/credits made on or after 1st April, 2026?

  Yes. A certificate issued under Section 197 of the Income-tax Act, 1961 shall remain valid for payments/credits made on or after 1st April, 2026 provided that it is issued for lower/Nil deduction of tax in respect of projected receivable for tax year 2026-27"

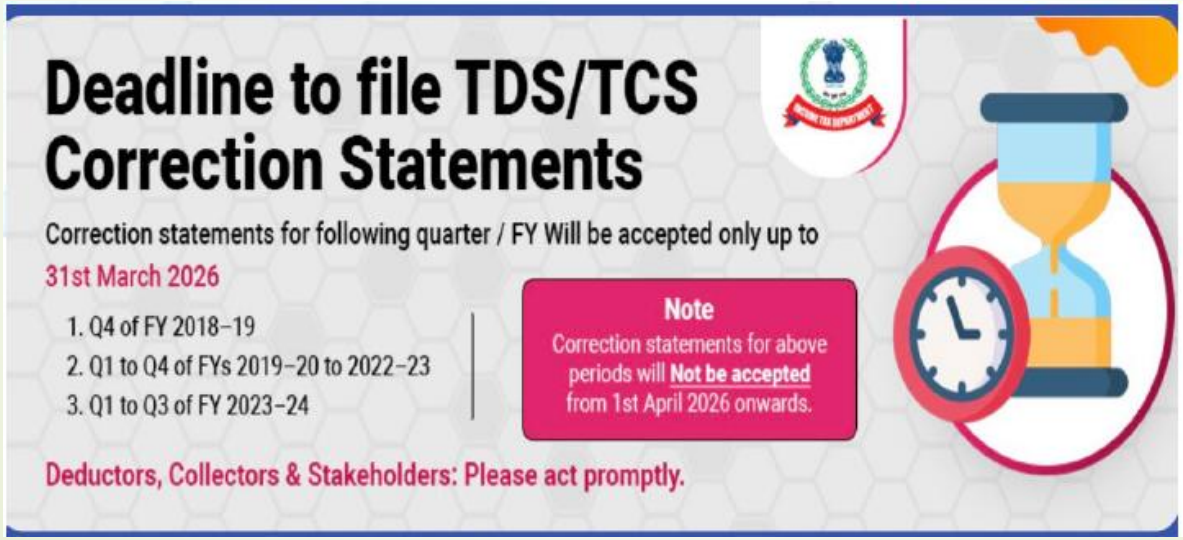
- In the New Form No. 129 (replacing old Form No. 15E), **in the attachment section**, a few additional details are required to be submitted compared Old Form No. 15E, such as note on business connection in India, detailed note on why payment is not taxable in India, and detailed note on how amount chargeable to tax has been determined along with its working and supporting documents.

- **New question added in Form 143 (old Form 27EQ) – Whether collectee has any Permanent Establishment?**

TDS return revision

Old Provisions	Timeline to file TDS/ TCS correction statements - **within six years** from the end of the financial year in which the original TDS/TCS return was furnished
New Provisions	Timeline to file TDS/ TCS correction statements **reduced from six years to two years** from the end of the financial year in which the original TDS/TCS return was furnished with effect from 1 April 2026

- For e.g. Correction statement for TDS/ TCS return for Q1 of FY 2023-24 can be furnished up to 31 March 2027?



