SUPPLEMENTARY FOR JUNE 2026 TERM OF EXAMINATION

PAPER – 15

DIRECT TAX LAWS AND INTERNATIONAL TAXATION

SYLLABUS 2022

Default Tax Regime for Individual / HUF / AOP / BOI / AJP [Sec. 115BAC]

Applicable to

Individual / HUF / AOP (other than co-operative society) / BOI / AJP

Rate of Tax

Under this tax regime, income tax shall be computed at the option of the assessee considering the following rate:

Total income	Rate of tax
Upto ₹ 4,00,000	Nil
From ₹ 4,00,001 to ₹ 8,00,000	5%
From ₹ 8,00,001 to ₹ 12,00,000	10%
From ₹ 12,00,001 to ₹ 16,00,000	15%
From ₹ 16,00,001 to ₹ 20,00,000	20%
From ₹ 20,00,001 to ₹ 24,00,000	25%
Above ₹ 24,00,000	30%

Rebate u/s 87A for tax computed as per sec. 115BAC

Applicable to: Resident Individual

Conditions to be satisfied: The total income of the assessee does not exceed ₹ 12,00,000.

Taxpoint: Rebate u/s 87A is not available on tax on income chargeable at special rates under any provisions [e.g. rebate u/s 87A is not available on tax on capital gains covered u/s 111A / 112 / 112A, tax on winning from lottery u/s 115BB, etc.]

Quantum of Rebate: **Lower** of the following:

a. 100% of tax liability as computed above; or
b. ₹ 60,000/-

Marginal relief is available even if total income exceeds ₹ 12,00,000 [available upto ₹ 12,70,587]

Marginal relief = Positive value of (Tax on income – Income in excess of ₹ 12,00,000)

Surcharge on tax after rebate u/s 87A

Surcharge at the following rate is also payable on tax as computed above after rebate u/s 87A

Total Income	Rate of Surcharge
Total income does not exceed ₹ 50 lacs	Nil
Total income exceeds ₹ 50 lacs but does not exceed ₹ 1 crore	10% of tax
Total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% of tax
Total income exceeds ₹ 2 crores	25% of tax*

Marginal Relief as discussed in the old regime is also available.

* Where the total income includes dividend, any income chargeable u/s 111A, 112 and 112A, the surcharge on the amount of income-tax computed on that part of income shall not exceed 15%. In other words, surcharge higher than 15% is applicable only on tax on income other than dividend, income covered u/s 111A, 112 and 112A. Moreover, in case of an AOP consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed 15%.

Health & Education Cess

Applicable on: All assessee

Rate of cess: 4% of Tax liability after Surcharge

Rate of tax under old tax regime

In that case, following tax rates are applicable:

Individual/HUF/Association of Persons/Body of Individuals/Artificial Juridical Person

In case of Super Senior citizen

Total Income Range	Rates of Income Tax
Up to ₹ 5,00,000	Nil
₹ 5,00,001 to ₹ 10,00,000	20% of (Total income – ₹ 5,00,000)
₹ 10,00,001 and above	₹ 1,00,000 + 30% of (Total income – ₹ 10,00,000)

Super Senior Citizen means an individual who is resident in India and is of at least 80 years of age at any time during the relevant previous year (i.e. any resident person, male or female, born before 02-04-1946).

In case of Senior citizen

Total Income Range	Rates of Income Tax
Up to ₹ 3,00,000	Nil
₹ 3,00,001 to ₹ 5,00,000	5% of (Total Income – ₹ 3,00,000)
₹ 5,00,001 to ₹ 10,00,000	₹ 10,000 + 20% of (Total income – ₹ 5,00,000)
₹ 10,00,001 and above	₹ 1,10,000 + 30% of (Total income – ₹ 10,00,000)

Senior Citizen means an individual who is resident in India and is of at least 60 years of age at any time during the relevant previous year. (i.e., a resident person, male or female, born on or after 02-04-1946 but before 02-04-1966)

In case of other Individual[1] / HUF / Association of Persons / Body of Individuals / Artificial Juridical Person

Total Income Range	Rates of Income Tax
Up to ₹ 2,50,000	Nil
₹ 2,50,001 to ₹ 5,00,000	5% of (Total Income – ₹ 2,50,000)
₹ 5,00,001 to ₹ 10,00,000	₹ 12,500 + 20% of (Total income – ₹ 5,00,000)
₹ 10,00,001 and above	₹ 1,12,500 + 30% of (Total income – ₹ 10,00,000)

[1]. born on or after 02-04-1966 or non-resident individual

Rebate u/s 87A

Applicable to: Resident Individual

Conditions to be satisfied: Total income of the assessee does not exceed ₹ 5,00,000.

Taxpoint: Rebate u/s 87A is not available on tax on capital gains covered u/s 112A

Quantum of Rebate: **Lower** of the following:

a. 100% of tax liability as computed above; or

b. ₹ 12,500/-

Surcharge on tax after rebate u/s 87A

Surcharge at the following rate is also payable on tax as computed above after rebate u/s 87A

Total Income	Rate of Surcharge
Total income does not exceed ₹ 50 lacs	Nil
Total income exceeds ₹ 50 lacs but does not exceed ₹ 1 crore	10% of tax
Total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% of tax
Total income exceeds ₹ 2 crores but does not exceed ₹ 5 crores	25% of tax*
Total income exceeds ₹ 5 crores	37% of tax*

Surcharge is subject to marginal relief.

* Where the total income includes dividend, any income chargeable u/s 111A, 112 and 112A, the surcharge on the amount of income-tax computed on that part of income shall not exceed 15%. In other words, surcharge higher than 15% is applicable only on tax on income other than dividend, income covered u/s 111A, 112 and 112A. Moreover, in case of an AOP consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed 15%.

