

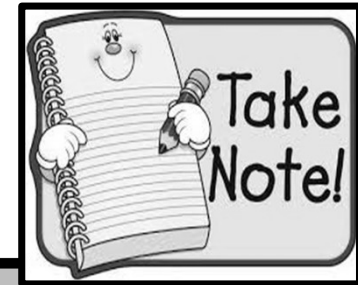


KANDIVALI CENTRAL CPE STUDY CIRCLE

INCOME TAX PROVISIONS FOR ASSESSMENT YEAR 2025-26 & CHANGES IN ITR

Rawani & Co.

Chartered Accountants



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INCOME TAX SLABS U/S 115BAC (NEW TAX REGIME)

Amendment Effective from 01.04.2025

Existing

Income Tax Slab	Income Tax Rate
Up to ₹3,00,000	Nil
₹3,00,001 - ₹6,00,000	5% above ₹3,00,000
₹6,00,001 - ₹9,00,000	₹15,000/- + 10% above ₹6,00,000
₹9,00,001 - ₹12,00,000	₹45,000/- + 15% above ₹9,00,000
₹12,00,001 - ₹15,00,000	₹70,000/- + 20% above ₹12,00,000
Above ₹15,00,000/-	₹1,05,000/- + 30% above ₹15,00,000

Amended

Income Tax Slab	Income Tax Rate
Up to ₹3,00,000	Nil
₹3,00,001 - ₹7,00,000	5% above ₹3,00,000
₹7,00,001 - ₹10,00,000	₹20,000/- + 10% above ₹7,00,000
₹10,00,001 - ₹12,00,000	₹50,000/- + 15% above ₹10,00,000
₹12,00,001 - ₹15,00,000	₹80,000/- + 20% above ₹12,00,000
Above ₹15,00,000/-	₹1,40,000/- + 30% above ₹15,00,000

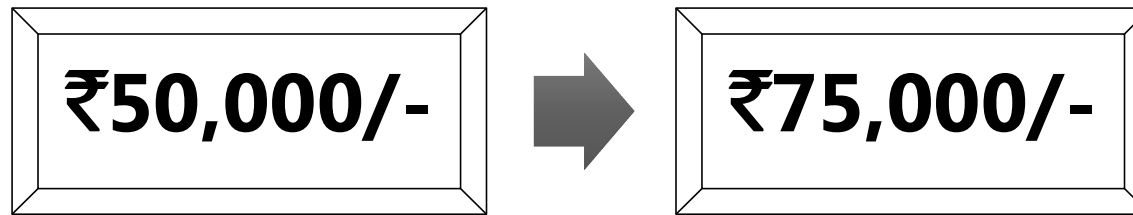
Maximum surcharge rate capped @ 25% in case of new tax regime

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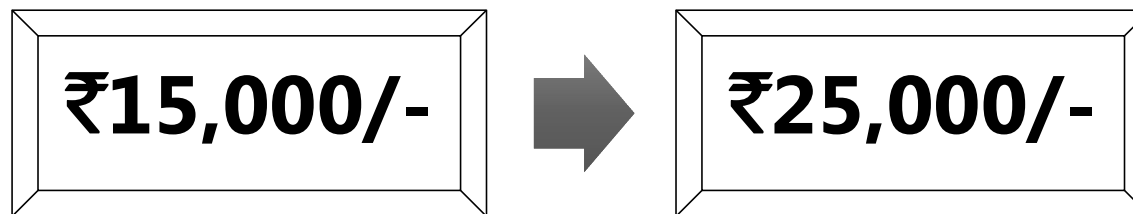
Amendments Effective from 01.04.2025

(Under New Tax Regime u/s 115BAC)

SECTION 16(ia): STANDARD DEDUCTION ON SALARY



PROVISO TO SECTION 57(ia): FAMILY PENSION DEDUCTION



SECTION 28: PROFITS AND GAINS OF BUSINESS OR PROFESSION (PGBP)

Amendments Effective from 01.04.2025

Explanation 3 inserted

PGBP shall **exclude** any income from letting out of a **residential house** or part of the house by the owner

To be charged to tax under Income from House Property only even if the property is held as "stock-in-trade or letting is in the nature of business"

SECTION 37(1): EXPLANATION 3
AMENDED VIDE FINANCE NO. 2 ACT, 2024
Amendments Effective from 01.04.2025

CBDT Notification no. 38/2025 dated 23.4.2025

Expenditure incurred to settle proceedings initiated in relation to contravention or defaults under the following laws **shall not** be deemed to have been incurred for the purpose of business or profession

- (i) the Securities and Exchange Board of India Act, 1992 (15 of 1992)
- (ii) the Securities Contracts (Regulation) Act, 1956 [42 of 1956]
- (iii) the Depositories Act, 1996 [22 of 1996]
- (iv) the Competition Act, 2002 [12 of 2003].

SECTION 45: CAPITAL GAINS

TAX RATES ON CAPITAL GAINS (w.e.f. 23.07.2024)

STCG u/s 111A

Existing – 15%

Revised – **20%**

LTCG u/s 112A (STT Paid Transactions)

Existing – 10%

Revised – **12.5%***

Unlisted Sec. of closely held companies for NR u/s 112

Existing – 10%

Revised – **12.5%**

All other LTCG u/s 112

Existing – 20%

Revised – **12.5%***

***Indexation benefit withdrawn for transfers on or after 23.07.2024**

For Properties acquired before 23.07.2024

LTCG Tax will be lower of 12.5% without Indexation or 20% with Indexation, whichever is beneficial
[Proviso to Section 112(1)(a)]

Only for land or building or both, for Individual or HUF, resident in India

SECTION 45: CAPITAL GAINS

Option to pay tax @10% under Proviso to Section 112 has been withdrawn
Was Applicable to listed securities (other than units) or zero coupon bond

Effective Rates of Taxes

Date of Transfer of Capital Asset	Tax Rates Applicable
Up to 22.07.2024	Old Rates
From 23.07.2024	New Rates

Amount of Non-Taxable LTCG benefit increased from ₹1 Lakh to **₹1.25 Lakhs**

CAPITAL GAINS

Amendment Effective from 23.07.2024

Existing

Applicable Period	Assets covered
12 months	Listed Securities u/s 112A, units of equity oriented fund and bonds
24 months	Unlisted shares of a company and immovable property
36 months	All other assets

Amended

Applicable Period	Assets covered
12 months	Listed Securities u/s 112A, units of equity oriented fund and bonds
24 months	All other assets, Unlisted shares of a company and immovable property

Section 47(iii) amended to add **“any transfer of a capital asset by an Individual or HUF”** under a gift or will or an irrevocable Trust.

Amendments Effective from 23.07.2024

SECTION 50AA AMENDED

To include Unlisted Bonds & Debentures

Deemed STCG, if transferred/ redeemed/
matured **on or after 23.07.2024**

SECTION 55: COST OF ACQUISITION

**For Transfer of Unlisted
Equity Shares under OFS
in an IPO**

Cost of Acquisition (COA)
= Indexed Cost of
Acquisition

Considering ***CII of FY
2017-18***

SECTION 44BBC: PRESUMPTIVE TAXATION FOR OPERATION OF CRUISE SHIPS BY NON-RESIDENTS

New Section Effective from 01.04.2025

Eligibility

- NR engaged in business of operation of Cruise Ships

Calculation of Profits and Gains

- **20%** of the aggregate amount
- Received/ deemed to be received by, and paid/payable to the NR assessee or any person on his behalf
- On account of the carriage of passengers

Exemption u/s 10(15B)

- **Income from lease rentals** of cruise ships, in the hands of a foreign co.;
- Received from a specified co. opting for tax u/s 44BBC;
- If both the foreign co. & the NR cruise ship operating co. are the subsidiaries of the same holding co.
- Available **until AY 2030-31**

SECTION 80-IAC: TAX EXEMPTION FOR START-UPS

Amendment Effective from 01.04.2025

100% deduction of profits & gains
For 3 consecutive years out of 10 years from Year of Incorporation

Tax Benefit extended for another period of 5 years

Existing

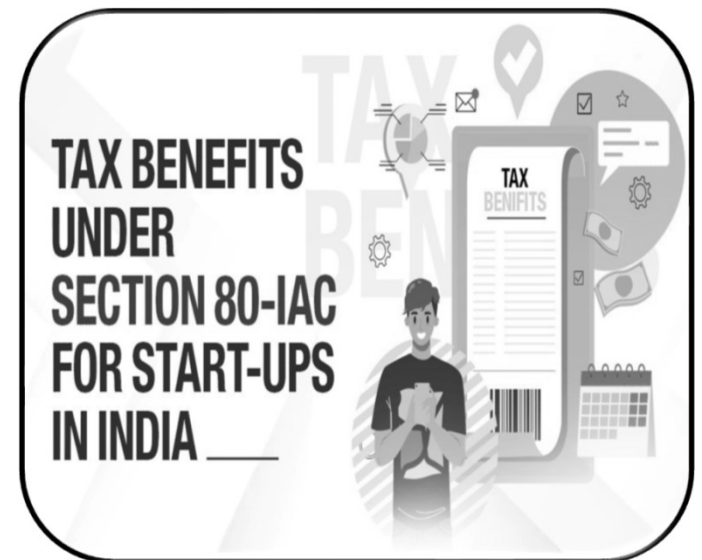


Start-ups incorporated
before 01.04.2025

Extended



Start-ups incorporated
before 01.04.2030



SECTION 80CCA(2): EXEMPTION TO WITHDRAWALS FROM NSS BY INDIVIDUALS

Proviso inserted
(*retrospectively*
w.e.f.
29.08.2024)

Amount
withdrawn on or
after 29.08.2024

Exempt from Tax

For **Individual**
assessee only

SECTION 80CCD(2): DEDUCTION ON EMPLOYER'S CONTRIBUTION TO PENSION SCHEME

Amendment Effective from 01.04.2025

(Under New Tax Regime u/s 115BAC)

10%



14%

SUNSET DATES FOR VARIOUS TAX CONCESSIONS TO IFSC

Amendment Effective from 01.04.2025

Extension of dates for commencement of operations of IFSC Units/
relocation of funds