Expanded Scope of Search & Seizure – Access to Electronic Data

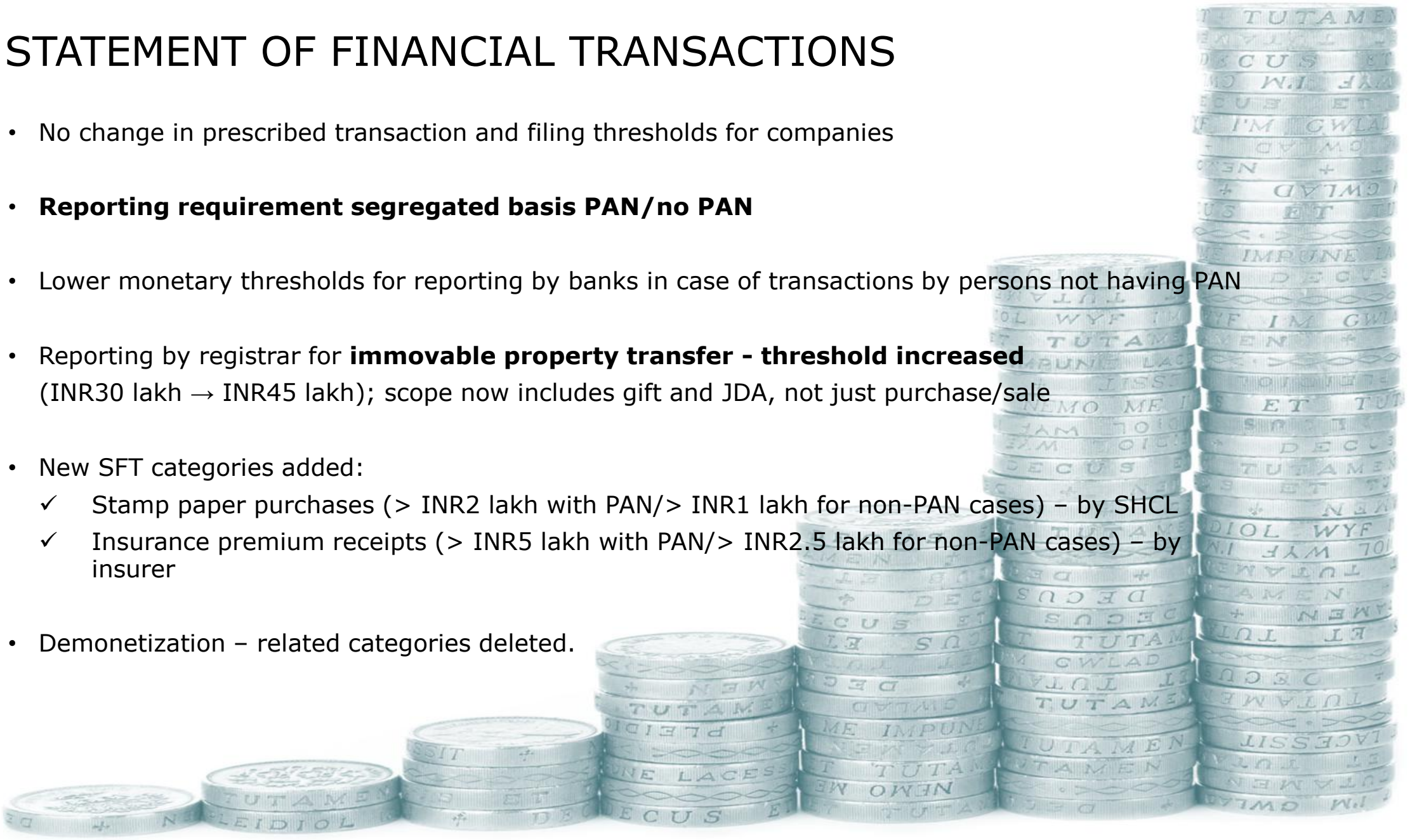
- During the search & seizure procedure, the revenue authorities can also access/override any electronic system/computer which is likely to contain any evidence. – Section 132(B)(i) ITA 1961 vs Section 247(b)(i) ITA 2025

- Objections were raised as this may result in breach of privacy as this would result in access to the personal data of the persons. However, the change is not revoked stating that segregation of personal and business data is not practically possible, but the revenue authorities will ensure that the personal data is also protected.

Ques: What is included in the term electronic media or computer systems?

STATEMENT OF FINANCIAL TRANSACTIONS

- No change in prescribed transaction and filing thresholds for companies
- **Reporting requirement segregated basis PAN/no PAN**
- Lower monetary thresholds for reporting by banks in case of transactions by persons not having PAN
- Reporting by registrar for **immovable property transfer - threshold increased** (INR30 lakh → INR45 lakh); scope now includes gift and JDA, not just purchase/sale
- New SFT categories added:
  - ✓ Stamp paper purchases (> INR2 lakh with PAN/> INR1 lakh for non-PAN cases) – by SHCL
  - ✓ Insurance premium receipts (> INR5 lakh with PAN/> INR2.5 lakh for non-PAN cases) – by insurer
- Demonetization – related categories deleted.



