July, 2026

TAX Bulletin

Volume - 213

24.07.2026

iCMA

INCOME TAX SPECIAL EDITION

ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament

(Under the Jurisdiction of Ministry of Corporate Affairs)

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003. Ph: 091-11-24666100

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016. Ph: 091-33-2252 1031/34/35/1602/1492

VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Objectives of Taxation Committees:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.

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About Tax Research Department (TRD)

The Tax Research Department (TRD) of The Institute of Cost Accountants of India functions as a vital knowledge, research, policy advocacy, and capacity-building arm of the Institute in the domain of Direct and Indirect Taxation. Working under the guidance of the Direct Taxation Committee and the Indirect Taxation Committee of the Council, the TRD plays a pivotal role in strengthening the professional competencies of Cost and Management Accountants (CMAs), supporting students, advising stakeholders, and contributing constructively to national tax policy formulation.

During the year, the TRD continued its mission of disseminating high-quality tax knowledge, fostering dialogue between professionals and policymakers, and responding proactively to the transformational changes in India's taxation framework—particularly the introduction of the Income Tax Act, 2025 and the evolution towards GST 2.0. The Department remained focused on its core objectives of education, research, publication, representation, and outreach.

Core Activities of the Tax Research Department

The Tax Research Department performs a wide array of academic, technical, and outreach functions that include the following:

Certificate and Advanced Courses in:

Direct Taxes

- Certificate Course On TDS (Direct Tax)
- Certificate Course On Return Filling (Income Tax)
- Advanced Course On Income Tax Assessment And Appeal
- Certificate Course On International Trade
- Certificate Course in Income Tax Act, 2025

Indirect Taxes

- Advanced Certificate Course On GST
- Advanced Course On GST Audit And Assessment Procedure
- Certificate Course On GST
- Advanced Certification Course in GST Litigation Management Course

Courses designed for:

- Members of ICMAI
- Students pursuing CMA and other professional programs
- Tax practitioners and corporate employees
- **Crash Courses** for colleges/universities to introduce students to real-world taxation practices.

Fortnightly Tax Bulletin

- A widely circulated e-bulletin featuring:
  - Tax articles and expert insights
  - Recent notifications, circulars, and press releases
  - Advance rulings, court judgments, and tribunal decisions
- Covers updates on both Direct and Indirect Taxation
- Acts as a one-stop tax reference point for professionals and learners.

Research Publications

- Publication of technical guides, white papers, and compliance manuals on:
  - GST Procedures & Return Filing
  - Income Tax Law Interpretation
  - TDS/TCS Compliance
  - Sector-specific taxation (e.g., MSMEs, Real Estate, Startups)
  - Special Editions on Union Budget, Economic Survey, and GST Day.

Webinars and E-Learning Sessions

- Regular webinars featuring tax authorities, domain experts, and academicians.
- Topics include:
  - Amendments to tax laws
  - Year-end compliance guidance
  - Practical challenges in GST/IT
  - Litigation management and dispute resolution
- Designed for CMA members, corporates, SMEs, and general taxpayers.

Workshops & Seminars

- On-ground and online workshops on:
  - GST Reconciliation & Audit
  - Income Tax Return Filing & e-Assessment
  - TDS/TCS Compliances
  - Emerging tax issues like ESG taxation, digital taxation, etc.
- Conducted in collaboration with PSUs, Government Departments, Corporates, and Industry Bodies.

Research & Policy Advocacy

- Conducts in-depth tax research studies on pressing national and international tax topics.
- Prepares representations to CBDT, CBIC, and Ministry of Finance highlighting:
  - Industry challenges
  - Practical difficulties in compliance
  - Suggestions for tax law reforms and simplification

Knowledge Collaborations & MoUs

- Collaborates with:
  - Government bodies
  - Universities and Academic Institutions
  - Industry Chambers
  - International organizations for global tax insights
- Promotes tax education and research through joint seminars, projects, and student development programs.

ACKNOWLEDGEMENTS

CMA Mrityunjay Acharjee
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CMA T K Jagannathan
CMA Shiba Prasad Padhi
CMA Niranjan Swain
CMA Anil Sharma
CMA Arindam Goswami
CMA Manmohan Daga
CMA Dr. Gopal Krishna Raju
CMA Pramod Agarwal
Nilay Baran Som

CONTENTS

"Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in /trd.dd2@icmai.in

Jasdeep Singh, IRS

Chief Commissioner of Income Tax (TDS), Kolkata

जसदीप सिंह, भा.रा.से.
Jasdeep Singh, I.R.S.

सत्यमेव जयते

मुख्य आयकर आयुक्त (टी.डी.एस), कोलकाता
आयकर भवन, पी-7, चौरंगी स्कयार, कोलकाता - 700 069
Chief Commissioner of Income Tax (TDS) Kolkata
Aayakar Bhawan, P-7, Chowringhee Square
Kolkata - 700 069

डी.ओ. संख्या :

दिनांक/ Dated : 20/07/2026.

Shri Rajendra Singh Bhati, Chairman,
Direct Taxation Committee,
The Institute of Cost accountants of India,
Kolkata.

Dear R.S. Bhatiji,

Thank you very much for the kind invitation to the outreach programme on **"The Income Tax Act 2025" – Nabadristi**, organized by the Institute of Cost Accountants of India (ICMAI) at the CMA Bhawan, J.N. Bose Auditorium, Kolkata on 25th June, 2026.

I am truly delighted to have been a part of this event. It was an honor to connect with the ICMAI community and contribute to such a timely and important discussion regarding the Income Tax Act, 2025 which will go a long way to spread the awareness of the new Income Tax Act to the stakeholders.

I convey my warmest appreciation and best wishes to the Institute of Cost Accountants of India, and I look forward to seeing the Institute continue its excellent work and impactful initiatives in the future.

Best regards,

Yours sincerely,

20/7/26.

JASDEEP SINGH
CHIEF COMMISSIONER OF INCOME TAX(TDS), KOLKATA.

