cyril amarchand mangaldas
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BUDGET ASSAYER

Union Budget 2026 - 2027

UNION
BUDGET
2026

FOREWORD

The Hon'ble FM delivered her ninth consecutive budget in the Lok Sabha. In the era marked by global economic uncertainties and shifting geopolitical dynamics, this budget arrives at a defining moment in India's journey towards becoming a *Viksit Bharat* (developed nation). Anchored in three essential *kartavyas* (duties) namely accelerating and sustaining growth, fulfilling aspirations and building capacity of our people, and ensuring *Sabka Sath, Sabka Vikas*, this Budget charts an ambitious yet pragmatic roadmap for India's economic transformation.

The FM has termed this year's agenda the "*Reform Express*". With a fiscal deficit target and balanced projections for expenditure and tax receipts, the Budget attempts to balance growth imperatives with resource management.

The manufacturing sector receives significant attention. From the Biopharma SHAKTI initiative to the enhanced Electronics Components Manufacturing Scheme, the Budget places emphasis on India's manufacturing capabilities. The establishment of Rare Earth Corridors and Chemical Parks, alongside a container manufacturing push, reflects a focus on securing critical supply chains.

MSMEs, the backbone of Indian enterprise, feature prominently. The SME Growth Fund, enhanced TReDS measures, and the "*Corporate Mitras*" programme aim to address the needs of small businesses across the country. Complementing this is the proposed revival of legacy industrial clusters across India's manufacturing regions. Infrastructure receives substantial allocation. With public capital expenditure outlined, the Budget continues the emphasis on building physical connectivity and urban infrastructure. Novel financing mechanisms including infrastructure-risk guarantees and REITs for CPSE assets are proposed to encourage private capital alongside public investment.

On the taxation front, the Budget introduces several reforms. For global investors, the tax holiday framework for data centre services and competitiveness measures for IFSCs (including extended deduction periods and specified post-holiday taxation rates) are introduced to enhance India's appeal as a business destination. Other key changes include amendments to MAT provisions, increase in STT and changes in taxation of buyback of shares.

The integration of assessment and penalty orders alongside decriminalisation and graded prosecution changes reflect a shift towards a trust-based approach to tax compliance. The Budget has made a few retrospective amendments which will directly impact various cases that are pending at the High Court and Supreme Court level in favour of the tax department. It bears noting that the NDA government, upon assuming office in 2014, had pledged to eliminate retrospective amendments.

The Budget on the indirect tax front introduces key changes such as simplification of discount related valuation provisions, facilitation for trusted importers, and export-oriented customs reforms collectively enhance cash-flow efficiency and reduce litigation risk. Read alongside India’s expanding network of trade agreements, the Budget reinforces India’s positioning as a reliable manufacturing and export hub, signalling policy stability and a forward-looking approach to global trade integration.

This Budget Assayer attempts to decode these multifaceted proposals. We have put together our analysis of the changes proposed to be introduced through the Budget along with our analysis for your kind perusal and comments. We hope you will find this useful and thought provoking.

We welcome your feedback and insights as you navigate through this year's Budget proposals.

Regards,

Cyril Shroff

Cyril Shroff

Managing Partner

Cyril Amarchand Mangaldas

February 2026

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BUSINESS TAXATION

1. Exemption introduced of foreign companies procuring data centre services

Under the existing provisions of section 11 read with Schedule IV of the IT Act, only specified categories of income of non-residents and foreign companies are excluded from total income.

The Finance Bill proposes to amend Schedule IV to introduce exemption to a foreign company in respect of income from procuring data centre services from a specified data centre for a period till March 31, 2047. The specified data centre would be owned and operated by an Indian company set up under an approved scheme notified by Ministry of Electronics and Information Technology. Further, in case such services are ultimately provided to Indian customers, the exemption will be conditional upon routing the transaction through an Indian reseller entity.

The proposal is intended to attract long-term investment into India's data centre and digital infrastructure ecosystem.

The amendment will take effect from TY 2026-27 onwards.

2. Income exemption to foreign company providing capital equipment for electronics manufacturing by Indian contract manufacturer

Under the existing provisions of section 9 of the IT Act (section 9 of the 1961 Act), income earned by foreign companies from supplying capital equipment or goods in India is generally taxable in India unless it can be substantiated that the sale has taken place outside India and hence is not taxable or is subject to other specific exemptions.

The Finance Bill proposes to provide exemption to foreign companies earning income from supplying capital goods, equipment or tooling to Indian contract manufacturers located in custom bonded areas, where such manufacturers use them to produce electronic goods on behalf of the foreign company for a consideration. In order to avail the exemption, the ownership of such capital goods, equipment and tooling should remain with the foreign company, whereas their usage is under the control and direction of the Indian contract manufacturers. The exemption is proposed to be available up to TY 2030-31.

This will provide clarity to such foreign companies who can then send their equipment to India for use by Indian contract manufacturer without any fear of tax issues.

The amendment will take effect from TY 2026-27 onwards.

3. Reduction in tax rate and extension of tax holiday for units in IFSC

Under the existing provisions of section 147 of the IT Act, units located in IFSC are eligible for a 100% deduction for their income for 10 consecutive years within a period of 15 years. Similarly, the Offshore Banking Units ("**OBUs**") too are eligible for a 100% deduction for their income for a period of 10 years.

The Finance Bill proposes to extend the deduction to 20 consecutive years out of a block of 25 years for IFSC units and to allow a period of 20 years for deduction from income for OBUs. It is further proposed that IFSC units will be taxed at a concessional rate of 15% after expiry of the deduction period (as compared to the usual 35% applicable to foreign companies).

The proposal is aimed at enhancing the competitiveness of IFSC as a global financial hub and will also help in providing certainty regarding tax rates for such IFSCs.

The amendment will take effect from TY 2026-27 onwards.

4. Rationalization of certain terms for treasury centres in

Under the existing provisions, certain intra-group financing transactions involving finance company and finance unit set up in IFSC operating as a treasury centre, are excluded from the definition of dividend under section 2(40) of the IT Act (i.e. section 2(22) of the 1961 Act), subject to certain prescribed conditions.

The Finance Bill proposes to rationalise these conditions by prescribing that the other group entity shall have to be from the list of countries specified by the Central Government. The amendment aims to ensure that IFSC units undertake transactions only with intended countries and hence, ensure that the provision is not misused.

The amendment will take effect from TY 2026-27 onwards.

5. Extending the modified return giving effect to APA to associated enterprises

Under the existing provisions of section 169 of the IT Act (section 92CD of the 1961 Act), only the taxpayer entering into an advanced pricing agreements ("**APA**") under section 168 of the IT Act (section 92CC of the 1961 Act) is permitted to file a modified return pursuant to such APA. However, an associated enterprise whose income is correspondingly adjusted as a result of the APA, did not have any mechanism to revise its return or claim consequential relief.

The Finance Bill proposes that where an APA is entered post April 1, 2026, an associated enterprise affected by an APA would also be allowed to furnish a return or modified return to give effect to the income adjustment arising therein from the APA. Such modified return must be filed within the prescribed timeline of 3 months following execution of the APA and will apply to TYs covered by the APA, where the APA is entered into on or after 1 April 2026.

The proposal seeks to rationalise the APA framework by improving its efficacy and ensure symmetry in tax outcomes between associated enterprises.

The amendment will take effect from TY 2026-27 onwards.

6. Increase in STT

STT is a transaction-based tax levied on the purchase or sale of specified securities traded on recognised stock exchanges.

The Finance Bill proposes increase in rate of STT on options and futures transactions as follows:

Particulars	Existing rate	Proposed rate
Sale of option in securities	0.1% of option premium	0.15% of option premium
Sale of option where the option is exercised	0.125% of intrinsic price	0.15% of intrinsic price
Sale of future in securities	0.02% of traded price	0.05% of traded price

The revised rates shall apply to transactions entered into on or after April 1, 2026.

7. Providing the ease in taxation of buyback of shares

Under the provisions of section 2(40)(f) of the IT Act, buyback proceeds are treated as dividend income in the hands of shareholders and the cost of purchase of shares was treated as capital loss to be adjusted against capital gains in the future.

The Finance Bill proposes to rationalise the taxes on buyback of shares by providing that consideration on buyback shall be taxable under the head capital gains, instead of dividend, thereby reinstating the buyback tax regime applicable a couple of years ago. However, for promoters, the taxes on buyback shall be taxable as special rate of 30% for individuals and 22% for promoter companies.

This amendment is aimed at providing the requisite relief to the investors.

The amendment shall take effect from TY 2026-27 onwards.

8. Deduction for prospecting and exploration of critical minerals

Section 51 of the IT Act (Section 35E of the 1961 Act) currently allows deduction of expenditure incurred on prospecting or extraction of minerals for the year of commercial production as well as 4 prior years for the minerals listed in Schedule XII to be amortized over a period of 10 years. The benefit is restricted to the minerals presently specified in that Schedule XII.

The Finance Bill proposes to expand the list of minerals eligible for deduction by including additional critical minerals like beryllium, glauconite, graphite, indium, lithium, niobium, potash, rhenium and tantalum bearing minerals.

The amendment will take effect from TY 2026-27 onwards.

9. MAT exemption for non-resident businesses opting for presumptive taxes

Under the current provisions of section 206 of the IT Act (section 115JB of the 1961 Act), specified foreign companies opting for presumptive taxation engaged in the business of operating ships, aircraft, civil construction, mineral oil, etc. are excluded from the applicability of MAT.

The Finance Bill proposes to clarify that the exemption from MAT is also applicable to the new presumptive taxation schemes announced in the last couple of years i.e. for operation of cruise ships (section 44BBC of the 1961 Act) and for providing technology for setting up manufacturing facility in India to a resident company (section 44BBD of the 1961 Act).

The amendment will take effect from TY 2026-27 onwards.

10. Amendment to MAT provisions

Under the current provisions of section 206 of the IT Act (section 115JB of the 1961 Act), companies are subject to MAT at the rate of 15% where tax payable under normal provisions is lower than MAT computed on book profits. MAT credit can be carried forward for up to 15 years and set off against future tax liabilities. The levy of MAT is not applicable in case of companies opting for concessional tax rate of 22% under section 200 of the IT Act (section 115BAA of the 1961 Act).