Key changes in PAN application forms

- New forms to be used for PAN applications filed from 1 April 2026
- Earlier two forms (Form No. 49A/ 49AA) replaced by 4 forms based on category of taxpayer:
  - Form No. 93: Individual being Indian citizen
  - Form No. 94: Entities incorporated in India
  - Form No. 95: Individual not being Indian citizen
  - Form No. 96: Entities incorporated outside India
- Form 96 – Foreign company's additional disclosures:
  - Tax Identification Number (TIN) to be mentioned
  - Details of Representative Assessee or AR having Indian address (except FPIs) is mandatory in Part D
  - Verification and declaration by wet ink; no option for DSC
  - Contact details – Mobile / landline number

Key changes in PAN application forms

- **Details of Representative Assessee or AR having Indian address (except FPIs) is mandatory in Part D**

Part D: Representative Assessee/Authorized Representative *(Refer note 4)*

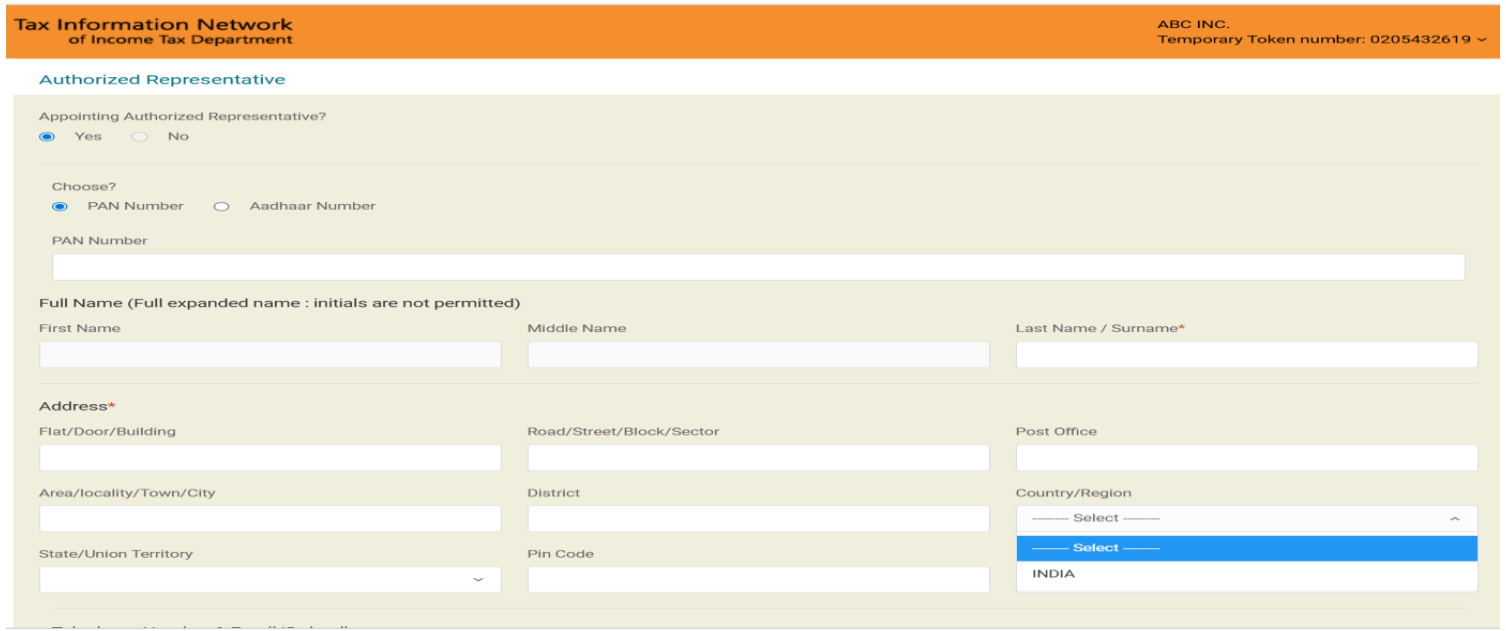
4. Details of Representative Assessee or Authorized Representative having Indian address (except FPIs) is mandatory in Part D. Foreign Portfolio Investors can provide Passport if Permanent Account Number and Aadhaar is not available.

- **Options as per prescribed Form No. 96**

14.	Address	*(Refer Note 2)*

2. The address shall contain (i) Country or Region, (ii) Flat or Door or Building, (iii) Road or Street or Block or Sector, (iv) PIN or ZIP Code, (v) Post Office, (vi) Area or locality, (vii) District and (viii) State.

