

DIVISION 1: COMPACT REFERENCER

CR-1

Amendments brought in the Income-Tax Act, 1961
by The Finance Bill, 2026

INCOME TAX

Rates of income-tax for Assessment Year 2026-27

1. Rates of income-tax on certain specified incomes for all categories of persons

	<i>Particulars</i>	<i>Rate of Tax for A.Y. 2026-27 whether assessee is under old regime or new regime</i>
(a)	Winnings from lotteries, crossword puzzles or races including horse races or card games and other games of any sort or from gambling or betting of any form or nature whatsoever [Section 115BB], Tax on income from virtual digital asset [Section 115BBH], Tax on winning from online [Section 115BBJ]	30%
(b)	Short-term capital gain on equity shares in a company or units of an equity oriented fund where the transaction is chargeable to securities transaction tax [Section 111A]	20%
(c)	Long-term capital gains [Section 112]	12.5%
(d)	Long-term capital gain referred to in section 112A	12.5% of the amount exceeding ₹1,25,000

2. Rates of income tax on normal income for all categories of persons

2-a In the case of every Individual or Hindu Undivided Family or Association of Persons (AOP) (other than a Co-operative Society) or Body or Individuals (BOI), whether incorporated or not, or an Artificial Juridical Person (AJP)

(i) Tax Rates

<p>Where the individual or HUF or AOP or (other than a Co-operative Society) or BOI or AJP does not opt under section 115BAC(6) to be taxed under old regime. Hence, such person by default is chargeable to tax under section 115BAC(1A) of the Income-tax Act (i.e the new regime)</p> <p style="text-align: center;">For A.Y. 2024-25</p> <table border="1"><thead><tr><th>Total income</th><th>Rate of tax</th></tr></thead><tbody><tr><td>Upto ₹3,00,000</td><td>Nil</td></tr><tr><td>From ₹3,00,001 to ₹6,00,000</td><td>5%</td></tr><tr><td>From ₹6,00,001 to ₹9,00,000</td><td>10%</td></tr></tbody></table>	Total income	Rate of tax	Upto ₹3,00,000	Nil	From ₹3,00,001 to ₹6,00,000	5%	From ₹6,00,001 to ₹9,00,000	10%	<p>I. Where the individual (other than those mentioned in (II) or (III) below) or HUF or AOP or (other than a Co-operative Society) or BOI or AJP opts under section 115BAC(6) to be taxed under old regime.</p> <p style="text-align: center;">For A.Ys. 2024-25, 2025-26 & 2026-27</p> <table border="1"><thead><tr><th>Total income</th><th>Rate of tax</th></tr></thead><tbody><tr><td>Upto ₹2,50,000</td><td>Nil</td></tr><tr><td>₹2,50,001 to ₹5,00,000</td><td>5%</td></tr><tr><td>₹5,00,001 to ₹10,00,000</td><td>20%</td></tr></tbody></table>	Total income	Rate of tax	Upto ₹2,50,000	Nil	₹2,50,001 to ₹5,00,000	5%	₹5,00,001 to ₹10,00,000	20%
Total income	Rate of tax																
Upto ₹3,00,000	Nil																
From ₹3,00,001 to ₹6,00,000	5%																
From ₹6,00,001 to ₹9,00,000	10%																
Total income	Rate of tax																
Upto ₹2,50,000	Nil																
₹2,50,001 to ₹5,00,000	5%																
₹5,00,001 to ₹10,00,000	20%																

From ₹9,00,001 to ₹12,00,000	15%	Above ₹10,00,000	30%										
From ₹12,00,001 to ₹15,00,000	20%	II. In the case of every individual, being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year.											
Above ₹15,00,000	30%	<table border="1"> <thead> <tr> <th>Total income</th> <th>Rate of tax</th> </tr> </thead> <tbody> <tr> <td>Upto ₹3,00,000</td> <td>Nil</td> </tr> <tr> <td>₹3,00,001 to ₹5,00,000</td> <td>5%</td> </tr> <tr> <td>₹5,00,001 to ₹10,00,000</td> <td>20%</td> </tr> <tr> <td>Above ₹10,00,000</td> <td>30%</td> </tr> </tbody> </table>		Total income	Rate of tax	Upto ₹3,00,000	Nil	₹3,00,001 to ₹5,00,000	5%	₹5,00,001 to ₹10,00,000	20%	Above ₹10,00,000	30%
Total income	Rate of tax												
Upto ₹3,00,000	Nil												
₹3,00,001 to ₹5,00,000	5%												
₹5,00,001 to ₹10,00,000	20%												
Above ₹10,00,000	30%												
For A.Y. 2025-26													
Upto ₹3,00,000	Nil	III. In the case of every individual, being a resident in India, who is of the age of 80 years or more at any time during the previous year.											
From ₹3,00,001 to ₹7,00,000	5%	<table border="1"> <thead> <tr> <th>Total income</th> <th>Rate of tax</th> </tr> </thead> <tbody> <tr> <td>Upto ₹5,00,000</td> <td>Nil</td> </tr> <tr> <td>₹5,00,001 to ₹10,00,000</td> <td>20%</td> </tr> <tr> <td>Above ₹10,00,000</td> <td>30%</td> </tr> </tbody> </table>		Total income	Rate of tax	Upto ₹5,00,000	Nil	₹5,00,001 to ₹10,00,000	20%	Above ₹10,00,000	30%		
Total income	Rate of tax												
Upto ₹5,00,000	Nil												
₹5,00,001 to ₹10,00,000	20%												
Above ₹10,00,000	30%												
From ₹7,00,001 to ₹10,00,000	10%												
From ₹10,00,001 to ₹12,00,000	15%												
From ₹12,00,001 to ₹15,00,000	20%												
From ₹15,00,001 to ₹20,00,000	25%												
Above ₹20,00,000	30%												
For A.Y. 2026-27													
Upto ₹4,00,000	Nil												
From ₹4,00,001 to ₹8,00,000	5%												
From ₹8,00,001 to ₹12,00,000	10%												
From ₹12,00,001 to ₹16,00,000	15%												
From ₹16,00,001 to ₹20,00,000	20%												
From ₹20,00,001 to ₹24,00,000	25%												
Above ₹24,00,000	30%												