For S. 80LA(2)(d), S. 10(4F), S. 10(4H) & S. 47(viia-d)

From earlier 31.03.2025 to **Now 31.03.2030**

CHARITABLE TRUSTS

Amendments Effective from 01.04.2025

New proviso to S. 12AB(1) (Amendment by Finance Bill, 2025)

Validity period of registration extended-
Small Charitable Trust Category

From 5 years to **10 years**

For application made under sub-clause (i) to (v) of the clause (ac) of S. 12A(1); and

Total Income \leq ₹5 Cr for preceding PY of application

Amendment to S. 12AB(4) (Amendment by Finance Bill, 2025)

If registration application 'is not complete'

Shall not be treated as Specified Violation under clause(g)

New Section 12AC

Merger of charitable trusts/ institutions

Having similar objects

Registered u/s 12AA/ 12AB or approved under sub-clauses (iv) to (via) of S. 10(23C)

Chapter XII-EB **shall not apply**

Amendment by Finance Bill, 2025

SECTION 132(8): RETENTION OF SEIZED BOOKS OF ACCOUNTS OR OTHER DOCUMENTS

Amendment Effective from 01.04.2025 (*retrospectively*)

Time limit for taking approval for retention

Existing



30 days from the date of assessment
/ reassessment / re-computation
order

Amended



**1 month from the end of the
quarter** of assessment /
reassessment / re-computation
order

Amendment by Finance Bill, 2025

SECTION 139(8A): UPDATED TAX RETURN (ITR-U)

Amendment Effective from 01.04.2025 *(retrospectively)*

Existing Provision	
ITR-U filed within	Additional Tax
12 months from the end of relevant AY	25% of additional tax (tax + interest)
24 months from the end of relevant AY	50% of additional tax (tax + interest)

Amended Provision (Extension of Time Limit)	
ITR-U filed within	Additional Tax
12 months from the end of relevant AY	25% of additional tax (tax + interest)
24 months from the end of relevant AY	50% of additional tax (tax + interest)
36 months from the end of the relevant AY	60% of additional tax (tax + interest)
48 months from the end of the relevant AY	70% of additional tax (tax + interest)



Amendments by Finance Act, 2024

Amendments to Section 192(2B) and Rules 21AA & 26B w.e.f. October 1, 2024 vide CBDT Notification No. 112/2024 issued dated 15/10/2024:

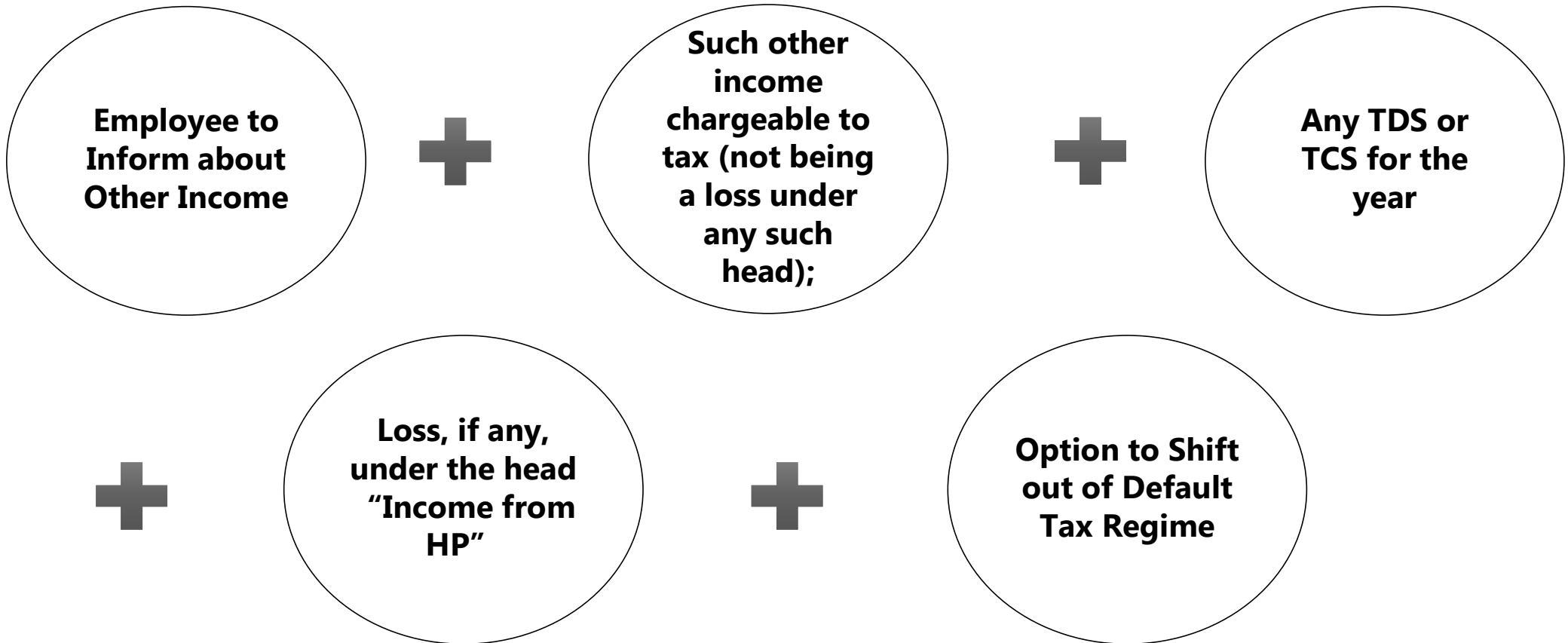
Employees to report to the Employer

- Incomes other than Salary
- TDS/ TCS on Other Incomes via newly inserted Form No. 12BAA
- Details of Loss from House Property

Other Amended Forms

- Form No. 10E
- Form 16 (Part B - Annexure-I)
- Form 24Q (Annexure-II)

Amendment Effective from 01.10.2024



SECTION 193: INTEREST ON SECURITIES

Amendment Effective from 01.10.2024



Existing –
8% Savings
(Taxable)
Bonds, 2003, or
7.75% Savings
(Taxable)
Bonds, 2018



Addition -
Floating Rate
Savings Bonds,
2020 (Taxable),
or any other
notified
security



**Threshold
Limit** for
Non-
Deduction
₹10,000/-

SECTION 194: DIVIDEND

Amendment Effective from 01.10.2024

**Addition
2(22)(f)**

Recipient shareholder to pay tax on the total amount received from the buyback of shares as a deemed dividend under the head "IFOS"



Amendment Effective from 01.04.2025



₹5,000/-



₹10,000/-

SECTION 194: DIVIDEND

Amendment Effective from 01.10.2024



Excludes Distribution made

Of any share issued for full cash consideration, where the holder of the share is not entitled in the event of **liquidation to participate in the surplus assets**

Distribution is *attributable to the capitalised profits of the company representing bonus shares allotted to its equity shareholders after the 31.03.1964, and before the 01.04.1965*

Of any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company

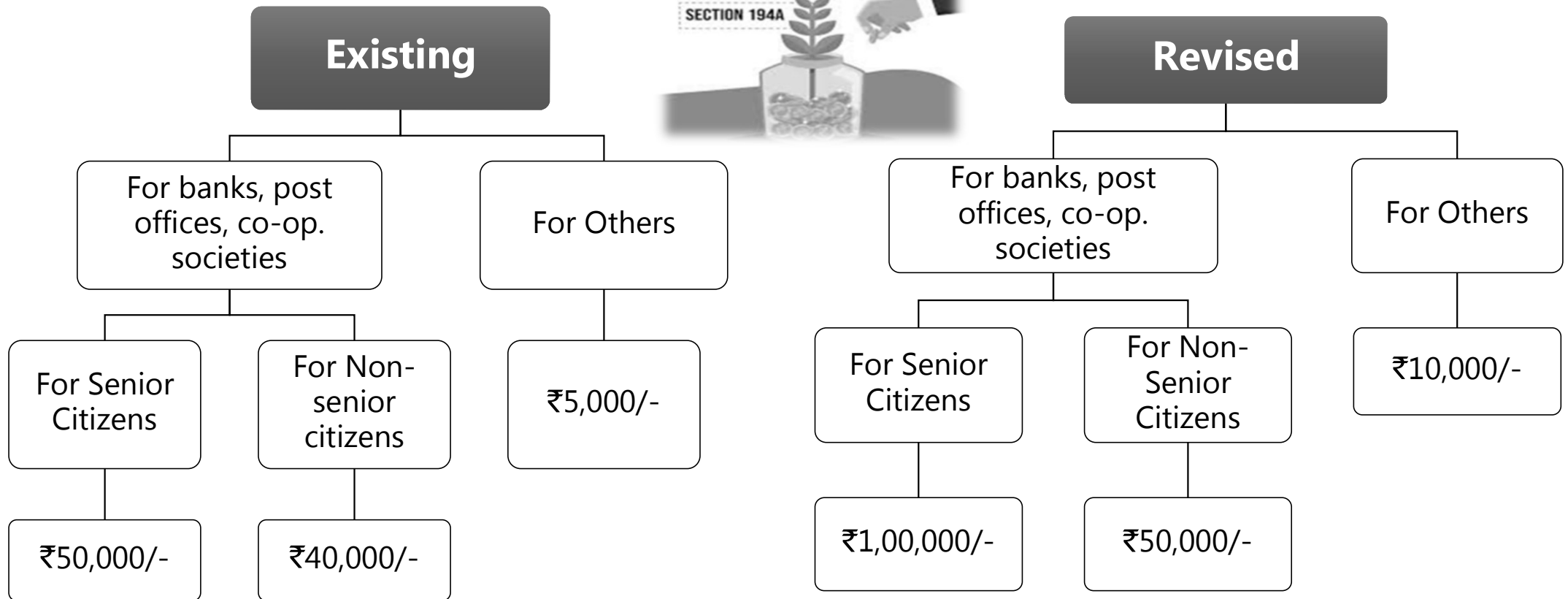
Of any dividend paid by a company which is set off by the company against the whole or any part of any sum previously paid by it and treated as a dividend within the meaning of sub-clause (e), to the extent to which it is so set off

Any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company).

