

**any Passport on  
f Family Link to  
cy, says J&K HC**

he Jammu & Kashmir and  
dakh High Court on  
ednesday held that no  
sport can be denied on  
volvement of a family  
nilitant activities.  
in Rashid reports. >> 2

**t be Any Bias Against  
ids' Education: SC >> 2**

**ance Deepen Defence  
&D Framework Pact >> 3**

**ep Interest Rate on  
ir 8.25% for FY25**

tain the interest rate on  
e deposits for 2024-25 at above  
e 8.25% announced for the  
hen its central board of trust-  
uary 28. >> 12

**otak Bank to Issue New  
rd Customers Online**

ed the restrictions imposed on  
Bank regarding onboarding  
sing online and mobile banking  
sing new credit cards. >> 17

**SUITS &  
SAYINGS**

ry  
ies abound. Another startup's  
regarding its functioning. And  
es may be in the red, but are  
avour. See >> PAGE 4

**NEW BILL TO BE INTRODUCED IN LOK SABHA TODAY**

# EASE OF PAYING TAXES

## A More Direct Tax Law on Table

**Bill Deconstructed**

To be effective from FY27  
Has 23 chapters, 536 sections, 16 schedules  
Slashed by 25% to 622 pages  
Retains old tax regime  
Does not tinker with tax rate, cap gains regime

'Tax year' instead of 'assessment year' and 'previous year'  
Simple TDS, TCS provision in tabular form



More power to assessing officers  
Decriminalises provisions, replacing with penalty

Strengthens Dispute Resolution Panel

Provides proper definition of virtual digital assets

**MORE REPORTS >> 10**

Primary objectives:  
Reducing litigation,  
improving compliance

**Our Bureau**

New Delhi: The Income Tax Bill will drop several obsolete provisions, decriminalise many offences, introduce the concept of 'tax year' and provide a 'Taxpayer's Charter', marking the biggest rewrite of the direct tax law to make it taxpayer-friendly and reduce disputes. The Income Tax Bill 2025, likely to be tabled in Parliament on Thursday, is expected to reduce litigation and improve compliance, experts said.

Spread over 23 chapters, 536 sec-

tions and 16 schedules, the 622-page Bill is almost half of the current law. It has no new taxes and is proposed to be implemented from April 1, 2026. In the July 2024 budget, the Centre had announced a time-bound comprehensive review of the Income Tax Act to make direct tax law concise, lucid, easy to read and understand. The 'Taxpayer's Charter' outlines the rights and obligations of the taxpayer.

The Bill has several new sections that clearly articulate tax law for some of the contentious issues such as revenue recognition for service contracts, according to sources privy to details. It puts forward clearly what may constitute "income", to ensure that more transactions are taxed domestically, officials said.

**Penalty & Compliance Framework >> 10**

**SHARP FALL IN FOOD PRICES**  
**Jan Retail Inflation at 4.3%; IIP Growth Slows to 3.2% in Dec**

Retail inflation fell to a five-month low of 4.3% in January while industrial production growth slowed to a three-month low of 3.2% in December 2024. The lower inflation print was driven by a sharp fall in food prices. >> 12



**SETTLEMENT REACHED**  
**Analjit Singh Buys Estranged Spouse's Stake in Max Holdco**

Max Group founder chairman Analjit Singh has bought out estranged spouse Neelu Analjit Singh's 24.1% in his holding company as part of a family settlement, in lieu of which she will drop all charges made against him. >> 5



**BID TO RAISE UP TO ₹10KCR**  
**ICICI Pru AMC Plans IPO; UK co-promoter Looks to Sell 10-15%**

ICICI Prudential Asset Management is gearing up for an IPO. UK-based co-promoter Prudential Plc intends to sell 10-15% of its 49% stake for up to ₹10,000 crore. Talks with merchant bankers have begun. >> 17



**THUMS UP EDGED OUT**  
**Campa Acquires Co-presenting Rights for IPL 2025**

Reliance's Campa has bagged IPL's second-most visible sponsorship deal—involving co-presenting/co-powered rights—for this year, for nearly ₹200 crore, edging out Thums Up. Ratna Bhushan reports. >> 5





# Revised Penalty and Compliance Framework

►► From Page 1

It clearly defines virtual digital assets and foreign income.