The Finance Bill proposes to treat MAT paid till now under the provisions of the 1961 Act as final tax, and consequently, no fresh MAT credit would be generated with effect from April 1, 2026. The rate of MAT is proposed to be reduced from 15% to 14% of book profits for companies still not opting the concessional tax rate of 22% under section 200 of the IT Act. Further, set-off of existing MAT credit is proposed to be restricted for domestic companies opting for concessional tax rate of 22% and will be capped to 25% of tax liability.

The proposal has been introduced to encourage corporate taxpayers to shift to the tax regime under section 115BAA of the 1961 Act.

The amendment will take effect from TY 2026-27 onwards.

11. Amendment relating to merger of NPO

Under the provisions of section 354(2) of the IT Act (section 115TD of the 1961 Act), a registered non-profit organisation is subject to tax on accreted income where it merges with an entity that is not an eligible registered non-profit organisations ("**NPO**"). The current provisions do not cover situations where two registered NPOs merge.

The Finance Bill proposes to now clarify that tax on accreted income will not apply where a registered NPO merges with another registered NPO having similar objects and complying with the prescribed conditions. However, tax consequences shall arise under section 354(2) of the IT Act, where the merger is undertaken with the following:

a) Any unregistered NPO;
b) A registered NPO, but the conditions of merger are not fulfilled; and
c) A registered NPO, that does not have same or similar objects.

The amendment will take effect from TY 2026-27 onwards.

12. Extension to inland vessels of “Tonnage tax scheme”

Finance Act, 2025 provided the benefit of tonnage tax scheme to inland vessels.

The Finance Bill proposes consequential amendments to definitions, certification references and training compliance requirements to operationalise the extension of tonnage tax scheme in alignment with Inland Vessels Act, 2021.

The amendment will take effect from TY 2026-27 onwards.

13. Non-allowability of interest deduction against dividend income

Under the provisions of section 93 of the IT Act (section 57 of the 1961 Act), interest expenditure is allowed as a deduction against dividend and mutual fund income, subject to a statutory limit of 20% of such income.

The Finance Bill now proposes to disallow any deduction for interest expenditure incurred in earning dividend or income from units of mutual fund.

The amendment will take effect from TY 2026-27 onwards.

14. Rationalisation of tax rate for unexplained income, expenditure, etc.

Section 195 of the IT Act (section 115BBE of the 1961 Act) provides for tax on income referred to in relation to unexplained credits, unexplained investment, unexplained asset, unexplained expenditure and amount borrowed or repaid through negotiable instrument, hundi, etc.

The income attributable such unexplained income will be charged to taxes at the rate of 60%. Additionally, a penalty of 10% will be levied.

The Finance Bill seeks to reduce the applicable tax rate from 60% to 30%. However, at the same time, proposes to increase the penalty from 10% of the taxes to 60% and subsuming the penalties under the regular penalty regime under the heading misreporting of income.

This amendment will take effect from TY 2026-27 onwards.

AMENDMENTS RELATING TO PENALTY AND PROSECUTION

1. Relaxation of conditions for prosecution under the Black Money Act

The existing provisions of the Black Money Act provides for penal and prosecution measures in cases of wilful non-disclosure of foreign income and assets by residents. Sections 49 and 50 of the Black Money Act prescribe prosecution, including rigorous imprisonment and fine, where a resident wilfully fails to furnish a return of income or wilfully omits to disclose foreign assets or income in the return of income. Under the existing provisions, these prosecution provisions apply to all cases of non-disclosure irrespective of the value of the foreign assets.

The Finance Bill proposes to provide relief in cases of minor and inadvertent non-disclosures and to align the prosecution provisions with the penalty framework under the Black Money Act, it is proposed to amend sections 49 and 50 to provide that these provisions shall not apply in respect of foreign assets, other than immovable property, where the aggregate value does not exceed twenty lakh rupees.

This amendment aims to provide relief in genuine cases involving minor non-disclosures whilst maintaining stringent provisions for significant violations.

The proposed amendments shall take effect retrospectively from the October 1, 2024.

2. Relaxation from prosecution proceedings

Various provisions of the IT Act impose criminal liability on taxpayers and prescribe imprisonment including rigorous imprisonment which span from three months to seven years for various offences including falsification of books of accounts, failure to credit TDS/TCS deducted, tendering false statement, wilful attempt to evade tax, failure to furnish return within due time, abatement of false return, removal/concealment/transfer of property to evade recovery of tax, failure to follow certain directions of AO, etc.

The Finance Bill proposes to amend sections 473 to 485 and 494 of the IT Act in light of continued exercise of decriminalisation and to make the punishment for the offences mentioned in these sections proportionate to the crimes. The Finance Bill proposes to change the nature of punishment from rigorous imprisonment to simple imprisonment in all the prosecution related provisions. Further, maximum punishment is proposed to be limited to 2 years from its current 7 years and for the subsequent offences, it is reduced to 3 years from its current 7 years. Similarly, where the amount of taxes does not exceed INR 1 Million, only fine is proposed to be charged without any prosecution. Further, certain minor offences have been fully decriminalized such as failure to pay TDS/TCS on winnings lotteries, and perquisites.

3. Penalty to be levied within assessment order

Under the existing provisions of the IT Act, first an assessment order is passed and based on the findings or additions made in it and subject to the status of appellate proceedings, penalty is initiated in the assessment order by the AO. Subsequently, separate penalty proceedings are initiated by giving a show cause notice and a separate penalty order is passed after giving due opportunity to the taxpayers. It requires the AO 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 Finance bill in a major move proposes that penalty for under-reporting of income is to be imposed within the assessment order. Further, interest for the purposes of penalty order is now proposed to be levied only after passing of the order by CIT(A) or ITAT (for appeal against DRP orders), as the case may be.

The proposed amendments shall come into force in the IT Act from April 1, 2026 and shall be effective from April 1, 2027, where any draft of the proposed order of assessment (DRP proceedings) is made or assessment or reassessment is made on or after April 1, 2027. Similar amendments are also proposed in 1961 Act which shall come into force from the March 1, 2026 and shall be effective from April 1, 2027, where any draft of the proposed order of assessment (DRP proceedings) is made or assessment or reassessment is made on or after April 1, 2027.

4. Expanding the scope of immunity from penalty or prosecution

The existing provisions of the IT Act grant immunity from the imposition of penalty or prosecution, if the taxpayer fulfils the following conditions, namely: (a) the tax and interest payable as per assessment order has been paid within the period specified in notice of demand; (b) no appeal against such assessment order has been filed.

The taxpayer shall have to file an application within one month from the end of the month in which said assessment order has been received by him. The AO shall, subject to the fulfilment of the aforementioned conditions, and after the expiry of the period of filing the appeal, grant the immunity from imposition of penalty and initiation of prosecution proceedings. The AO shall pass an order accepting or rejecting the application within a period of three months from the end of the month in which the application for requesting immunity is received.

Presently, immunity can only be granted in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting.

The Finance Bill proposes to provide the immunity to such cases where under-reporting of income is in consequence of misreporting. However, the taxpayer is required to pay an additional income-tax to the extent of 100% of the amount of tax payable on such income in lieu of the penalty.

Additionally, in the case of unexplained credits, unexplained investment, unexplained asset etc., the immunity shall be provided upon payment of penalty to the extent of 120% of the amount of tax payable.

This amendment in section 440 of the IT Act will take effect from TY 2026-27 onwards. Section 270AA of the 1961 Act has been amended to provide immunity from penalty in case of misreporting and the said amendment will take effect from the March 1, 2026 for AY 2026-27 or any earlier assessment years.

5. Penalty for default in reporting of crypto-asset transactions

The existing provisions of the IT Act contain the requirements of reporting of crypto-asset transactions but does not prescribe a specific penalty for non-compliance.

The Finance Bill now proposes to introduce a penalty of INR 200 per day for non-furnishing of statements reporting crypto-asset transactions and a penalty of INR 50,000 for furnishing inaccurate information and failure to correct the inaccuracy.

While the specific list of reporting entities is not prescribed, the amendment strengthens enforcement of crypto reporting obligations for crypto exchanges, VDA providers, etc.

The amendment shall take effect from April 1, 2026.

AMENDMENTS RELATING TO ASSESSMENT

1. Pre-reassessment by JAO and reassessment by FAO

The reassessment procedure under the IT Act provides a two-step procedure for carrying out reassessment. The first step provides for procedure before a notice under section 148 of the 1961 Act is issued for carrying out reassessment. This first step starts with a notice under section 148A of the 1961 Act to analyse if there is a fit case for reassessment. Upon conclusion of this proceeding, a reasoned satisfaction order shall have to be passed, wherein if it gets concluded that there is a valid reason for reassessment, a notice under section 148 of the 1961 Act will be issued.

The tax department generally operates this process in the following manner: the 148A proceedings will be carried out by Jurisdictional AO ("**JAO**") who will anlayse if there is a fit case of initiation of reassessment proceedings under section 148. Further, with the satisfaction order, the JAO formally initiates the reassessment proceedings with the issuance of notice under section 148 of the 1961 Act. Thereafter, the case gets transferred to the Faceless AO ("**FAO**") for carrying out the assessment in a faceless manner as per section 144B. The taxpayer does not know the identity of FAO and all communications with the taxpayer at this stage are carried out by FAO.

However, divergent views have been expressed on this issue by various High Courts, some in favour of the revenue and some in assessee's favour. For instance, **Kankanala Ravindra Reddy v. ITO (2023) 156 taxmann.com 178 (Telengana), Hexaware Technologies Limited v. ACIT (2024) 162 taxmann.com 225, etc**. The matter is now pending in Hon'ble Supreme Court.

The Finance Bill proposes to introduce a retrospective amendment to state that notwithstanding anything contained in any judgment, order or decree of court, the JAO will be dealing with proceedings under section 148A of the 1961 Act until the issuance of show cause notice under section 148 of the 1961 Act.