Health & Education Cess

Applicable on: All assessee

Rate of cess: 4% of Tax liability after Surcharge

Firm or Limited Liability Partnership (LLP)

A partnership firm (including limited liability partnership) is taxable at the rate of 30%

Surcharge: 12% of income-tax (if total income exceeds ₹ 1 crore otherwise Nil)

Marginal Relief: Available

Health & Education Cess: 4% of tax liability after surcharge

Company

Company	***Rate***
In the case of a domestic company	
- Where its total turnover or gross receipts during the previous year 2023-24 does not exceed ₹ 400 crore	25%
- In any other case	30%
In the case of a foreign company	35%

Surcharge

Total Income	**Domestic Company**	**Foreign Company**
If total income exceeds ₹ 10 crore	12%	5%
If income exceeds ₹ 1 crore but does not exceed ₹ 10 crore	7%	2%
If income does not exceed ₹ 1 crore	Nil	Nil

Marginal Relief: Available at both points (i.e., income exceeds ₹ 1,00,00,000 or ₹ 10,00,00,000)

Health & Education Cess: 4% of tax liability after surcharge

Harmonisation of Significant Economic Presence applicability with Business Connection [Sec. 9]

Sec. 9(1)(i), *inter alia*, provides that all income accruing or arising, whether directly or indirectly, through or from any business connection in India shall be deemed to accrue or arise in India.

Clause (b) of *Explanation* 1 to sec. 9(1)(i) provides that in the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export.

Explanation 2A to sec. 9(1)(i), *inter alia*, provides that the significant economic presence of a non-resident in India shall constitute "business connection" in India and "significant economic presence" for this purpose shall *inter alia* mean transaction in respect of any goods carried out by a non-resident with any person in India.

Explanation 2A of sec. 9 has been amended so as to provides that the transactions or activities of a non-resident in India which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence of such non-resident in India.

Simplified regime for fund managers based in IFSC [Sec. 9A]

Sec. 9A, *inter alia*, provides that the fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund shall not constitute business connection in India, subject to the conditions mentioned therein.

One of the conditions provided in sec. 9A(3)(c), *inter alia,* provides that the eligible investment fund shall fulfil the condition that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed 5% of the corpus of the fund.

Further, sec. 9A(8A), *inter alia,* provides that the Central Government may by notification specify that any one or more of the conditions specified in sec. 9A(3) / (4), shall not apply or shall apply with such modifications, in case of an eligible investment fund and its eligible fund manager, if such fund manager is located in an IFSC and has commenced its operations on or before 31-03-2024.

Thus, in this context, sec. 9A has been amended so as to provide that –

a. The condition given in sec. 9A(3)(c) is rationalised for all the eligible investment funds whether or not their eligible fund managers are based in IFSC, by determining the aggregate participation or investment in the fund as on 1st April and 1st October of the previous year and in case the said condition at clause (c) is not satisfied on either of the said days, it shall be provided that it will satisfy the same condition within four months of the said days;
b. In view of the rationalisation above, the condition in sec. 9A(3)(c) shall not be modified for any eligible investment fund and its eligible fund manager; and

c. The other conditions (a) to (m) can be relaxed for a eligible investment fund where the date of commencement of operations by its eligible fund manager located in IFSC for the purposes of sec. 9A(8A) is on or before 31-03-2030.

The sunset dates for commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC, in sec. 10(4D) / (4F) / (4H), sec. 80LA(2)(d) and sec. 47(viiad), is extended to 31st day of March, 2030.

Amendment to sec. 10(4E)

The existing provisions of clause (4E) of section 10 of the Act provide that any income accrued or arisen to, or received by a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments entered into with an offshore banking unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA shall not be included in the total income of the non-resident.

In order to further incentivize operations from the IFSC, sec. 10(4E) has been amended to provide that the income of a non-resident on account of transfer of non-deliverable forward contracts or offshore derivative instruments or over the-counter derivatives, or distribution of income on offshore derivative instruments, entered into with Foreign Portfolio Investors being an IFSC unit shall also not be included in the total income subject to certain conditions as may be prescribed.

Amendment to sec. 10(4H) and 10 (34B)]

Sec. 10(4H) provides exemption to non-residents or unit of IFSC engaged in aircraft leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in aircraft leasing. Further, sec. 10(34B) provides exemption to dividend paid by a company being a unit of IFSC engaged in aircraft leasing, to a unit of IFSC engaged in aircraft leasing.

Similar to aircraft leasing business, in the ship leasing business, separate special purpose vehicles (SPVs) are created for one or more vessels to safeguard the investors. Therefore, on the lines of aircraft leasing, the exemption is also extended:

- Sec. 10(4H) to non-residents or units of IFSC engaged in ship leasing on capital gains tax on transfer of equity shares of domestic companies being units of IFSC, engaged in ship leasing.
- Sec. 10(34B) to dividend paid by a company being a unit of IFSC engaged in ship leasing, to a unit of IFSC engaged in ship leasing.

Amendment to sec. 10(10D)

Sec. 10(10D) provides exemption to sum received under a life insurance policy including the sum allocated by way of bonus on such policy, subject to the conditions specified therein. The said provisions are also applicable to insurance policies issued by IFSC Insurance Offices.

Provisos (fourth, fifth, sixth and seventh provisos) to the said clause, *inter alia*, provide that the exemption under the said clause is not available if annual amount of premium or aggregate of premiums

payable is above ₹ 2.5 lakhs for unit linked insurance policies, and ₹ 5 lakhs for life insurance policies other than unit linked insurance policies.

In order to provide parity to non-residents availing life insurance from insurance office in IFSC vis a vis other foreign jurisdiction, sec. 10(10D) has been amended so as to provide that proceeds received on life insurance policy issued by IFSC insurance intermediary office shall be exempted without the condition related to the maximum premium payable on such policy as mentioned above.