- **Options appearing on online Form No. 96**



Tax Audit Report

Structural & Conceptual Changes		
Aspect	**Old Forms (3CA/3CB/3CD)**	**New Form 26**
Number of forms	Three separate forms	Single consolidated form
Duplication	Few common details in 3CA/3CB & 3CD	Eliminated
Logical flow	Fragmented (e.g. Amt not credited to P&L clause 16, 36A, 24,25,29)	Business → Accounting → Tax treatment of income & Exp.
Reporting philosophy	Disclosure-based	Disclosure **+ validation**
Likely machine-readability from Revenue perspective	Limited	High (AI/analytics driven)

Likely impact :

- Easier and automated scrutiny by Tax Dept
- Higher responsibility on Auditors for correctness and consistency

Tax Audit Report

- A single Form now applies to every type of assessee. Disclosure requirements have increased significantly

- Form 26 divided into main 4 parts A to D wherein

- Part A – Applicable for assesses who is required to get its accounts audited under any law other than the Act (earlier Form 3CA)
- Part B – Other assesses not being referred in Part A (earlier Form 3CB)
- Part C and D – Auditor's certification, qualification remarks, and auditor details (earlier Form 3CD).

Key new disclosures added (amongst various changes proposed):

- Technology-related details
- Penalty reporting:
- Prior period schedule
- Brought-forward losses
- MAT/AMT credit schedule: Newly added
- All TANs held by the entity must be reported
- Foreign remittances: Complete particulars as per Part D of Form 145 (earlier Form 15CA), including non-taxable amounts
- Unquoted share transactions: Newly added

Foreign Tax Credit

- FTC claims are now required to be **verified by an accountant** in case assessee being a company or other assessee where foreign tax paid outside India is equal or exceeds INR1 lakh.

Form 44 (erstwhile Form 67)

- Recording of disputed FTC is streamlined
- **TIN of assessee** in the subject country to be mentioned

Form 45 (Intimation of settlement of dispute regarding foreign tax for which credit has not been claimed)

- Form No. 45 is a newly introduced form to file intimation of settlement of dispute regarding foreign tax for which credit was not claimed, with a view to facilitate structured and standardised format for filing such intimation
- To be filed **within six months of foreign tax dispute settlement** for which tax credit was not claimed earlier
- Proof of dispute settlement, proof of foreign tax paid, and an undertaking that no refund has been claimed
- If Form 44 for that year was verified by an accountant, then Form 45 must also be verified by an accountant

Slump sale

- Rule prescribes due date for filing the form i.e. as per section 63 – tax audits
- Earlier, the sales consideration was required to be reported in the erstwhile Form No. 3CEA. Under the revised framework, the calculation and reporting of FMV1 (fair value of the undertaking being transferred) and FMV2 (fair value of the consideration received) are required to be disclosed in the new Form No. 28, thereby aligning the reporting requirements with the prescribed Rules
- Defines accountant signing the form should be as per section 515(3)(b) of the new Act
- Upload P&L and Balance Sheet (digital attachment in the form) - Additional requirement

MANDATORY QUOTING OF PAN – KEY CHANGES

Transaction	Old rule – 114B	New rule - 159
Cash deposit (Bank/PO)	PAN if > INR50,000 in a single day	PAN if aggregate ≥ INR10 lakh in a FY
Cash withdrawal (Bank/PO)	No specific rule	PAN if aggregate ≥ INR10 lakh in a FY
Immovable property	PAN if ≥ INR10 lakh	PAN if ≥ INR20 lakh
Motor vehicle/two-wheeler	PAN for all motor vehicles	PAN if value > INR5 lakh
Hotel/event/convention (Cash)	PAN if > INR50,000 at one time	PAN if > INR1 lakh
Life insurance premium	PAN if > INR50,000 p.a.	Broadly continued
Goods/services	PAN if > INR2 lakh per transaction	Retained

Closing Remarks

- The introduction of the New Income-tax Act has been driven primarily by the objective of simplifying statutory language while preserving the underlying legislative intent. By prioritising clarity of language while preserving legislative continuity, the Act reinforces taxpayer confidence and reduces scope for unintended disputes.

- By addressing legacy drafting issues and embedding transition safeguards, the Act positions itself as a durable framework capable of evolving with policy objectives while ensuring continuity and legal certainty.

- Overall, the New Income-tax Act, 2025 should be viewed as an enabler rather than a disruption. With transitional safeguards protecting past positions and a streamlined framework guiding future compliance, the Act offers businesses greater certainty in tax planning and reporting. Its success will lie not in changing tax outcomes, but in simplifying compliance, interpretation, and administration across the tax ecosystem.