This retrospective will greatly impact all the ongoing proceedings in favour of the tax department. It may be noted that the Supreme Court has held in cases (viz. ***Shri Privthi Cotton Mills 2 SCC 283, etc.***) that retrospective amendments to invalidate the existing law will be considered as invalid unless the statutory basis of the decision has itself been removed. In this case, the Finance Bill proposes to amend the provisions to specifically provide for the legal basis, which was absent earlier. It needs to be seen if the proposed amendment will result in further litigation.

This amendment shall come into force with retrospective effect from April 1, 2021 in the 1961 Act. The amendment in IT Act shall come into force with effect from April 1, 2026.

2. Omission of DIN cannot nullify assessments

CBDT Circular 19 of 2019 dt. August 14, 2019provided for quoting of a computer-generated document identification number ("**DIN**") on assessment orders. There have been various judgments of High Courts where assessments have been held to be invalid on the grounds that 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 annulment of hundreds of cases.

The Finance Bill seeks to retrospective amend section 292B of the 1961 Act to provide that notwithstanding anything contained in any judgment, order or decree of court, no assessment can be nullified on the ground of any mistake, defect or omission in respect of quoting of a computer-generated DIN, if such assessment order are referenced by such DIN number in any manner. Further, this amendment seeks to clarify as long as there is a reference of DIN in the assessment order, the same would be sufficient compliance even if there may be some minor mistakes, defects or omissions in notices or summons in relation to such assessment. Suitable amendments are also proposed to be carried out in the IT Act so that correct interpretation is taken, litigation is minimised and certainty is achieved.

This retrospective amendment will impact all the ongoing proceedings that are currently ongoing before various court in favour of the tax department. It may be noted that the Supreme Court has held in cases (viz. ***Shri Privthi Cotton Mills 2 SCC 283, etc.***) that retrospective amendments to invalidate the existing law will be considered as invalid unless the statutory basis of the decision has itself been removed. In this case, the Finance Bill proposes to amend section 292B of 1961 Act to specifically state that absence of DIN cannot nullify. It needs to be seen if the proposed amendment will result in further litigation.

This amendment shall come into force with retrospective effect from October 1, 2019 in the 1961 Act. The amendment in IT Act shall come into force with effect from April 1, 2026.

3. Time-limit for completion of assessment under section 144C

Section 144C of the 1961 Act provides for a special procedure where assessment is made in cases where the eligible taxpayer is a person in whose case variations arise on account of order of a transfer pricing officer or where the person is a non-resident. As per this section, the AO is required to forward a draft of the proposed order of assessment (draft order) to the eligible taxpayer.

In case the taxpayer accepts the variation proposed in the draft order, the period for completing the assessment in this case shall be one month from the end of the month in which the acceptance from the eligible taxpayer. Where the eligible taxpayer files objection to the DRP, the DRP is required to pass directions and time limit for passing these directions is nine months from the end of the month in which draft order is forwarded to the eligible taxpayer. The period for completing the assessment in this case which is one month from the end of month in which such directions are received.

However, there are several litigations on the aspect whether the time-limit under section 144C of the 1961 Act shall be notwithstanding the time-limit provided in section 153 of the 1961 Act for completion of assessment in general or all the assessments (whether covered under 144C of the 1961 Act or not) should mandatorily comply with the timelines provided under section 153 of the 1961 Act.

The Hon'ble Supreme Court in the case of **ACIT v. Shelf Drilling Ron Tappmeyer Ltd (Civil Nos. 20569-20572 of 2023)** had delivered a split verdict wherein each judge of the division bench had adopted a contrary position i.e., one took a position in favour of the taxpayer to hold that section 144C of the 1961 Act proceedings should be completed within the timeline provided under section 153 of the 1961 Act and the other judge took a view in favour of tax department by holding that subsuming the entire DRP proceedings into the limited time-limit provided under section 153 of the 1961 Act would nullify the relevance of section 144C of the 1961 Act related provisions.

The Finance Bill proposes to retrospectively amend the provisions to state that timelines provided under section 144C of the 1961 Act will take precedence over the timelines provided under 153 of the 1961 Act.

This retrospective will impact all the ongoing proceedings that are currently ongoing before various court in favour of the tax department. It may be noted that the Supreme Court has held in cases (viz. ***Shri Privthi Cotton Mills 2 SCC 283, etc.***) that retrospective amendments to invalidate the existing law will be considered as invalid unless the statutory basis of the decision has itself been removed. In this case, the Finance Bill proposes to amend section 153 itself which was the legal basis on which decisions have been made. It needs to be seen if the proposed amendment will result in further litigation.

The amendment in the 1961 Act shall come into force with retrospective effect from April 1 2009 in respect of section 153. The amendment in IT Act shall come into force with effect from April 1, 2026.

4. TPO order to be validated

Section 92CA of the 1961 Act states that TPO shall pass the order 60 days prior to the date in which limitation period expires under section 153 of the 1961 Act. Several Courts have interpreted the said provision should mean that there should be 60 days remaining to complete the assessment.

For instance, the case of **Pfizer Healthcare India Private Limited v. JCIT (2021) 433 ITR 28 (Madras HC)**, the time-limit for completion of assessment expired on December 31 of a year and the TPO passed the order on November 1 of that year. The High Court had interpreted 60 days prior to last date for completion of assessment would mean that there should be 60 days remaining with the AO to complete the assessment and, therefore, TPO should have passed its order on October 31 instead of November 1 and nullified the orders passed by TPO order.

The tax department had appealed and the matter is currently pending before the Supreme Court.

The Finance Bill proposes to introduce a new provision Section 92CA(3AA) into the 1961 Act to state that even the order made on November 01 (in cases where the limitation expires by December 31) shall be valid. It had also proposed to state that for the limitation on assessments expiring on March 31 (not being a leap year), the TPO may make order up to January 30 and in cases where the limitation expiring on March 31 (being a leap year), the TPO can pass order upto 31st January of that year.

This retrospective amendment may impact the ongoing proceedings currently ongoing before various Courts in favour of the tax department. It may be noted that the Supreme Court has held in cases (viz. ***Shri Privthi Cotton Mills 2 SCC 283, etc.***) that retrospective amendments to invalidate the existing law will be considered as invalid unless the statutory basis of the decision has itself been removed. In this case, the Finance Bill proposes to amend the provisions to specifically provide for the legal basis, which was absent earlier. It needs to be seen if the proposed amendment will result in further litigation.

The amendment in the 1961 Act shall come into force with retrospective effect from June 1, 2007. The amendment in IT Act shall come into force with effect from April 1, 2026.

5. Elimination of block period for the 'other' persons

The existing section 295 of the IT Act (section 158BD of the 1961 Act) provides that where AO is satisfied that any undisclosed income belongs to or pertains to or relates to any person (the "other person"), other than the person (the "specified person") with respect to whom search was initiated or requisition was made, then the things seized or requisitioned or any other material or information relating to the aforesaid undisclosed income will be handed over to the AO having jurisdiction over such other person; and the AO of the other person shall proceed against such other person. In the existing provisions of block assessment, the block period is same for the specified person or other person.

It has been considered that where undisclosed income pertaining to a third person relates only to a single TY, the third person is nonetheless required to undergo the full block assessment procedure, resulting in an increased compliance burden on a person against whom no search or requisition was initiated.

The Finance Bill proposes to amend section 295(2) of the Act to limit the period of block in case of other person to only the years in which the documents are pertaining to.

This amendment will take effect from the April 1, 2026, for search or requisition initiated or made as the case may be, on or after April 1, 2026.

6. Amendment on the timelines for completion of search assessments

Section 296 of the IT Act (section 158BE of the 1961 Act) provides for time limit for completing a block assessment. An assessment or reassessment order under section 294 (procedure for block assessment) must be completed within 12 months from the end of the quarter in which the last search authorisation was executed or requisition was made.

Under the existing provisions, the last date of authorisations is used as the reference for deciding date of limitation and the same leads to different dates of limitations in case of group being searched.

The Finance Bill proposes to amend section 296 of the Act so as to take the date of initiation of search as the reference point to decide the date of limitation for block assessment and further, the period of twelve months is proposed to be increased to eighteen months to complete such assessment in case of such person. As search and seizure proceedings are more often conducted in a group of cases which require coordinated investigation and assessments, the revised timeline will provide a uniform timeline across all group entities and thereby allowing more time for coordinated assessments.

This amendment will take effect from the April 1, 2026, for search or requisition initiated or made as the case may be, on or after April 1, 2026.

OTHER AMENDMENTS

1. Rationalising the due date for crediting employee contribution by the employer

Section 29 of the IT Act provides for deductions related to contribution by employers to employee welfare funds. Clause (e)(i) of sub-section (1) of section 29 provides for deduction of any amount of contribution received by an employer, from an employee to which the provisions of section 2(49)(o) apply, if such amount is credited by the employer to the account of the employee in the relevant fund or funds by the due date. The term 'due date' has been defined under clause (e) as the date by which the employer is required to credit employee contribution to the account of an employee in the relevant fund as prescribed under fund specific statute, rules or regulations or otherwise.

Hence, under the current framework, the due date for crediting employee contributions varies depending on the applicable law, rule, order, notification, standing order, award, contract of service or other fund relevant instruments. This creates ambiguity and lack of uniformity in determining the timeline for claiming deductions under this provision.

The Finance Bill proposes to amend section 29(1)(e) of the IT Act to provide that the due date for the said clause shall be the due date of filing of return of income under section 263(1) of the IT Act. This amendment will provide a uniform and clear timeline for employers to credit employee contributions to the relevant funds whilst remaining eligible for deductions.

The amendment will be effective from TY 2026-27 onwards.

2. No TDS on interest on award under the MV Act

Section 11 of the IT Act provides for the exemption of income of persons included in Schedule III subject to the fulfilment of conditions specified therein. The provisions of the MV Act provide for compensation and interest on such compensation to be awarded by the Motor Accidents Claims Tribunal, to an individual or his legal heir, on account of death or on account of permanent disability or any bodily injury under the said Act.