The new tax framework proposes a 'tax year' concept — 12 months beginning April 1. This would replace the current concept of assessment and previous year.

The Bill proposes to retain the old tax regime and does not tinker with the capital gains regime for businesses and individuals, or tax rates.

"There will be no fresh tax liability or increased compliance burden on taxpayers and there may be a well-defined structure on penalties and compliance, empowering assessing officials to resolve litigations at their end, making it easier for taxpayers," a senior official told ET.

Other changes include presumptive taxation for non-residents, a revised treatment for business and professional income, strengthened General Anti-Avoidance Rules (GAAR) and a revised penalty and compliance framework.

In another simplification, it tabulates deductions from salaries — such as standard deduction and gratuity — at one place and introduces a formula-based approach for calculating depreciation to reduce any ambiguity in the computation of taxation. These provisions are spread across several sections in the current Income Tax Act, 1961.

"Aimed at overhauling the nation's tax system, the Bill seeks to eliminate obsolete sections that have accumulated over decades and its primary objective is to simplify the tax laws, ensuring they are more transparent, easier to interpret and taxpayer-friendly," said Rohinton Sidwa, tax partner, Deloitte.

The Bill consolidates all tax deducted at source (TDS) sections under a single clause with simple tables for ease of understanding. The Bill also includes spe-

cific provisions for taxation of forex fluctuations, bringing clarity to international business transactions.

There are also special provisions added for market-linked debentures and taxation of slump sale transactions.

"As the Bill is likely to be effective April 2026; we will still have time to remove any difficulty if pointed out by the taxpayers," the senior official said.

Another significant change is the newly introduced Section 275(6), which mandates that the Dispute Resolution Panel (DRP) must provide detailed direc-

**The Bill also includes specific provisions for taxation of forex fluctuations, bringing clarity to global biz transactions**

tions, explicitly stating the points of determination, its decision and the reasons behind it.

"With this amendment, DRP orders will now be well-reasoned and adequately explained, ensuring transparency

and reducing reliance on past rulings," said Amit Maheshwari, tax partner at AKM Global, a tax and consulting firm.

"The simplification of tax laws will make it easier for taxpayers to comply, reducing the risk of disputes and litigation," said Sandeep Jhunjhunwala, tax partner at Nangia Andersen LLP.

The Bill omits redundant sections such as those relating to Fringe Benefit Tax and drops 'explanations or provisos', making it simpler and easier to understand.

Income not forming part of total income has been moved to schedules to simplify the main statute.

Once introduced in the Lok Sabha, the Bill is expected to be sent to the Parliamentary Standing Committee on Finance for further deliberations.

# New income tax Bill to use formulas over definitions

Term 'tax year' to be introduced to specify year of earning income for which liability is computed

Gireesh Chandra Prasad

gireesh.p@livemint.com

NEW DELHI

**T**he new Income Tax Bill, which is likely to be tabled in Parliament this week, will introduce the term 'tax year' to specify the year of earning income for which the tax liability is computed. The bill will also replace verbose definitions with formulas and simplify the tax statute, two persons familiar with the development said.

Currently, the Income Tax Act refers to the year of earning taxable income as the "previous year" and the year when the tax return is filed as the "assessment year."

By dropping these terms, which are used multiple times throughout the Act, including in some cases within the same provision, the bill seeks to make the language simpler and the tax statute easier to comprehend.

The new bill is also expected to use formulas rather than complicated definitions for various concepts like capital gains, cost of acquisition and inventory valuation.

This could help reduce errors and prevent differing interpretations, they said.

The Income Tax Bill has 23 chapters, divided into 536 sections and 16 schedules spread over 600 pages, compared to the Income Tax Act, which has 823 pages, as amended by



The bill was approved by the cabinet on Friday and was circulated among parliamentarians on Tuesday for its introduction in the House this week. BLOOMBERG

the Finance Act of 2024, one of the persons quoted above said.

A statement on the objectives of the bill, which aims "to consolidate and amend the law relating to income tax," is part of the document to be tabled in the House.

It acknowledges that the existing law passed in 1961 has been subject to numerous amendments since its passage, which has overburdened the basic structure of the law. These changes have made its language complex and increased the cost of compliance for taxpayers while hampering direct tax administration's efficiency,

the person said.