(ii) Surcharge on Income-tax

The amount of income-tax shall be increased by a surcharge for the purposes of the Union calculated at the following rates—

Sl. No.	I. In the case of every Individual or HUF or AOP (other than a Co-operative Society or an AOP referred in 2 below) or BOI, whether incorporated or not, or an Artificial Juridical Person (AJP)	Rate of Surcharge
(i)	Where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds ₹50,00,000 but does not exceed ₹1,00,00,000	10%
(ii)	Where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds ₹1,00,00,000 but does not exceed ₹2,00,00,000	15%
(iii)	Where the total income (excluding dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds ₹2,00,00,000 but does not exceed ₹5,00,00,000	25%
(iv)	Where the total income (excluding dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds ₹5,00,00,000	37%
(v)	Where the total income (including dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act) exceeds ₹2,00,00,000, but is not covered in clauses (iii) and (iv)	15%
(vi)	Where the total income includes any dividend income or capital gains under the provisions of sections 111A, 112 and 112A of the said Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed and the provisions of clause (i) or (ii), as the case may be, shall apply accordingly.	15%

Note: Where the total income of individual or HUF or AOP or (other than a Co-operative Society) or BOI or AJP is chargeable to tax under section 115BAC(1A) of the Income-tax Act (i.e. under the new regime), the rate of surcharge shall not exceed 25%.

Sl. No.	2. In case of Association of Persons consisting of only companies as its members.	Rate of Surcharge
(i)	Where the total income exceeds ₹50,00,000 but does not exceed ₹1,00,00,000	10%
(ii)	where the total income exceeds ₹1,00,00,000	15%

Note:

Provided further that where the total income of a person, being a specified fund referred to in clause (c) of the *Explanation* to section 10(4D) of the Income-tax Act, includes any income under section 115AD(1)(a) of the Income-tax Act, the advance tax computed on that part of income shall not be increased by any surcharge;

Provided also that in the case of a specified fund, referred to in clause (c) of the *Explanation* to section 10(4D) of the Income-tax Act, whose income is chargeable to tax under section 115BAC(1A) and where such income includes any income under section 115AD(1)(a) of the Income-tax Act, the advance tax computed on that part of income shall not be increased by any surcharge.

(iii) Marginal Relief: See para 3 below.

(iv) Cess: See para 4 below.

2-b In the case of every co-operative society

Co-operative societies (other than those who opt to be taxed under section 115BAD or 115BAE)		Co-operative societies who opt to be taxed under section 115BAD provided the conditions mentioned u/s 115BAD(2) are satisfied	Co-operative societies who opt to be taxed under the newly inserted section 115BAE provided the conditions mentioned u/s 115BAE(2) are satisfied
(1) where the total income does not exceed ₹10,000	10% of the total income;	22% of total income	15% of total income
(2) where the total income exceeds ₹10,000 but does not exceed ₹20,000	₹1,000 plus 20% of the amount by which the total income exceeds ₹10,000;		
(3) where the total income exceeds ₹20,000	₹3,000 plus 30% of the amount by which the total income exceeds ₹20,000.		
Surcharge		Surcharge	Surcharge
The amount of income-tax computed as above, or as per the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated in the case of every co-operative society,—		10% (irrespective of the fact whether the total income is less than or more than ₹1 crore)	10% (irrespective of the fact whether the total income is less than or more than ₹1 crore)
(a) having a total income exceeding ₹1 crore but not exceeding ₹10 crore, @7% of such income-tax;			
(b) having a total income exceeding ₹10 crore, @12% of such income-tax:			

Marginal relief	Marginal relief	Marginal relief
See para 3 below	Not applicable	Not applicable
Cess		
See para 4 below		

2-c In case of a firm (including limited liability partnership) or every local authority (these assessee are under old regime only)

- (i) **Rate of tax:** The rate of tax on total income (exclusive of short-term capital gain covered under section 111A and long-term capital gain) shall be 30%.
- (ii) **Surcharge:** The amount of income-tax computed as above, or as per the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, in the case of every firm (including limited liability partnership) or every local authority, having a total income exceeding ₹1 crore, be increased by a surcharge for the purposes of the Union calculated @12% of such income-tax:
- (iii) **Marginal Relief:** See para 3 below.
- (iv) **Cess:** See para 4 below.

2-d In the case of a company

(1) For domestic companies:

If the company opts to be taxed as per the old regime		If the company opts to be taxed under the new regime i.e. u/s 115BAA provided it satisfies the conditions of section 115BAA(2)	If the company is a new manufacturing company and it opts to be taxed u/s 115BAB(2) provided it satisfies the conditions of section 115BAB(2)
(1) (a) If the total turnover or gross receipts of the previous year 2023-24 does not exceed ₹400 crore	25%	22%	15%
(b) In all other cases	30%		
(2) Certain manufacturing domestic companies, who opt to be taxed u/s 115BA provided it satisfies the conditions of section 115BA(2)	25%		
Surcharge		Surcharge	Surcharge
The amount of income-tax computed as above, or as per the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union		10% (irrespective of the fact whether the total income is less than or more than ₹1 crore)	10% (irrespective of the fact whether the total income is less than or more than ₹1 crore)

calculated, in the case of every such company,— (a) having a total income exceeding ₹1 crore but not exceeding ₹10 crore, @7% of such income-tax; and (b) having a total income exceeding ₹10 crore, @12% of such income-tax;		
Marginal relief	Marginal relief	Marginal relief
See para 3 below	Not applicable	Not applicable
Cess		
See para 4 below.		

(II) For foreign company:

(i) **Rate of tax:** 35% (Upto AY 2024-25 it was 40%)

(ii) **Surcharge:** In case of companies other than domestic companies,—

(a) the surcharge of 2% shall be levied if the total income exceeds ₹1 crore but does not exceed ₹10 crore.

(b) The surcharge at the rate of 5% shall be levied if the total income of the company other than domestic company exceeds ₹10 crore.

(iii) **Marginal relief:** See para 3 below.

(iv) **Cess:** See para 4 below.