Rajeev Kumar, IRS

Principal Commissioner of Income Tax, Siliguri

भारत सरकार/GOVERNMENT OF INDIA
प्रधान आयकर आयुक्त का कार्यालय, सिलिगुड़ी, OFFICE OF THE PRINCIPAL COMMISSIONER OF INCOME TAX, SILIGURI
आयकर भवन, परिबहन नगर, माटीगारा, सिलिगुड़ी, 734010, पश्चिम बंगाल/AAYAKAR BHAWAN, PARIBHAN NAGAR, MATIGARA, SILIGURI- 734010, WEST BENGAL
Email - siliguri.pcit@incometax.gov.in

Date: 20.07.2026

My dear Rajendraji,

It is a privilege to participate in the Outreach Programme on the **Income Tax Act, 2025**, organized by **The Institute of Cost Accountants of India (ICMAI) - Tax Research Department** in collaboration with the **Income Tax Department**, held at **Mayfair Tea Resort, Siliguri**, on **25th May, 2026**.

The **Income Tax Act, 2025** marks a significant milestone in the evolution of India's direct tax system, reflecting the Government's commitment to a more transparent, simplified, and taxpayer-centric tax administration. Outreach programmes such as this serve as an effective platform for professionals, academicians, taxpayers, and other stakeholders to gain a comprehensive understanding of the provisions of the new legislators and its practical implications.

I appreciate the initiative taken by the ICMAI-Tax Research Department in organizing this timely programme in collaboration with the Income Tax Department. Such collaborative efforts play a vital rule in enhancing tax awareness, strengthening voluntary compliance, and promoting constructive engagement between the tax administration and the professional community.

I congratulate ICMAI for this commendable initiative and extend my best wishes for the grand success of the programme.

Rajeev Kumar, IRS
Principal Commissioner of Income Tax, Siliguri

To,
Shri CMA Rajendra Singh Bhati
Chairman - Direct Taxation Committee
The Institute of Cost Accountants of India

Bhera Ram Choudhary, IRS

Additional Commissioner of Income Tax, Udaipur

भेरा राम चौधरी, भा. रा. से.

Bhera Ram Choudhary, IRS

अतिरिक्त आयकर आयुक्त, रेंज-2,

आयकर भवन, सवीना, उदयपुर-

Additional Commissioner of Income Tax,

Range-2, Aayakar Bhawan, Savina,

Dated: 24.07.2026

CMA Shri Rajendra Singh Bhati,

Chairman, Direct taxation Committee,

The Institute of Cost Accountants of India,

Kolkata

Dear R. S. Bhati Ji

It gives me immense pleasure to share that the Institute of Cost Accountants of India, through its Tax Research Department in association with the ICMAI Udaipur Chapter and ICMAI-NIRCon, organized a very successful Outreach Programme on New Income Tax on 18.01.2026 held at Araliayas Resort, Udaipur and thank you very much for kind invitation.

The Indian taxation system continues to evolve with a strong emphasis on transparency, technology-driven administration, ease of compliance, and voluntary tax compliance. In this changing environment, tax professionals play a pivotal role in bridging the gap between taxpayers and the tax administration by providing informed guidance and promoting responsible tax practices. Programmes such as this create an invaluable platform for constructive dialogue, knowledge sharing, and dissemination of the latest developments in direct taxation.

I am truly delighted to have been a part of this event. I congratulate the organisers for this commendable initiative. I am confident that the deliberations and discussions held during the programme greatly benefits the participants and further strengthen the spirit of cooperation between the Department and the professional fraternity. Such collaborative initiatives strengthen the partnership between the Income Tax Department and tax professionals, ultimately contributing to a more efficient, transparent, and taxpayer-friendly tax ecosystem.

I convey my warmest appreciation and wish the Institute of Cost Accountants of India continued success in its endeavours to promote professional excellence and contribute meaningfully to the nation's economic growth and development.

Best Regards,

Yours Sincerely,

24/07/2026

(Bhera Ram Choudhary, IRS)

Additional Commissioner of Income Tax, Range-2, Udaipur

AMITAVA SEN, I.R.S.
ADDITIONAL DIRECTOR OF INCOME TAX
VIGILANCE, UNIT 1, KOLKATA,
P 7, CHOWRINGHEE SQUARE, KOLKATA 700 069
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email: amitava.sen@incometaxindia.gov.in

Amitava Sen, IRS

Additional Director of Income Tax Vigilance, Kolkata

Date: 21.07.2026

To:

CMA Rajendra Singh Bhati,

Chairman - Direct Taxation Committee,

The Institute of Cost Accountants of India.

Dear Sir,

It was a privilege to participate as Guest of Honour in the Outreach Programme on *"The Income Tax Act, 2025 – नवदृष्टि – नवदृष्टि – Navigating the Income Tax Act, 2025"* organized by The Institute of Cost Accountants of India in association with ICMAI-EIRC and in collaboration with the Income Tax Department.

The enactment of the Income Tax Act, 2025 marks an important step towards a simpler and more structured direct tax framework. As with any major legislative change, its effective implementation will depend not only on the provisions of the law but also on the collective efforts of Tax Professionals, Industry, Academia and the Income Tax Department in understanding and applying them correctly.

Programmes of this nature provide an excellent platform for meaningful interaction and knowledge sharing. They help bridge the gap between legislation and practice, promote voluntary compliance and encourage informed professional discourse.

I congratulate The Institute of Cost Accountants of India for organizing this programme as part of its continuing series of outreach initiatives on the Income Tax Act, 2025. I am confident that such collaborative efforts will continue to strengthen tax awareness and contribute to a transparent and efficient tax administration.

I convey my best wishes for the success of such programme and extend my greetings on the occasion of Income Tax Day.

(Amitava Sen)

Additional Commissioner of Income Tax

Chairman's Message

CMA Rajendra Singh Bhati

Chairman Direct Taxation Committee, ICMAI

It gives me immense pleasure to present this message on the nationwide Outreach Programme on the Income Tax Act, 2025, a significant initiative undertaken by the Tax Research Department (TRD) of The Institute of Cost Accountants of India in close association with the Income Tax Department.

This initiative was launched following the Income Tax Department's invitation to ICMAI to partner as a key stakeholder in creating awareness on the new legislation. Recognizing the significance of this opportunity, the proposal was deliberated and approved by the Direct Taxation Committee, with the guidance of the President, ICMAI, who emphasized the Institute's vital role in demonstrating its professional strength through a structured nationwide outreach involving its Regional Councils and Chapters. Accordingly, the Tax Research Department (TRD), in close coordination with the Income Tax Department, Regional Councils and Chapters, has been leading this ongoing nationwide initiative to promote awareness, enhance understanding and facilitate effective implementation of the Income Tax Act, 2025 among professionals, industry, academia and other stakeholders.