Currently, whilst compensation awarded under the MV may receive beneficial tax treatment under section 11 read with Schedule III of the IT Act, interest earned on such compensation is subject to taxation. Additionally, under section 393(4) [Table: Sl. No. 7, Column C (c)(iv)] of the IT Act, tax is required to be deducted at source in respect of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal if the amount or the aggregate of the amounts of such income exceeds INR 50,000 during the TY. This creates an additional tax burden on victims of accidents and their families who are already facing extreme hardship due to death, permanent disability or bodily injury.

In order to alleviate the sufferings of such victims and their families, the Finance Bill proposes to amend Schedule III to provide exemption to an individual or his legal heir on any income in the nature of interest under the MV Act. Consequently, it is also proposed to amend section 393(4) to provide that no tax shall be deducted at source in respect of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal to an individual, irrespective of the amount involved.

The amendment will be effective from TY 2026-27 onwards.

3. Enabling electronic verification and issuance of certificate for deduction of income tax at lower rate or no deduction of income tax

Section 395 of the IT Act pertains to issuance of certificates for deduction of TDS or TCS at nil or lower rate.

As per the present provisions, the payee has to make an application before the AO and if the AO is satisfied after due verification that the total income of the payee justifies deduction of income tax at lower rates or no deduction of income tax, he shall issue a certificate for lower or nil deduction of tax at source. This process requires taxpayers, particularly small taxpayers, to engage directly with the AO, which can be time-consuming and burdensome.

The Finance Bill proposes to ease the compliance burden of small taxpayers by providing an option to the payee to file the application for issuance of such certificates electronically before the prescribed income tax authority. The prescribed authority may either reject in case of incomplete application or non-fulfillment of conditions or issue the certificate subject to fulfilment of conditions, as may be prescribed. This electronic mechanism is expected to streamline the process and reduce the compliance burden on taxpayers.

The amendment will be effective from TY 2026-27 onwards.

4. Relaxation from requirement to obtain TAN where seller of immovable property is a non-resident

Section 397(1)(a) of the IT Act provides that every person deducting or collecting tax shall apply to the AO for the allotment of a Tax Deduction and Collection Account Number ("**TAN**"). Clause (c) of the said sub-section provides for cases where a person is not required to obtain TAN.

Presently, if a person buys an immovable property from a seller resident in India, the buyer is not required to obtain TAN to deduct tax at source. However, where such is a non-resident, the buyer is required to obtain TAN to deduct TDS. This creates unnecessary compliance burden for the buyer, as he would need to apply for TAN for a single one-off transaction.

In order to reduce compliance burden for resident individual and HUF buyers, the Finance Bill proposes to amend section 397(1)(c) of the IT Act to provide that a resident individual or HUF buyer is not required to obtain TAN to deduct TDS in respect of any consideration payable on purchase of any immovable property under section 393(2) [Table Sl. No. 17]. This will eliminate the requirement for such taxpayers to obtain TAN in case purchase of immovable property from non-resident sellers.

The amendment will take effect from October 1, 2026.

5. Enabling filing of declaration for no deduction to a depository

Section 393(6) of the IT Act provides that tax is not to be deducted at source in certain cases. As per the section, a written declaration is to be filed by the assessee for no deduction of tax at source to the person responsible for paying any income or sum of the nature as specified in Column C of the Table in section 393(6). The said income includes dividend, interest from securities and income from units of mutual fund.

Currently, investors earning income from multiple units and securities need to submit separate declaration forms to all entities from whom they receive such income, thus leading to enhanced compliance burden. The person responsible for paying such income or sum is also required to furnish the declarations received by them to the prescribed income tax authority on a monthly basis, which creates frequent reporting obligations.

In order to reduce the compliance burden of such investors, the Finance Bill proposes to allow filing of the no-deduction declaration to the depository, which in turn shall provide such declaration to the person responsible for paying such income. However, this proposal is limited to investors holding securities in depositories and listed in recognized stock exchanges in India.

Further, in order to ease the compliance for the person responsible for paying income or sum of the nature as specified in Column C of the Table in section 393(6), the time limit for furnishing the declaration received by them to the prescribed income-tax authority has been changed from monthly basis to quarterly basis.

The amendment will take effect from April 1, 2027.

6. Application of TDS on supply of manpower

Table under section 393(1) provides for deduction of TDS in the case of certain payments.

There is ambiguity with regard to the applicable rate of TDS for supply of manpower, particularly whether the provisions under section 393(1) should be applied. This creates uncertainty for taxpayers and can lead to disputes regarding the correct rate and provision applicable to manpower supply arrangements.

The Finance Bill proposes to include supply of manpower under the ambit of 'work' in section 402(47) of the IT Act so that the provisions of section 393(1), as the case may be, apply. This will ensure that supply of manpower is not classified as payments of fees for technical services or professional services or royalty and remove the existing ambiguity and ensure that manpower supply is treated as 'work' for TDS purposes.

The amendment will take effect from April 1, 2026.

7. Allowability of deduction for insurance business other than life insurance business

The IT Act provides that whilst computing the profits and gains of an insurance business other than life insurance, any expenditure, allowance, etc. which has been debited to profit and loss account but which is inadmissible shall be added back to the profits and gains. It is also provided that where any tax deductible sum, interest, etc under section 35(b)(i) and 35(b)(ii) of the IT Act on which tax is supposed to be deducted at source but the same has not been deducted or deducted but not been paid within due date then the same shall not be allowed as a deduction. The provision, however also provides that the amount disallowed shall be allowed in the TY when the due tax was deducted and paid as per the provisions of the section.

While Schedule XIV of the IT Act provides that any amount payable under section 37 of the IT Act, which is added as income because of inadmissibility of such deduction shall be allowed as deduction in the TY in which it has been actually paid. However, a similar provision has not been provided for situations being covered under section 35wherein the amount added should be allowed as deduction in the TY in which tax has been deducted and paid as per the provisions of the said section. This creates an inconsistency in the treatment of amounts disallowed under different provisions and results in lack of clarity regarding when such amounts under section 35 can be claimed as deductions in subsequent years.

In order to rationalize the treatment of such amounts and provide for allowance of such amount as deduction in a subsequent TY, the Finance Bill proposes to insert a new sub-paragraph for deduction of the disallowed amount when the same is actually paid under section 35. This amendment will align the treatment of amounts disallowed under section 35 with the existing provision for section 37, ensuring that such amounts can be claimed as deductions in the TY when the tax has been deducted and paid.

The amendment will take effect from April 1, 2026.

8. Rationalization of due dates for filing of return of income

Section 263(1)(c) of the IT Act prescribes the due dates in the succeeding TY for filing return of taxes for different classes of assesses with different conditions applied to them.

Addressing the grievances of certain taxpayers who require more time to prepare books of accounts and make necessary compliances, the Finance Bill proposes the following rationalisation of the due dates:

Sl. No.	Person	Conditions	Due date
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply	30 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 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 10 applies to such spouse).	Where the provisions of section 172 do not apply	31 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 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 10 applies to such spouse).	Where the provisions of section 172 do not apply	31 August
4.	Any other assessee	-	31 July

The amendment will take effect from April 1, 2026.

Similarly, corresponding rationalisation of due dates is proposed in Explanation 2 to sub-section (1) of section 139 of the 1961 Act.

The amendment to the 1961 Act will take effect from March 1, 2026.

9. Extending the period of filing revised return

Section 263(5) of the IT Act allows a person, who has already filed a return of income, to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return is required to be furnished within nine months from the end of the relevant TY or before completion of assessment, whichever is earlier. The rectification is limited to any omission or wrong statement relating to income, deductions, exemptions, losses, or any other particulars.

Presently, the timeline for revised and belated return coincides with each other at 9 months from the end of the relevant TY. Consequently, a person who is filing his belated return at the end of the 9-month period does not have the opportunity to revise his return of income, as the time limit for filing both belated and revised returns expires simultaneously. This creates a practical difficulty for taxpayers who file belated returns towards the end of the 9-month period and subsequently discover errors or omissions requiring rectification.

The Finance Bill proposes to increase the prescribed time limit for filing the revised return from its existing time limit of 9 months to 12 months from the end of the relevant TY. The extension of the time limit for filing revised return of income will allow taxpayers to file revised returns even where belated returns are filed at the end of the 9-month period. Further, a fee is also proposed under section 428(b) of the IT Act for revised returns which are filed beyond 9 months from the end of the relevant TY.

These amendments will take effect from April 1, 2026.

Similarly, corresponding amendments are proposed in sub-section (5) of section 139 of the 1961 Act. A fee corresponding to section 428(b) of the IT Act is also proposed under section 234I of the 1961 Act.

The amendment to the 1961 Act will take effect from March 1, 2026.

10. Scope of filing of updated return in the case of reduction of losses

Section 263(6) of the IT Act deals with the 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 FY succeeding the relevant TY. Section 263(6)(b) of the IT Act provides that a taxpayer may file the updated return in such cases where the original return filed under section 263(1) of the IT Act is a return of loss and the updated return being filed thereafter is a return of income. However, section 263(6)(c)(i) of the IT Act creates a restriction that an updated return cannot be furnished in such cases where the updated return is a return of loss for the said TY.

Suggestions were received from stakeholders that an updated return may also be allowed in such cases where the 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 sub-section (1). Currently, whilst a taxpayer can convert a loss return into an income return through an updated return, there is no provision to file an updated return where the taxpayer wishes to reduce the quantum of loss claimed in the original return, even though

this would result in a lower loss carry forward and potentially benefit the revenue.

The Finance Bill proposes to amend section 263(6) of the IT Act so as to allow filing of updated return in such cases where the taxpayer 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 sub-section (1). This will provide flexibility to taxpayers to correct overstated losses while maintaining the integrity of the updated return mechanism.

These amendments will take effect from April 1, 2026.

Similarly, corresponding amendments are proposed in sub-section (6) of section 139 of the 1961 Act.

The amendment to the 1961 Act will take effect from March 1, 2026.

11. Allowing the filing of updated return after issuance of notice of reassessment

Section 263(6) of the IT Act allowing filing of an updated return is meant to promote voluntary compliance by taxpayers to offer the income for taxation. However, section 263(6)(c)(v) of the IT Act prohibits the filing of updated return in such cases where any proceedings for assessment or reassessment or recomputation or revision of income is pending or has been completed for the said TY. Accordingly, filing of updated return is not allowed in such cases where proceedings of reassessment have been initiated.