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SECTION 194A: INTEREST OTHER THAN INTEREST ON SECURITIES

Amendment Effective from 01.04.2025



SECTION 194C: PAYMENT TO CONTRACTOR

Amendment Effective from 01.10.2024



Amendment to Definition of Work

INCLUDE

- ❖ Advertising
- ❖ Broadcasting and telecasting
- ❖ Carriage of goods or passengers
- ❖ Manufacturing or supplying a product according to the specification of a customer, using material of Customer.

EXCLUDE

- ❖ Manufacturing or supplying a product according to the specification of a customer, using material from other.
- ❖ Any sum referred u/s 194J

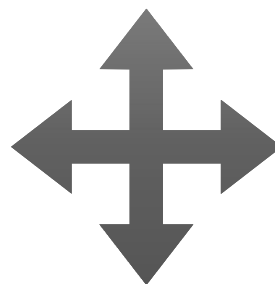
Amendment Effective from 01.10.2024



**SECTION 194G:
Commission on
lottery ticket**

**REDUCTION
OF TDS RATE**

**Section 194DA:
Payment of life
insurance policy**



**Section 194H:
Commission /
brokerage**



Rate	
Before 01/10/2024	On or After 01/10/2024
5%	2%



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SECTION 194IA: TRANSFER OF CERTAIN IMMOVABLE PROPERTY

Amendment Effective from 01.10.2024



**Aggregate
Value of
Property**

**Will be
Value for
TDS
deduction**

**Not no. of
Transferee
or
Transferors**



[RURAL AGRICULTURAL LAND, NOT BEING A CAPITAL ASSET, IS EXCLUDED FROM THIS SECTION]

Amendment Effective from 01.10.2024

SECTION 194IB
Payment of rent by
Individual/ HUF

SECTION 194M
Payment of certain
sums by Individual/
HUF

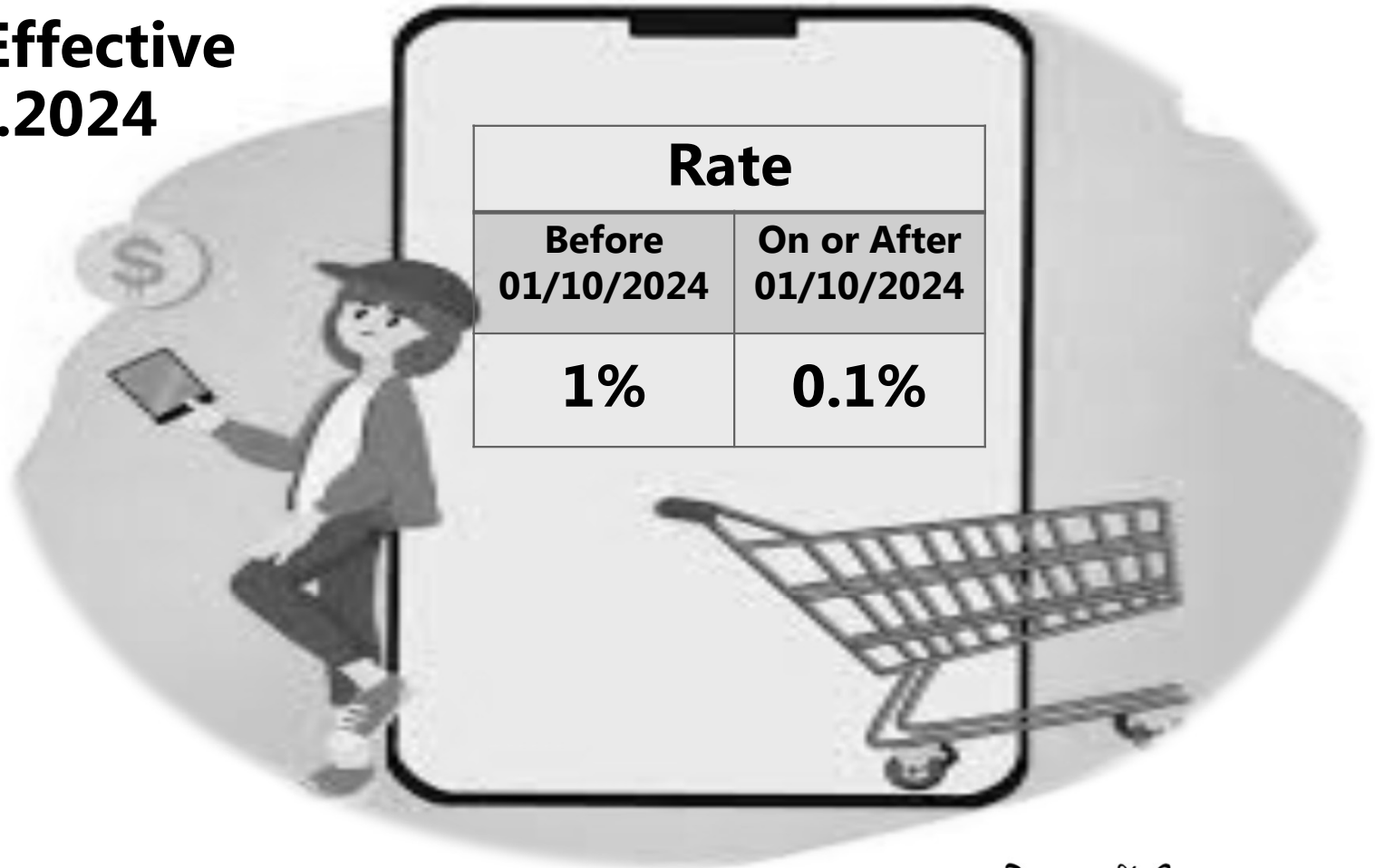


Rate	
Before 01/10/2024	On or After 01/10/2024
5%	2%



SECTION 194-O: E-COMMERCE PARTICIPANTS

**Amendment Effective
from 01.10.2024**



Rate	
Before 01/10/2024	On or After 01/10/2024
1%	0.1%

SECTION 194T

TDS ON PAYMENTS TO PARTNERS OF PARTNERSHIP FIRMS/LLP



Inserted by the Finance (No. 2) Act, 2024 applicable w.e.f. April 1, 2025
(i.e. FY 2025-26 onwards)

SECTION 40(b) - CHANGES IN ALLOWABLE REMUNERATION TO PARTNERS (APPLICABLE FROM FY 2024-25, AY 2025-26)

Prior to FY 2024-25		From FY 2024-25 & onwards	
On first ₹3,00,000 of Book Profit or in case of Loss	₹1,50,000/- or 90% of the Book Profit, whichever is higher	On first ₹6,00,000 of Book Profits or in case of Loss	₹3,00,000/- or 90% of the Book Profit, whichever is higher
On the balance BP	60% of the BP	On the balance BP	60% of the BP

Amendment to Partnership deed required accordingly to authorize above changes to remuneration



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SECTION 194T: TDS ON PAYMENT TO PARTNERS OF FIRMS/ INDIAN LLP

TDS Rate & Threshold Limit

10% on payments made to Partners by a firm

Single/ Aggregate payment > ₹20,000/- in a FY

TDS is to be deducted at earlier of:

Credit of sum/payment to the account of partner in the books of the firm

Actual payment to the partner

Payments Covered:

Salary

Remuneration

Commission

Bonus

Interest on any account (on a loan account / on a capital account)



SECTION 194T: CERTAIN ISSUES

Provisions of higher TDS rates for ITR non-filers (Section 206AB) is Not applicable

Payee partner cannot obtain certificate u/s 197 for no TDS or TDS at a lower rate

Self-declaration in Form 15G/Form 15H also Not Applicable

Adjustment of excess/deficiency in TDS deduction from subsequent deduction in same FY

Section 40(a)(ia)- Applicability for Disallowance?

Amendment Effective from 23.07.2024

SECTION 196B
Income from Units of
Offshore Funds or LTCG on
transfer



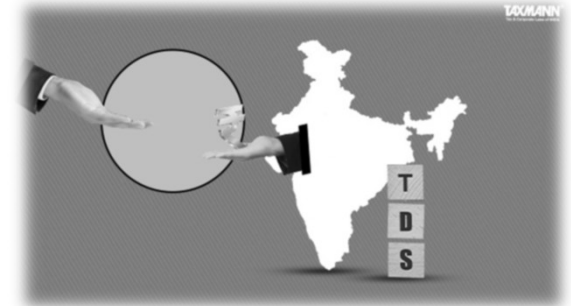
SECTION 196C
Any income by way of
interest, dividend, or LTCG
from FC bonds / GDRs



Applicable for Payments made to NR
or to FC:

Before 23.07.2024 – 10%

On or after 23.07.2024 – 12.5%



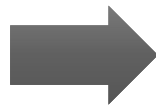
SECTION 197: DEDUCTION AT LOWER RATE

Amendment Effective from 01.10.2024

Lower
Deduction

OR

No
Deduction

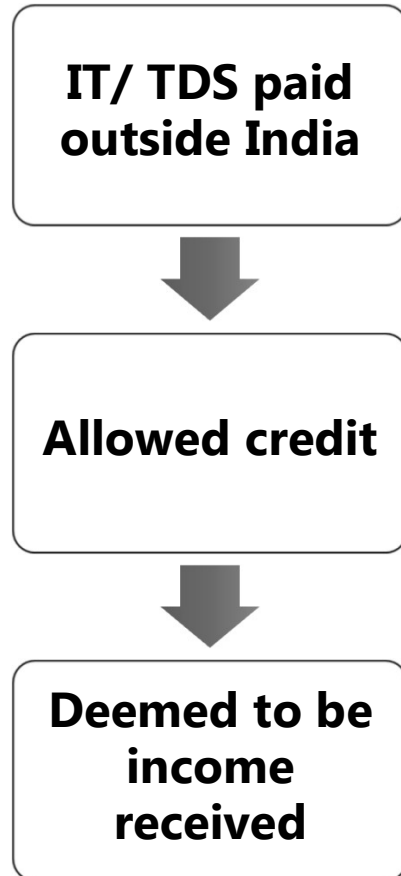


Addition
of S. 194Q



SECTION 198: DEEMED TO BE INCOME

Amendment Effective from 01.04.2025



Mr. C received interest of ₹54,000/- after deduction of ₹6,000/- as TDS. The income of Mr. C will be ₹60,000/- i.e including the portion of TDS Grossed-up

SECTION 200: DUTY OF PERSON DEDUCTING TAX

Amendment Effective from 01.04.2025



Correction Statement



Correction Statement

**End of FY,
original
statement
delivered**



**6th Year
end**



SECTION 200A: PROCESSING OF STATEMENTS OF TDS & *OTHER STATEMENTS**

***Amendment Effective from 01.04.2025**



TDS or Correction Statement can be processed after making the adjustment like arithmetical error, incorrect claim, Interest, fee, refund due



The Board may make a scheme for centralised processing of statements of TDS to determine tax payable or refund due



The Board may make a scheme for processing of statements made by **any other person**, not being a deductor. [newly inserted sub-section (3)*]

SECTION 206C

SECTION 206C(1F)



SECTION 206C(1G)



SECTION 206C(1F): SALE OF MOTOR VEHICLE

Amendment Effective from 01.01.2025

Sale of
Motor
vehicle

Luxury
Goods

> 10L
@ 1%



(ii) Any other goods, as may be specified by the CG by notification in the Official Gazette, of the value > ₹10 lakh, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax.