I am delighted that this initiative has received an overwhelming response from the professional fraternity. These programmes have provided an excellent platform for meaningful interaction between officers of the Income Tax Department and tax professionals, enabling participants to gain practical insights into the provisions of the Income Tax Act, 2025 while further strengthening the relationship between the Institute and the Income Tax Department.

The outreach journey began at Udaipur on 18 January 2026, followed by programmes at Prayagraj (15 February), Jaipur (22 February), Rourkela (13 March), Lucknow (21 March), Coimbatore (24 March), Tiruchirappalli (25 March), Dindigul (25 March), Bhubaneswar (26 March), Hyderabad (28 March), Nellai Pearl City (7 May), Puducherry (8 May), Siliguri (25 May), Ghaziabad (20 June), Kolkata (26 June), Madurai (4 July) and Berhampur (South Odisha) (10 July 2026). Each of these programmes witnessed enthusiastic participation from members, professionals, representatives from industry and officers of the Income Tax Department, reflecting the growing interest in understanding the new tax framework and supporting its effective implementation.

I take this opportunity to express my heartfelt gratitude to the distinguished dignitaries from the Income Tax Department and other eminent guests who graced these programmes as Chief Guests. I sincerely thank Mr. Bhera Ram Choudhary, IRS (Udaipur); Mr. Shiv Kumar Rai, IRS (Prayagraj); Smt. Meetu Agarwal (Jaipur); Shri R.S. Jajoo (Rourkela); Mr. Neeraj Kumar, IRS (Lucknow); Shri Elamurugu Govindarajan, IRS (Coimbatore); Smt. R. Rajarajeswari (Tiruchirappalli); Smt. Anshu Sharawat, IRS (Dindigul); Shri Saroj Kumar Mahapatra, IRS (Bhubaneswar); Mr. Shahnawaz Ul Rahman, IRS (Hyderabad); Shri Manoj Prakash S., IRS (Nellai Pearl City); Shri K. Suresh Babu, IRS (Puducherry); Shri Rajeev Kumar, IRS (Siliguri); Shri Atul Garg, Hon'ble Member of Parliament, Shri Sanjaya Kumar Charusila, and Shri Nand Kishore Kalal, IAS (Ghaziabad); Shri Jasdeep Singh, IRS and Shri Amitava Sen, IRS (Kolkata); Shri P. Ganesan (Madurai); and Shri Manoj Kumar Pati (Berhampur, South Odisha). Their gracious presence, valuable guidance and unwavering support significantly enriched these programmes and strengthen the partnership between the Income Tax Department and The Institute of Cost Accountants of India in promoting awareness, capacity building and the effective implementation of the Income Tax Act, 2025.

Before I conclude, I place on record my heartfelt appreciation for the Tax Research Department (TRD) for its dedicated efforts in planning, coordinating and successfully executing this nationwide outreach initiative. I also appreciate the support extended by the Regional Councils, Chapters, faculty members, volunteers and participants, whose collective efforts have contributed significantly to the success of these programmes.

I am confident that these Outreach Programmes will continue to strengthen professional competence, promote voluntary tax compliance, and further reinforce the Institute's contribution towards the successful implementation of the Income Tax Act, 2025 across the country.

CMA Rajendra Singh Bhati

Chairman – Direct Taxation Committee

The Institute of Cost Accountants of India

21.07.2026

Chairman's Message

CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee, ICMAI

It gives me immense pleasure to note the remarkable success of the ongoing "Outreach Programme on the Income Tax Act 2025", a significant initiative of the Tax Research Department (TRD) of The Institute of Cost Accountants of India, being conducted in association with the Income Tax Department. Although the programme is focused on direct taxation, its broader objective of creating tax awareness, promoting professional excellence and strengthening collaboration between the profession and the Government is of equal importance to the entire tax fraternity.

I extend my sincere congratulations to the Direct Taxation Committee for its vision, guidance and continuous support in taking this important initiative across the country. The Committee's commitment to spreading awareness about the Income Tax Act, 2025 through meaningful interaction with professionals and stakeholders reflects its dedication to strengthening India's taxation framework.

I also convey my heartfelt appreciation to the Income Tax Department for partnering with the Institute in this nationwide knowledge initiative. The participation and guidance of senior officers of the Department at programmes conducted across Udaipur, Prayagraj, Jaipur, Rourkela, Lucknow, Coimbatore, Tiruchirappalli, Dindigul, Bhubaneswar, Hyderabad, Nellai Pearl City, Puducherry, Siliguri, Ghaziabad, Kolkata, Madurai and Berhampur (South Odisha) have greatly enriched the deliberations and further strengthened the relationship between the tax administration and the profession.

I place on record my sincere appreciation for the dedicated efforts of the Tax Research Department in conceptualizing, coordinating and successfully implementing this nationwide outreach programme. The dedicated planning and seamless coordination with the Income Tax Department, Regional Councils, Chapters, faculty members and participants have ensured the successful conduct of every programme. Such initiatives not only enhance professional knowledge but also reaffirm the Institute's commitment to supporting progressive tax reforms and capacity building.

I also acknowledge the valuable contribution of the Regional Councils, Chapters, distinguished faculty members, resource persons and volunteers whose dedication and collective efforts have made this initiative a resounding success. Their commitment to knowledge dissemination and professional development is truly praiseworthy.

As Chairman of the Indirect Taxation Committee, I firmly believe that knowledge-driven initiatives such as this embrace the boundaries of individual tax domains. They promote a culture of continuous learning, strengthen professional competence and encourage greater collaboration among all stakeholders in the taxation ecosystem. Such collective efforts are essential for building a future-ready profession that can effectively contribute to the nation's evolving tax landscape.

I extend my best wishes for the continued success of this Outreach Programme and congratulate everyone associated with this commendable initiative. I am confident that it will further strengthen the Institute's role as a trusted knowledge partner and contribute meaningfully to India's journey towards a transparent, efficient and progressive taxation system.

Ashish Thatte

CMA (Dr) Ashish P Thatte
Chairman – Indirect Taxation Committee
The Institute of Cost Accountants of India
21.07.2026

ACTIVITIES OF TRD

The Institute of Cost Accountants of India -Tax Research Department under the guidance of Direct Taxation Committee has been actively promoting tax awareness, professional excellence, and continuous capacity building by organizing a series of webinars, seminars, and outreach programmes on emerging developments in Direct Taxation.