3. Marginal Relief

In respect of the persons mentioned in column B of the Table 2 below, having total income exceeding the amount as specified in column C of the said Table but does not exceed the amount specified in column D thereof, the **total amount payable as income-tax and surcharge thereon shall not exceed the amount determined as per the following formula:—**

$$W_0 = U_0 + V_0$$

where,—

W_0 = the total amount beyond which the total amount payable as income- tax and surcharge thereon shall not exceed;

U_0 = the total amount payable as income-tax and surcharge, if applicable, on an amount as specified in column C of the Table 2 below; and

V_0 = the total income – amount as specified in column C of the said Table.

Table

Sl. No.	Person	Amount	Amount
A	B	C	D
1.	Individual or Hindu Undivided Family or Association of Persons (AOP) (other than a Cooperative Society or an AOP referred in 2 below) or Body or Individuals (BOI), whether incorporated or not, or an Artificial Juridical Person (AJP)	₹50,00,000	₹1,00,00,000
		₹1,00,00,000	₹2,00,00,000
		₹2,00,00,000	₹5,00,00,000
		₹5,00,00,000	—

2.	Association of Persons consisting of only companies as its members	₹50,00,000 ₹1,00,00,000	₹1,00,00,000 —
3.	Co-operative society	₹1,00,00,000 ₹10,00,00,000	₹10,00,00,000 —
4.	Firm or local authority	₹1,00,00,000	—
5.	Company	₹1,00,00,000 ₹10,00,00,000	₹10,00,00,000 —

4. Cess

‘Health and Education Cess’ @ 4% on income tax (inclusive of surcharge, wherever applicable) shall be levied.

Amendments relating to “Transfer Pricing”

1. Clarifying the manner of computation of 60 days for passing the order by the Transfer Pricing Officer [Section 92CA(3AA) inserted w.r.e.f. 1.6.2007]

(A) Existing Provisions

Section 92CA provides that where an assessee, has entered into an international transaction or specified domestic transaction in any previous year, the Assessing Officer may refer the computation of the arm's length price under section 92C in relation to the said international transaction or specified domestic transaction to the Transfer Pricing Officer.

Further, section 92CA(3A) provides that the Transfer Pricing Officer is required to pass an order under section 92CA(3) before 60 days **prior to the date on which period of limitation specified in section 153, or as the case may be, in section 153B** for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, **expires**.

(B) Amendment made by the Finance Bill, 2026

Section 92CA(3AA) inserted w.r.e.f. 1.6.2007

The Bill has inserted sub-section (3AA) under section 92CA to provide that for the purpose of making order under section 92CA(3), the calculation of 60 days shall be made and shall be deemed to have been made in the following manner, namely:—

- (a) where the period of limitation expires on 31st of March of any year (not being a leap year), the order under section 92CA(3) may be made up to the 30th of January of that year;
- (b) where the period of limitation expires on 31st of March of any year (being a leap year), the order under section 92CA(3) may be made up to the 31st of January of that year;
- (c) where the period of limitation expires on 31st of December of any year, the order under section 92CA(3) may be made up to the 1st of November of that year.

Amendments relating to “Return of Income and Procedure of Assessment”

2. Rationalising due dates for filing of return of Income [Section 139(1), w.e.f. A.Y. 2026-27]

(A) Existing Provisions

Explanation 2 to section 139(1) provides definition for “due date” to mean the last date for filing the return by different classes of assessee or person for the assessment year, with different conditions applied therein.

(B) Amendment made

The Bill has substituted the said *Explanation* to provide that for the purposes of section 139(1) “due date”, **in respect of the persons mentioned in column B** of the Table below, subject to the

conditions as mentioned in column C of the said Table, shall be the due date of assessment year as mentioned in column D thereof:

TABLE

<i>Sl. No.</i>	<i>Person</i>	<i>Conditions</i>	<i>Due date</i>
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E apply.	30th November.
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law for the time being in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E do not apply.	31st October.
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law for the time being in force; (ii) Partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E do not apply.	31st August.
4.	Any other assessee.		31st July.

3. Extending the period of filing revised return [Section 139(5) w.r.e.f. 1.3.2026]

Existing provisions

Section 139(5) deals with the filing of revised return of income. It allows a person who has already furnished a return under sections 139(1) and (4) to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return must be furnished at any time **before 3 months prior to the end of relevant assessment year** or before completion of assessment, whichever is earlier.

Amendment made w.r.e.f. 1.3.2026

The Bill has substituted the said section 139(5) to provide that if any person, having furnished a return under section 139(1) or section 139(4), discovers any omission or any wrong statement therein, he may, **subject to the provisions of section 234-I**, furnish a revised return at any time **before the end of the relevant assessment year** or before the completion of the assessment, whichever is earlier.

Consequential amendment

Fee for default in furnishing revised return of income [Section 234-I inserted w.r.e.f. 1.3.2026]

The Bill has levied a fee amounting to ₹5000 for revising the return after 9 months from the end of relevant previous year **where the total income is more than ₹5 lakh**, and a fee of ₹1000 for revising the return after nine months from the end of relevant previous year **where the total income is less than ₹5 lakh**.

Note: It may be noted that fee for default in furnishing the belated return under section 139(4) is given under section 234F, which is as under:

Where a person is required to furnish a return of income under section 139 fails to do so within the time prescribed under section 139(1), he shall pay fee amounting to ₹5000 where the total income is more than ₹5 lakh, and a fee of ₹1000 where the total income is less than ₹5 lakh.

Hence, if a return of income is filed within the due date specified under section 139(1) and the same is **revised after 31st December** but any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier, he shall pay a fee as per the newly inserted section 234-I. There is/was no fee for revising the return of income upto 31st December, if the original return is filed on or before the due date mentioned under section 139(1).

Whereas, if a belated return is filed and it is revised after 31st December, he shall pay a fee both under section 234F as well as under newly inserted section 234-I.