The bill seeks to make the law "concise, lucid, easy to read and understand," said the person, quoting from the bill. It also seeks to repeal the existing income tax law.

Meanwhile, the bill, which was approved by the cabinet on Friday, was circulated among parliamentarians on Tuesday for its introduction in the House this week. Experts said that tax exemptions have been moved to schedules of the bill to simplify the statute.

Also, deductions from salaries such as standard deduction, gratuity and leave encashment have now been tabu-

lated at one place, instead of being scattered over different sections.

The new bill aims to simplify the language and do away with redundant tax provisions, making compliances simpler and less cumbersome for taxpayers, said Murjal Almoula, head of tax at professional services firm BDO India.

"The bill, subject to approval and amendments under the parliamentary process, is slated to be effective only from 1 April 2026, which implies that computation of taxable income and its reporting, for financial years ending March 2025 and March 2026, would still be required to be done under the existing Income Tax Act itself," said Sandeep Jhunjhunwala, M&A (mergers and acquisitions) tax partner at Nangia Andersen LLP.

This reform is a significant step towards modernizing India's tax framework, bringing greater clarity and efficiency, said Rohinton Sidhwa, partner at Deloitte India. "However, its success hinges on smooth implementation and how well taxpayers adapt to the changes."

A more streamlined and accessible tax system will make it easier for citizens and businesses to fulfil their obligations while fostering trust in the system, said Sidhwa.

Queries emailed to the finance ministry and the Central Board of Direct Taxes on Wednesday seeking comments for the story remained unanswered at the time of publishing.

23

Chapters in new bill, with 536 sections and 16 schedules

600

Pages in new bill, compared to 823 in the existing Act



**BILL TO BE TABLED IN PARLIAMENT TODAY**

# I-T law made easier, 'tax year' introduced

● All sections related to TDS combined under a single clause

PRIYANSH VERMA  
New Delhi, February 12

THE GOVERNMENT IS set to introduce a Bill in Parliament today to replace the Income Tax Act 1961, with a simplified, somewhat abridged, and in-tune-with-the-times new code. The move

marks the culmination of years of efforts to make the six-decade old legislation less complex and minimise chances of disputes arising from ambiguity and varying interpretation

of the provisions. It is also expected to spur tax compliance.

The Income Tax Bill 2025 has 536 sections, 23 chapters, 16 schedules and runs into 622 pages. The current Act, which has 823 pages, has as many chapters as in the new Bill but fewer sections (298) and schedules (14). However, it is more prone to conflicting interpretations and is

## TO AID TAX COMPLIANCE

New Bill		Old I-T Act
536	Sections	298
16	Schedule	14
622	Pages	823
23	Chapters	23



**500,000**

Direct cases pending with Commissioner-IT (Appeals), the first appellate forum

**5 years**

Usual time for a case to proceed from CIT-Appeal level

**15 years**

Typical time for resolution of tax dispute reaching SC

**₹31 lakh crore**

Direct tax cases locked in disputes (as in 2023-24); it is 9.6% of GDP

unwieldy with nearly 3,000 amendments carried out over the years, including those necessitated by court rulings.

The new Bill, however, doesn't propose to undertake many substantive changes in tax policy. Nor does it seek to alter any tax rate, or tweak other defining provisions like exemptions or holding periods of capital assets for taxation.

The proposed law, which will be effective from April 1, 2026 after being passed by Parliament, seeks

to replace the term 'previous year' as mentioned in the extant law with 'tax year' aligned with the financial year (April-March). Also, the concept of assessment year has been done away with.

Further, all sections related to tax deducted at source (TDS) have been combined under a single clause, in keeping with the policy of reducing the number of TDS rates and thresholds.

Continued on Page 10





# Income tax law made easier

THE NEW BILL includes virtual digital assets, also called cryptocurrencies in the category of 'undisclosed income' during searches, apart from the existing ones such as gold and bullion. As per the new provisions, 'undisclosed income' include money, bullion, jewellery, virtual digital asset etc. To be sure, the Bill provides that central government may, by notification, include/exclude any digital asset from this definition, subject to specified conditions.

The Bill doesn't enunciate any new policy with regard to international taxation, although digitalisation of commerce has brought up new and pressing issues in this regard. It seems that with the Trump administration withdrawing from the OECD-anchored two-pillar solution, meant to scupper tax avoidance by multinational corporations and affirm national taxation rights, India would bide time before unveiling its strategy. As such, India's tax policies have seen major changes in recent years, in keeping with the global practices, and towards minimising exemptions and deductions, and lower tax rates.