With the enactment of the Income Tax Act, 2025, the Directorate of Training (DoT), Central Board of Direct Taxes (CBDT) initiated a nationwide capacity-building programme to familiarize departmental officials, common citizens, and professional stakeholders with the provisions of the new legislation. As part of this initiative, the Income Tax Department entrusted The Institute of Cost Accountants of India (ICMAI) as a key knowledge partner for disseminating awareness and conducting structured outreach programmes across the country.

To finalize the implementation strategy, a high-level video Conference was convened on 28th November 2025 by the Directorate of Training, CBDT, with the participation of the Chairman of the Direct Taxation Committee and officials of the Tax Research Department, ICMAI. The meeting deliberated on the planning, structural framework, and logistical arrangements for organizing a series of webinars and offline outreach programmes in collaboration with the Income Tax Department. Subsequently, the Income Tax Department held several coordination meetings and issued official communications to facilitate the successful conduct of these programmes under its "Prarambh 2026" initiative.

As part of the "Prarambh 2026" initiative, the **Office of the Principal Chief Commissioner of Income Tax, West Bengal & Sikkim**, invited ICMAI to participate in the **Outreach Programme on the New Income Tax Act, 2025 & Rules, 2026**, held on **14th May 2026** at the **Biswa Bangla Convention Centre, New Town, Kolkata**. The programme was organized to familiarize stakeholders with the key provisions, simplified structure, and significant reforms introduced under the **New Income Tax Act, 2025 and the Income Tax Rules, 2026**, a landmark legislative framework redefining India's direct taxation system. The participation in the programme further strengthened the collaborative partnership between the Institute and the Income Tax Department in advancing tax awareness and professional capacity building.

The Tax Research Department organized a series of knowledge dissemination and capacity-building initiatives, with a special focus on the Income Tax Act, 2025, to familiarize members, tax professionals, industry representatives, students, and other stakeholders with the significant reforms introduced under the new legislation.

These programmes were organized in collaboration with the Income Tax Department, Regional Councils, Chapters of the Institute, and other professional bodies, and featured distinguished senior officials of the Income Tax Department, legal experts, eminent tax practitioners, academicians, and senior Cost Accountants as Chief Guests, speakers, and resource persons. The sessions provided practical guidance on the interpretation and implementation of the new tax provisions, addressed emerging issues, and facilitated meaningful interaction between tax administrators and tax professionals.

Through these initiatives, the Tax Research Department reaffirmed its commitment to strengthening professional competency, promoting continuous learning, and fostering greater awareness of the evolving tax and regulatory framework. The overwhelming participation and positive response from members and stakeholders underscored the relevance and impact of these programmes in supporting the profession's preparedness for the implementation of the Income Tax Act, 2025 and the evolving taxation landscape.

The following is a summary of the programmes conducted by the **Tax Research Department, ICMAI** in collaboration with Income Tax Department

Inauguration of Webinar Series on the Income Tax Act, 2025, 16.12.2025

The Institute of Cost Accountants of India (ICMAI)- Tax Research Department in collaboration with the **Income Tax Department**, inaugurated a **Webinar Series on the Income Tax Act, 2025** on **16th December 2025**. The webinar series was launched as part of a joint initiative to create awareness and enhance professional understanding of the structural reforms introduced under the new tax legislation.

The inaugural session was graced by **Dr. Megha Bhargava, Additional Director (Training), National Academy of Direct Taxes (NADT), Bhopal**, as the **Chief Guest**, who emphasized the importance of continuous professional learning and the role of tax professionals in facilitating the smooth implementation of the **Income Tax Act, 2025**.

The technical session on **"Reform, Redesign and Rationalization: Understanding the Structural Framework of the Income Tax Act, 2025"** was delivered by **CMA Mrityunjay Acharjee, General Manager (Finance), Numaligarh Refinery Ltd.** The session provided a comprehensive overview of the philosophy, framework, and key reforms embodied in the new legislation and enabled participants to gain practical insights into its implementation.

The webinar witnessed enthusiastic participation from **members, students, tax professionals, academicians, industry representatives, and other stakeholders** from across the country. The programme marked the beginning of a nationwide knowledge dissemination initiative undertaken jointly by **ICMAI and the Income Tax Department**, laying the foundation for a series of webinars and outreach programmes aimed at enhancing awareness, promoting professional competence, and supporting the effective implementation of the **Income Tax Act, 2025**.

Outreach Programme on Income Tax Act 2025

1. Outreach Programme on Income Tax Act, 2025 – Udaipur

Date: 18 January 2026 | Venue: Araliayas Resort, Udaipur

The Tax Research Department (TRD), The Institute of Cost Accountants of India, in collaboration with the Income Tax Department, organized an Outreach Programme on the Income Tax Act, 2025 at Udaipur. The programme was hosted by the ICMAI-Udaipur Chapter jointly with the Northern India Regional Council (NIRC).

The technical session on "Capital Gain Taxation under the New Income Tax Act, 2025" was delivered by CMA (Dr.) V. Murali, Council Member, ICMAI, who explained the key changes in capital gains taxation and their practical implications. Mr. Bhera Ram Choudhary, IRS, Additional Director of Income Tax (Investigation), Udaipur, graced the occasion as the Chief Guest and highlighted the importance of stakeholder awareness and professional preparedness under the new tax legislation.

2. Outreach Programme – Prayagraj

Date: 15 February 2026 | Venue: Hotel Yugantar & Banquets, Prayagraj

The Tax Research Department, ICMAI, in collaboration with the Income Tax Department, organized an Outreach Programme on the Income Tax Act, 2025 at Prayagraj through the ICMAI-Prayagraj Chapter jointly with NIRC.

The seminar featured insightful deliberations by CMA (Dr.) Pawan Jaiswal, CMA Balgovind Yadav, and CMA Anwar Hasan, who discussed the major provisions and implementation aspects of the new legislation. Mr. Shiv Kumar Rai, IRS, Principal Commissioner of Income Tax, attended as the Chief Guest and emphasized the collaborative role of tax professionals in ensuring effective implementation of the new Act.