Partial withdrawal from NPS Vatsalya Scheme [Sec. 10(12BA)]

The NPS Vatsalya Scheme also allows for partial withdrawal from the minor's account to address certain contingency situations like education, treatment of specified illnesses and disability (of more than 75%) of the minor. Accordingly, sec. 10(12BA) has been inserted to provides that any income received on partial withdrawal made out of the minor's account, shall not be included in the total income of the parent/guardian to the extent it does not exceed 25% of the amount of contributions made by him and in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 and the regulations made thereunder.

Amendment to sec. 10(23FE)

Sec. 10(23FE) provides for the exemption to specified persons from the income in the nature of dividend, interest, long-term capital gains or certain other incomes arising from an investment made by it in India. Specified persons *inter alia* are Sovereign Wealth Fund (SWF), Pension Fund (PF) which fulfills conditions prescribed therein and are specified for this purpose by the Central Government through notification in the Official Gazette. This provision was introduced through the Finance Act, 2020 to encourage investments of SWF and PF into infrastructure sector of India.

Sec. 10(23FE)(i), *inter* alia, provides that investment is made on or after 01-04-22020 but on or before 31-03-2025.

Further, the amendments to sec. 50AA by Finance (No. 2) Act, 2024, have re-classified all the capital gains from unlisted debt securities as short-term capital gains, irrespective of the holding period. This will result in the long term capital gains from investment in unlisted debt investments to be taxable in the hands of SWFs and PFs. Prior to the said amendments, notified SWFs or PFs were eligible for exemptions on long-term capital gains from unlisted debt securities u/s 10(23FE)

Considering all, sec. 10(23FE) has been amended so as to provide that,–

d. long-term capital gains (whether or not such capital gains are deemed as short-term capital gains u/s 50AA) arising from an investment made by it in India, shall inter alia not be included in the total income of a specified person u/s 10(23FE); and
e. the date of investment under the said clause shall extended from to 31-03-2030.

[redacted]

Rationalisation of 'specified violation' for cancellation of registration of trusts or institutions

Sec. 12AB(4), *inter alia,* provides that where registration or provisional registration of a trust or an institution has been granted and subsequently, the Principal Commissioner or Commissioner has noticed occurrence of one or more specified violations during any previous year, the Principal Commissioner or Commissioner shall, pass an order in writing, cancelling the registration of such trust or institution if he is satisfied that one or more specified violations have taken place.

Explanation to sub-section (4) provides that "specified violation" *inter alia,* means the cases where the application referred to in sec. 12A(1)(ac) is not complete or it contains false or incorrect information.

It was noted that even minor default, where the application referred to in sec. 12A(1)(ac) is not complete, may lead to cancellation of registration of trust or institution, and such trust or institution becomes liable to tax on accreted income.

It is, therefore, the Explanation to sec. 12AB(4) has been amended so as to provide that the situations where the application for registration of trust or institution is not complete, shall not be treated as specified violation for the purpose of the said sub-section.

Period of registration of smaller trusts or institutions

Sec. 12AB provides registration of trust or institution for a period of 5 years or provisional registration (where activities have not commenced at the time of filing application for registration) for a period of 3 years. At the expiry of such registration or provisional registration, or in case of

provisional registration, if the activities of the trust or institution have commenced, the trust or institution is required to make application for further registration.

It has been noted that applying for registration after every 5 years, increases the compliance burden for trusts or institutions, especially for the smaller trusts or institutions.

To reduce the compliance burden for the smaller trusts or institutions, it has been amended to increase the period of validity of registration of trust or institution from 5 years to 10 years, in cases where the trust or institution made an application u/s 12A(1)(ac)(i) to (v), and the total income of such trust or institution, without giving effect to the provisions of sec. 11 and 12, does not exceed ₹ 5 crores during each of the two previous year, preceding to the previous year in which such application is made.

Rationalisation of persons specified u/s 13(3) for trusts or institutions

Sec. 13, *inter alia*, provides that sec. 11 or 12 shall not apply to exclude any income from the total income of trust of institution, if such income enures, or such income or any property of the trust or the institution is used or applied, directly or indirectly for the benefit of any person referred to in sub-section (3), which *inter alia* are as following –

a. any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds ₹ 50,000;
b. any relative of any such person as aforesaid;
c. any concern in which any such person as aforesaid has a substantial interest.

It is amended to provide that:

i. persons referred to in sec. 13(3)(b), shall be any person whose total contribution to the trust or institution, during the relevant previous year exceeds ₹ 1,00,000, or, in aggregate up to the end of the relevant previous year exceeds ₹ 10,00,000, as the case may be;
ii. relative of any such person as mentioned in (i) above, shall not be included in persons specified in sec. 13(3); and
iii. any concern in which any such person as mentioned in (i) above has a substantial interest, shall not be included in persons specified in sec. 13(3).

Specified Employee: The monetary threshold limit to considered as a "specified employee" is increased to ₹ 4,00,000

Medical facility outside India: The expenditure incurred by the employer for travel outside India on the medical treatment of employee or his family member would not be treated as a perquisite, if salary of such employee does not exceed ₹ 2,00,000. Now the limit has been increased to ₹ 8,00,000.

Annual value of the self-occupied property simplified

Sec. 23(2) provides that where house property is in the occupation of the owner for the purposes of his residence or owner cannot actually occupy it due to his employment, business or profession carried on at any other place, in such cases, the annual value of such house property shall be taken to be nil.

Further, sec. 23(4) provides that provisions of sec. 23(2) will be applicable in respect of two house properties only, which are to be specified by the owner.

With a view to simplifying the provisions, provision has been amended so as to provide that the annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason. The provision of sec. 23(4) which allows this benefit only in respect of two of such houses shall continue to apply as earlier.