Further, section 267(5) of the IT Act 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 the first, second, third and fourth year, respectively from the end of the financial year succeeding the relevant TY.

This prevents taxpayers from voluntarily disclosing additional income and paying higher additional tax even in cases where they wish to do so, thereby potentially increasing litigation as the reassessment proceedings continue through the normal course.

In order to reduce litigation and provide taxpayers with an option to voluntarily comply, the Finance Bill proposes to allow an updated return to be furnished by a person for the relevant TY in pursuance of a notice for assessment under section 280 within such period as specified in the said notice. In such cases, the assessee shall be precluded from filing return of income in any other manner.

It is further proposed to provide that where an updated return is filed in pursuance of a notice issued under section 280, the additional income tax payable shall be increased by a further sum of 10% of the aggregate of tax and interest payable on account of furnishing the updated return. Where such additional income tax, there shall not be any basis of imposition of penalty under section 439 of the IT Act.

These amendments will take effect from April 1, 2026.

Similarly, corresponding amendments are proposed in section 139 and 140B of the 1961 Act for filing updated return in pursuance of notice under section 148 of the 1961 Act.

The amendment to the 1961 Act will take effect from March 1, 2026

12. Foreign Assets of small taxpayers – Disclosure Scheme, 2026 (FAST-DS 2026)

The Black Money Act had provided a one-time compliance window from July 1, 2015 to September 30, 2015 to enable voluntary declaration of undisclosed foreign assets acquired up to March 31, 2015, subject to payment of tax and penalty.

It has been observed that the voluntary declaration mostly could not be availed in cases involving legacy or inadvertent non-disclosures for small taxpayers, including holdings arising from foreign employment benefits such as ESOPs or RSUs, dormant or low-value foreign bank accounts of former students, savings or insurance policies of returning non-residents, and assets held by individuals on overseas deputation. This non-disclosure of foreign financial assets concerning a significant number of PAN holders was noticed in the information received under the Automatic Exchange of Information framework.

As the original compliance window closed in September 2015, no further opportunity has been provided for taxpayers to voluntarily disclose such foreign assets and foreign-sourced income, particularly in cases of inadvertent or legacy non-compliance by small taxpayers.

The Finance Bill proposes to introduce a time-bound scheme for declaration of foreign assets and foreign-sourced income, with payment of tax or fee based on the nature and source of acquisition and grant of limited immunity from penalty and prosecution under the Black Money Act to facilitate voluntary compliance and enable resolution of such legacy cases of small taxpayers. However, cases involving prosecution or proceeds of crime are proposed to be excluded from the scope of this scheme.

The proposed scheme shall form part of the Finance Bill, 2026 and shall come into force from the date to be notified by the Central Government.

13. Rationalization of TCS rates

Section 394(1) of the IT Act prescribes for various TCS rates. The Finance Bill proposes the following rationalisation of TCS rates to provide relief to certain collectees and to provide more uniformity in the provisions:

Sl. No.	Nature of receipt	Current rate	Proposed rate
1.	Sale of alcoholic liquor for human consumption	1%	2%
2.	Sale of tendu leaves	5%	2%
3.	Sale of scrap	1%	2%
4.	Sale of minerals, being coal or lignite or iron ore	1%	2%
5.	Remittance under the Liberalised Remittance Scheme of an amount or aggregate of the amounts exceeding ten lakh rupees—	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment.	(a) 2% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment.
6.	Sale of "overseas tour programme package" including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.	(a) 5% of amount or aggregate of amounts up to ten lakh rupees; (b) 20% of amount or aggregate of amounts exceeding ten lakh rupees.	2%

These amendments will take effect from April 1, 2026.

PERSONAL TAXATION

1. **Exemption for non-resident individuals visiting India under notified schemes**

   At present, while a non-resident individual is taxable in India for only income accruing or arising in India, those non-resident individuals who are frequently visiting India for their work may become a resident of India (due to their number of days of presence in India) and hence, their worldwide income may become subject to taxes in India. There is no specific exemption for individuals visiting India in respect of government notified schemes.

   The Finance Bill proposes to exempt income accruing or arising outside India and not deemed to accrue or arise in India for a period of 5 years for non-resident individuals visiting India to render services under Central Government notified schemes and also fulfilling other conditions as may be prescribed.

   The proposal aims to facilitate participation of foreign professionals and other experts in strategic initiatives of the government without any fear of unintended Indian income tax exposure for foreign income.

   The amendment will take effect from TY 2026-27 onwards.

2. **Exemption for sovereign gold bonds**

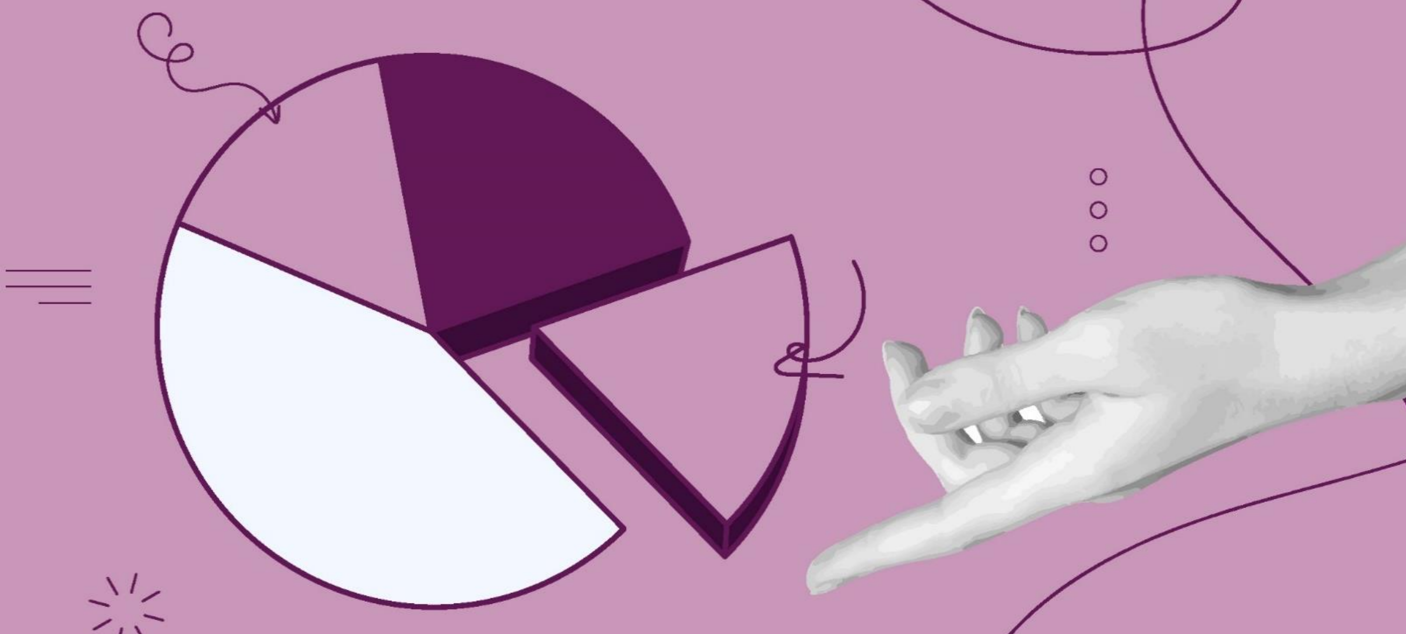
   The existing provisions under section 70(1)(x) of the IT Act (section 47(viic) of 1961 Act) provide capital gains exemption to an individual on redemption of Sovereign Gold Bonds issued by RBI.

   The Finance Bill proposes to restrict the exemption for capital gains from sovereign gold bonds only if the same is subscribed at original issuance and held until redemption by the original subscriber.

   The amendment will take effect from TY 2026-27 onwards.

SECTION B:

ANALYSIS OF THE PROPOSED CHANGES IN INDIRECT TAXES



INDIRECT TAX

SUBSTANTIVE CHANGES IN GST ACT

1. Removal of linkage requirement for post-sale discounts

Under Section 15(3)(b) of the CGST Act, post-sale discounts were required to be pre-agreed, established in terms of an agreement, and specifically linked to relevant invoices, with mandatory reversal of ITC by the recipient. This rigid structure limited commercial flexibility in offering discounts, often resulting in disputes during GST audits and denial of value exclusions, if documentation was deemed insufficient.

The provision is proposed to be amended to remove the requirement of a pre-existing agreement or specific invoices, provided that:

- a credit note in respect of such discount has been issued by the supplier; and
- the input tax credit attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of Section 34 of the CGST Act.

This amendment removes the requirement of linkage of post-supply discounts with a pre-existing agreement or specific invoices, while continuing to safeguard revenue through mandatory reversal of corresponding input tax credit by the recipient.

This simplifies pricing practices, reduces disputes over documentation, and enhances commercial flexibility for businesses in competitive markets like retail and FMCG. It could lower compliance costs by reducing the need for extensive contract reviews but necessitates strong ITC tracking systems to prevent revenue erosion. Overall, it promotes dynamic business models.

It will be applicable from a date to be notified.

2. Inclusion of discount reference in credit/debit note provisions

Section 34 of the CGST Act, 2017, allowed issuance of credit notes for supply where the tax invoice was found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied were returned by the recipient, or where goods or services supplied were found to be deficient. Thus, it did not specifically include post-sale discounts.

Section 34 of the CGST Act, 2017 is amended to explicitly cover post-sale discounts as well.

This amendment expressly recognises post-supply discounts covered under Section 15(3)(b) as a valid ground for issuance of credit notes. By creating an explicit statutory linkage between Section 15 (valuation provisions) and Section 34 (credit note mechanism), the amendment removes interpretational gaps and aligns the procedural framework with the substantive valuation rules.

It will be applicable from date to be notified.

3. Extension of provisional refund to inverted duty structure cases and removal of threshold for refunds on exports with tax payment

Section 54 of the CGST Act governs refunds under the GST regime.