3. Outreach Programme – Jaipur

Date: 22 February 2026 | Venue: Rajasthan International Centre, Jaipur

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 in collaboration with the Income Tax Department through the ICMAI-Jaipur Chapter jointly with NIRC.

The programme featured a detailed discussion on the Income Tax Act, 2025 by CMA Pramod

Kumar Agarwal, who elaborated on the structural changes introduced under the new law. Smt. Meetu Agarwal, Additional Commissioner of Income Tax, Range-4, Jaipur, attended as the Chief Guest and appreciated the Institute's efforts in strengthening tax awareness among professionals.

4. Outreach Programme – Rourkela

Date: 13 March 2026 | Venue: Rourkela Club

The Tax Research Department, ICMAI, in collaboration with the Income Tax Department, organized an Outreach Programme on the New Income Tax Act through the ICMAI-Rourkela Chapter.

The programme included technical sessions by Shri Suman Debray, Assistant Commissioner of Income Tax, CMA K.K. Verma, and CMA Abinash Kotni and CMA S.K. Sahoo, who discussed the practical aspects and emerging issues under the new legislation. Shri R.S. Jajoo, Additional Commissioner of Income Tax, Rourkela, graced the programme as the Chief Guest.

5. Outreach Programme – Lucknow

Date: 21 March 2026 | Venue: CMA Bhawan, Lucknow

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-Lucknow Chapter.

The technical sessions on Features of the New Income Tax Act, 2025 and Scope of Inventory Valuation were delivered by CMA Dr. Pawan Jaiswal and CMA Ravi Sahni. Mr. Neeraj Kumar, IRS, Commissioner of Income Tax (Audit), Uttar Pradesh, attended as the Chief Guest and encouraged greater engagement between the Department and tax professionals.

6. Outreach Programme – Coimbatore

Date: 24 March 2026 | Venue: Zone by the Park, Coimbatore

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-Coimbatore Chapter.

CMA Rakesh Shankar delivered the technical session highlighting the important provisions of the new legislation. Shri Elamurugu Govindarajan, IRS, Additional Commissioner of Income Tax, Coimbatore, attended as the Chief Guest and appreciated the Institute's initiative in promoting tax literacy.

7. Outreach Programme – Tiruchirappalli

Date: 25 March 2026 | Venue: ICMAI Tiruchirappalli Chapter

The Tax Research Department, ICMAI, in collaboration with the Income Tax Department, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-Tiruchirappalli Chapter.

The technical session was delivered by CMA Rakesh Shankar, who explained the key reforms under the new Act. Smt. R. Rajarajeswari, Additional Commissioner of Income Tax, Range-2, Trichy, graced the occasion as the Chief Guest.

8. Outreach Programme – Dindigul

Date: 25 March 2026 | Venue: Hotel PVK Ground, Dindigul

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through ICMAI-Dindigul Chapter

The technical session was delivered by CMA Rakesh Shankar, focusing on practical implementation of the new legislation. Smt. Anshu Sharawat, IRS, Joint Commissioner of Income Tax, Dindigul, attended as the Chief Guest and appreciated the initiative.

9. Outreach Programme – Bhubaneswar

Date: 26 March 2026 | Venue: CMA Bhawan, Bhubaneswar

The Tax Research Department, ICMAI, organized the Outreach Programme "Income Tax Act, 2025 – Prarambh 2026" through the ICMAI-Bhubaneswar Chapter.

Technical sessions were delivered by CMA Niranjan Swain, CMA Sudhansu Kumar Sahu, and CMA Avinash Kotni. Shri Saroj Kumar Mahapatra, IRS, Principal Commissioner of Income Tax (VU)-1, Cuttack, attended as the Chief Guest.

10. Outreach Programme – Hyderabad

Date: 28 March 2026 | Venue: Hotel Abode, Hyderabad

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through ICMAI-Hyderabad Chapter.

The programme featured technical sessions by CMA A.V.N.S. Nageswara Rao and CMA CA Mahesh Reddy Ramasani. Mr. Shahnawaz Ul Rahman, IRS, Commissioner of Income Tax, Hyderabad, graced the occasion as the Chief Guest.

11. Outreach Programme – Nellai Pearl City

Date: 7 May 2026 | Venue: Hotel Aryaas

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI Nellai Pearl City Chapter.

The session was delivered by CMA Rakesh Shankar Ravishankar. Shri Manoj Prakash S., IRS, Joint Commissioner of Income Tax, Tirunelveli Range, attended as the Chief Guest.

12. Outreach Programme – Puducherry

Date: 8 May 2026 | Venue: Hotel Abirami Residency, Puducherry

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through ICMAI Puducherry Chapter.

The programme featured technical sessions by CMA Rakesh Shankar Ravishankar and CMA Dr. T. Vigneshwaran. Shri K. Suresh Babu, IRS, Assistant Commissioner of Income Tax, Puducherry, graced the programme as the Chief Guest.

13. Outreach Programme – Siliguri

Date: 25 May 2026 | Venue: Mayfair Tea Resort, Siliguri

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 at Siliguri.

CMA Avinash Kotni, Chairman, Bhubaneswar Chapter, delivered the technical session covering the salient features of the new legislation. Shri Rajeev Kumar, IRS, Principal Commissioner of Income Tax, Siliguri, attended as the Chief Guest and appreciated the initiative undertaken jointly by ICMAI and the Income Tax Department.

14. Outreach Programme – Ghaziabad

Date: 20 June 2026 | Venue: Hotel Mahagun Sarovar Portico, Ghaziabad

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-Ghaziabad Chapter.

Technical sessions were delivered by CMA (Dr.) Pawan Jaiswal and CMA (Dr.) Anil Sharma, covering important aspects of the new legislation. The programme was graced by Shri Atul Garg, Member of Parliament, Shri Sanjaya Kumar Chaursia, Additional Commissioner of Income Tax, and Shri Nand Kishore Kalal, IAS, Vice Chairman, Ghaziabad Development Authority, as distinguished Chief Guests.

15. Outreach Programme – Kolkata

Date: 26 June 2026 | Venue: J. N. Bose Auditorium, CMA Bhawan, Kolkata

The Tax Research Department, ICMAI, in association with the Eastern India Regional Council (EIRC) and the Income Tax Department, organized the Outreach Programme titled "नवद्दष्ट्रि—नवदृष्टि – Navigating the Income Tax Act, 2025."