LIST OF NOTIFIED LUXURY GOODS
[NOTIFICATION NO. 36/2025 DATED 22.4.2025 SO 1825(E)]

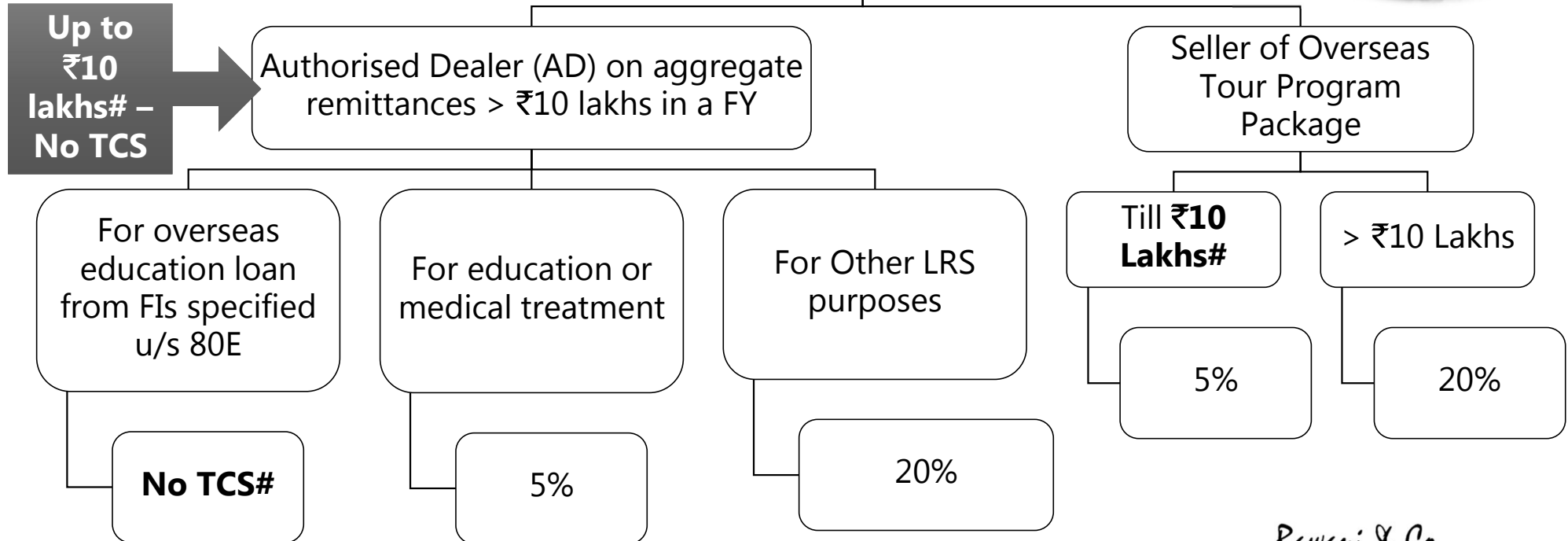
Serial number	Nature of goods
1.	Any wrist watch
2.	Any art piece such as antiques, painting, sculpture
3.	Any collectibles such as coin, stamp
4.	Any yacht, rowing boats, canoes, helicopters
5.	Any pair of sunglasses
6.	Any bag such as handbag, purse
7.	Any pair of shoes
8.	Any sportswear and equipment such as golf kit, ski-wear
9.	Any home theatre system
10.	Any horse for horse racing in race clubs and horse for polo

SECTION 206C(1G): TCS ON LIBERALISED REMITTANCE SCHEME (LRS) AND OVERSEAS TOUR PROGRAM PACKAGES

#Amendment effective from 01.04.2025

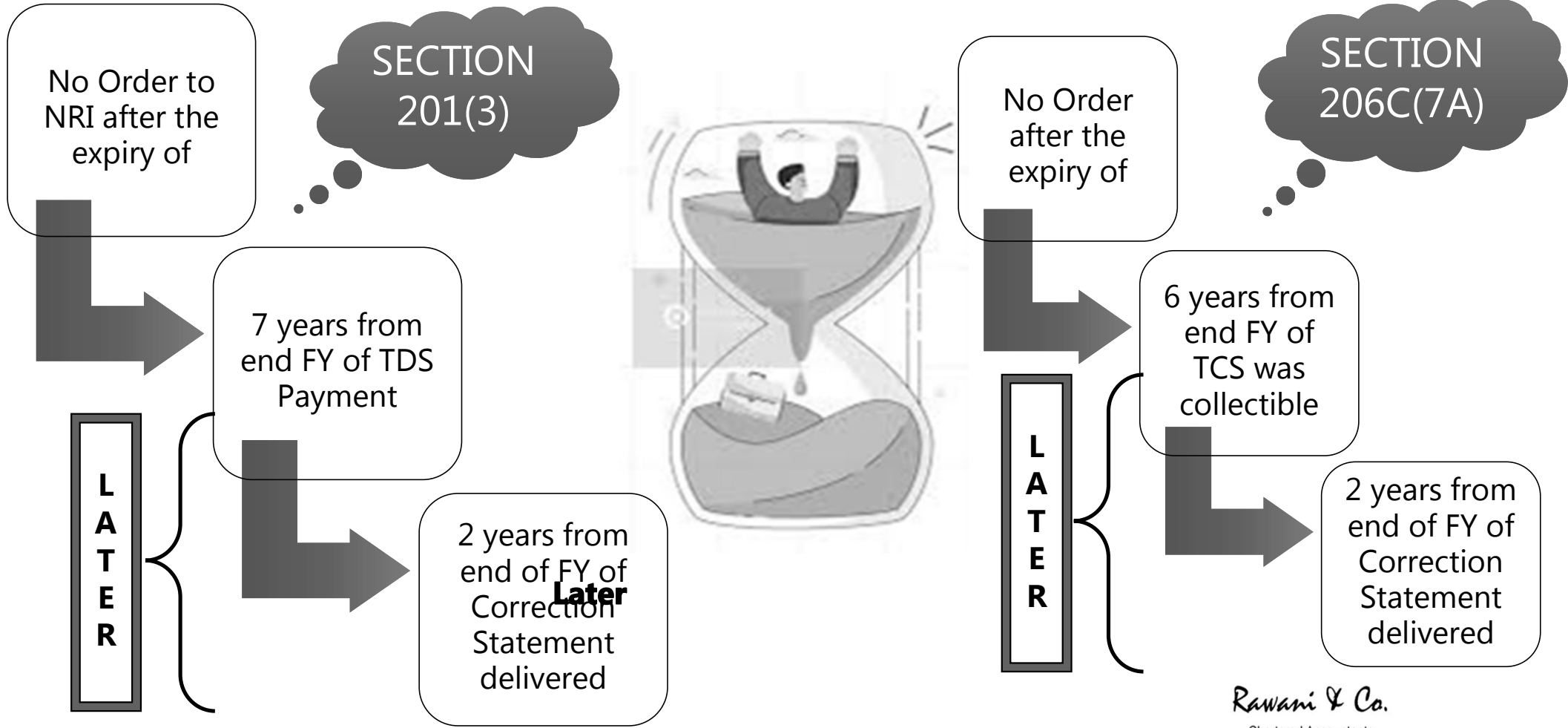


TCS to be collected by

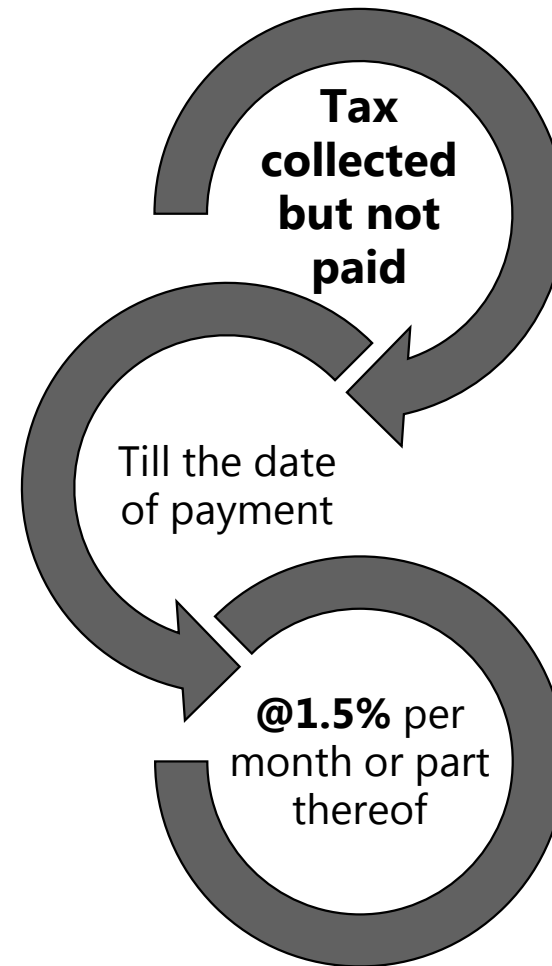
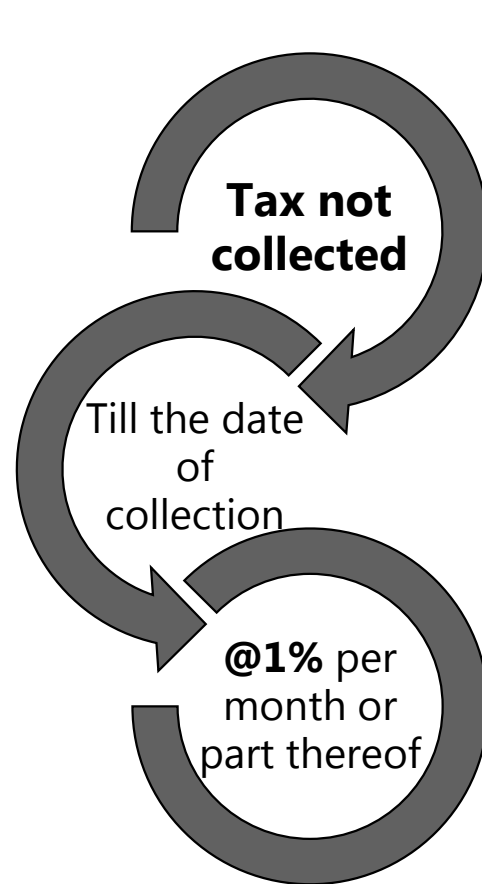


