



"With the Finance Bill 2025 updating the threshold of various TDS provisions while retaining the various sub-divisions and proposing a block assessment code for transfer pricing, it made one wonder if at all there would be any game changing amendment in then pending Direct Tax Bill. The Income tax Bill 2025 introduced in Parliament today doesn't disappoint and has ported the old law (1961) into the proposed new law (2025) with neat grammar changes and consolidating provisions under structured headings and cross referenced Schedules with an investment of a mammoth 60,000 man hours.

The index of the new law also makes it user friendly for a person to navigate through the expanded income-tax Act. The Govt has also rushed into clarify that the rationale seen in other countries which did similar simplification was followed in India resulting in structural simplification and linguistic simplification while balancing the challenge of an expanded income-tax act which apparently emerged in Australia and UK as is pointed out. The fine print which deserve to be analysed in some detail suggests a tax payer may no longer have the option of seeking an application u/s 195(3), there are restrictions proposed on the availability 80M and the order of DRP should now have to be a reasoned speaking order. Further under general deductions notified settlements will no longer qualify as expenditure and corporates have to be wary of tax consequences of regulatory settlements

The Bill seeks to incorporate the provisions of Tax payers charter, Advance ruling mechanism and Alternate dispute resolution through notification process which is awaited, these are crucial asks from industry. The announcement of the Hon'ble FM that the Govt is working to strike a revised Bilateral Investment treaty which is crucial to galvanise FDI; once these notifications are made available it would give tax payers clarity on their investment rights. If the Govt can as a follow up issue detailed guidelines relating to its position on crucial tax matters under appeal as also suggest how the CIT backlog would be cleared, it would help the tax payer community.

The hard fought jurisprudence from the current income-tax law would survive, if a finality on material matters now contested before the High court and Supreme court could be clarified by the Govt and if a practical ground can be found, industry can move into the future with confidence and invest with the focus on future."

Aravind Srivatsan

Tax Leader & Partner, Nangia Andersen LLP