Particulars	Original Return	Revised Return	Applicable Fee for revising the return
Scenario 1	29.07.2026	31.07.2026	Nil
Scenario 2	29.07.2026	05.08.2026	Nil
Scenario 3	29.07.2026	01.01.2027	Only under section 234-I
Scenario 4	01.08.2026	05.08.2026	Only under section 234F
Scenario 5	01.08.2026	01.01.2027	Both under sections 234F and 234-I

4. Amendments made in the provisions relating to updated return of income

(A) Filing of updated return in the case of reduction of losses also to be allowed [Section 139(8A) of Income Tax Act, 1961 amended w.r.e.f. 1.3.2026]

Existing Provisions

Section 139(8A) provides for updated return of Income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within 48 months from the end of the relevant assessment year. This provision is meant to promote voluntary compliance on the part of taxpayer to offer the income for taxation. Section 139(8A) does not allow to update the loss return **unless it is converted into income**.

In this regard, suggestions were received from the stakeholders that updated return may also be allowed in such cases where taxpayer is reducing the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under section 139(1).

Amendment made

The Bill has provided to allow filing of updated return in such cases where tax payer reduces the amount of loss in comparison to the amount of loss claimed in the return of loss furnished **within the due date specified under section 139(1) read with Explanation 2**.

(B) Allowing the filing of updated return after issuance of notice of reassessment under section 148 [Section 139(8A) of Income Tax Act, 1961 amended w.r.e.f. 1.3.2026]

Existing provisions

Third proviso to section 139(8A) provides that no updated return shall be furnished by any person for the relevant assessment year, where any proceeding for assessment or reassessment or recomputation or revision of income under this Act is pending or has been completed for the relevant assessment year in this case.

Amendment made

The Bill has inserted eighth proviso under section 139(8A) to provide that an updated return may be furnished by a person for the relevant assessment year **in pursuance of a notice under**

section 148 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner.

4.1 Consequential amendments

(1) Additional income-tax payable under section 140B(3) shall be increased by a further sum of 10% [Section 140B(3A) inserted w.r.e.f. 1.3.2026]

Existing Provisions

Section 140B(3) provides that additional income-tax amounting to 25%, 50%, 60% and 70% of the aggregate of tax and interest payable, shall be paid along with original tax and interest payable, for filing the updated return in first, second, third and fourth year, respectively from the end of the relevant assessment year.

Amendment made

The Bill has inserted section 140B(3A) to provide that where an updated return is filed in pursuance of a notice issued under section 148 **within the period specified in the said notice, the additional income-tax payable under section 140B(3) shall be increased by a further sum of 10%** of the aggregate of tax and interest payable as determined in section 140B(1) or 140B(2) as the case may be.

(2) Income on which additional income-tax is paid under section 140B(3A) shall not form the basis of imposition of penalty under section 270A. [Section 270A(11A) inserted under section 270A w.r.e.f. 1.3.2026]

Existing provision

Section 270A imposes a penalty for under reporting and misreporting of income.

Amendment made

Due to additional income payable under newly inserted section 140B(3A), the Bill has inserted a new sub-section (11A) in section 270A to provide that where additional income-tax is paid in accordance with section 140B(3A), the income on which such additional income-tax is paid shall not form the basis of imposition of penalty.

5. Clarifying time-limit for completion of assessment under section 144C. [Section 153 w.r.e.f. 01.04.2009, Section 153B w.r.e.f. 01.10.2009]

Existing provisions

Section 144C of the said Act, *inter alia*, provides for the procedure and scheme for making a reference to the Dispute Resolution Panel in respect of certain eligible assessee. Section 153 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

The Dispute Resolution Panel mechanism, as provided under section 144C of the said Act provides for a specific procedure as below:—

- (i) filing of objections before the Dispute Resolution Panel — within 30 days from the date of receipt of the draft assessment order;
- (ii) issuance of directions by the Dispute Resolution Panel — within 9 months from the end of the month in which the draft assessment order is forwarded to the eligible assessee; and
- (iii) passing of the final assessment order — notwithstanding anything contained in sections 153 or 153B of the said Act, within one month from the end of the month in which the directions of the Dispute Resolution Panel are received, as mandated under section 144C(13).

In cases where the assessee accepts the draft assessment order and does not file objections before the Dispute Resolution Panel, the Assessing Officer is required, notwithstanding anything contained in sections 153 or 153B of the said Act, as the case may be, to pass the final assessment

order within one month from the end of the month in which the period specified for filing objections expires, in terms of section 144C(4) of the said Act.

On plain reading of section 144C and 153 or 153B, as the case maybe, it leaves no doubt that section 153 or section 153B provides for time limit for assessment but where assessment is made under section 144C(3) or 144C(13), the time available as per section 144C(4) or 144C(13) shall apply, notwithstanding the provisions of section 153 or section 153B.

In various judgements of courts, differing interpretations have been made regarding the intent of the legislature. A view has been taken that the entire process of section 144C has to satisfy the overall time limit of section 153 or 153B, even though, clear carve out has been provided by the section 144C itself. Even the apex court has rendered split verdict on this issue, thus, necessitating in bringing certainty and clarity to the legislative intent.

Accordingly, notwithstanding anything contained in any judgment, order or decree of court, the Bill has clarified in section 153 and section 153B that time lines in these sections govern the draft order stage and the timelines provided in section 144C operate for finalization of assessments, notwithstanding the time limit provided in section 153 and section 153B.

Amendment made

The Bill has amended section 144C as under to clarify the time-limits available to the Assessing Officer to pass the final assessment order upon receipt of direction issued by Dispute Resolution Panel.