The technical sessions were delivered by CMA

Avinash Kotni and Shri Sanjay Bhattacharya, Advocate. The programme was graced by Shri Jasdeep Singh, IRS, Chief Commissioner of Income Tax (TDS), Kolkata, and Shri Amitava Sen, IRS, Additional Commissioner of Income Tax (Vigilance), Kolkata, as Chief Guests.

16. Outreach Programme – Madurai

Date: 4 July 2026 | Venue: Hotel The Metropole, Madurai

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-Madurai Chapter.

The technical session was delivered by CMA Rakesh Shankar Ravishankar. Shri P. Ganesan, Income Tax Officer (Headquarters–Technical), Madurai, attended as the Chief Guest and encouraged continuous professional development on the evolving tax framework.

17. Outreach Programme – Berhampur (South Odisha)

Date: 10 July 2026 | Venue: Nandan Hotel & Convention, Berhampur

The Tax Research Department, ICMAI, organized an Outreach Programme on the Income Tax Act, 2025 through the ICMAI-South Odisha Chapter.

The technical sessions were delivered by CMA Avinash Kotni and CA K. Seeta Rajani, who discussed the salient provisions of the new legislation and its implementation. Shri Manoj Kumar Pati, Additional Commissioner of Income Tax, Range-1, Bhubaneswar, graced the programme as the Chief Guest and appreciated the collaborative initiative of ICMAI and the Income Tax Department in enhancing tax awareness among professionals and stakeholders.

Webinars on Direct Taxation

S. No.	Date	Topic	Faculty	Overview
For January, 2026				
1	06.01.2026	Re-Engineering Withholding Tax Mechanisms: A Modern Outlook on TDS & TCS Provisions under the Framework of Income Tax Act, 2025.	CMA Nitta Ravi Kishore	Restructured TDS/TCS provisions, new transaction thresholds, and digital filing timelines under the 2025 framework.
2	13.01.2026	Strengthening Compliance Governance: Evolving Tax Administration and Special Provisions for Charitable Trusts under the Framework of Income Tax Act, 2025	CMA Ajith Sivadas	Re-understanding Stringent registration protocols, income accumulation conditions, and modified audit pathways for non-profits and charitable institutions.
3	20.01.2026	India's International Tax Landscape: A Comparative Study of the 1961 Act vs. the 2025 Act	CMA Mrityunjay Acharjee	Comparative evolution of permanent establishment rules, transfer pricing norms, and cross-border data tracking.
4	27.01.2026	Contemporary Analysis: Salary, House Property, & Deemed Income under the ITA, 2025	CMA Divya Abhishek	Individual taxpayer impacts: new perquisite valuations, standard deductions on house property, and expanded deemed income rules.

S. No.	Date	Topic	Faculty	Overview
For February, 2026				
5	01.02.2026	Union Budget - 2026	Guest of Honour: Shri Abhishek Mishra (IRS, Addl. Commissioner IT-Exemptions), CMA Sanjali Dias (Joint Commissioner GST) | Speakers: Shri Vivek Jalan, Mrityunjay Acharjee, Rohit Singh, B M Gupta	Macro-level tracking of 2026 Union Budget announcements, fiscal policy trajectories, and direct/indirect tax administrative overhauls.
6	03.02.2026	Assessment Reimagined: Streamlined Review Mechanisms under the Framework of Income Tax Act, 2025	CMA Gopal Krishna Raju	Fast-tracked assessment workflows, time limits for reopening cases, and automated system-driven discrepancy screenings.
7	06.02.2026	Union Budget 2026: Highlights, Impact & Way Forward	CMA Niranjan Swain	Practice-oriented synthesis of 2026 budget proposals with clear action items for optimizing client tax portfolios.
8	10.02.2026	Foreign Asset Disclosure is Non-Negotiable in the light of ITA, 2025	CMA Ritu Dash Choudhury	Severe penal implications for non-disclosure of overseas assets, foreign bank accounts, and international income under Schedule FA.
9	17.02.2026	Rectification of Mistakes, Revision of Orders Prejudicial to Revenue, Revision of Other Orders under Income Tax Act, 2025	Shri Nilay Baran Som	Resolving technical slip-ups, filing rectifications under new formats, and understanding department-initiated administrative revisions.
10	24.02.2026	TDS - TCS Provisions wrt Income Tax Act, 2025 & Draft Rules	CA Vikash Mundhra	Analysis of newly unveiled draft rules for withholding taxes and adapting financial enterprise systems for new reporting variables.

S. No.	Date	Topic	Faculty	Overview
For March, 2026				
11	03.03.2026	ITA 2025 - Proposed Rules and Forms - Demystified	CMA Ajith Sivadas	Operational mechanics of newly released administrative forms and rule updates tied to the 2025 framework.
12	10.03.2026	Finance Bill 2026: ANALYSIS OF THE SALIENT AMENDMENTS TO THE INCOME TAX ACT, 2025	CMA Rajagopal V	Crucial mid-course legislative alterations and corrections made to the 2025 Act via the Finance Bill 2026.
13	17.06.2026	Tax Implications for Immovable Property Transactions – Insights for Buyers and Sellers	CMA Niranjan Swain	Circle rate variances, capital gain computation exemptions, and TDS duties tied to property transfers.
14	24.06.2026	Returns and Assessments under ITA 2025 - A brief comparison	CMA Ajith Sivadas	Year-end direct tax summary contrasting filing timelines, return tracking protocols, and finalization rules.
For April, 2026				
15	07.04.2026	PGBP (Part:1) [Sec 26 -43] under ITA, 2025	CA Vikash Mundhra	Foundational business deduction provisions, permissible business expenses, and core income components under Profits and Gains of Business or Profession.
16	14.04.2026	PGBP (Part:2) [Sec 44 -66] under ITA, 2025	CA Vikash Mundhra	Disallowed corporate payments, depreciation rules, asset base tracking, and special bad debt provisioning.
17	21.04.2026	Return of Income under ITA, 2025	CMA Gopal Krishna Raju	Updated mechanisms for filing corporate/individual returns, integrated digital verification systems, and mandatory disclosure tables.
18	28.04.2026	Assessment under ITA, 2025	CMA Gopal Krishna Raju	Lifecycle of post-filing evaluations, tracking online summary notices, and managing administrative responses.