TIME LIMIT FOR ASSESSEE-IN-DEFAULT

Amendment Effective from 01.04.2025



206C(7): INTEREST ON FAILURE TO COLLECT & PAY TAX Amendment Effective from 01.04.2025



TDS AMENDMENTS AT A GLANCE

SECTION	NATURE	THRESHOLD (₹)		TDS RATE (%)	
		OLD	NEW (FROM FY 25-26)	OLD	NEW (FROM FY 25-26)
192	Income from Salaries	Applicable Tax Slab	No Change	Applicable Slab Rates	No Change
192A	EPF withdrawal	50,000/-	No Change	Individual/ HUF – 10	No Change
193	Interest on Securities / Debentures	5,000/-	10,000/-	10	No Change
194	Dividend for an Individual Shareholder	5,000/-	10,000/-	10	No Change
194A	Interest other than Interest on securities	<i>For Bank, PO & Co-op Soc.</i> Senior Citizens – 50,000/- Non-senior Citizens – 40,000/- <i>For Others</i> – 5,000/-	<i>For Bank, PO & Co-op Soc.</i> Senior Citizens – 1,00,000/- Non-senior Citizens – 50,000/- <i>For Others</i> – 10,000/-	10	No Change
194B	Winnings from lottery, crossword puzzle etc.	Aggregate Winnings > 10,000/- in a year	10,000/- per transaction	30	No Change
194BB	Winnings from horse race				
194BA	Winnings from online games	-	No Change	30	No Change
194C	Payment to Contractors	Single transaction – 30,000/- Aggregate – 1,00,000/- p.a.	No Change	Individual/ HUF – 1 Others – 2	No Change
194DA	Payment of Life Insurance Policy	1,00,000/-	No Change	2 (w.e.f. 01.10.2024)	No Change

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TDS AMENDMENTS AT A GLANCE

SECTION	NATURE	THRESHOLD (₹)		TDS RATE (%)	
		OLD	NEW (FROM FY 25-26)	OLD	NEW (FROM FY 25-26)
194D	Payment of Insurance Commission			Individual/ HUF – 5 Others – 10 2 (w.e.f. 01.10.2024)	No Change
194G	Income by way of commission, prize etc., on lottery tickets	15,000/-	20,000/-		
194H	Commission/ brokerage				
194E	Payment to NR Sportsmen or Sports Association	-	No Change	20	No Change
194EE	Payments out of deposits under NSS	2,500	No Change	10	No Change
194F	Repurchase Units by MFs/ UTI	<i>Omitted by the Finance (No. 2) Act, 2024, w.e.f. 01.10.2024</i>			
194I(a)	Rent on Plant/ Machinery/ Equipment	Annual rent 2,40,000/-	No Change	2	No Change
194I(b)	Rent on Land & Building/ Furniture/ Fittings	Annual rent 2,40,000/-	Monthly rent 50,000/-	10	No Change
194IA	Transfer of Immovable Property (other than agricultural land)	50,00,000/-	No Change	1	No Change
194-IB	Payment of rent by certain Individuals/ HUF	50,000/- per month	No Change	2 (w.e.f. 01.10.2024)	No Change
194IC	Payment under specified agreement	-	No Change	10	No Change

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TDS AMENDMENTS AT A GLANCE

SECTION	NATURE	THRESHOLD (₹)		TDS RATE (%)	
		OLD	NEW (FROM FY 25-26)	OLD	NEW (FROM FY 25-26)
194J	Fee for professional or technical services	30,000/-	50,000/-	Technical Services – 2 Others – 10	No Change
194K	Payment of Dividend MFs	5,000/-	10,000/-	10	No Change
194LA	Income by way of enhanced compensation	2,50,000/-	5,00,000/-	10	No Change
194LB	Interest from infrastructure debt fund (NR)	-	No Change	5	No Change
194LBC	Income from Investment in a Securitization Trust	-	-	Resident Individual/ HUF – 25 NRI – 30 Resident Firm/ Co-op Soc./ Local authority – 30 NR Co. – 40 NR other than Co. – 30	10% for all
194-O	e-commerce participants	For Individual/ HUF – 5,00,000/-	No Change	0.1 (w.e.f 01.10.2024)	No Change
194Q	Purchase of Goods	50,00,000/-	No Change	0.1	No Change
194R	Benefits/ perquisites from Business/ profession	20,000/-	No Change	10	No Change
194T	Payment to Partners of Firms	NA	20,000/-	NA	10

{ S. 206AB – Higher rate of TDS for non-filers – Omitted from 01.04.2025 }

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TCS AMENDMENTS AT A GLANCE

SECTION	COLLECTION CODE	NATURE	THRESHOLD (₹)		TDS RATE (%)	
			OLD	NEW (FOR FY 25-26)	OLD	NEW (FOR FY 25-26)
206C (1)	D	Any other forest produce not being a timber or tendu leave	-	No Change	2.5	2
206C (1)	E	Scrap	-	No Change	1	No Change
206C (1)	I	Tendu Leaves	Removed w.e.f. 01.04.2025			
206C (1F)	L	Motor Vehicle	10 Lacs	No Change	1	No Change
206C (1G)	O	Purchase of overseas tour program package	7 Lacs	10 Lacs	Till 7 Lacs – 5 Above 7 Lacs – 20	Till 10 Lacs – 5 Above 10 Lacs – 20
	P	Remittances under LRS for educational loan from FI	7 Lacs	Exempted	0.5	Exempted
	T	Remittances under LRS for education or medical purposes	7 Lacs	10 Lacs	5	5
	Q	Remittances under LRS for other purposes	7 Lacs	10 Lacs	20	20
206C (1H)	R	Sale of Goods	Removed w.e.f. 01.04.2025			

{ **S. 206CCA – Higher rate of TCS for non-filers – Omitted from 01.04.2025** }

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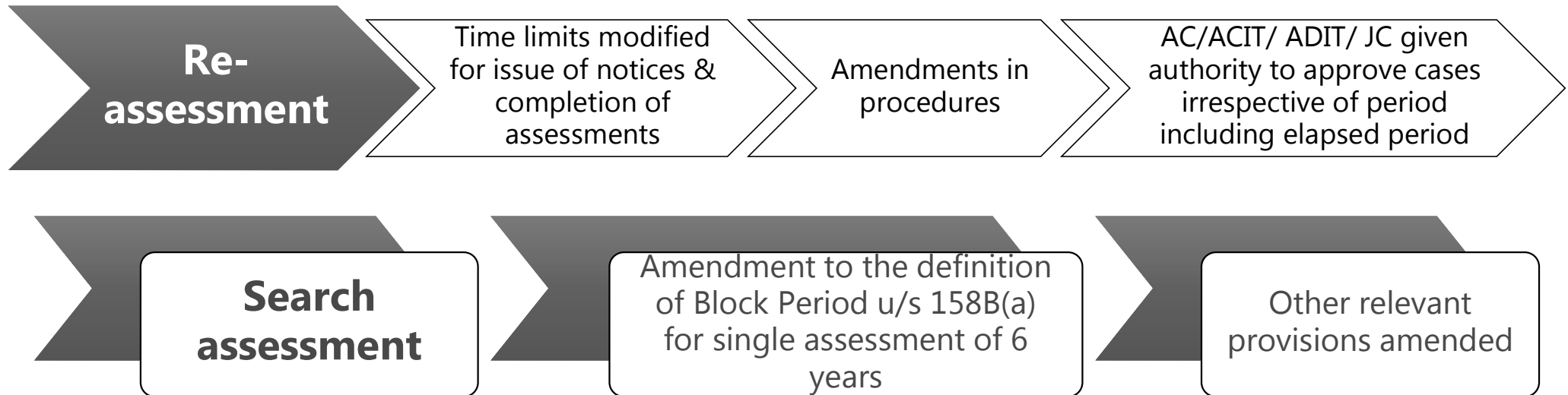
CONSEQUENCES OF NON-COMPLIANCE

DEFAULT	SECTION	CONSEQUENCE	QUANTUM
Failure to deduct/ collect at rates prescribed	201(1)/ 206C(6)	Demand	Amount of TDS/ TCS
	201(1A)/ 206C(7)	Interest	@1% per month or part thereof on TDS/ TCS amount
	271C/ 271CA	Penalty	Equal to Amount of TDS/ TCS
Failure/ delay in depositing TDS/ TCS	201(1)	Demand	Amount of TDS not deposited
	201(1A)/ 206C(7)	Interest	@1.5% per month or part thereof on TDS/ TCS amount
	276B/ 276BB	Prosecution	Rigorous imprisonment from 3 months to 7 years + Fine
Failure/ Delay in furnishing TDS/ TCS statements	234E	Late Fee	₹200/- per day of delay capped at amount of TDS/ TCS
	271H	Penalty	₹10,000/- to ₹1 lakh
	272A(2)(k)	Penalty	₹500/- per day of delay capped at amount of TDS/ TCS
Failure to issue TDS/ TCS Certificates	272A(2)(g)	Penalty	₹500/- per day of delay capped at amount of TDS/ TCS
Failure to issue Statement of perquisite/ profit in lieu of salary	272A(2)(i)	Penalty	₹500/- per day of delay capped at amount of TDS/ TCS
Failure to mention PAN of deductee in TDS Statements/ Certificates	272B	Penalty	₹10,000/-
Failure to apply for/ quote TAN	272BB	Penalty	₹10,000/-