Special provision for non-resident providing services for electronics manufacturing facility [Sec. 44BBD]

Applicable to	**Non resident**
Condition	a. Assessee is engaged in the business of providing services or technology in India, for the purposes of setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India; b. Such services or technology shall be provided to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in

Applicable to	Non resident
	India, under a scheme notified by the Central Government in the Ministry of Electronics and Information Technology; and c. The resident company satisfies the conditions prescribed in this behalf.
Deemed income	25% of the aggregate of the following shall be deemed to be the profits and gains of such business of the non-resident assessee – **a.** the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology; and **b.** the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of providing services or technology
Taxpoint	**a.** Where a non-resident assessee declares profits and gains of business for any previous year under this section, no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year **b.** The provisions of sec. 44DA or sec. 115A shall not apply in respect of the amounts referred to in this section

Amendment of definition of capital asset [Sec. 2(14)

Sec. 2(14) defines the term "capital asset" to include property of any kind held by an assessee, whether or not connected with his business or profession, but does not include any stock-in-trade or personal assets as provided in the definition. The securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 are also defined as capital assets.

There has been some uncertainty in characterization of income arising from transaction in securities as to whether it is capital gain or business income for investment funds (specified in clause (a) of Explanation 1 to section 115UB in the Act).

With a view of providing certainty in respect of the above, It is amended to provide that any security held by investment funds referred to in sec. 115UB which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be treated as capital asset only so that any income arising from transfer of such security would be in the nature of capital gain.

Amendment of definition of virtual digital asset [Sec. 2(47A)]

Sec. 2(47A) has been amended so as to provide that the definition of virtual digital asset also includes any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset or not.

Bringing clarity in income on redemption of Unit Linked Insurance Policy

Sec. 10(10D) provides for income-tax exemption on the sum received under a life insurance policy, including bonus on such policy. There is a condition that the premium payable for any of the years during the terms of the policy should not exceed 10% of the actual capital sum assured.

It may be pertinent to note that to restrict the benefit of exemption u/s 10(10D), to small and genuine cases of life insurance, the Finance Act, 2021, *inter alia*, made amendments to sec. 10(10D) to provide that the exemption under this clause shall not apply with respect to any unit linked insurance policy or policies issued on or after the 01.02.2021, if the amount of premium or aggregate amount of premium payable during the term of such policy or policies exceeds ₹ 2,50,000

It is to be noted that ULIP is a capital asset only when the exemption u/s (10D) does not apply on such policies on account of the applicability of the 4th and 5th proviso and accordingly, taxation as capital gains in case of only such ULIPs. However, in case of life insurance policy (other than a ULIP), the sum received is chargeable to income-tax under "Income from other sources" for any such policy to which exemption u/s 10(10D) does not apply.

Further, any sum received under an insurance policy as provided in sec. 10(10D)(a) to (d) read with the provisos to sec. 10(10D) are not eligible for exemption u/s 10(10D). Such sub-clauses are applicable to unit-linked insurance policy as well.

Thus, to rationalise the provisions for unit-linked insurance policies, it has been amended so as to provide that,–

a. ULIPs to which exemption u/s 10(10D) does not apply, is a capital asset [sec. 2(14)];
b. the profit and gains from the redemption of ULIPs to which exemption u/s 10(10D) does not apply, shall be charged to tax as capital gains [sec. 45(1B)]; and
c. ULIPs to which exemption u/s 10(10D) does not apply, shall be included in the definition of equity oriented fund [sec. 112A]

Amendment to sec. 47(viiad)

The existing provisions of sec. 47(viiad) provide that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund shall not be regarded as transfer for the purposes of calculating capital gains. The Explanation to the clause inter-alia, provides that "resultant fund" means a fund established or incorporated in India, which has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund, is located in any International Financial Services Centre and is subject to certain conditions provided therein. Thus, the relocation of original funds to the resultant fund in the IFSC is a tax-neutral transaction.

The income of retail schemes and Exchange Traded Funds (ETFs) located in the IFSC and, *inter alia*, is regulated under the International Financial Services Centres Authority Act, 2019 was granted exemption along with previously exempted specified funds as per sec. 10(4D) vide the Finance (No.2) Act, 2024.

It has been amended to include such retail schemes or Exchange Traded Funds (ETF) within the definition of resultant fund for the purposes of sec. 47(viiad) so that relocation of original funds to such funds in the IFSC is also a tax-neutral transaction.

Notification No. 73/2025 dated 09-07-2025

For the purpose of sec. 54EC, Indian Renewable Energy Development Agency (IREDA) (a Public Limited Government Company established as a Non-Banking Financial Institution) has been notified as Long term specified asset

Cost Inflation Index for F.Y. 2025-26 is 376

Rationalisation of definition of 'dividend' for treasury centres in IFSC

Sec. 2(22)(e), inter alia, provides that dividend includes any sum by way of advance or loan to a shareholder paid by a company (not being a company in which the public are substantially interested), where shareholder is the beneficial owner of shares holding not less than 10% of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

Sec. 2(22)(ii) excludes from the definition of dividend (may be referred to as deemed dividend) any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company.

Sec. 2(22) has been amended to provide that any advance or loan between two group entities, where one of the group entity is a "Finance company" or a "Finance unit" in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services and the 'parent entity' or 'principal entity' of such 'group entity' is listed on stock exchange in a country or territory outside India, other than the country or territory outside India as may be specified by the Board in this behalf, shall not be treated as 'dividend'. The conditions for a 'group entity', 'principle entity' and the 'parent entity' shall be prescribed.

Rationalisation of provisions related to carry forward of losses in case of amalgamation

Sec. 72A and 72AA provide provisions relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in cases of amalgamation or business reorganization as specified therein.

Sec. 72A and 72AA provide that accumulated loss of the amalgamating entity or predecessor entity shall be deemed to be the loss of the amalgamated entity or the successor entity for the previous year in which amalgamation or business reorganisation has been effected or brought into force. Further, sec. 72 of the Act provides that no loss (other than loss from speculation business) under the head "Profits and gains from business or profession" shall be carried forward for more than 8 assessment years immediately succeeding the assessment years for which the loss was first computed.