- (1) Section 144C(4A) has been inserted under section 144C **w.r.e.f. 1.4.2009**, to clarify that for the purposes of section 144C(4), where a draft of the proposed order of assessment under section 144C(1) is forwarded within the time period allowed under section 153, further time period available to the Assessing Officer to complete the assessment under section 144C(3) shall be governed and shall always be deemed to have been governed by the provisions of section 144C(4).
- (2) Section 144C(4B) has been inserted under section 144C **w.r.e.f. 1.10.2009** to clarify that notwithstanding anything contained in any judgment, order or decree of any court, or section 153B, for the removal of doubts, it is hereby clarified for the purposes of section 144C(4) that where a draft of the proposed order of assessment under section 144C(1) is forwarded within the time period allowed under section 153B, further time period available to the Assessing Officer to complete the assessment under section 144C(3) shall be governed and shall always be deemed to have been governed by the provisions of section 144C(4).
- (3) The Bill has further inserted the following sub-sections (13A) and (13B) in section 144C **w.r.e.f. 1.10.2009**, so as to clarify the time period available to the Assessing Officer to complete the assessment under section 144C(3) and sub-section (13), as the case may be, of section 144C of the said Act.
 - (i) Section 144C(13A), notwithstanding anything contained in any judgment, order or decree of any court, or section 153, for the removal of doubts, it is hereby clarified that for the purposes of section 144C(13) where a draft of the proposed order of assessment under section 144C(1) is forwarded within the time period allowed under section 153, time period available for the Assessing Officer under section 144C(13) to pass the assessment order upon receipt of the direction issued under section 144C(5), **shall be governed and shall always be deemed to have been governed by the provisions of section 144C(12) and section 144C(13)**.
 - (ii) Section 144C(13B), notwithstanding anything contained in any judgment, order or decree of any court, or section 153B, for the removal of doubts, it is hereby clarified that for the purposes of section 144C(13) where a draft of the proposed order of assessment under section 144C(1) is forwarded within the time period allowed under section 153B, time period available for the Assessing Officer under section 144C(13) to

pass the assessment order upon receipt of the direction issued under section 144C(5), **shall be governed and shall always be deemed to have been governed by the provisions of section 144C(12) and section 144C(13).**

5.1 Consequential Amendment

(1) Amendment of section 153

Existing Provision

Section 153 provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

Amendment made w.r.e.f. 1.4.2009

The Bill has amended section 153 by inserting section 153(10) so as to clarify that in terms of provisions of sections 153(1) to (4), the draft of the proposed order of assessment referred to in section 144C(1) shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in the said sub-sections.

(2) Amendment of section 153B

Existing Provision

Section 153B of the said Act provides for the time limits for completion of assessment and reassessment proceedings related to search initiated under section 132 and requisition made under section 132A and sets the time limit for concluding such proceedings.

Amendment made w.e.f. 1.10.2009

The Bill has amended section 153B by inserting section 153B(1A) so as to clarify that in terms of provisions of this section, the draft of the proposed order of assessment referred to in section 144C(1) shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in this section.

6. **For the purposes of issue of notice under section 148 where income has escaped assessment and for carrying out pre-assessment procedure u/s 148A, the Assessing Officer shall be the Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 144B(3) [Section 147A inserted w.r.e.f. 1.4.2021]**

Existing provisions

Vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, sections 144B and 151A were inserted in the said Act. Section 144B provides for statutory procedure for faceless assessments with effect from the 1st day of April, 2021.

Section 147 of the Income-tax Act, 1961 empowers the Assessing Officer to assess, reassess, or recompute income if any income chargeable to tax has escaped assessment for a particular assessment year. Section 148 of the said Act provides that the Assessing Officer is mandated to issue a notice to the assessee so as to furnish a return of income where income chargeable to tax has escaped assessment.

The Finance Act, 2021 had inserted section 148A into the said Act with effect from 1st day of April, 2021 to introduce a mandatory pre-notice inquiry process and opportunity of hearing before issuance of a notice under section 148. The said section requires the Assessing Officer to conduct an inquiry, if required, with prior approval of the specified authority, provide the assessee with a show cause notice along with information suggesting escapement of income, and grant an opportunity of being heard. After considering the assessee's reply, the Assessing Officer is required to pass a reasoned order under section 148A(3), as the case may be, determining whether it is a fit case for issuance of notice under section 148. The said order under section 148A(3) is issued with the prior approval of the specified authority.

Amendment made

The Bill has inserted a new section 147A after the said section 147 of the Income-tax Act, 1961 so as to remove doubts and to clarify that, notwithstanding anything contained in any judgement, order or decree of any court or in section 151A or in any scheme framed thereunder, for the removal of doubts, it is hereby clarified that the Assessing Officer for the purposes of sections 148 and 148A shall mean and shall always be deemed to have meant to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 144B(3).

Minimum period for filing a return under section 148(1) prescribed (applicable w.e.f. 30.3.2026).

Existing Provisions

Before making the assessment, reassessment or recomputation under section 147, the Assessing Officer shall, subject to the provisions of section 148A, issue a notice to the assessee, along with a copy of the order passed under section 148A(3), requiring him to furnish, within such period as may be specified in the notice, **not exceeding 3 months** from the end of the month in which such notice is issued, a return of his income or income of any other person in respect of whom he is assessable under this Act during the previous year corresponding to the relevant assessment year:

Amendment made

As per the existing provisions only maximum limit of 3 months for furnishing the return of income under section 148(1) was provided. The Bill has now provided that a minimum period of 30 days shall be given from the date of issuance of notice under section 148(1) for furnishing the return of income.

Provision for cases where assessment is in pursuance of an order on appeal, etc. [Section 150] (w.e.f. 01.02.2026)

Existing provisions

(1) Notwithstanding anything contained in section 149, the notice under section 148 may be issued at any time for the purpose of making an assessment or reassessment or recomputation in consequence of or to give effect to any finding or direction contained in an order passed by any authority in any proceeding under this Act by way of appeal, reference or revision ¹[or by a court in any proceeding under any other law].

(2) The provisions of sub-section (1) shall not apply in any case where any such assessment, reassessment or recomputation as is referred to in that sub-section relates to an assessment year in respect of which an assessment, reassessment or recomputation could not have been made at the time the order which was the subject-matter of the appeal, reference or revision, as the case may be, was made by reason of any other provision limiting the time within which any action for assessment, reassessment or recomputation may be taken.

Amendment made

The above section 150 has been substituted by the following w.e.f. 1.2.2026.

(1) Notwithstanding anything contained in section 149, the notice under section 148 may be issued at any time for the purpose of making an assessment or reassessment or recomputation, in consequence of, or to give effect to, any finding or direction contained in an order passed by —

- (a) any authority in any proceeding under this Act by way of appeal, reference or revision;*
- or*
- (b) a court in any proceeding under this Act or any other law.*

¹ Ins. by Direct Tax Laws (Amendment) Act, 1987 (w.e.f. 1-4-1989).