Under Section 54(6), provided for provisional refund of 90% of the claimed amount only in cases of zero-rated supply of goods or services i.e., exports and supplies to Special Economic Zones. Thus, provisional refunds arising on account of unutilised input tax credit due to inverted duty structure were excluded from its scope of provisional refunds, resulting in delayed cash flows for affected taxpayers. The Finance Bill proposes to extend the same to unutilised input tax credit due to inverted duty structure.

The amendment to Section 54(6) marks a significant expansion of the provisional refund mechanism by extending it to refunds arising from inverted duty structure. This addresses long-standing liquidity concerns faced by industries where input tax rates exceed output tax rates, as taxpayers will now receive a substantial portion of the refund upfront, subject to post-verification safeguards.

It will be applicable from date to be notified.

4. Empowerment of existing Authority as National Appellate Authority for Advance Rulings

Section 101A of the CGST Act, inserted by the Finance Act, 2019, provides for the constitution of a National Appellate Authority for Advance Rulings (NAAAR) to resolve conflicting advance rulings issued by State Authorities for Advance Rulings.

However, despite the statutory framework being in place, the NAAAR was not constituted. Hence, certain taxpayer faced legal uncertainty who were operating in multiple jurisdictions, and had divergent ruling, particularly on issues such as classification, valuation and eligibility for exemptions.

A new sub-section (1A) is proposed to be inserted in Section 101A of the CGST Act to empowers the Central Government, to designate any existing authority, including GSTAT to hear appeals and govern as per its own procedures.

This amendment addresses a long-standing structural gap in the GST advance ruling framework by enabling an operational appellate forum in the absence of a formally constituted NAAAR. Overall, the amendment is expected to reduce uncertainty arising from divergent State-level advance rulings, promote uniform interpretation of GST law across jurisdictions.

The provision will take effect from April 1, 2026.

5. Default place of supply for intermediary services

Section 13 of the IGST Act deals with place of supply of services where either the supplier or the recipient is located outside India. As a general rule, Section 13(2) provides that the place of supply of services is the location of the recipient of services. This aligns with the destination-based principle of GST. However, Section 13(8) creates specific exceptions.

Under clause (b), the place of supply for “intermediary services” is deemed to be the location of the supplier of services, irrespective of where the recipient is located. The said provision was used by GST department to deny the refund of input tax credit or GST paid on supplies made to foreign customer and was highly litigated.

The Finance Bill now proposes to omit Section 13(8)(b) of the IGST Act. In effect, it is shifting the location of intermediary services, to the default recipient location under Section 13(2). Accordingly, the place of supply for intermediary services will be the location of the recipient of services.

As a result of this amendment cross-border intermediary services provided by Indian suppliers to overseas recipients will qualify as exports of services. Such services will be zero-rated, enabling suppliers to export without payment of tax or claim refunds of accumulated input tax credit, and long-standing litigation and constitutional challenges to Section 13(8)(b) are expected to subside.

However, this amendment ay impact foreign located digital businesses, who had relied on intermediary characterisation to seek non-applicability of GST liability in India. Going forward, the taxability of such services will be determined either under the general place of supply rule or under the specific deeming provisions applicable to OIDAR services, thereby narrowing the scope for intermediary-based jurisdictional defences on a prospective basis.

The provision will take effect from April 1, 2026.

SUBSTANTIVE CHANGES IN CUSTOMS ACT, 1962

1. Extension of territorial applicability of the Customs Act to fishing and fishing related activities

Section 1(2) of the Customs Act provides that the it extends to the whole of India including territorial waters of India and designated area of the exclusive economic zone in connection with any activity related to mineral oil extraction or production. It only extended to outside India for any offence or contravention committed thereunder, by any person.

In the absence of an express statutory provision, customs treatment of fish harvested by Indian vessels operating outside territorial waters remained legally ambiguous, particularly in relation to levy of duty upon landing in India, eligibility for export treatment when landed at foreign ports, and the applicability of customs procedural requirements.

The Finance Bill proposes to amend the said provision to expressly extend the applicability of the Customs Act to fishing and fishing related activities carried out by Indian-flagged fishing vessels beyond the territorial waters of India.

Further, a new clause (28A) is proposed to be inserted in Section 2 of the Customs Act defining an Indian-flagged fishing vessel as a vessel used or intended to be used for the purpose of fishing in the seas and entitled to fly the flag of India.

Moreover, a new Section 56A is also proposed to provide duty free bringing of fish harvested beyond territorial waters and treating fish harvested and landed at a foreign port as export of goods. It also empowers CBIC to frame regulations governing declaration, custody, examination, assessment of duty, clearance, transit and transhipment of such fish.

This amendment removes legal uncertainty surrounding customs treatment of fishing operations conducted in continental shelf and exclusive economic zone. It provides a statutory basis for subsequent substantive and procedural provisions introduced in relation to fishing activities, including duty exemption and export recognition.

This amendment will come into effect from April 1, 2026.

2. Clarification regarding treatment of penalty paid under Section 28

Section 28 of the Customs Act provides for recovery of duties not levied or short-levied, including by reason of collusion or any wilful mis-statement or suppression of facts. Section 28(5) of the Customs Act provided an option for payment of duty, interest and 15% penalty within 30 days of the receipt of notice. Section 28(6) of the Customs Act provided that where the duty with interest and penalty was paid in full, then, the proceedings shall be deemed to be conclusive.

Section 28(6) is proposed to be amended to provide that such penalty paid, shall be deemed to be a charge for non-payment of duty.

By deeming such penalty to be a charge for non-payment of duty, the amendment clarifies the legal character of penalty payments and removes the reputation issues associated with penalties, for businesses as certain taxpayer deterred from payment, due to negative connotation associated with penalty.

This amendment will take effect from April 1, 2026.

3. Extension of validity period of advance rulings under the Customs Act

Under Section 28J(2) of the Customs Act, advance rulings issued by the Authority for Advance Rulings ("**AAR**") were valid for a period of three years, or until there was a change in law or facts, whichever occurred earlier. This limited duration often reduced the commercial utility of advance rulings, and business stability particularly for long-term contracts and investments.

The Finance Bill proposes to amend the validity period of advance rulings from three years to five years, or until there is a change in law or facts, whichever occurs earlier.

Additionally, in respect of advance rulings that are in force on the date the Finance Act, 2026, the applicant may make a request to AAR to extend the validity of such ruling for five years from the date of the original ruling.

This amendment significantly enhances legal certainty for importers and exporters relying on advance rulings for classification, valuation, and applicability of exemptions. The extension reflects the objective of promoting predictability and reducing disputes in customs administration.

This amendment is prospective and will come into effect from April 1, 2026.

4. Simplification of transfer of warehoused goods between bonded warehouses

Section 67 of the Customs Act required prior permission of the proper officer for removal of warehoused goods from one bonded warehouse to another. This requirement often resulted in procedural delays and increased compliance burden.

It is now proposed that the owner of warehoused goods may remove such goods from one warehouse to another, without the requirement of obtaining prior permission from the proper officer.

This amendment simplifies inter-warehouse movement of goods and aligns customs warehousing procedures with trade facilitation objectives. It reduces administrative friction and provides greater operational flexibility to warehouse operators and importers. The amendment is expected to reduce transaction costs and improve supply chain efficiency.

This amendment will take effect from April 1, 2026.

5. Empowerment to regulate custody of goods under Section 84

Section 84 empowered the CBIC to frame regulations relating to examination of goods, assessment to duty, and clearance of goods imported or exported by post or courier. However, express statutory authority to regulate custody of such goods was absent.

Now, Section 84(b) is proposed to be amended to include reference to "custody", thereby empowering CBIC to frame regulations governing custody of goods in addition to examination.

This amendment provides statutory backing for comprehensive regulation of courier and postal imports and exports, particularly in relation to handling, storage, and custody of goods pending clearance. It addresses operational gaps and supports enforcement as well as facilitation objectives.

This amendment will come into effect from April 1, 2026.

SUBSTANTIVE CHANGES IN CUSTOMS RULES AND REGULATIONS

1. Revamped Baggage Rules, 2026

The Baggage Rules, 2016 prescribed the duty-free entitlements for passengers arriving in India, based on their residential status, country of origin, and nature of travel, exemptions for specified articles like personal electronics or jewellery, and transfer of residence ("**ToR**") benefits for returning residents.

Over time, ambiguities arose regarding interpretation of "personal effects", treatment of temporarily imported goods (e.g., samples or equipment for short-term use), valuation practices for used items, and eligibility for ToR benefits, which are currently uniform without differentiation based on stay duration. This led to inconsistent enforcement across airports, passenger grievances over arbitrary detentions, delays in clearances, and increased litigation, particularly for frequent travellers or expatriates.

The Baggage Rules, 2026 are being introduced with objectives including:

- rationalisation of passenger allowances, potentially adjusting limits for inflation;
- clarity on temporary import and export of goods; and
- restructuring of ToR benefits based on duration of stay abroad, with differentiated treatment for Indian residents (e.g., enhanced exemptions for stays over 2 years) and foreign professionals (e.g., concessions for work visa holders relocating for contracts exceeding 1 year).

At the outset, the new Rules expand and refine definitions by expressly introducing categories such as “foreigner with a valid visa other than tourist visa” (with a minimum six-month stay requirement) and by more precisely defining “personal effects” and “tourist”. This tighter definitional framework addresses long-standing interpretational disputes under the old Rules, particularly around eligibility for exemptions and the scope of personal use versus commercial intent.

A major substantive change lies in the enhancement and re-calibration of duty-free allowances. The general free allowance for residents, tourists of Indian origin, and eligible foreigners arriving by air has been increased to INR 75,000 (from INR 50,000 under the erstwhile rules), reflecting inflation and evolving travel patterns. While the lower allowance of INR 25,000 for foreign tourists is retained, the rules now more clearly ring-fence this category. Importantly, the new Rules explicitly allow one new laptop (including notepad) duty-free for passengers aged 18 years and above. Further, the monetary threshold limit on jewellery has been done away with and only weight restriction apply, considering the value of jewellery fluctuates significantly and the earlier limit did not correspond to current market values.

One of the most substantial overhauls is in relation to the ToR regime. The 2026 Rules introduce a far more granular and differentiated structure through two separate appendices:

- Appendix I for residents and tourists of Indian origin, and
- Appendix II for foreigners with valid non-tourist visas.