In order to bring clarity and parity with the provisions of sec. 72, sec. 72A and 72AA has been amended so as to provide that any loss forming part of the accumulated loss of the predecessor entity, which is deemed to be the loss of the successor entity, shall be eligible to be carried forward for not more than 8 assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

Exemption to withdrawals by Individuals from National Savings Scheme from taxation [Sec. 80CCA]

Sec. 80CCA, *inter-alia*, provides for a deduction to an individual, or a Hindu undivided family, for any amount deposited in the National Savings Scheme (NSS). It is also provided that no deduction would be allowed in relation to such amount on or after 01-04-1992.

Sec. 80CCA(2), *inter-alia*, provides that where such amount, together with the interest accrued on such amount standing to the credit of the assessee under the scheme is withdrawn, it shall be deemed to be the income of the assessee and shall be chargeable to tax. Since this provision has been sunset from 01.04.1992, the amounts taxable on withdrawal are those which were deposited in financial year 1991-92 and earlier, and on which deduction had been claimed. Further, Circular No 532 issued on 17.03.1989 provided that the withdrawal on closure of account due to death of the depositor was not chargeable to tax in the hands of the legal heirs. The Department of Economic Affairs issued a Notification dated 29.08.2024 providing that no interest would be paid on the balances in the NSS after 01.10.2024.

Thus, sec. 80CCA has been amended to provide exemption to the withdrawals made by individuals from these deposits for which deduction was allowed, on or after 29-08-2024. This exemption is provided to the deposits, with the interest accrued thereon, made before 01.04.1992 as these are the amounts in respect of which a deduction has been allowed.

Deduction under section 80CCD for contributions made to NPS Vatsalya

The NPS Vatsalya Scheme, officially launched on 18-09-2024, enables parents and guardians to start a National Pension Scheme (NPS) account for their children. This savings-cum-pension scheme is designed exclusively for minors and will be operated by the guardian for the exclusive benefit of the minor till they attain majority. When a minor attains 18 years, the account will continue to be operational, transferred to the child's name with the accumulated corpus and will be shifted into the NPS-Tier 1 Account - All Citizen Model or other non-NPS scheme account.

In order to extend the tax benefits available to the National Pension Scheme (NPS) u/s 80CCD of the Act to the contributions made to the NPS Vatsalya accounts following amendments has been made:

a. A deduction to be allowed to the parent/guardian's total income, of the amount paid or deposited in the account of any minor under the NPS to a maximum of ₹ 50,000/- overall as mandated u/s 80CCD(1B);

b. The amount on which deduction has been allowed u/s 80CCD(1B) or any amount accrued thereon, will be charged to tax when such amount is withdrawn, in the case where deposit was made in the account of a minor; and

c. The amount on which deduction has been allowed and is received on closure of the account due to the death of the minor shall not be deemed to be the income of the parent/guardian

The NPS Vatsalya Scheme also allows for partial withdrawal from the minor's account to address certain contingency situations like education, treatment of specified illnesses and disability (of more than 75%) of the minor. Accordingly, sec. 10(12BA) has also been inserted to provides that any income received on partial withdrawal made out of the minor's account, shall not be included in the total income of the parent/guardian to the extent it does not exceed 25% of the amount of contributions made by him and in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 and the regulations made thereunder.

Extension of timeline for tax benefits to start-ups [Sec. 80-IAC]

The existing provisions of sec. 80-IAC, *inter alia*, provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive assessment years out of 10 years, beginning from the year of incorporation, at the option of the assessee subject to certain condition.

It has been amended so as to extend the benefit for another period of 5 years, i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.

Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination [Sec. 92CA r.w.s. 155(21)]

Transfer pricing provisions enable computation of income arising from an international transaction or a specified domestic transaction with regard to an arm's length price. These provisions are contained in sec. 92 to 92F. Sec. 92CA provides the procedure governing reference of an international transaction or a specified domestic transaction to the Transfer Pricing Officer (TPO), for computation of their arm's length price (ALP). Sec. 92C provides for computation of arm's length price in relation to an international transaction or a specified domestic transaction.

The determination of ALP in transfer pricing provisions *inter alia* proceeds in the following manner –

a. the Assessing Officer (AO) may, refer the computation of the ALP with the previous approval of the Principal Commissioner or Commissioner, in relation to an international transaction or a specified domestic transaction entered in any previous year, to the TPO
b. the TPO determine the ALP in relation to the said transaction in accordance with sec. 92C(3) and sends a copy of his order to the AO and to the assessee;
c. the AO shall proceed to compute the total income of the assessee for such previous year u/s 92C(4) in conformity with the ALP as so determined by the TPO.

It has been noted that in reference u/s 92CA for computation of arm's length price, in many cases, there are similar international transactions or specified transactions for various years, same facts like enterprises with whom such transaction is done, proportionate quantum of transaction, location of associated enterprises etc., and same arm's length analysis are repeated every year, creating compliance burden on the assessee as well as administrative burden on the TPOs.

In view of the same, in such situations, it has been amended so as to carry out TP assessments in a block.