(2) The provisions of section 150(1) shall not apply in any case where the assessment or reassessment or recomputation as is referred to in that sub-section relates to an assessment year in respect of which an assessment or reassessment or recomputation could not have been by reason of any other provision limiting the time within which any action for assessment or reassessment or recomputation may be taken, at the time when,—

- (a) the order which was the subject matter of the appeal, reference or revision, as the case may be, was made; or
- (b) the proceedings relating to assessment or reassessment or recomputation under this Act (other than those proceedings which have culminated in an order), which was the subject matter before the Court, was initiated.

(3) For the purposes of section 150(1), notice under section 148 shall be issued within a period of three months from the end of the quarter in which the certified copy of the order of the authority or the Court: as the case may be, is received by the jurisdictional Principal Commissioner or Commissioner.

Amendments Relating to "Interest and Fee Payable"

7. **Fee for revising the return of income under section 139(5) after 31st December [New Section 234-I inserted]**
For details see para 21.12

Amendments relating to "Penalties and Prosecution"

8. **Income on which additional income-tax is paid under section 140B(3A) shall not form the basis of imposition of penalty under section 270A. [Section 270A(11A) inserted under section 270A w.r.e.f. 1.3.2026]**
For details see para 23.3

9. **Section 270AA relating to immunity from imposition of penalty, etc. amended**

Existing provisions

Section 270AA, *inter alia*, provides the procedure for granting immunity by the Assessing Officer from imposition of penalty or initiation of prosecution, if assessee fulfils certain conditions, specified therein.

Under the said section immunity is granted **only in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting.**

Amendment made w.r.e.f. 1.3.2026

Section 270AA has been amended so as to extend such immunity to cases **where penalty is initiated for under-reporting of income in consequence of misreporting**, on payment of the tax and interest payable as per the order of assessment under section 143(3) or reassessment under section 147, **along with additional income-tax amounting to 100%** of the aggregate of such tax payable.

10. **Penalty for under-reporting of income leviable under section 270A to be imposed in the assessment order itself [Section 274 amended w.r.e.f. 1.3.2026]**

Existing provisions

Section 274, prescribes the procedure for imposing penalties and mandates that no penalty shall be levied unless the assessee is given a reasonable opportunity of being heard. It requires the Assessing Officer to issue a show-cause notice for which the penalty is proposed, and in certain

cases, prior approval of higher authorities is necessary before imposing the penalty. The section ensures adherence to the principles of natural justice and aims to prevent arbitrary or invalid penalty proceedings.

Amendment made w.r.e.f. 1.3.2026

The Bill has inserted the following sub-sections (4) & (5) under section 274 and the same shall be deemed to have been inserted w.r.e.f. 1.3.2026:—

Section 274(4): Notwithstanding anything contained in any other provision of this Act, where any draft of the proposed order of assessment under section 144C or assessment under section 143 or reassessment under section 147 is made on or after 1st of April, 2027 in respect of the assessment year 2026-2027 or any earlier assessment year,—

- (a) the penalty under section 270A, if any, shall constitute part of such draft assessment or shall be imposed as a part of such order of assessment or reassessment, as the case may be; and
- (b) the reference to the assessment order or the penalty order under section 270A in any of the provisions of this Act shall take reference to such order of assessment or reassessment, as the case may be.

Section 274(5): Where the approval of the Joint Commissioner is taken for passing of an order of assessment or reassessment on or after the 1st April, 2027, such approval shall also be deemed to be the approval for the imposition of penalty under section 270A, if any, constituting part of such order of assessment or reassessment.

10.1 Consequential amendments

(1) Penalty for under-reporting of income leviable under section 270A imposed in the assessment order may be waived by the Dispute Resolution Committee

Existing provision

Section 245MA, provides for the constitution of a Dispute Resolution Committee to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The said Committee is empowered to reduce or waive penalties and grant immunity from prosecution, subject to conditions, with the objective of reducing litigation. The section lays down eligibility, procedure, and binding nature of the Dispute Resolution Committee order, promoting voluntary compliance and speedy dispute resolution.

Amendment made w.r.e.f. 1.3.2026

The Bill has amended section 245MA(2) to provide that penalty for under-reporting of income leviable under section 270A imposed in the assessment order may be waived by the Dispute Resolution Committee.

(2) Amendment of section 220 relating to when tax payable and when assessee deemed in default.

Existing provision

Section 220 provides the payment and recovery of tax demand, stating that any amount specified in a notice of demand under section 156 must be paid within 30 days of service of the notice. If the assessee fails to pay within this period, they are deemed to be in default and become liable to interest under section 220(2), along with possible recovery proceedings such as attachment of property. The Assessing Officer may, however, allow payment by instalments or extend the time for payment, subject to conditions, to provide relief in genuine cases.

Section 274, has provided that, penalty for under-reporting of income under leviable under section 270A shall be imposed in the assessment order.

Amendment made w.r.e.f. 1.3.2026

Section 274 as amended by Finance Bill, 2026 provides that, penalty for under-reporting of income under leviable under section 270A shall be imposed in the assessment order itself.

Therefore, the Finance Bill has inserted fourth proviso to section 220(2) for charging of interest under the said sub-section in respect of any demand raised on account of penalty levied under section 270A **only after passing of the order by the Commissioner of Income-tax (Appeals) or the Income-tax Appellate Tribunal (for appeal against the order passed in pursuance of directions issued by the Dispute Resolution Panel order), as the case may be**, in respect of any assessment made under section 143 or re-assessment made under section 147 on or after 1.4.2027.