The slabs are now expressly linked to duration of stay abroad (or in India, for foreigners), with significantly enhanced exemption limits of up to INR 7.5 lakh for stays of two years or more. The rules also comprehensively codify conditions such as prior usage restrictions, limits on short visits, minimum continuous stay requirements, and the exact scope of discretionary relaxations available to customs authorities, matters that were either loosely framed or inconsistently applied under the older Rules.

The scope of goods eligible under ToR benefits has also been materially expanded and clarified. Annexure-II now contains an exhaustive and updated list of household, electronic, and lifestyle items, including tablets, gaming consoles, robotic vacuum cleaners, air fryers, projectors, and massage chairs, thereby reducing disputes that were common under the 2016 regime. At the same time, Annexure-I continues to list prohibited items, but the clearer cross-referencing with the rules strengthens enforceability.

Finally, the new Rules bring clarity in certain peripheral but important areas. The applicability of the rules to crew members is more clearly articulated, including a specific monetary cap for small gift items of INR 2,500. Currency imports and exports are explicitly aligned with FEMA regulations, and the import of pets is now expressly linked to sector-specific rules issued by competent authorities, reducing overlap and uncertainty.

Successful implementation will depend on consistent interpretation by field formations, adequate sensitisation of passengers and officers during the transition (e.g., through airport displays or online portals), and integration with risk-based screening to prevent smuggling. Potential challenges include initial confusion during rollout, but overall, it aligns with global best practices and could improve India's tourism competitiveness.

Overall, the 2026 Rules are likely to enhance passenger facilitation, reduce disputes, and improve compliance certainty, while gradually transitioning customs processes towards digital and risk-based controls.

These changes will come into effect from February 2, 2026.

2. Consolidation of declaration regulation pertaining to baggage

Baggage declaration were earlier governed by multiple regulations including the Customs Baggage Declaration Regulations, 2013 (mandating declarations for dutiable items exceeding allowances), the Baggage (Transit to Customs Stations) Regulations, 1967 (handling unaccompanied baggage transfers), and the Passenger's Baggage (Levy of Fees) Regulations, 1966 (imposing fees for storage beyond free periods). This fragmentation resulted in overlapping requirements (e.g., duplicate transit declarations), procedural inefficiencies, inconsistent application across ports, and challenges in digital integration, leading to passenger confusion and operational bottlenecks at busy airports.

The above regulations are consolidated and harmonised by the Customs Baggage (Declaration and Processing) Regulations, 2026. A major regulatory shift is the transition from manual, uniform declarations to a digitised, differentiated and risk-based declaration system. It introduces multiple electronic declarations (CBD-I to CBD-V for accompanied baggage, unaccompanied baggage, temporary imports, re-imports, detention, and re-export) which may be filed through an automated system (ICEGATE/Atithi). It would also permit advance filing up to three days prior to arrival, allow post-filing modification. Further, it would promote risk-based verification rather than routine physical checks.

The new Regulations also introduce, for the first time, a formal mechanism for declaration and certification of temporary export, re-import, and temporary import of personal effects. Earlier regulations contained no statutory process for pre-departure declaration or time-bound re-import, leaving such cases to administrative practice. The new framework provides for export certificates (CBD-III) for residents and temporary import certificates (CBD-IV) for tourists, with defined validity periods, re-export obligations, and compliance checks, thereby significantly reducing discretionary enforcement and passenger uncertainty.

In relation to unaccompanied baggage transit, the new regulations relies on a logistics-aligned system based on sealing of baggage at origin, execution of bond and security by authorised carriers, and transport by air, rail, or road, reflecting a shift from manpower-intensive supervision to carrier accountability and documentary control.

The handling of detained, unclaimed, prohibited, and dutiable baggage has been comprehensively expanded. While earlier regulation dealt only with levy of fees upon release or return, the new Regulations codify the entire lifecycle, detention, custody, timelines for clearance or re-export, permissible extensions, sale or disposal, and the detailed priority for appropriation of sale proceeds. The earlier discretionary fee-fixing mechanism has been subsumed into a structured charging framework, while retaining the exemption for bona fide baggage. Importantly, statutory time limits and vesting of unclaimed balances in the Government are now expressly provided.

Consolidation of the three distinct regulatory frameworks simplifies compliance by eliminating redundancies, reduces procedural duplication, and enhances transparency for passengers and customs officers through a cohesive set of rules. However, the transition may require updates to customs software and training programs; if not managed well, it could cause short-term disruptions. Overall, it fosters a more passenger-friendly environment and reduces the scope for interpretational disputes.

These changes will come into effect from February 02, 2026.

3. Amendment in the Deferred Payment of Import Duty Rules, 2016.

Rule 5 of the Deferred Payment of Import Duty Rules, 2016 prescribes the specific due dates by which an eligible importer such as importers certified under Authorized Economic Operator programme as AEO (Tier-Two) and AEO (Tier-Three) and Authorised Public Undertaking must discharge customs duty under the deferred payment mechanism, linked to the date on which the Bill of Entry is returned for payment. Where the Bill of Entry is returned for payment between the 1st and 15th of a month, duty must be paid by the 16th of the same month; where it is returned between the 16th and the last day of a month (other than March), payment is due by the 1st of the following month. Special timelines are prescribed for March to align with the financial year-end: Bills of Entry returned between 16th and 31st March require payment by 31st March.

The amendment substitutes the existing clauses to move towards a single, consolidated monthly payment cycle, whereby customs duty in respect of Bills of Entry returned for payment during a month (other than March) is required to be paid by the 1st day of the succeeding month and for March by 31st March.

Further, another class of eligible importer has been introduced i.e. eligible manufacturer importer which means manufacturer importer. No other eligibility criteria is prescribed. The said class would be eligible for duty deferral benefit till March 31, 2028.

From an operational and policy perspective, a uniform monthly due date supports automation of duty payments and provide liquidity for additional time period.

The Deferred Payment of Import Duty (Amendment) Rules, 2026 will come into force on March 1, 2026.

SUBSTANTIVE CHANGES IN CENTRAL EXCISE

1. Revision of NCCD rates on specified tobacco products

The National Calamity Contingent Duty ("**NCCD**") applies to specified tobacco products such as chewing tobacco (HS 2403 99 10), jarda scented tobacco (HS 2403 99 30), and other tobacco products (HS 2403 99 90). Although schedule provided rates, the effective rates have been maintained constant through notifications to ensure stability and avoid sudden price hikes that could fuel illicit trade.

Now, the Seventh Schedule is amended to revise rate to 60%. However, the effective rate continues at 25% pursuant to Notification No. 01/2026-Central Excise dated February 01, 2026, preserving the current impact.

2. Exclusion of biogas/compressed biogas value from value of blended compressed natural gas duty computation

Excise duty on blended compressed natural gas under the Central Excise Act, 1944, previously included the full value of the blend, encompassing biogas/Compressed Biogas components, as per Notification No. 11/2017-Central Excise dated June 30, 2017. This inclusion discouraged renewable blending due to higher effective duties, impeding the shift to greener fuels and increasing costs for producers in the energy sector.

Vide Notification No. 02/2026-Central Excise, it has been proposed that the value of biogas/compressed biogas component and associated taxes is excluded from duty computation through amendment to notification.

The amendment incentivises renewable energy adoption by reducing the duty burden on eco-friendly blends, lowers production and consumer costs in transportation (e.g., for public buses or autos), and supports environmental objectives like reducing urban air pollution and achieving India's climate commitments.

The amendment would be effective from February 2, 2026.

3. Deferment of additional excise duty on unblended Diesel

An additional excise duty of INR 2 per litre on unblended diesel (high speed diesel without biodiesel) was notified under Notification No. 11/2017-Central Excise dated June 30, 2017 but repeatedly deferred to mitigate economic impacts, reflecting concerns over fuel price volatility and its ripple effects on inflation and supply chains.

Now, vide the Budget, it is proposed to defer the levy until March 31, 2028.

The deferment mitigates inflationary pressures and provides relief to transport, agriculture, and manufacturing sectors by keeping diesel prices stable, especially amid global energy uncertainties.

The amendment would be effective from February 1, 2026.

ANNEXURE

1. Rate Changes

The First Schedule to the CT Act has been amended to revise the BCD rates on various goods. The changes in the tariff schedule shall commence from the dates as specifically mentioned in the note below the table. Item wise changes in rates of BCD of certain items have been tabularized as below:

Sr. No.	Description	Pre-Budget rate (2025)	Post-Budget rate (2026)	Change
MSME Goods				
1.	Umbrellas (other than garden umbrellas)	20%	20% or Rs. 60 per piece, whichever is higher	Modified
2.	Components of umbrellas	10%	10% or Rs. 25 per kg, whichever is higher	Modified
3.	Parts, trimmings and accessories of umbrellas	10%	10% or Rs. 25 per kg, whichever is higher	Modified
Personal Use				
4.	All dutiable goods for personal use	20%	10%	↓
Chemicals and Fertilisers				
5.	Potassium hydroxide	Nil	7.5%	↑
6.	Sodium antimonate	7.5%	Nil	↓
7.	Naphtha	Nil	2.5%	↑
8.	Ammonium phosphate/nitro-phosphate	5%	Applicable BCD	

Sr. No.	Description	Pre-Budget rate (2025)	Post-Budget rate (2026)	Change
Metal				
9.	INVAR	5%	7.5%	↑
10.	Monazite	2.5%	Nil	↓
IT & Electronics				
11.	Parts of Radio Trunking terminals	5%	15%	↑
12.	CD-ROMs containing knowledge	Nil	10%	↑
13.	Digital Still Image Video Camera Equipment	Nil	Applicable BCD	↑
14.	Parts for use in e-Readers and Loco simulators	5%	Applicable BCD	↑
15.	Motion pictures, music, gaming software	Concessional rate	Applicable BCD	↑
16.	Manufacturing parts of video games	5%	20%	↑
17.	Metal parts for use in the manufacture of electrical insulators	7.5%	15%	↑
18.	Television equipment, cameras and other film devices and photographic, filming, sound recording and radio equipment	Nil	7.5%	↑
19.	Specified goods for use in the manufacture of Microwave Ovens	Applicable BCD	Nil	↓
20.	Rubber for use in wires and cables	7.5%	10%	↑
21.	Coffee roasting, brewing or vending machines	7.5%	10%	↑