It has been provided that the ALP determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar transaction for the 2 consecutive previous years immediately following such previous year. For this, following amendments has been made:

a. **Reference to TPO**: The assessee shall be required to exercise an option or options for the above effect in the form, manner and within such time period as may be prescribed [new sub-section (3B) in sec. 92CA];
b. The TPO may by an order within 1 month from the end of the month in which such option is exercised, declare that the option is valid subject to the prescribed conditions [new sub-section (3B) in sec. 92CA];
c. if the TPO declares that the option exercised by the assessee is valid,–
   - the ALP determined in relation to an international transaction or a specified domestic transaction for any previous year shall apply to the similar international transaction or the specified domestic transaction for the two consecutive previous years immediately following such previous year [new sub-section (3B) in sec. 92CA];
   - the TPO shall examine and determine the ALP in relation to such similar transaction for such consecutive previous years, in the order referred to in sec. 92CA(3) [new subsection (4A) in sec. 92CA];

- on receipt of such order from the TPO, the AO shall recompute the total income of the assessee for such consecutive previous years as per the provisions of sec. 155(21) [new sub-section (4A) in sec. 92CA];
- no reference for computation of ALP in relation to such transaction shall be made [new first proviso to sec. 92CA(1)];
- if any reference is made in such scenarios, before or after the above declaration by the TPO, the provisions of sec. 92CA(1) shall have the effect as if no reference is made for such transaction [new second proviso to sec. 92CA(1) of section 92CA];

d. the provisions of exercising option mentioned above and consequent proceedings, shall not apply to any proceedings under Chapter XIV-B [proviso to new sec. 92CA(3B)];

e. If any difficulty arises in giving effect to the provisions of sub-section (3B) and sub-section (4A) of section 92CA, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty and every guideline issued by the Board shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and the assessee.

Recomputation of income u/s 155

A new sub-section (21) has been inserted in sec. 155, so that where the ALP determined for an international transaction or a specified domestic transaction for any previous year and the TPO has declared an option exercised by the assessee as valid option in respect of such transaction for two consecutive previous years immediately following such previous year, then:-

a. the AO shall recompute the total income of the assessee for such consecutive previous years, by amending the order of assessment or any intimation or deemed intimation u/s 143(1):
   - in conformity with the ALP so determined by the TPO u/s 92CA(4A)
   - in respect of such transaction;
   - taking into account the directions issued u/s 144C(5), if any, for such previous year;

b. such recomputation shall be done within 3 months from the end of the month in which the assessment is completed in the case of the assessee for such previous year;

c. the first and second proviso to sec. 92C(4) shall apply to such recomputation;

d. such recomputation shall be made within 3 months from the end of the month in which order of assessment or any intimation or deemed intimation is made, in case that is not made before the period of 3 months as mentioned above.

Rationalisation in taxation of Business trusts [Sec. 115UA]

Finance (No.2) Act, 2014 introduced a special taxation regime for Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InVIT) [commonly referred to as business trusts]. The special regime was introduced in order to address the challenges of financing and investment in infrastructure. The business trusts invest in special purpose vehicles (SPV) through equity or debt instruments.

Keeping in mind the business structure, the special taxation regime u/s 115UA, *inter-alia*, provides a pass-through status to business trusts in respect of interest income, dividend income received by the business trust from a special purpose vehicle in case of both REIT and InvIT and rental income in case of REIT. Such income is taxable in the hands of the unit holders unless specifically exempted.

Sec. 115UA(2) provides that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of sec. 111A and sec. 112.

It has been to amended to provide that the total income of a business trust shall be charged to tax at the maximum marginal rate, subject to the provisions of sec. 111A, sec. 112 as well as sec. 112A.

Increasing time limit available to pass order [Sec. 115VP]

Sec. 115VP pertains to method and time of opting for tonnage tax scheme, under which the tonnage income of an assessee shall be computed in accordance with the provisions of Chapter XII-G. Sub-section (1) provides that a qualifying company may opt for the tonnage tax scheme by making an application to the Joint Commissioner having jurisdiction over the company, as prescribed, for such scheme.

Sub-section (3) requires that the Joint Commissioner on receipt of such application may call for information or documents from the company as deemed fit and after satisfying themselves about the eligibility of such company to make an option for tonnage tax scheme, pass an order in writing, approving the option for tonnage tax scheme or if not so satisfied, refuse such approval, after providing reasonable opportunity of being heard.

Sub-section (4) requires that such order, whether approving or rejecting the application to exercise option of tonnage tax scheme, to be passed before the expiry of one month from the end of the month in which the application was received.

It has been amended so as provide that for application received on or after 01-04-2025, such order shall be passed before the expiry of 3 months from the end of the quarter in which such application was received.

Extension of benefits of tonnage tax scheme to inland vessels

Tonnage tax scheme was brought vide Finance Act, 2004 in order to promote Indian shipping industry wherein the qualifying shipping companies were given the choice to opt for the tonnage tax regime or continue to remain within the normal corporate tax regime.

In order to promote inland water transportation in the country and to attract investments in the sector, it has been amended to extend the benefits of tonnage tax scheme to Inland Vessels registered under Inland Vessels Act, 2021. Accordingly inland vessels have been included in the sec. 115VD for being eligible to be a qualified ship. Further, inland vessels have been defined in sec. 115V in the same manner as provided in the Inland Vessels Act, 2021. Other corresponding amendments have been made to extend the tonnage tax scheme to inland vessels.

[redacted]

Amendments to sec, 132 and 132B

The time limit for obtaining approval for retention of seized books or documents u/s 132(8) has been amended from 30 days from the date of the assessment order to 1 month from the end of the quarter in which such order is passed.

Additionally, sec. 132B has been amended to update the reference of "execution of authorisation for search or requisition" from section 158BE to section 158B.

[redacted]

Extending the time-limit to file the updated return [Sec. 139(8A)]

Sec. 139(8A) relates to furnishing of updated return. An updated return can be filed upto 24 months from the end of the relevant assessment year. The facility of updated return has promoted voluntary compliance against payment of additional income-tax of 25% of aggregate of tax and interest payable for updated return filed upto 12 months from the end of the relevant assessment year. For updated return filed after expiry of 12 months and upto 24 months from the end of the relevant assessment year, the additional income-tax of 50% of aggregate of tax and interest is to be paid.