Tax experts say the number of provisions and explanations have been substantially reduced in the new Bill, and the references to rules and other sections have been curtailed. "This will ensure that a taxpayer will be able to gain a sensible understanding of the section by reading it itself," said Amit Maheshwari, tax partner, AKM Global.

The extant I-T Act includes references to redundant sections, previous



**As per the new provisions, 'undisclosed income' include money, bullion, jewellery, virtual digital asset etc**

dates and years, which have been removed now, experts note. "By replacing complex provisions with clearer provisions, it (I-T Bill 2025) aims to reduce legal disputes and encourage voluntary tax compliance," said Rohinton Sidhwa, partner, Deloitte India.

Further, the experts note, the term 'notwithstanding' has been replaced with 'irrespective of anything' in many places, adding to the certainty and legal force of the relevant provisions. And for the ease of understanding, various provisions have been summarised in tabular formats including TDS provisions, presumptive taxation rates, assessment time limits etc.

The deductions from salaries such as standard deduction, gratuity, leave encashment, etc, have now been tabulated at one place, instead of being diffused over different sections and rules. Also, new sections covering revenue

recognition for service contracts, provisions on mark-to-market (MTM) losses, valuation of inventory at lower of cost or net realisable value, which were hitherto sheltered under 'income computation and disclosure standards' (ICDS), have now been brought into the principal law itself, explained experts.

Some crucial provisions such as those for set-off of short-term capital loss against business income on scrapping of business held capital assets, which were interpreted in favour of the taxman by courts, have now been brought into the 'profits and gains of business & profession' (PGBP) computation section itself, said Sandeep Jhunjhunwala, M&A tax partner at Nangia Andersen.

Ritika Nayyar, partner, Singhania & Co, said: "A new taxpayer's charter is also proposed to make things more transparent and protect taxpayers. These changes could make taxes easier to file, less complicated and more open."

Also, the Bill seeks to remove Section 54E (exemptions for capital gains on transfer of capital assets prior to April 1, 1992), streamline Chapter VI-A deductions and phase out outdated exemptions, said Maheshwari.

Notably, references to the Section 80 IAC of existing Act for startups confirm that the old law is not entirely repealed. Additionally, clauses from the other laws such as 'wealth tax' have been incorporated clearly in the new code as compared to earlier referencing which was making the interpretation complex.



# Simplified Income Tax Bill brings in 'tax year' concept

*New Income Tax Bill to have 622 pages, 536 sections; likely to be tabled in Parliament today*


## MPOST BUREAU

**NEW DELHI:** The much-anticipated new income tax Bill will replace terminologies like assessment and previous year with easier to understand 'tax year' as part of move to simplify language while removing provisos and explanations.

The Income Tax Bill, 2025, which is likely to be introduced in Parliament on Thursday, will replace 298 sections and 14 schedules in the six-decade old voluminous legislations, with a 622 page new law enshrined in 526 sections, 23 chapters and 16 schedules.

The Bill introduces a new con-

### THE BILL



- » Simplifies language, removes redundancies, shortens sentences
- » No new taxes; consolidates provisions from the 1961 Act
- » Effective from April 1, 2026; rules to follow post-notification
- » Retains both old and new tax regimes for individuals and HUFs
- » Introduces 'Tax year,' eliminating 'Previous year' and 'Assessment year'
- » Replaces 'notwithstanding' with 'irrespective'
- » Uses tables and formulae instead of explanations or provisos
- » Includes a Taxpayer's Charter outlining rights and obligations
- » Defines capital gains computation for market-linked debentures
- » Moves non-taxable income to schedules for clarity
- » Consolidates salary deductions like standard deduction, gratuity, and leave encashment

period beginning from April 1. This would replace the present concept of assessment and pre-

Currently, income earned in the previous year (PY), say in the year April 2024 to March 2025,

year (AY) 2025-26.

The new Bill will come into effect from April 1, 2026, after it

and cleared by Parliament.

The new Bill has omitted redundant sections, like those relating to Fringe Benefit Tax. The Bill is free from 'explanations or provisos', thereby making it easier to read and comprehend.