S. No.	Date	Topic	Faculty	Overview
For May, 2026				
19	05.05.2026	Demystifying Presumptive Taxation, Sec 58 of Income Tax Act, 2025	CMA Ajith Sivadas	Modified eligibility thresholds and profit declaration requirements under presumptive schemes for small businesses and independent professionals.
20	14.05.2026	International Taxation under ITA, 2025	CMA Mrityunjay Acharjee	Advanced updates on cross-border e-commerce equalization levies, transfer pricing compliance, and multi-jurisdictional tax disputes.
21	19.05.2026	Inventory Valuation Under ITA 2025	CMA Gopal Krishna Raju	Mandatory cost valuation methods, required adjustments, and disclosure rules for physical and digital inventories.
22	26.05.2026	Capital Gains under ITA 2025	CMA Gopal Krishna Raju	Detailed review of asset classification rules, calculated hold periods, and rollover investment reinvestment benefits for property and equity.
For June, 2026				
23	02.06.2026	Tax Taxation in Real Estate Transactions	CA Bhanwar Borana	Real-estate integration of circle rate calculations, stamp duty considerations, and cost of acquisition deductions for long-term construction projects.
24	09.06.2026	Tax Implications of Partnership Firm Reconstitution under the ITA, 2025	CA Vikash Mundhra	Tax events triggered by partner retirements, firm dissolutions, asset revaluations, and capital distributions.
25	16.06.2026	Strategic Considerations Before the Appellate Authority Prior to Writ Jurisdiction	CMA Gopal Krishna Raju	Exhausting administrative avenues, building strong factual records, and organizing case documents prior to High Court writ remedies.

S. No.	Date	Topic	Faculty	Overview
26	23.06.2026	Exemptions under Income Tax Act, 2025	CA Vikash Mundhra	Updated tax-free categories, agricultural income exclusions, institutional exemptions, and specialized manufacturing zone benefits.
For July, 2026				
27	10.07.2026	Mastering Income Tax Returns 2026: ITR 1 & ITR 2	Shri Vikash Mundhra	This webinar marked the commencement of the Tax Returns 2026 Series, providing practical guidance on preparation and filing of ITR-1 and ITR-2 under the Income-tax Act, 2025.
28	14.07.2026	Mastering Income Tax Returns 2026: ITR 3	Shri Vikash Mundhra	Continuing the Tax Returns 2026 Series, this session focused on preparation and filing of ITR-3, covering business/professional income, disclosures and practical compliance aspects.
29	17.07.2026	Mastering Income Tax Returns 2026: ITR 4	CMA Ajith Sivadas	The webinar explained preparation and filing of ITR-4 (Sugam), eligibility, presumptive taxation, disclosures and practical return filing under the Income-tax Act, 2025.
30	21.07.2026	Mastering Income Tax Returns 2026: ITR 5	Advocate Tapas Majumder	This session covered preparation and filing of ITR-5 for firms, LLPs, AOPs, BOIs and other eligible entities, highlighting reporting requirements and practical compliance.

Activities of TRD- Memories

Outreach Programme on Income Tax Act, 2025 organised by ICMAI-Tax Research Department in association with ICMAI-EIRC and in collaboration with The Income Tax Department on the Theme: “नवद्दष्टि–नवदृष्टि – Navigating the Income Tax Act, 2025” on Thursday, 25th June 2026 at J.N. Bose Auditorium, CMA Bhawan, Kolkata

Dignitaries on the Dias (L/R) CMA Arati Ganguly, Chairperson, ICMAI-EIRC, Shri Amitava Sen, IRS, Addl. Commissioner (Vigilance), Income Tax Department, Kolkata, CMA Chittaranjan Chattopadhyay, Council Member, ICMAI, Shri Jasdeep Singh, IRS, Chief Commissioner of Income Tax (TDS), Kolkata, CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee, ICMAI and CMA (Dr.) V. Murali, Council Member, ICMAI

Lighting of Inaugural Lamp

Felicitation of Chief Guest Shri Jasdeep Singh, IRS, Chief Commissioner of Income Tax (TDS), Kolkata.

Felicitation of Guest of Honour Shri Amitava Sen, IRS, Addl. Commissioner (Vigilance), Income Tax Department, Kolkata.

Release of Publication by ICMAI-Tax Research Department: Income Tax Ready Reckoner (Tax Year 2026-27)

Release of Publication by ICMAI-Tax Research Department: Handbook on Tax Planning on Business Restructuring

Address by Council Members. (L/R) CMA (Dr.) V. Murali, Council Member, ICMAI, CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee, ICMAI and CMA Chittaranjan Chattopadhyay, Council Member, ICMAI

Activities of TRD- Memories

CMA Arati Ganguly, Chairperson, ICMAI-EIRC felicitating CMA Avinash Kotni, Chairman, Bhubaneswar Chapter and speaker for the Technical Sessions on Overview of Income Tax Act, 2025, Income Tax Forms & Rules, 2026 and Modern Outlook on TDS & TCS Provisions under the Framework of the Income Tax Act, 2025

Shri Sanjay Bhattacharya, Advocate addressing the Technical Session on Applicability of Income Tax on NPOs

Outreach Programme on the Income Tax Act, 2025 organized by the Tax Research Department, ICMAI in collaboration with the Income Tax Department on Monday, 25th May 2026 at Mayfair Tea Resort, Siliguri.

Lighting of Inaugural Lamp

Dignitaries on the dias . (L/R) CMA Chittaranjan Chattopadhyay, Council Member, ICMAI, CMA Suresh Rachappa Gunjalli, Council Member, ICMAI, CMA (Dr.) V. Murali, Council Member, ICMAI, CMA Bibhuti Bhusan Nayak, Former President & Chairman – Task Force for Income Tax Bill / Act 2025, Shri Rajeev Kumar, IRS, Principal Commissioner of Income Tax, Siliguri, CMA TCA Srinivasa Prasad, President, ICMAI, CMA Navneet Kumar Jain, Council Member, ICMAI and CMA Arati Ganguly, Chairperson, ICMAI-EIRC

Address and Felicitation of Chief Guest Shri Rajeev Kumar, I.R.S, Principal Commissioner of Income Tax, Siliguri

Activities of TRD- Memories

Address by (L/R) CMA (Dr.) V. Murali, Council Member, ICMAI, CMA TCA Srinivasa Prasad, President, ICMAI, CMA Bibhuti Bhusan Nayak, Former President, & Chairman – Task Force for Income Tax Bill / Act 2025, ICMAI and CMA Arati Ganguly, Chairperson, ICMAI-EIRC

Address by CMA Avinash Kotni, Chairman, Bhubaneswar Chapter, ICMAI,

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI-Jaipur Chapter jointly with ICMAI-NIRC in collaboration with Income Tax Department on 22nd February 2026 at RIC Auditorium (Rajasthan International Centre), Jaipur.