Note: Apart from the above, the failure to deduct /pay also causes Disallowance of expenditure u/s 40(a)(ia)

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Amendments Effective from 01.09.2024



VIVAD SE VISHWAS (DTVSV) SCHEME, 2024

Deadline to file declaration under DTVSV Scheme 2024 is *April 30, 2025* vide CBDT Notification no. 32/2025 dated 08.04.2025

Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)

Clause No.	Nature of Change	Reporting Requirements
12	Modification	Compliance with Presumptive Taxation u/s 44BBC, to report income computed under Section 44BBC, if any in Profit & Loss Account.
19	Modification	in clause (19), the rows labelled as "32AC" , "32AD" , "35AC" and "35CCB" shall be omitted; since they are not applicable from the current Assessment Year.
21	Modification in sub-clause (a)	Insertion of a row for "Expenditure incurred to settle proceedings initiated in relation to contravention under such law as notified by the Central Government in the Official Gazette in this behalf. This expenses allowable when actually paid.

Amendments to Form 3CD
(Notification No. 23/2025 dated 28th March, 2025)
Reporting for MSME modified

Clause No.	Nature of Change	Reporting Requirements
22	Revision	<p>(i) Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act); or</p> <p>(ii) Total amount required to be paid to to a micro or small enterprise, as referred to in section 15 of the MSMED Act, during the previous year;</p> <p>(iii) Of amount referred to in (ii) above, amount –</p> <p>(a) paid up to time given under section 15 of the MSMED Act;</p> <p>(b) not paid up to time given under section 15 of the MSMED Act and inadmissible for the previous year.”</p>

Amendments to Form 3CD (Notification No. 23/2025 dated 28th March, 2025)







Clause No.	Nature of Change	Reporting Requirements
23	New	Buy-back of Shares under Section 115QA. Reporting requirement introduced for buy-back of shares, covering amount received and cost of acquisition. Targets compliance with taxability of income arising from buy-backs by companies.
26	Expansion	Disallowance under Section 40(a), reporting now required to include specific details of payments made to non-residents without TDS
28 & 29	Deleted	Reporting under Section 56(2)(vii-a) & 56(2)(vii-b) omitted. Since these provisions are no longer applicable.
31	Modification	Loans / Deposits Reporting Now requires a 12-category coding classification for acceptance or repayment of loans or deposits.
36B	New	Buy-back of Shares Newly inserted clause to report buy-back transactions under Section 115QA.

Changes in ITR filings for AY 2025-26

Due to increased exemption limit under Section 112A of the Income-tax Act from Rs. 1,00,000 to Rs. 1,25,000, this ITR-1 & ITR-4 can now be used.

CBDT notifies ITR-Form 3 for AY 2025-26 vide Notification No. 41/2025 dated 30.04.2025.

Key updates:

-  Schedule-Capital Gain split for gains before/ after 23.07.2024 (post changes in Finance Act, 2024)
-  Capital loss on share buyback allowed if corresponding dividend income is shown as income from other sources (post 01.10.2024)
-  Asset & liability reporting limit raised to ₹1 crore of total income
-  Reference of sec 44BBC (cruise biz) added
-  Enhanced reporting for deductions [80C,10(13A)] etc.
-  TDS section code to be reported in Schedule-TDS

ITR-U Filed Within

12 months from the end of the relevant AY 25% of additional tax (tax + interest)

24 months from the end of the relevant AY 50% of additional tax (tax + interest)

36 months from the end of the relevant AY 60% of additional tax (tax + interest)

48 months from the end of the relevant AY 70% of additional tax (tax + interest)

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ITR Forms for AY 2025-26

Category	AY 2024-25	AY 2025-26 (New Changes)
Capital Gains Reporting	Single Schedule for all gains	Split into before and after July 23, 2024
Buyback Losses	Not allowed	Allowed only if corresponding dividend income is reported
Asset & Liability Reporting	Required if total income exceeds ₹50 lakh	Threshold increased to ₹1 crore
Presumptive Taxation (Section 44BBC)	Not applicable	Introduced for cruise business operators
TDS Reporting	General reporting of deductions	Mandatory reporting of TDS section codes
Long-Term Capital Gains (LTCG) in ITR-1	Not allowed	Allowed up to ₹1.25 lakh under Section 112A
Bank Account Disclosure	All accounts except dormant	One active account must be selected for refunds
Opting Out of New Tax Regime	No explicit declaration required	Form 10-IEA details must be furnished
ITR-5 Form Entity Identification Details	Basic Details Required	Expanded details including LLP Identification Number, PAN, and updated business commencement date
Filing Status Selection	No Drop Down for Deadlines	Drop Down Feature for to Select Due dates (July 31, October 31 or Nov 30)

ITR Forms for AY 2025-26

- **Legal Entity Identifier (LEI) Requirement**

- Companies seeking a refund of ₹50 crores or more must furnish their LEI number.

- **New Schedule 115TD for Accreted Income**

- Institutions registered under Section 10(23C) or 12AB must report tax payable on accreted income.

- **Capital Gains Accounts Scheme (CGAS) Disclosure**

- Companies must provide detailed information on sums deposited in CGAS.

- **Political Donations (Section 80GGC) Reporting**

- Companies must disclose transaction details, including amount, transaction number, and IFSC code.

- **Eligible Startups (Section 80-IAC) Disclosure**

- Companies must provide details like **date of incorporation, nature of business, certification number, and deduction amount.

- **Micro, Small & Medium Enterprises (MSME) Disallowance**

- Companies must disclose sums payable to MSMEs beyond the prescribed time limit.

- **Online Gaming Winnings (Section 115BBJ) Reporting**

- Companies must report income from online gaming winnings separately.

- **Audit Report & UDIN Requirement**

- Companies must furnish the acknowledgment number of the audit report and UDIN.

Changes in ITR filings for AY 2025-26



Aadhar Enrolment Id Not Accepted in Filing Return. Taxpayers are now required to provide their Aadhaar number in the Return as per provisions of Section 139AA



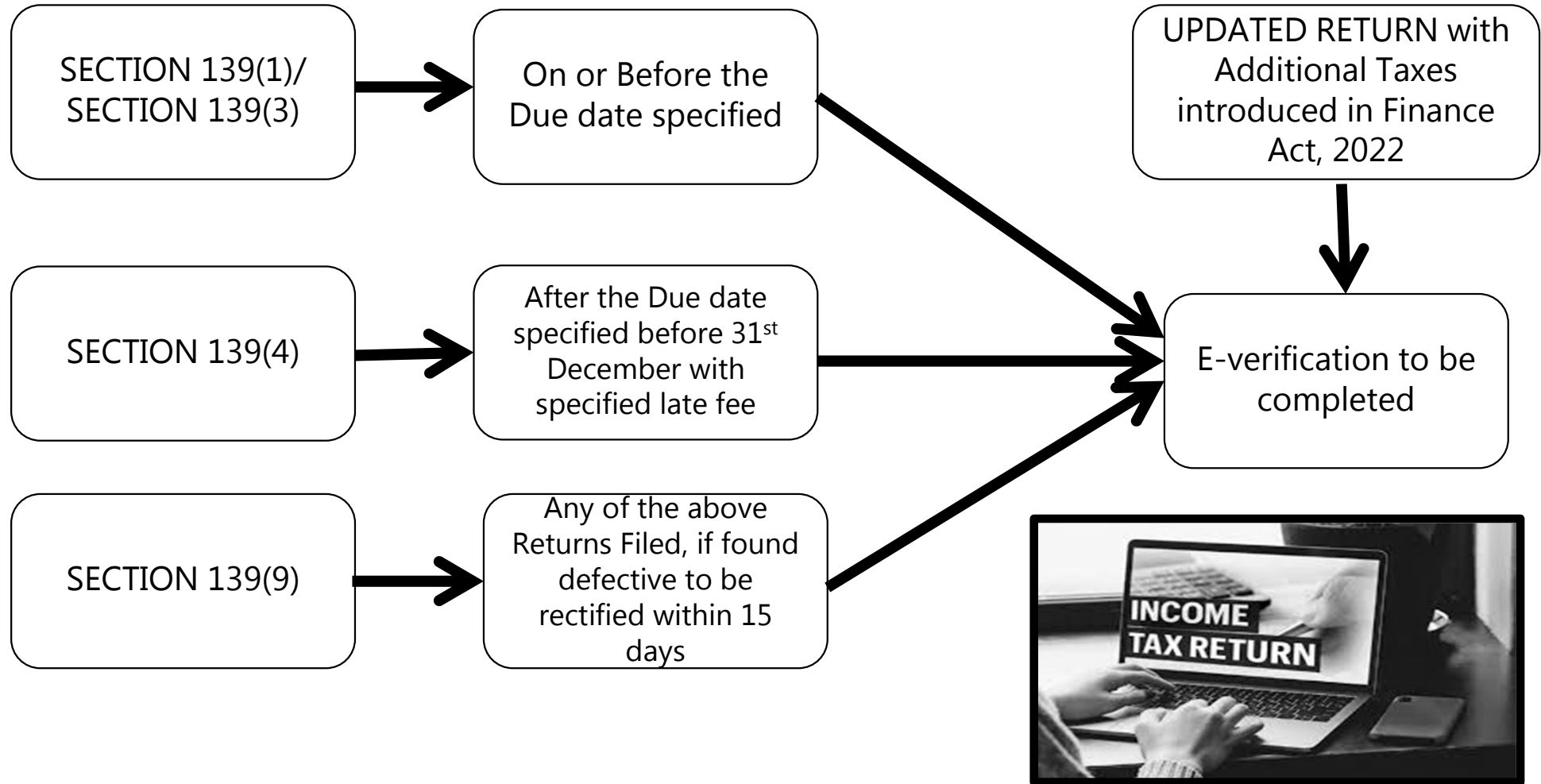
**FORM
10-IEA**

ITR-4 disclosure on opting out of the new tax regime of Section 115BAC, requires the date and acknowledgment number of Form 10-IEA if applicable