11. Amendments in provisions relating to offences and prosecutions w.r.e.f. 1.3.2026

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment (*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026) (Amended provisions)
1	2	3	4
275A	Dealing with seized assets in contravention of the order made under second proviso to section 132(1) (i.e., deemed or constructive seizure) or section 132(3) (restraint order) by the officer conducting search	Any period up to 2 years and fine	Any period up to 2 years and with fine
275B	Failure to afford facility for inspection of records maintained on electronic media [section 132(1)(iib)]	Any period up to 2 years and fine	Any period up to six months, or with fine, or with both
276	Fraudulent removal, concealment, transfer or delivery of property to thwart tax recovery being taken in execution of a certificate under the provisions of Second Schedule relating to procedure for recovery of tax. In this case <i>mens rea</i> is an essential ingredient of the offence which has to be proved before the accused can be punished.	Any period upto to 2 years and fine	Any period up to two years and with fine
276B	Failure to (a) pay tax to the credit of the Central Government, the tax deducted at source by him as required by or under provisions of Chapter XVIIIB or (b) pay tax or ensure payment of tax to the credit of the Central Government, as required by or under— (i) section 115-O(2); (ii) the proviso to section 194B;	Minimum 3 months and fine and maximum 7 years and fine	(i) for a term up to 2 years, or with fine, or with both, where the amount of such tax exceeds ₹50 lakh; or (ii) for a term up to 6 months, or with fine, or with both, where the amount of such tax exceeds ₹10 lakh but does not exceed ₹50 lakh; or (iii) with fine, in any other case.

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment (*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026) (Amended provisions)
1	2	3	4
	<p>(iii) the first proviso to section 194R(1);</p> <p>(iv) the proviso to section 194S(1); or;</p> <p>(v) W.e.f. 1.7.2023, section 194BA(2)</p> <p>The section is applicable only when there is failure to pay tax. Failure to deduct tax is not covered here. Failure to deduct tax attracts penalty under section 271C.</p> <p>¹[The provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement for such payment under section 200(3). [Proviso to section 276B]]</p>		
276BB	<p>Failure to pay to the credit of Central Government tax collected under section 206C.</p> <p>²["Provided that the provisions of this section shall not apply if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under the proviso to section 206C(3) in respect of such payment.]</p>	Minimum 3 months and fine and maximum 7 years and fine	<p>(a) for a term up to 2 years, or with fine, or with both, where the amount of such tax exceeds ₹50 lakh; or</p> <p>(b) for a term up to 6 months or with fine, or with both, where the amount of such tax exceeds ₹10 lakh but does not exceed ₹50 lakh; or</p> <p>(c) with fine, in any other case.</p>
276C(1)	<p>Willful attempt in any manner to evade tax, penalty or interest chargeable or imposable or under-reports his income³ under the Act (non-cognizable as per section 279A)</p> <p>Any person (i) who has in his possession or control any books of account or other document (being books of account or other documents relevant to any proceedings under the Act) containing a false entry or statement, or (ii) who</p>	<p>If amount sought to be evaded or tax on under-reported income⁴ exceeds ₹25 lakhs, minimum 6 months and fine but which may extend to 7 years and with fine;</p> <p>In any other case 3</p>	<p>(a) for a term up to two years, or with fine, or with both, where the amount sought to be evaded or tax on under-reported income exceeds fifty lakh rupees; or</p> <p>(b) for a term up to six months, or with fine, or with both, where the amount sought to be</p>

1 Inserted by Finance (No. 2) Act, 2024 w.e.f. 1.10.2024.

2 Inserted by Finance Act, 2025 w.e.f. 1.4.2025.

3 The words "or under-reports his income" inserted by the Finance Act, 2016, w.e.f. 1.4.2017.

4 The words "or tax on under-reported income" inserted by the Finance Act, 2016, w.e.f. 1.4.2017.

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment (*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026) (Amended provisions)
1	2	3	4
	makes or causes to be made any false entry in such books of account or documents, or (iii) who omits or causes to be omitted any entry or statement in such books or documents, or (iv) who causes any other circumstances to exist which will have the effect of enabling him to evade any tax or payment thereof shall be guilty of offence under this section.	months and fine which may extend to 2 years and with fine	evaded or tax on under-reported income exceeds ten lakh rupees but does not exceed fifty lakh rupees; or (c) with fine, in any other case.
276C(2)	Willful attempt in any manner to <i>evade the payment of any tax</i> , penalty or interest (non-cognizable as per section 279A)	Minimum 3 months and fine and maximum 2 years and fine.	(a) for a term up to 2 years, or with fine, or with both, where the amount sought to be evaded exceeds ₹50 lakh; or (b) with simple imprisonment for a term up to 6 months, or with fine, or with both, where the amount sought to be evaded exceeds ₹10 lakh but does not exceed ₹50 lakh; or (c) with fine, in any other case.
276CC	Willful failure to file return of income in time under section 139(1), or in response to notice under section 142(1) or section 148 or section 153A (non-cognizable as per section 279A) Willful means such default is intentional, deliberate, calculated, and conscious with knowledge of legal consequences flowing from it.	If tax which would have been evaded if the failure had not been discovered exceeds ₹25 lakhs, minimum 6 months and fine which may extend to 7 years and fine. In any other case, minimum 3 months and fine which may extend to 2 years and fine. <i>Note:</i> Provided that there will be no prosecution proceedings if: (a) the return is furnished by him before the expiry of the assessment year or a return is	(a) for a term up to 2 years, or with fine, or with both, where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds ₹50 lakh; or (b) for a term up to 6 months, or with fine, or with both, where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds ₹10 lakh but does not exceed ₹50 lakh; or (c) with fine, in any other case.

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment <i>(*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026)</i> (Amended provisions)
1	2	3	4
		<p>furnished by him under section 139(8A) within the time provided in that sub-section; or</p> <p>(b) the tax payable by such person, not being a company, on the total income determined on regular assessment, as reduced by the advance tax or self-assessment tax, if any, paid before the expiry of the assessment year, and any tax deducted or collected at source, does not exceed ₹10,000.</p> <p>Note:—The benefit of above sub-clause (b) shall apply to a person other than a company.</p> <p>Consequently w.e.f. 1.4.2018, the company shall be punishable of rigorous imprisonment, as above, if it does not file return of income</p>	
276CCC	Wilfull failure by any person to furnish in due time the return of total income which he is required to furnish by notice given under clause (a) of section 158BC(1)	Minimum 3 months and fine and maximum 3 years and fine	<p>(a) for a term up to 2 years, or with fine, or with both, where the amount of tax exceeds ₹50 lakh; or</p> <p>(b) up to 6 months, or with fine, or with both, where the amount of tax exceeds ₹10 lakh but does not</p>