Also, the word 'notwithstanding', which was used excessively in the Income Tax Act, 1961, has been done away with in the new Bill and almost everywhere replaced with the term 'irrespective'.

The Bill uses shorter sentences and has been made reader-friendly with the use of tables and formulae. Tables have been provided for provisions relating to TDS, presumptive taxation, sala-

The "Taxpayer's Charter" has been included in the Bill which outlines the rights and obligations of the taxpayers.

The Bill replaces the term 'previous year' as mentioned in the Income Tax Act, 1961 with 'tax year'. Also, the concept of assessment year has been done away with.

Currently, for income earned in the previous year (say 2023-24), tax is paid in assessment year (say 2024-25). This previous year and assessment year (AY) concept has been removed and on tax year under the simplified E has been brought in.

Once introduced in the Lok Sabha likely on Thursday, the Bill

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Parliamentary Standing Committee on Finance for further deliberations.

The Statement of Objects and Reasons of the new I-T Bill said that the Income-tax Act passed in 1961 has been subjected to numerous amendments since its passage 60 years ago.

"As a result of these amendments the basic structure of the Income-tax Act has been overburdened and language has become complex, increasing cost of compliance for taxpayers and hampering efficiency of direct-tax administration," it said.

Tax administrators, practitioners and taxpayers had also raised concerns about the complicated provisions and structure of the Income-tax Act.

Therefore, the government in the budget in July 2024 announced that a time-bound comprehensive review of the Income-tax Act, 1961 would be undertaken to make the Act concise, lucid, easy to read and understand.

Accordingly, the Income-tax Bill, 2025 has been prepared, which proposes to repeal and replace the Income-tax Act, 1961.

The Income Tax Bill, 2025 comprises 536 sections, higher than 298 sections of the current Income-Tax Act, 1961. The existing law has 14 schedules which will increase to 16 in the new

and it includes judicial pronouncements of the last 60 years for more clarity.

Also, income not forming part of total income have now been moved to schedules to simplify the statute.

Commenting on the Bill, Nangia Andersen LLP M&A Tax Partner Sandeep Jhunjunwala said in the new bill all TDS related sections have been brought together under a single clause with simple tables, for ease of understanding.

"This would mean post notification of this bill later, a lot of changes would be required in forms and utilities, for reporting purposes," he said.

Finance Minister Nirmala Sitharaman had announced in Budget 2025-26 that the new tax bill will be introduced during the ongoing session of Parliament.

Sitharaman had first announced a comprehensive review of the Income-tax Act, 1961 in July 2024 Budget.

The CBDT had set up an internal committee to oversee the review and make the Act concise, clear, and easy to understand, which will reduce disputes, litigations and provide greater tax certainty to taxpayers. Also, 22 specialised sub-committees have been established to review the various aspects of the Income Tax Act.

Public inputs and suggestions were invited in four categories: simplification of language, litigation-



# Simplified I-T Bill brings in concept of 'tax year'

Replaces textual definitions with formulae

MOHIKA YADAV

New Delhi, 12 February

**T**he New Income Tax Bill, 2025 — expected to be introduced in the Lok Sabha on Thursday — proposes the introduction of a "tax year" and the replacement of textual definitions with formulae to simplify the six-decade-old law. However, the Bill does not propose any changes to tax rates.

If approved by Parliament and upon the President's nod, the Bill will take effect from April 1, 2026, replacing the Income Tax Act, 1961, according to a copy circulated among Members of Parliament (MPs) and reviewed by *Business Standard*.

In a statement of objects and reasons included in the Bill, Finance Minister Nirmala Sitharaman said the Income Tax Bill, 2025, aims to make tax laws concise, clear, and easier to understand. "The Income-tax Act passed in 1961 has been subjected to numerous amendments since its passage 60 years ago. As a result of these amendments the basic structure of the Income Tax Act has been overburdened and language has become complex, increasing cost of compliance for taxpayers and hampering efficiency of direct-tax administration. Tax administrators, practitioners and taxpayers have also raised concerns about the complicated provisions and structure of the Income Tax Act," she added.