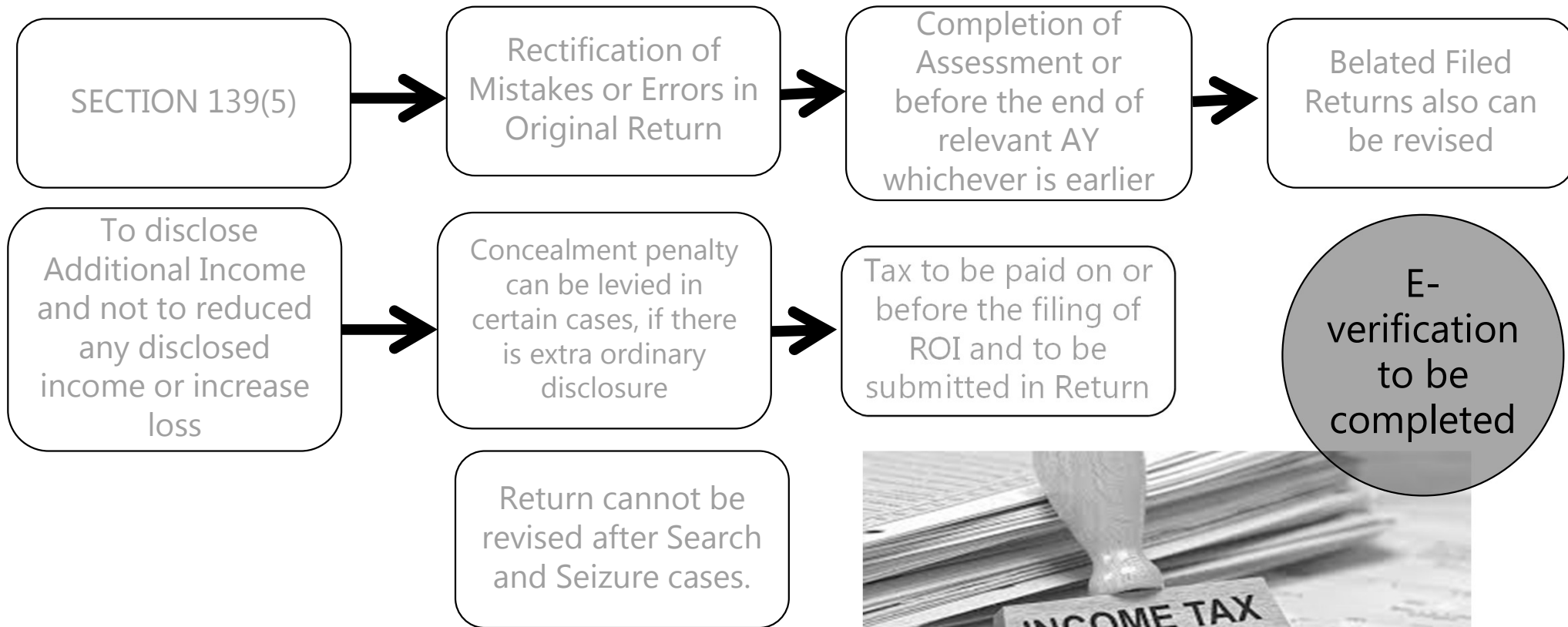


Schedule TDS requires disclosure of TDS section in ITR-1 & ITR-4 in Schedule TDS-2, specific section under which TDS has been deducted

Provisions related to Returns of Income

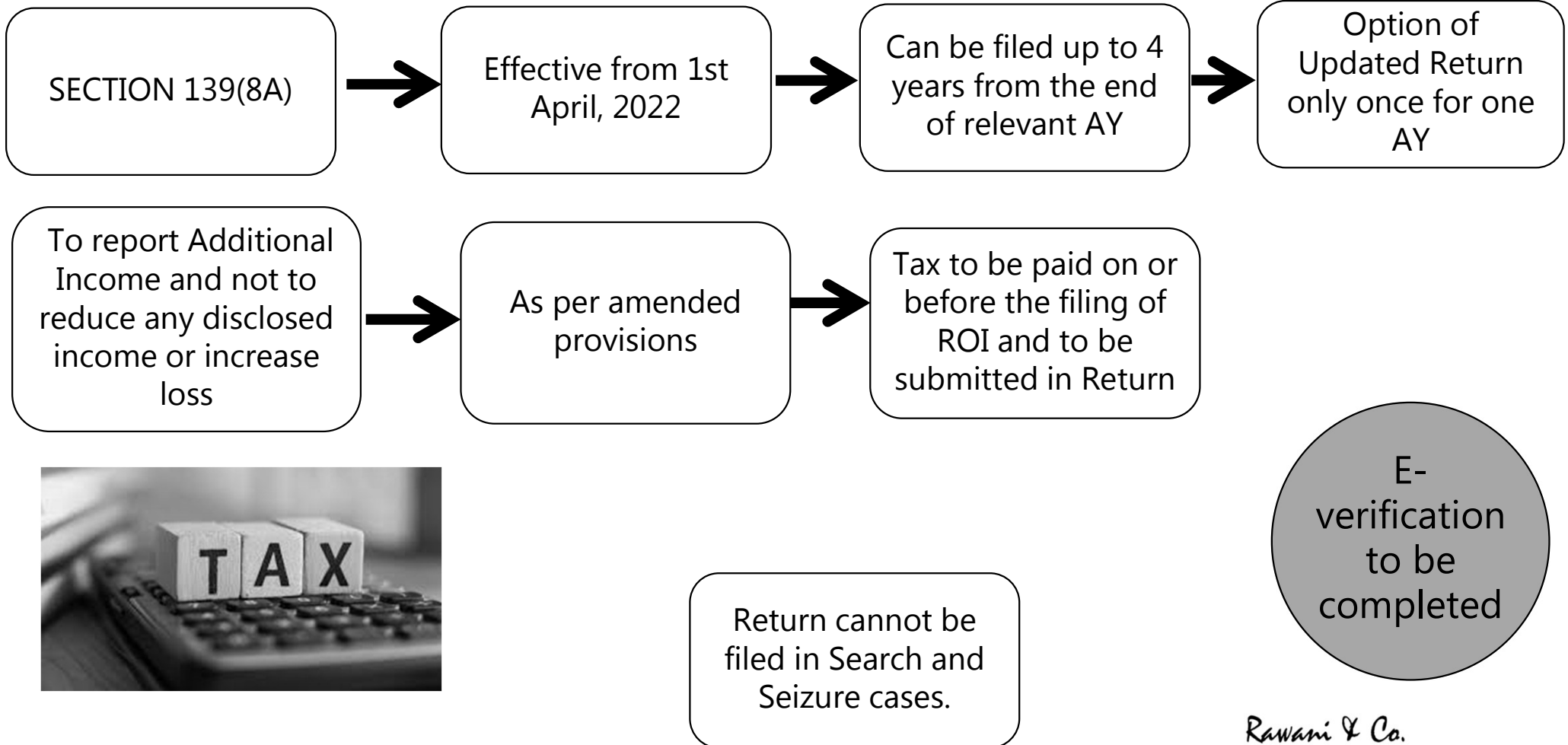


Provisions related to Returns of Income



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Provisions related to Updated Return



ITR Forms for AY 2025-26

<i>Nature of income</i>	<i>ITR 1*</i>	<i>ITR 2</i>	<i>ITR 3</i>	<i>ITR 4*</i>
<i>Salary Income</i>				
Income from salary/pension (for ordinarily resident person)	✓	✓	✓	✓
Income from salary/pension (for not ordinarily resident and non-resident person)		✓	✓	
Any individual who is a Director in any company		✓	✓	
If payment of tax in respect of ESOPs allotted by an eligible start-up has been deferred		✓	✓	
<i>Income from House Property</i>				
Income or loss from one house property (excluding brought forward losses and losses to be carried forward)	✓	✓	✓	✓
Individual has brought forward loss or losses to be carried forward under the head House Property		✓	✓	
Income or loss from more than one house property		✓	✓	
<i>Income from Business or Profession</i>				
Income from business or profession			✓	
Income from presumptive business or profession covered under section 44AD, 44ADA and 44AE (for person resident in India)				✓
Income from presumptive business or profession covered under section <u>44AD</u> , <u>44ADA</u> and <u>44AE</u> (for not ordinarily resident and non-resident person)			✓	
Interest, salary, bonus, commission or share of profit received by a partner from a partnership firm			✓	

* ITR-1 can be filed by an individual who is ordinarily resident in India. ITR-4 can be filed only by an Individual or HUF who is ordinarily resident in India and by a firm (other than LLP) resident in India.