It has been amended so as to extend the time-limit to file the updated return from existing 24 months to 48 months from the end of relevant assessment year. Rate of additional income-tax payable for updated return filed after expiry of 24 months and upto 36 months from the end of the relevant assessment year shall be 60% of aggregate of tax and interest payable. The additional income-tax payable for updated return filed after expiry of 36 months and upto 48 months from the end of the relevant assessment year shall be 70% of aggregate of tax and interest payable.

It has also been amended to provide that no updated return shall be furnished by any person where any notice to show-cause u/s 148A has been issued in his case after 36 months from the end of the relevant assessment year. However, where subsequently an order is passed u/s 148A(3) determining that it is not a fit case to issue notice u/s 148, updated return may be filed upto 48 months from the end of the relevant assessment year.

Amendment to sec. 143(1)

The Assessing Officer may also make adjustments to address inconsistencies in the return in relation to information in the return of any preceding previous year, as may e prescribed.

Clarification regarding commencement date and the end date of the period stayed by the Court

Sec. 144BA, 153, 153B, 158BE, 158BFA, 263, 264 and Rule 68B of Schedule-II, inter-alia, provide that period during which the proceedings under respective provisions are stayed by an order or injunction of any court shall be excluded in computing the time limit for conclusion of the proceedings. However, there was an ambiguity regarding the commencement date and the end date of the period stayed by an order or injunction of any court which was required to be excluded.

With a view to removing any ambiguity, it has been amended so as to exclude the period commencing on the date on which stay was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner (Approving panel in case of section 144BA).

Amendments proposed in provisions of Block assessment for search and requisition cases

Vide Finance (No. 2) Act, 2024, the concept of block assessment was introduced by amending provisions of Chapter XIV-B (sections 158B to 158BI of the Act) to be made applicable where a search u/s 132 is initiated or requisition u/s 132A is made, on or after 01-09-2024.

- Sec. 158B defines "undisclosed income" for the purposes of Chapter XIV-B. It has been amended to add the term "virtual digital asset" to the said definition.
- Sec. 158BA(2) and (3) provide that any assessment or reassessment or recomputation or a reference or an order pertaining to any assessment year falling in the block period pending on the date of initiation of the search or making of requisition, shall abate.
- Sec. 158BA(5) provides that if any proceeding initiated under Chapter XIVB has been annulled in appeal or any other legal proceeding, then, the assessment or reassessment relating to any assessment year which has abated, shall revive.
- Sec. 158BA(4) provides that where any assessment under Chapter XIV-B is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of Chapter XIV-B. It has been amended to substitute the word "pending" as the assessment is 'required to be made' though it may not be pending when the subsequent search is initiated.

Sec. 158BB provides the methodology for computation of total income of block period. It has been amended to substitute reference to 'total income disclosed' with "undisclosed income" which has been declared in return.

Consequential amendment has also been made sub-section (6) to reflect this change.

Further it has also been amended to clause (iii) of the sub-section (1) to specify that any income declared in the return of income filed u/s 139 or in response to a notice u/s 142(1) or sec. 148, prior to the date of initiation of the search or the date of requisition, shall form part of the total income of the block period for which credit would be given while charging the tax for the said period.

Clause (iv) has also been amended to provide the clarity over computation of the income pertaining to the previous year which has ended but the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or requisition so that income pertaining to books of account maintained in normal course for the said period is taxed under the normal provisions.

Sec. 158BB(3) has also been amended to tax under the normal provisions any income which relates to any international transaction or specified domestic transaction, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed. This was provided as it may be difficult to assess arm's length price of part period transactions. It has been amended to provide

that the income pertaining to any international transaction or specified domestic transaction shall not be considered in the income of the block period. Therefore, it has been amended to provide the reference to such income instead of evidence as provided earlier.

Sec. 158BE provides the time-limit for completion of block assessment as 12 months from end of the month in which the last of the authorisations for search has been executed.

Search and seizure proceedings are more often than not conducted in a group of cases which require coordinated investigation and assessments. However, the present time-limit results in multiple time barring dates in one group of cases which leads to challenges in taking the cases to a logical conclusion. Hence, the time-limit for completion of block assessment has been amended so as provide that 12 months from end of the quarter in which the last of the authorisations for search or requisition has been executed.

Sec. 158BI has been omitted.

Amendment to TDS Threshold limits

Sec.	Particulars	Revised Threshold
193	Interest on securities	₹ 10,000
194	Dividend to an individual	₹ 10,000
194A	Interest other than interest on securities	
	- Paid / payable by bank, post office, etc	₹ 50,000 (for senior citizen: ₹ 1,00,000)
	- Paid / payable by other	₹ 10,000
194B	Winning from Lottery, etc	₹ 10,000 for each single transaction
194BB	Winning from horse races	₹ 10,000 for each single transaction
194D	Insurance Commission	₹ 20,000
194G	Commission on lottery ticket	₹ 20,000
194H	Commission / Brokerage	₹ 20,000

Sec.	Particulars	Revised Threshold
194-I	Rent	₹ 50,000 p.m. or part thereof
194J	Technical or professional fee or royalty or non-compete fee	₹ 50,000
194K	Income in respect of units of mutual fund or specified company	₹ 10,000
194LA	Compensation / Enhanced compensation on acquisition of immovable property	₹ 5,00,000

Amendment in rate of TDS

Sec.	Particulars	Revised Rate of TDS
194D	Insurance Commission	2%
194LBC(1)	Income in respect of investment in securitization trust	10%

Definition of "forest produce" rationalised

Under sec. 206C(1) TCS @ 2.5% is required to be collected on sale of goods of the following nature:-

(I) Timber obtained under a forest lease

(II) Timber obtained by any mode other than under a forest lease

(III) Any other forest produce not being timber or tendu leaves

Representations were received that no definition has been provided in the Act for "forest produce" which is creating difficulties in application of the relevant provisions of the Act. Also the provision is being made applicable to traders who are selling such produce. To bring clarity regarding the meaning of "forest produce", it has been provided that "forest produce" shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927.