The Bill reduces the word count from



## WHAT'S NEW

■ Introduces the concept of a 'tax year' for the year in which income is earned and tax liability is computed and does away with the terms like 'assessment year' and 'previous year'

■ Provisions related to non-profit organisations, previously scattered across the Act, have been consolidated under Clauses 334 to 346

■ The word count has been reduced from 520,000 to 260,000, while the number of pages has decreased from 823 to 622

■ Explanations and provisos have been removed and incorporated directly into sections and subsections for clarity

■ Amendments expanding the definition of virtual digital assets in the Finance Bill, 2025, will be included in the Income Tax Bill

520,000 in the current Act to 260,000, while the number of pages has been cut from 823 to 622.

It also introduces the concept of a "tax year", defined as the 12-month financial year starting in April. The terms "assessment year" and "previous year" have been removed, with "tax year" becoming the standard term for the year in which income is earned and tax liability is calculated.

Turn to Sec II, Page 4 ▶



# 71 sections on TDS and TCS provisions merge into 11 in new I-T Bill

"As of now, there are 71 sections covering various TDS and TCS provisions. In the new Bill, these have been merged into just 11 sections, from Section 392 to 402. Furthermore, TDS rates are now compiled only under Sections 393 and 394," said Vivek Jalan, a partner at Tax Connect Advisory Services.

Provisions related to non-profit organisations, previously scattered throughout the Income Tax Act, 1961, have now been grouped under Clauses 334 to 346 in the new Bill. "The provisions relating to tax on accreted income of certain trusts and institutions have been provided in the current Income Tax Act in Section 115TD. Now, these have also been consolidated under the said clauses," Jalan said.

Deductions under salaries — including standard deduction, gratuity, leave encashment, pension, compensation for retrenchment, and voluntary retirement benefits — have been consolidated under Section 19 of the new Bill, whereas they were previously spread across the Act.

"In the current Income Tax Act, explanations and provisos pose difficulties in understanding and make the law unnecessarily complicated. The new Income Tax Bill, 2025, appears to remove such explanations and provisos, instead incorporating them into sections and subsections, simplifying the Act," said Jalan.

According to Sandeep Jhunjhunwala, a partner at Nangia Andersen LLP, income that does not form part of total income has now been moved to schedules to simplify the statute. A formula-based approach has



been adopted for definitions, such as written-down value (WDV) in the case of a block of assets, which was previously verbose but has now been simplified into a formula.

A government official noted that when the Income Tax Act, 1961, was implemented in 1962, it contained 298 sections. Over the years, with the introduction of various provisions like Sections 115A and 115B, the number of sections grew to 819. "Now, the sections have been reduced by one-third, to 536, in the proposed law," the official said.

"All the amendments proposed in the Finance Bill, 2025, have also been incorporated into the new Bill. These amendments are expected to be approved in the Budget session in March. Once introduced in Parliament, the new Income Tax Bill will be sent to a select committee for approval. Stakeholders will likely be consulted, and Finance Ministry officials will be invited to provide explanations for the proposed changes," another official stated.



# Tax year concept woven into IT Bill

## OUR SPECIAL CORRESPONDENT

**New Delhi:** The Modi government is set to introduce Income Tax Bill, 2025 in Parliament on Thursday, replacing the six-decade-old Income Tax Act, 1961 with simplified rules.

The new legislation will feature 16 schedules and 23 chapters compared with 14 schedules in the existing Act, with sections reorganised for greater clarity.

The Bill, once enacted, will allow tax reliefs and amendments to be introduced via executive orders, eliminating the need to wait for budget announcements.

The new Bill will introduce a “tax year”, replacing the terms “previous year” and “assessment year”, streamlining the taxation period to a 12-month cycle starting April 1.

The Income Tax Bill, 2025, consists of 536 sections, up from 298 in the 1961 Act.

Despite the additional sections, the total page count has been cut to 622, nearly half of the current bulky Act, which had grown voluminous due to amendments over the years.