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment (*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026) (Amended provisions)
1	2	3	4
			(c) exceed ₹50 lakh; or with fine, in any other case
276D	Willful failure to produce books of account and documents as required under section 142(1) or willful failure to comply with a direction to get the accounts audited as required under section 142(2A) <i>Mens rea</i> is an essential ingredient of the offence under section 276D which is clear from the use of expression "willfully"	Any period up to 1 year and fine	No prosecution for failure under section 142(1) For willful failure under section 142A up to 6 months, or with fine, or with both
277	Making a statement in any verification or delivering an account or statement which is false and which he either knows or believes to be false or does not believe it to be true (non-cognizable as per section 279A)	If tax which would have been evaded if the statement or account had been accepted as true exceeds ₹25 lakhs, minimum 6 months and fine which may extend to maximum 7 years and fine; In any other case, minimum 3 months and fine which may extend to 2 years and fine.	(a) for a term up to 2 years, or with fine, or with both, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ₹50 lakh; or (b) for a term up to 6 months, or with fine, or with both, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ₹10 lakh but does not exceed ₹50 lakh; or (c) with fine, in any other case.
277A	Willful and with intent to enable any other person to evade any tax or interest or penalty, makes or causes to be made any entry or statement which is false and which he either knows to be false or does not believe it to be true.	Minimum not less than 3 months with fine which may extend to maximum 2 years with fine	Up to 2 years and with fine
278	<i>Abetment</i> /inducement to others to make a statement or declaration relating to any income or any fringe benefit tax which is false and which he either knows to be false or does not believe it to be true or to commit an offence under section 276C(1) (non-cognizable as per section 279A)	If the amount of tax, penalty or interest which would have been evaded if the declaration, account, or statement had been accepted as true exceeds ₹25 lakh, minimum 6 months	(i) for a term up to 2 years, or with fine, or with both, where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be

Section	Nature of offence	Minimum and maximum period of rigorous imprisonment (Existing provisions)	Minimum and maximum period of simple* imprisonment (*rigorous imprisonment has been substituted by the simple imprisonment by the Finance Bill, 2026) (Amended provisions)
1	2	3	4
		which may extend to maximum 7 years and fine; In any other case, minimum 3 months and fine which may extend to 2 years and fine.	evaded, exceeds ₹50 lakh; or (ii) for a term up to six months, or with fine, or with both, where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds ₹10 lakh but does not exceed ₹50 lakh; or (iii) with fine, in any other case.]
278A	Punishment for second and subsequent offences under section 276B, 276BB, 276C(1), 276CC, 277 or 278	Minimum 6 months which may extend to maximum 7 years for every offence and fine	Not to be less than 6 months but which may extend to 3 years and with fine
280(1)	Disclosure of particulars by public servants in contravention of section 138(2) (prosecution to be instituted with the approval of Central Government)	Up to 6 months and fine	Up to 1 month, or with fine, or with both

Amendments relating to "Appeals and Revision"

12. Amendment in provisions relating to communication of order by Appellate Tribunal (w.e.f. 30.03.2026)

Existing provisions

Section 254(3) provides as follows:

The Appellate Tribunal shall send a copy of any orders passed under this section to the assessee and to the Principal Commissioner or Commissioner.

Amendment made

Prior to amendment, the mode by which such communication as referred in Section 254(3) was to be made was not specified.

The Finance Bill, 2026 has inserted Section 254(3A) as follows:

*For the purposes of section 254(3), where any order is passed under this section on or after the 1st day of October 2026, the Appellate Tribunal shall send a copy of the order to the jurisdictional Principal Commissioner or Commissioner **electronically on the designated portal** designed by the Director General or Principal Director General and the provisions relating to time limits under this Act for any appeal, reference or revision shall apply accordingly.*

Amendments relating to "Miscellaneous Provisions"
--

12. Amendment in provisions relating to certificate by Tax Recovery Officer (w.e.f. 30.03.2026)**Existing provisions**

Section 222(1) provides as under:

When an assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may draw up under his signature a statement in the prescribed form specifying the amount of arrears due from the assessee (such statement being hereafter in this Chapter and in the Second Schedule referred to as "certificate") and shall proceed to recover from such assessee the amount specified in the certificate by one or more of the modes mentioned below, in accordance with the rules laid down in the Second Schedule—

- (a) attachment and sale of the assessee's movable property;
- (b) attachment and sale of the assessee's immovable property;
- (c) arrest of the assessee and his detention in prison;
- (d) appointing a receiver for the management of the assessee's movable and immovable properties.

Amendment made

The Finance Bill, 2026 has omitted clause (c) of Section 222(1) referred above. Hence, now, a Tax Recovery Officer cannot arrest an assessee in default or detain him in prison for the purposes of making a recovery under the provisions of this Act.

Corresponding amendments have been made in the Second Schedule to Income Tax Act, 1961 (*relating to Procedure for recovery of tax*)

14. Assessments not to be invalid on ground of any mistake, defect or omission on account of computer-generated DIN, if such assessment is referenced by computer generated DIN in any manner [Section 292BA inserted w.r.e.f. 01.10.2019]

Section 292B of the Income-tax Act, 1961 states that no return of income, assessment, notice, summons or other proceeding in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of income, assessment, notice, summons or other proceeding if such return of income, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.

CBDT Circular 19 of 2019 dt. 14.8.2019 provided for quoting of a computer-generated document identification number (DIN), on inter-alia, assessment orders. There have been various judgments of High Courts where assessments have been held to be invalid on specious grounds like non-quoting of DIN on every page of the assessment order or non- quoting of DIN on the body of the order even where DIN was lawfully generated and quoted in communication accompanying the said orders. This has resulted in an interpretation where assessments have been annulled even though they were in conformity with the requirements of law and were duly protected by the provisions of section 292B as it saves all assessments which are in substance and effect in conformity with or according to the intent and purpose of the Act.

The Bill has inserted section 292BA w.r.e.f. 1.10.2019 to provide that notwithstanding anything contained in any judgment, order or decree of any court, for the removal of doubts, it is hereby clarified for the purposes of section 292B that no assessment under any of the provisions of this Act shall be invalid or shall be deemed to have been invalid on the ground of any mistake, defect or omission in respect of quoting of a computer generated Document Identification Number, if the assessment order is referenced by such number in any manner.