Source: Taxmann

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ITR Forms for AY 2025-26

<i>Nature of income</i>	<i>ITR 1*</i>	<i>ITR 2</i>	<i>ITR 3</i>	<i>ITR 4*</i>
<i>Capital Gains</i>				
<i>Long-term capital gains taxable under Section 112A and not exceeding Rs. 1.25 lakhs ²</i>	✓	✓	✓	✓
<i>Long-term capital gains taxable under the following provisions:</i> • <i>Section 112A and it exceeds Rs. 1.25 lakhs</i> • <i>Section 112</i>		✓	✓	
<i>Short-term capital gains taxable under any provision</i>		✓	✓	
<i>Taxpayer has held unlisted equity shares at any time during the previous year</i>		✓	✓	
<i>Capital gains/loss on sale of investments/property</i>		✓	✓	
<i>Income from Other Sources</i>				
<i>Family Pension (for ordinarily resident person)</i>	✓	✓	✓	✓
<i>Family Pension (for not ordinarily resident and non-resident person)</i>		✓	✓	
<i>Income from other sources (other than income chargeable to tax at special rates including winnings from lottery and race horses or losses under this head)</i>	✓	✓	✓	✓
<i>Income from other sources (including income chargeable to tax at special rates including winnings from lottery and race horses or losses under this head)</i>		✓	✓	
<i>Dividend income exceeding Rs. 10 lakhs taxable under Section 115BBDA</i>		✓	✓	
<i>Unexplained income (i.e., cash credit, unexplained investment, etc.) taxable at 60% under Section 115BBE</i>		✓	✓	
<i>Person claiming deduction under Section 57 from income taxable under the head 'Other Sources' (other than deduction allowed from family pension)</i>		✓	✓	
<i>Deductions</i>				
<i>Person claiming deduction under Section 80QQB or 80RRB in respect of royalty from patent or books</i>		✓	✓	
<i>Person claiming deduction under section 10AA or Part-C of Chapter VI-A</i>			✓	

Source: Taxmann

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ITR Forms for AY 2025-26

<i>Nature of income</i>	<i>ITR 1*</i>	<i>ITR 2</i>	<i>ITR 3</i>	<i>ITR 4*</i>
<i>Total Income</i>				
Agricultural income exceeding Rs. 5,000		✓	✓	
Total income exceeding Rs. 50 lakhs		✓	✓	
Assessee has any brought forward losses or losses to be carried forward under any head of income		✓	✓	
<i>Computation of Tax liability</i>				
If an individual is taxable in respect of an income but TDS in respect of such income has been deducted in hands of any other person (i.e., clubbing of income, Portuguese Civil Code, etc.)		✓	✓	
Claiming relief of tax under sections 90, 90A or 91		✓	✓	
<i>Others</i>				
Assessee has: <ul style="list-style-type: none"> • Income from foreign sources • Foreign Assets including financial interest in any foreign entity • Signing authority in any account outside India 		✓	✓	
Income has to be apportioned in accordance with Section 5A		✓	✓	
If the tax has been deducted on cash withdrawal under Section 194N		✓	✓	✓
Person has deposited more than Rs. 1 crore in one or more current account		✓	✓	✓
Person has incurred more than Rs. 2 lakhs on foreign travelling	✓	✓	✓	✓
Person has incurred more than Rs. 1 lakh towards payment of the electricity bill	✓	✓	✓	✓
Person has turnover from business exceeding Rs. 60 lakhs			✓	✓
Person has gross receipts from profession exceeding Rs. 10 lakhs			✓	✓
Aggregate amount of TDS and TDS is Rs. 25,000 (Rs. 50,000 in case of senior citizen) or more	✓	✓	✓	✓
Aggregate deposit in the saving bank account is Rs. 50 lakh or more	✓	✓	✓	✓

Source: Taxmann

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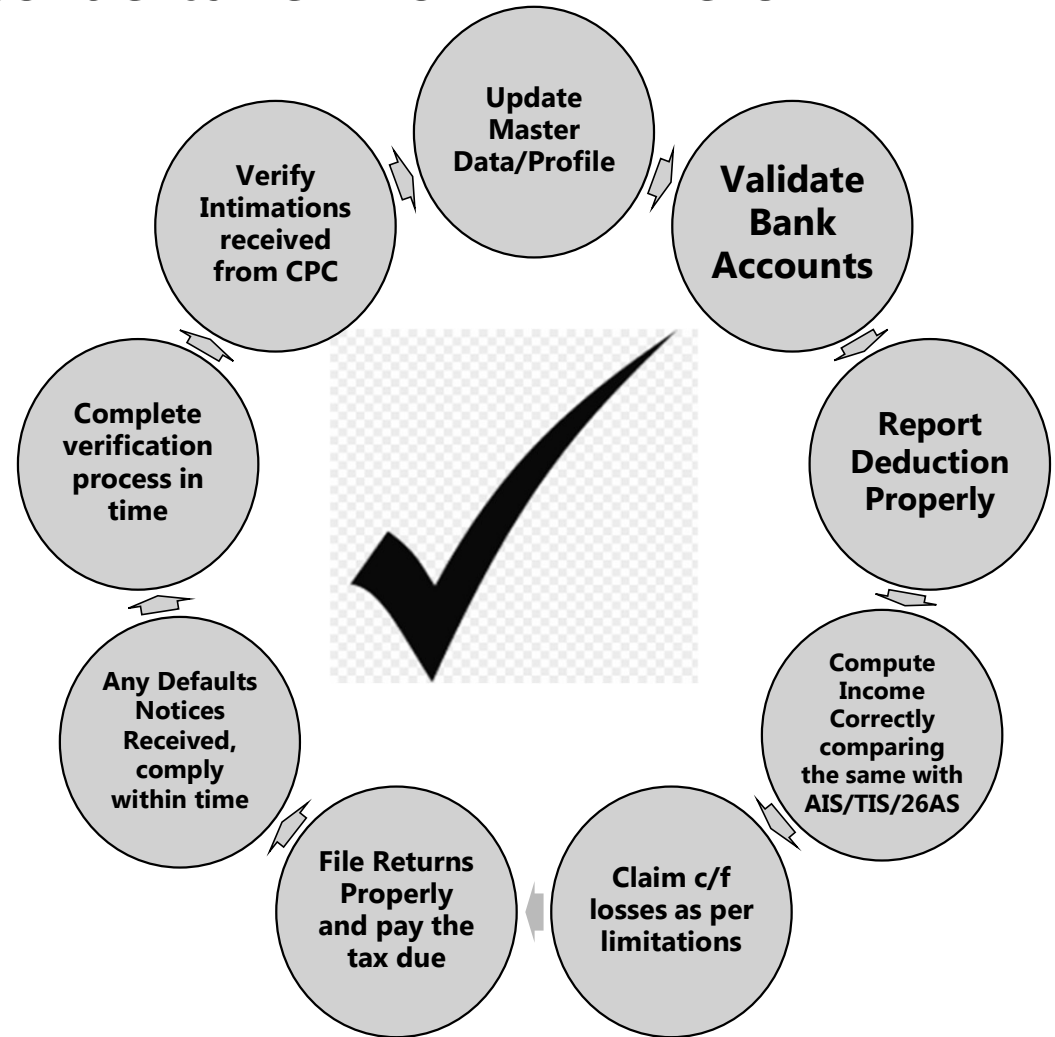
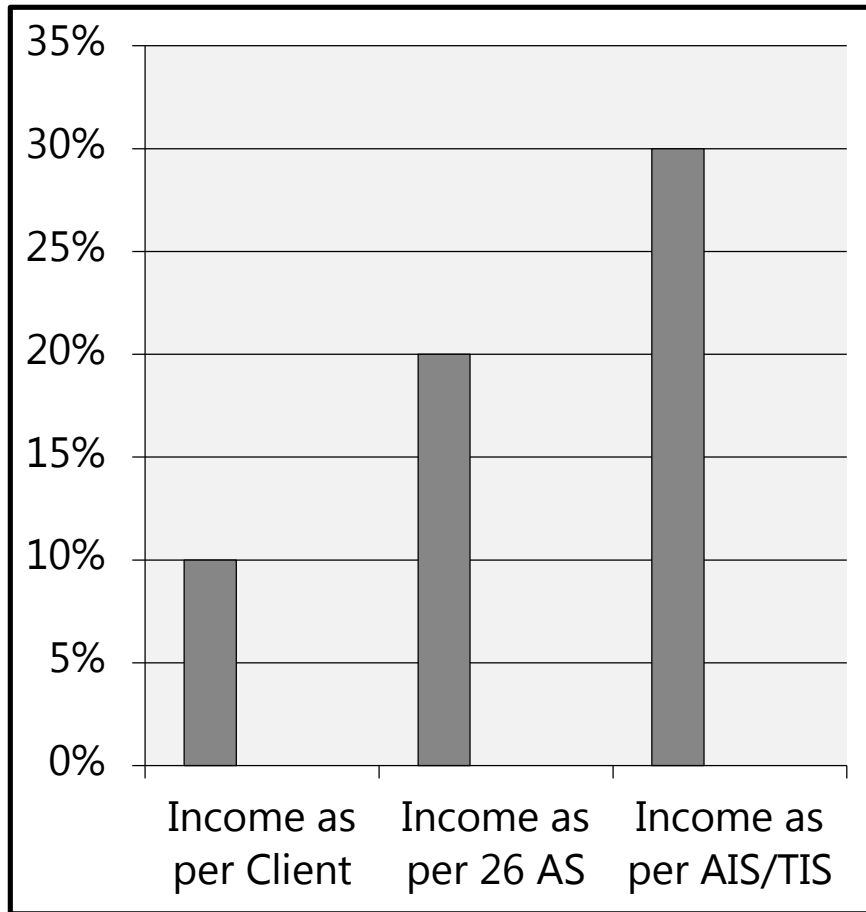
ITR Forms for AY 2025-26

Other Assesseees				
<i>Status of Assessee</i>	<i>ITR 4</i>	<i>ITR 5</i>	<i>ITR 6</i>	<i>ITR 7</i>
Firm (excluding LLPs) opting for presumptive taxation scheme of section 44AD, 44ADA or 44AE	✓			
Firm (including LLPs)		✓		
Association of Persons (AOPs)		✓		
Body of Individuals (BOI)		✓		
Local Authority		✓		
Artificial Juridical Person		✓		
Companies other than companies claiming exemption under Section 11			✓	
Persons including companies required to furnish return under: <ul style="list-style-type: none"> • Section 139(4A); • Section 139(4B); • Section 139(4C); • Section 139(4D); 				✓
Business Trust		✓		
Investment Fund, as referred to in Section 115UB		✓		

Source: Taxmann

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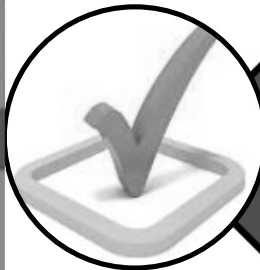
Some Checklist Precautions to be taken for ITR Filers



Some Useful Tips



Returns generated from private software should not be considered as blindly accurate and final;



Validation Utilities provided by ITD is more or less control oriented. Final Computation needs to be physically verified before filing;



Do not try to over-ride the utilities provided to suit the same as per the requirements since these are control based



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