The CBDT (Central Board of Direct Taxes) will gain enhanced powers to frame tax

## MORE POWERS FOR CBDT TO FRAME RULES

- Concept of Assessment Year to be scrapped; new concept of Tax Year to be introduced which will mean 12 months from the start of the financial year on April 1
- For new businesses, tax year shall begin from the date the business is set up
- Introduction of a Taxpayers' Charter
- Bill won't allow tax payers to switch between old and new regime.
- Bill provides lower tax rates, but no deductions for HRA, LTA, or section 80C investments.
- Flat 30% tax reinstated on income from virtual digital assets including – crypto, NFTs, etc.
- 1% TDS on crypto transactions remains applicable to track digital transactions.
- Strict TDS rules on brand partnerships
- Accelerated assessment in cases of discontinuance of business or profession in any year.
- Detailed provisions for search, seizure, and tax raids. Reason for ordering a search need not be disclosed to any person or authority or the Appellate Tribunal as per Section 249.
- Tax audits can only be done by chartered accountants. This kills speculation that the scope would be extended to company secretaries and chartered management accountants

administration rules, implement compliance measures and introduce digital tax monitoring without requiring frequent legislative amendments.

The Bill is expected to be sent to a Parliamentary Standing Committee for further scrutiny after its introduction.

The new law removes obsolete sections such as those related to fringe benefit tax, while also eliminating provisos, explanations and excessive cross-referencing.

It replaces the frequently used term “notwithstanding”

with “irrespective”.

The Bill introduces tables and formulas to simplify TDS (tax deducted at source), presumptive taxation, salaries, and bad debt deductions. It also includes a taxpayer charter outlining taxpayer rights and obligations.

Notably, income categories not forming part of total income have been moved to schedules to streamline the statute. The Bill explicitly categorises digital creators, freelancers, YouTubers and social media influencers as taxable

entities under business income.

“Announcements for income-tax reliefs or amendments to the income-tax law will now no longer be required to wait till budget proposals. The government can make the changes by way of executive orders only,” Sanjay Basu, founding partner, Aquilaw, said.

Tax expert and advocate Narayan Jain said: “The bill is expected to make compliance easy for taxpayers and administrators alike, ultimately helping to cut down on tax-re-

lated litigation.

“The Income Tax Bill, 2025 is likely to introduce specific provisions for social media influencers, YouTubers, freelancers, and digital content creators to ensure compliance with income tax regulations.”

Sandeep Jhunjunwala, partner at Nangia Andersen LLP, said TDS-related sections have been consolidated into a single clause with simple tables, making compliance easier.

Amit Gupta, partner at Saraf and Partners, highlighted that corporate tax rates remain largely unchanged, but the Act has been restructured for better readability.

He noted that depreciation is now classified as a deduction rather than an allowance, marking a shift in treatment.

Lokesh Shah, partner at IndusLaw, emphasised that while major computational and assessment procedures remain unchanged, provisions have been restructured, and exempt income conditions are now tabulated for clarity.

Shah also pointed out that the term “digital” appears 47 times, reflecting the increased focus of the government on crypto and virtual assets taxation.



# Simplified Income Tax Bill to be tabled in Lok Sabha today

**EASING IT.** Less verbose, more formulaic, new law to come into force from April 1, 2026

**Shishir Sinha**

New Delhi

The government is set to introduce in the Lok Sabha on Thursday a simpler Income Tax Bill to replace the Income Tax Act, 1961.

The new law is expected to come into effect from April 1, 2026. The 622-page Bill has 23 chapters, divided into 536 sections and 16 schedules, compared to the existing Act's 298 sections and 14 schedules spread over 823 pages. It aims to simplify a law that has been subjected to yearly amendments through the Budget and three major legislative changes since it was first introduced on July 24, 1860, and replaced by the Income Tax Act, 1922, and then the Income Tax Act, 1961.

According to experts, the new Bill retains all the provisions of the 1961 law, ensuring continuity while eliminating redundant sections and clauses.

## **CLEAR DISTINCTION**

The new Bill introduces, by Clause 3, the concept of the 'tax year,' to end the confu-

## **KEY FEATURES**

- 23 chapters divided into 536 sections and 16 schedules, over 600 pages
- Concepts of explanations and provisos removed from the new version
- Tax year to replace 'previous year' and 'assessment year'
- New sections cover revenue recognition for service contracts, provisions on allowability of MTM losses, valuation of inventory at lower cost or net realisable value, which were sheltered under ICDS
- Income not forming part of total income now moved to schedules to simplify the statute
- Deductions from salaries such as standard deduction, gratuity and leave encashment have now been tabulated at one place, instead of being scattered over different sections/rules



sion between 'assessment year' and 'previous year'.