Further, to address the applicability of TCS on traders of forest produce, it has been provided that only such other forest produce (not being timber or tendu leaves) which is obtained under forest lease will be covered under TCS.

The amended rate for collection of TCS are as under:

Nature of goods	Rate
Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	2%
Timber obtained by any mode other than under a forest lease	2%

Further, rate of TCS has also been amended in case of remittance under LRS:

Particulars	Rate of TCS
a) if the amount being remitted out is a loan obtained from any financial institution as defined in sec. 80E, for the purpose of pursuing any education	0%
b) Remittance for education (other than above) or for medical purpose	5% (after threshold limit of ₹ 10 lakhs)
c) Overseas tour program package	- Upto ₹ 10 lakhs – 5% - Above ₹ 10 lakhs – 20% Non PAN Cases: 10% upto ₹ 10 lakhs and 20% thereafter
d) In other case	20% (after threshold limit of ₹ 10 lakhs)

Other amendments

1. TCS u/s 206C(1H) [i.e., TCS on sale of goods] is not applicable from 01-04-2025
2. Sec. 206AB has been omitted

Certain penalties to be imposed by the Assessing Officer

Penalties u/s 271C, 271CA, 271D, 271DA, 271DB and 271E shall be levied by the Assessing Officer in place of Joint Commissioner, subject to the provisions of sec. 274(2). Thus, Assessing Officer shall take the prior approval of Joint Commissioner for the passing of penalty order, where penalty amount exceeds the specified limit

Further consequential amendment has also been made in sec. 246A(1)(n)

Extending the processing period of application seeking immunity from penalty and prosecution [Sec. 270AA]

Sec. 270AA provides, *inter-alia*, procedure of granting immunity by the Assessing Officer from imposition of penalty or prosecution, subject to fulfillment of certain conditions as mentioned therein. Sec. 270AA(2) provides that an application for granting immunity from imposition of penalty shall be made within 1 month from the end of the month in which the specified order has been received by the assessee.

Sec. 270AA(4) provides that Assessing Officer shall pass an order accepting or rejecting the application, within a period of 1 month from the end of the month in which the application requesting immunity is received.

It has been amended so as to extend the processing period to 3 months from the end of the month in which application for immunity is received by the Assessing Officer.

Time limit to impose penalties rationalised [Sec. 275]

The provisions of sec. 275, *inter-alia*, provide for the bar of limitation for imposing penalties. It provides multiple timelines for imposition of penalties in various cases e.g. where a case is in appeal before the ITAT, time limit to impose penalty is end of the financial year in which the connected proceeding has been completed or 6 months from end of the month in which the appellate order is received, whichever is later. Similarly, different time-limits for imposition of penalty have been provided for cases in appeal to the JCIT(Appeal) or Commissioner (Appeal). This makes it difficult to keep track of multiple time barring dates for effective and efficient tax administration.

It has been amended to provide that any order imposing a penalty under Chapter XXI shall not be passed after the expiry of 6 months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision is passed, or the notice for imposition of penalty is issued, as the case maybe.

Consequential amendment has also been amended in sec. 246A to update reference of the amended sec. 275.

Exemption from prosecution for delayed payment of TCS in certain cases [Sec. 276BB]

Sec. 276BB provides for prosecution in case of failure to pay the tax collected at source to the credit of Central Government. The provision of the said section states that if a person fails to pay to the credit of the Central Government, the tax collected by him as required under the provisions of sec. 206C, he shall be punishable with rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years and with fine.

It has been amended to provide that the prosecution shall not be instituted against a person covered under the said section, if the payment of the tax collected at source has been made to the credit of the Central Government at any time on or before the time prescribed for filing the quarterly statement under proviso to sec. 206C(3) in respect of such payment.

Other

a. Provision of sec. 271AAB shall not be applicable to the assessee in whose case search has been initiated u/s 132 on or after 01-09-2024
b. Section 271BB has also been omitted

Obligation to furnish information in respect of crypto-asset [Sec. 285BAA]

Vide Finance Act 2022, taxation of virtual digital assets (VDA) has been introduced in the Income-tax Act, 1961 ('the Act'), u/s 115BBH in which the transfer of VDA is to be taxed at the rate of 30% with no deduction in respect of expenditure (other than cost of acquisition) to be allowed. To define VDA, sec. 2(47A). Further, to capture VDA transaction details, sec. 194S has been inserted in the Act to provide for deduction of tax on payment for transfer of VDA at the rate of 1% of transaction value including cases where the transaction occurs in kind or partly in cash.

It has been amended to insert sec. 285BAA, being the Obligation to furnish information of crypto-asset, wherein –

1. Any person, being a reporting entity, as may be prescribed, in respect of crypto asset, shall furnish information in respect of a transaction in such crypto asset in a statement, for such period, within such time, in such form and manner and to such income-tax authority, as may be prescribed
2. Where prescribed income-tax authority considers that the statement furnished is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within a period of 30 days from the date of such intimation or such further period as may be allowed, and if the defect is not rectified within the aforesaid period allowed, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement
3. Where a person who is required to furnish a statement has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a given time period and he shall furnish the statement within the time specified in the notice.
4. If any person, having furnished a statement, or in pursuance of a notice issued, comes to know or discovers any inaccuracy in the information provided in the statement, he shall within a given period inform the income-tax authority, the inaccuracy in such statement and furnish the correct information in such manner as prescribed

5. The Central Government may, by rules specify the persons to be registered with the prescribed income-tax authority, the nature of information and the manner in which such information shall be maintained by the persons and the due diligence to be carried out by such persons for the purpose of identification of any crypto-asset user or owner.

Further, sec. 2(47A) has also been amended so as to insert sub-clause (d) which states that the definition of virtual digital asset also includes any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not already included in the definition of virtual digital asset or not.