A special vote of Thanks

CA. Rahul Agrawal (Hon'ble Chairman, Surat WIRC)
CA. Chimpu Lapsiwala (Hon'ble Secretary, Surat WIRC)
Hon'ble Committe members of Surat WIRC
All Participants

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CA. Sahil Lakhani

Thank you

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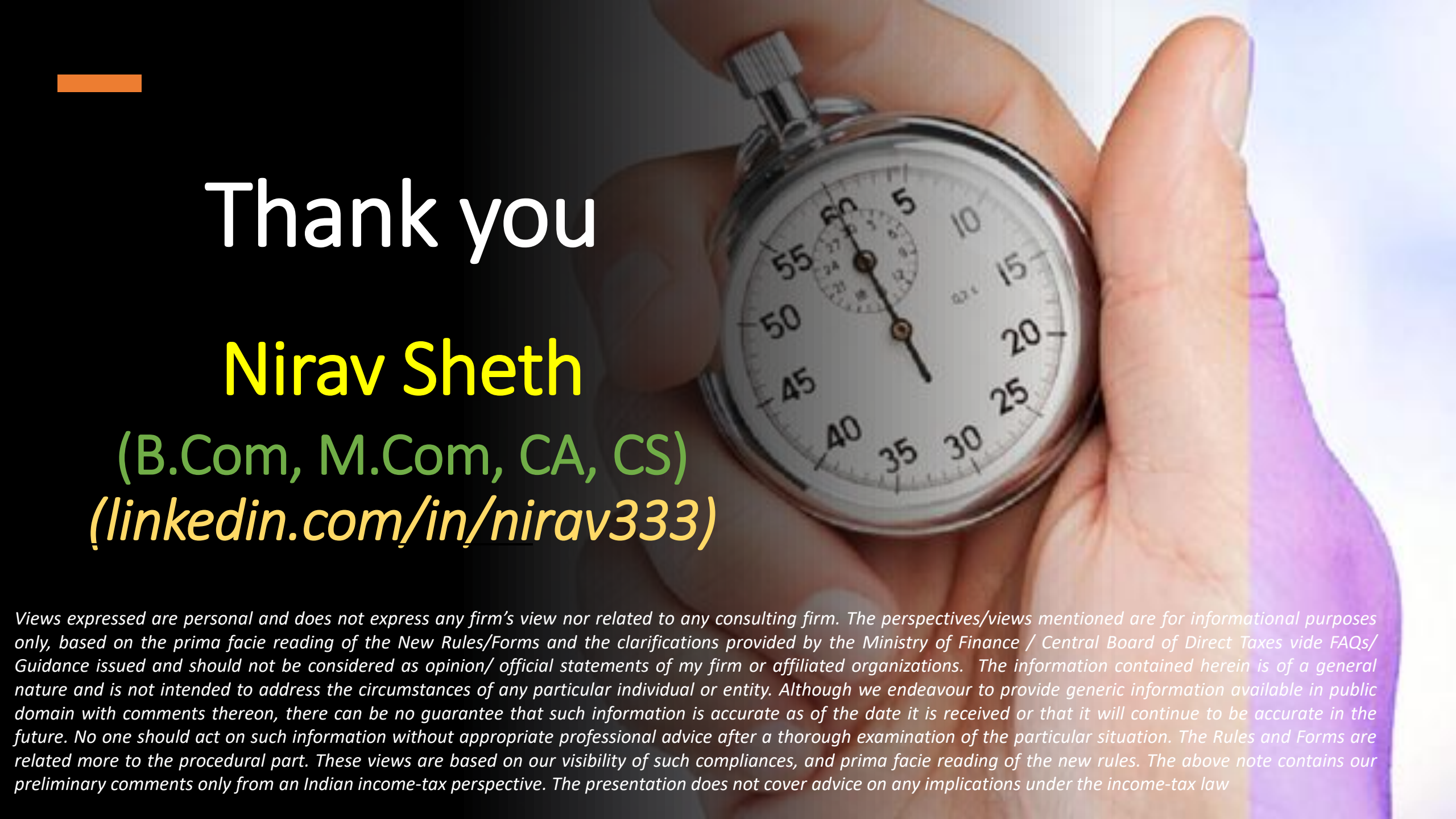

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