There is an attempt to simplify TDS (tax deducted at source) compliance. All TDS-related sections have been brought under a single clause with simple tables for ease of understanding though this would mean a lot of changes would be required in forms and utilities for reporting purposes. Deductions from salaries, such as

standard deduction, gratuity and leave encashment, have been tabulated in the new Bill in one place instead of being scattered over different sections and rules.

"Income not forming part of total income has now been moved to schedules to simplify the statute. Formula-based approach has been adopted. For instance, the definition of WDV in the case of the block of assets, which

was earlier verbose, is now down to a simple formula," said Sandeep Jhunjhunwala, M&A Tax Partner at Nangia Andersen LLP.

Tables have been provided for provisions relating to TDS, presumptive taxation, salaries, and deductions for bad debt. The 'Taxpayer's Charter' in the Bill outlines the rights and obligations of the taxpayers.

The new Bill tabulates tax rates and removes conditions attached to legal clauses, making the law easier to understand. It also drops explanatory footnotes to legal sections and makes clauses self-explanatory.

## **SIMPLIFIED LANGUAGE**

The Bill is free from 'explanations or provisos', making it easier to read and comprehend. Also, the word 'notwithstanding', which was used excessively in the Income Tax Act of 1961, has been done away with in the new Bill and almost everywhere replaced with the term 'irrespective'.

The Bill uses shorter sentences and has been made reader friendly.

**Also read p3**



# Old tax regime to continue along with new laws; FY25 tax tabulation under existing Act

**ENSURING CONTINUITY.** Experts say that the new Bill retains all the provisions of the Income Tax Act, 1961

**Shishir Sinha**  
New Delhi

The new income Tax Bill has ended, for now, the speculation that the old tax regime will end. The Bill, once introduced, will be referred to the department-related Standing Committee on Finance.

Meanwhile, experts say that the new Bill retains all the provisions of the Income Tax Act, 1961, ensuring continuity while eliminating redundant sections and outdated clauses.

Commenting on key features of the new Bill, Amit Maheshwari, Tax Partner at AKM Global, said that contrary to speculation, the old tax regime will not be abolished but will continue to operate alongside the new regime, offering taxpayers flexibility in choosing the system that best suits their needs.

Moreover, clauses from the other laws such as 'wealth tax' have been incor-



**FILING OF RETURNS.** The computation of taxable income and its reporting for FY25 and FY26 would be required to be done under the existing Income Tax Act. GETTY IMAGES

porated clearly in the code as compared to earlier referencing that was making interpretation complex, he said.

## SIMPLER LAWS

He highlighted one of the significant changes — the newly-introduced Section 275(6), which mandates that the Dispute Resolution Panel (DRP) must provide detailed

directions, explicitly stating the points of determination, its decision and the reasons behind it. This marks a significant shift from the earlier Section 144C, which lacked clarity on the manner of issuing DRP directions.

“With this amendment, DRP orders will now be well-reasoned and adequately explained, ensuring transpar-

ency and reducing reliance on past rulings. This change is expected to enhance taxpayer confidence and improve the quality of dispute resolution in tax matters,” he said.

Experts feel that disputes will come down. Rohinton Sidhwa, Partner at Deloitte India, said the primary objective of the new Bill is to simplify tax laws, ensuring they are more transparent, easier to interpret and taxpayer-friendly. By replacing complex provisions with clearer provisions, it aims to reduce legal disputes and encourage voluntary tax compliance.

## GREATER CLARITY

“This reform is a significant step towards modernising India’s tax framework, bringing greater clarity and efficiency. However, its success hinges on smooth implementation and how well taxpayers adapt to the changes. The Bill promises a more streamlined, accessible tax

system, making it easier for citizens and businesses to fulfil their obligations while fostering trust in the system,” Sidhwa said.

As per the proposed law, clearer tax treatment on employee stock options (ESOPs) have been included for reduced tax disputes and it includes judicial pronouncements of the last 60 years for more clarity. Also, income not forming part of total income have now been moved to schedules to simplify the statute.

According to Sandeep Jhunjunwala, M&A Tax Partner at Nangia Andersen LLP, the Bill, subject to approval and amendments under the Parliamentary process, is slated to be effective only from April 1, 2026, which implies that “computation of taxable income and its reporting, for financial years ending March 2025 and March 2026, would still be required to be done under the existing Income Tax Act itself.”