



**SUPPLEMENTARY FOR DECEMBER 2025
TERM OF EXAMINATION**

PAPER - 7A

DIRECT TAXATION

SYLLABUS 2022



SUPPLEMENTARY_PAPER 7A_FOR DECEMBER 2025 TERM OF EXAMINATION_SYLLABUS 2022

DIRECT TAX (PAPER 7A)

Disallowance of Expenditure Incurred for Settling Regulatory Defaults under Specified Acts [Notification No. 38/2025 dated 23-04-2025]

The Government, under clause (iv) of *Explanation 3 to section 37(1)*, has notified that any expenditure incurred for settling proceedings related to contraventions or defaults under the following laws **will not be allowed as a business deduction**:

- Securities and Exchange Board of India Act, 1992
- Securities Contracts (Regulation) Act, 1956
- Depositories Act, 1996
- Competition Act, 2002

Extension of due date for furnishing return of income for the Assessment Year 2025-26 [Circular No. 06/2025 dated 27-05-2025]

CBDT has extended the due date for furnishing the return of income for Assessment Year 2025–26 from **31st July 2025 to 15th September 2025** for assessee whose accounts are not subject to audit.

ITR 1 – Sahaj

Assessee having long-term capital gains u/s 112A upto ₹ 1,25,000 and does not have any brought forward loss or loss to be carried forward under the head, can also file return of income in ITR 1 / ITR 4, provided other conditions are satisfied.

TCS Applicability on Specified Luxury Goods under Section 206C(1F) [Notification No. 36/2025 dated 22-04-2025]

The Government, u/s 206C(1F)(ii), has notified a list of specified luxury or high-value goods, if the value of these goods exceeds ₹10 lakh, tax is required to be collected at source (TCS) by the seller.

1. Wrist watches
2. Art pieces (e.g. antiques, paintings, sculptures)
3. Collectibles (e.g. coins, stamps)
4. Yachts, boats, canoes, helicopters
5. Sunglasses



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6. Bags (e.g. handbags, purses)
7. Shoes
8. Sportswear and equipment (e.g. golf kits, ski-wear)
9. Home theatre systems
10. Horses used for horse racing or polo

This notification ensures TCS compliance on high-end discretionary goods to curb tax evasion and improve traceability of luxury purchases.

Other

- No deduction of tax at source u/s 194EE on payment of amount referred to in sec. 80CCA(2)(a) [i.e., National Saving Scheme], which is withdrawn by an assessee being an individual. [Notification No. 27/2025 dated 07-04-2025]
- Every person who has been allotted PAN on the basis of Enrolment ID of Aadhaar application form filed prior to 01-10-2024, shall intimate his Aadhaar number to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the said authorities within 31-12-2025. [Notification No. 25/2025 read with 26/2025 dated 03-04-2025]

Further, a new Income Tax Bill, 2025 is introduced.