Sr. No.	Description	Pre-Budget rate (2025)	Post-Budget rate (2026)	Change
Medical Equipment				
22.	X-Ray tubes for manufacture of X-Ray Machines for medical, surgical or veterinary use	7.5%	10%	↑
23.	Flat panel detector for use in manufacture of X-Ray machine	7.5%	10%	↑
24.	Specified goods imported for the manufacture of Copper-T contraceptives	Nil	Applicable rate of duty	↑
Aviation				
25.	Raw materials for aircraft and parts including engines	Applicable rate	Nil	↓
Automotives, Fuels, And Petrochemicals				
26.	LPG consumed in the manufacture of polyisobutylene in DTA	Nil	Applicable rate of duty	↑
27.	Alpha pinene	5%	7.5%	↑
28.	Maltol	Nil	7.5%	↑
29.	Zeolite for use in the manufacture of washcoat for catalytic converters	5%	7.5%	↑
30.	Spent catalyst or ash containing precious metals	5%	10%	↑
31.	Pipes and tubes for use in manufacture of boilers	7.5%	15%	↑
Wind				
32.	Forged metal rings for manufacture of special bearings for use in wind operated electricity generators	5%	5%	=

Sr. No.	Description	Pre-Budget rate (2025)	Post-Budget rate (2026)	Change
33.	Permanent magnets for generators	5%	7.5%	↑
	Solar			
34.	Photovoltaic cells (expanded definition)	Applicable rate of duty	Nil	↓
	Nuclear			
35.	Fuel elements for generation of nuclear power	7.5%	Nil	↓
36.	Control and Protection Absorber Rods & Burnable Absorber Rods used for nuclear power	7.5%	Nil	↓
37.	Goods required for setting up of specified Nuclear Power	Applicable rate	Nil	Exemption Extended
	Battery			
38.	Capital goods used in Lithium-Ion Cells for vehicle batteries	Applicable rate of duty	Nil	↓
	Other Goods			
39.	High-speed Heat-set web offset	5%	7.5%	↑
40.	Cash dispensers	Nil	7.5%	↑
41.	Animals and birds imported by zoo	Nil	30%	↑
42.	Castor oil cake and castor de-oiled cake	Nil	15%	↑
43.	Hydrophilic and hydrophobic materials	5%	20%	↑
44.	Plasma expanders	5%	10%	↑

Note:

- Entries 1-3, 5-6, 8-12, 15, 20, 22, 26-27, 29, 33, 35-39 and 42 shall be effective from February 2, 2026.
- Entries 4, 7, 13-19, 21, 23-25, 28, 30-34, 40-41, 43-44 shall be effective from April 1, 2026.

2. Other Important Changes:

Nil BCD rate shall now also apply to sheets/encapsulants of EVA, PoE used in the manufacture of solar photovoltaic cells, effective from 2nd February, 2026.

Exemption from BCD has been extended to 17 new drugs/medicines under Chapter 30 of the ITC(HS).

Customs duty exemption has been granted on drugs, medicines and food for special medical purposes relating to 7 rare diseases when imported for personal use.

Social Welfare Surcharge (SWS) stands exempted on parts of electronic toys, effective from 2nd February, 2026.

3. Exemptions In Customs duty

Customs duty exemptions in Notification No. 45/2025- Customs dated 24.10.2025 have been revised. Exemptions/concessional rates have been extended to several items, which include the following:

Sl. No.	Description	End date
1.	Meat of ducks (frozen); Planting materials (oil seeds, vegetable seeds, flowers, fruits, pulses)	31.03.2028
2.	Algal oil for aquatic feed; Lactose for homeopathic medicine; Goods for sea-food processing	31.03.2028
3.	Gold ores and concentrates; Bunker fuels for ships/vessels	31.03.2028
4.	Medical fission Molybdenum-99; Pharmaceutical Reference Standard; Goods for ELISA Kits; Anthraquinone for Hydrogen Peroxide	31.03.2028
5.	Goods for BLDC motors; Tags/labels for exporters; Goods for handicrafts, textile/leather garments, footwear (for export)	31.03.2028
6.	Goods for paper/newsprint; Lightweight paper for magazines; Pile fabrics for toys; Moulds/tools for electronics; Graphite Felt/wire for silicon	31.03.2028
7.	Forged rings for wind generators; Copper for solar cells; Goods for catalytic converters; Platinum/Palladium for Noble Metal Compounds	31.03.2028

8.	Parts for CNC Lathes; Goods for LED lights/fixtures; Parts for DVR/NVR, CCTV, TV panels; Lithium-ion cells for batteries (mobile, EV)	31.03.2028
9.	Parts/raw materials for aircraft manufacture/MRO; Satellites/ground equipment; Fishing vessels, tugs, pusher crafts	31.03.2028
10.	Materials for coronary stents/heart valves; Medical/surgical instruments; Hospital equipment; Parts for Cochlear Implants, Braille watches, electronic toys; Machinery for renewable power generation	31.03.2028

GLOSSARY

ABBREVIATION	MEANING
1961 Act	Income Tax Act, 1961
AO	Learned Assessing Officer
AY	Assessment Year
Black Money Act	Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015
Benami Act	Prohibition of Benami Property Transactions Act, 1988
BCD	Basic Customs Duty
BEPS	Base Erosion and Profit Shifting
Bill/ Finance Bill	The Finance Bill, 2026
CA, 2013	Companies Act, 2013
CBDT	Central Board of Direct Taxes
CBIC	Central Board of Indirect Taxes and Customs
CCIT	Learned Chief Commissioner of Income Tax
CEA	Central Excise Act, 1944
CENVAT	Central Value Added Tax
CESTAT	Hon'ble Customs, Excise and Service Tax Appellate Tribunal
CGST Act	Central GST Act, 2017
CIT	Learned Commissioner of Income Tax
CIT(A)	Learned Commissioner of Income Tax (Appeal)
CT Act	Customs Tariff Act, 1975
Customs Act	The Customs Act, 1962
FII	Foreign Institutional Investor
FTWZ	Free Trade Warehousing Zone
FY	Financial Year
FM	Finance Minister
GST	The Goods and Service Tax
HC	Hon'ble High Court
HUF	Hindu Undivided Family
IFSCA	International Financial Services Centre Authority

ABBREVIATION	MEANING
IFSC	International Financial Services Centre
IGST Act	Integrated GST Act, 2017
INR	Indian Rupees
InvIT	Infrastructure Investment Trust
IRA	Indian Revenue Authorities
ITC	Input Tax Credit
IT Act	Income Tax Act, 2025
IT Rules	Income Tax Rules, 1962
ITAT	Hon'ble Income Tax Appellate Tribunal
MOOWR	Manufacturing and Other Operations in Warehouse
NBFC	Non-Banking Financial Companies
OECD	Organisation for Economic Co-operation and Development
PAN	Permanent Account Number
PCIT	Learned Principal Commissioner of Income Tax
PE	Permanent Establishment
REIT	Real Estate Investment Trust
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SC	Hon'ble Supreme Court
STT	Securities Transaction Tax
TDS	Tax Deduction at Source
TCS	Tax Collection at Source
TPO	Learned Transfer Pricing Officer
TY	Tax Year
UOI	Union of India
UTGST	Union Territory Goods and Services Tax
UTGST Act	Union Territory Goods and Services Act, 2017
VAT	Value Added Tax
VDA	Virtual Digital Asset

Key Contacts

Cyril Shroff
Managing Partner
cyril.shroff@cyrilshroff.com

S. R. Patnaik
Partner (Head-Taxation)
sr.patnaik@cyrilshroff.com

Kunal Savani
Partner (Taxation & Private Client)
kunal.savani@cyrilshroff.com

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Notes

cyril amarchand mangaldas
ahead of the curve

www.cyrilshroff.com
www.cyrilshroff.com/blogs

mumbai
Peninsula Chambers, Peninsula Corporate Park, GK Marg,
Lower Parel, Mumbai – 400 013, India
T +91 22 6660 4455
E cam.mumbai@cyrilshroff.com

bengaluru
3rd Floor, Prestige Falcon Tower, 19, Brunton Road,
Off M G Road, Bengaluru – 560 025, India
T +91 80 6792 2000
E cam.bengaluru@cyrilshroff.com

chennai
11th Floor, Awfis Prestige Palladium Bayan, No.43/1
(Door No.129 to 140), Greams Road,
Egmore, Chennai – 600 006
T +91 44 4904 2874
E cam.chennai@cyrilshroff.com

gift city
Office No. 501, 5th Floor, PRAGYA 2 Tower,
Road No. 11, GIFT SEZ area, GIFT City,
Gandhinagar – 382 355, Gujarat
T +91 79 6959 3500
E cam.ahmedabad@cyrilshroff.com

abu dhabi
2459, Al Sila Tower, Abu Dhabi Global Market Square,
Al Maryah Island, Abu Dhabi, United Arab Emirates
(CAM Middle East)
E cam.abudhabi@cyrilshroff.com

delhi-ncr
Level 1 & 2, Max Towers, C-001/A, Sector 16 B,
Noida – 201 301, Uttar Pradesh, India
T +91 120 669 9000
E cam.delhi@cyrilshroff.com

ahmedabad
Block A-1512, 15th Floor, Navratna Corporate Park,
Ambli Bopal Road, Bodakdev, Ahmedabad – 380 058, India
T +91 79 3503 9999
E cam.ahmedabad@cyrilshroff.com

hyderabad
Ground Floor, AWFIS Ohris Tech Park,
Plot No.13, Survey 64/2, (New) Software Units Layout,
Madhapur, HiTech City, Hyderabad – 500 081, India
T +91 40 4433 4323
E cam.hyderabad@cyrilshroff.com

singapore
61 Robinson Road, #11-03, Singapore - 068 893
T +65 6329 2260
(CAM Singapore Pte Ltd., UEN: 202137213R)
E cam.singapore@cyrilshroff.com