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI- Rourkela Chapter in collaboration with Income Tax Department on 13th March 2026 at Zone by The Rourkela Club.

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI- Bhubaneswar Chapter in collaboration with Income Tax Department on 26th March 2026 at CMA Bhawan, Bhubaneswar

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI- Hyderabad Chapter in collaboration with Income Tax Department on 28th March 2026 at Hotel Abode, Lakdikapul, Hyderabad.

Activities of TRD- Memories

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI- Puduchury Chapter in collaboration with Income Tax Department on 25th May 2026 at Hotel Abirami Residency, Puducherry.

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI-Madurai Chapter in collaboration with Income Tax Department on 4th July 2026 at Hotel Metropole, Madurai.

Outreach Programme on the New Income Tax Act 2025 organised by ICMAI-Tax Research Department in association with ICMAI-South Odisha Chapter in collaboration with Income Tax Department on 10th July 2026 at Nandan Hotel, Berhampur.

Articles

Navigating the Lifecycle of First Appeals

From the 1961 Act to the 2025 Regime

CMA Niranjan Swain
Advocate & Tax Consultant

A Critical Study of Procedural Continuity and Reform in India's First Appellate Framework under Direct Tax Law – Ref. the disclaimer given end of the article

5,39,863 appeals

pending before the First Appellate Authority [CIT(A)/JCIT(A)] at the end of FY 2024-25 — Rajya Sabha Unstarred Question No. 1038, 09-12-2025, Ministry of Finance

SYNOPSIS:

The Income Tax Act, 2025 — which came into force on 1 April 2026 and replaced the Income-tax Act, 1961 — was framed as a simplification exercise: fewer sections, a unified "tax year" concept, and a digital-first architecture. Yet the provisions governing the first appellate stage, arguably the point in the tax lifecycle most burdened by delay and disputation, present a more layered picture. This article traces the procedural lifecycle of a first appeal — filing, condonation of delay, hearing, and disposal — across the two enactments; examines the pendency crisis in taxpayers' own words and in official data; proposes a concrete reform agenda; and tests the transitional bridge Parliament has built between the two Acts.

Introduction — Setting the Stage

The first appeal — filed by an aggrieved assessee before the Joint Commissioner (Appeals) or the Commissioner (Appeals) — has long functioned as the primary corrective forum in the direct tax dispute-resolution chain, sitting between the Assessing Officer and the Income Tax Appellate Tribunal (ITAT). It is the stage at which facts are re-examined afresh, additional evidence may be admitted, and — crucially — the appellate authority possesses the power to confirm, reduce, enhance or annul an assessment. Its efficiency, or the lack of it, therefore ripples through the entire litigation pipeline.

The Income Tax Act, 2025 received Presidential assent on 21 August 2025 and came into force on 1 April 2026, consolidating what were more than 800 sections of the 1961 Act into 536 sections. The chapter on Appeals, Revision and Alternate Dispute Resolution — Sections

356 to 379 — now governs first appeals, appeals to the ITAT, and further appeals to the High Court and Supreme Court within a single, renumbered architecture.

The question this article poses is not rhetorical. Is the 2025 Act a genuine procedural reform of the first appellate stage, correcting decades of documented delay and disputation? Or does it substantially reproduce the 1961 Act's provisions — powers, timelines, and evidentiary rules included — under new section numbers, leaving the profession to relitigate old problems in new legal language? The analysis proceeds along five axes: (i) the transitional bridge between the two Acts, (ii) the timelines governing disposal, (iii) the lived experience of taxpayers caught in the pendency backlog, (iv) the substantive powers of the first appellate authority, and (v) a concrete agenda for reform — before arriving at a consolidated scorecard.

The Transitional Dilemma

The 2025 Act does not extinguish the 1961 Act for appeals already in the pipeline. Section 536(2)(e) of the 2025 Act expressly provides that any proceeding pending before any income-tax authority, the Appellate Tribunal, or a court shall continue and be disposed of as if the 2025 Act had not been enacted. Correspondingly, Section 536(2)(c) provides that proceedings initiated on or after 1 April 2026 in respect of a tax year beginning before that date shall also be carried out under the repealed 1961 Act. In effect, Parliament has built a full savings clause: appeals pending as on 1 April 2026 continue under the 1961 Act, with no fresh appeal required to be filed.

The Bifurcated Docket

The practical consequence is that the same Joint Commissioner (Appeals) or Commissioner (Appeals) will, for an extended transitional period, administer two parallel dockets governed by two different statutory codes — different section numbers, different forms, and in places, differently worded evidentiary and procedural provisions. The table below maps the trigger events that determine which regime, form, and forum applies.

Table 1 — Trigger Event, Governing Law, Applicable Form and Forum during the Transition

Trigger Event	Governing Law	Appeal Form	First Appellate Forum
Appeal already pending before JCIT(A)/CIT(A) as on 1 April 2026	Income-tax Act, 1961 (per section 536(2)(e) of the 2025 Act)	Form 35 (Rule 45, IT Rules 1962)	JCIT (Appeals) / CIT (Appeals) under sections 246 / 246A
Order passed under the 1961 Act for a tax year pre-dating 1 April 2026, appealed after that date	Income-tax Act, 1961 (per s. 536(2)(c))	Form 35	JCIT (Appeals) / CIT (Appeals)
Order passed under the 2025 Act for tax year 2026-27 onward	Income Tax Act, 2025	Form 99 (Rule 167, IT Rules 2026)	Joint Commissioner (Appeals) / Commissioner (Appeals) under sections 356 / 357
Second appeal from a 1961-Act first-appeal order, filed after 1 April 2026	Income-tax Act, 1961 (transitional)	Form 36	Income Tax Appellate Tribunal
Second appeal from a 2025-Act first-appeal order	Income Tax Act, 2025	Form 115 (Rule 191, IT Rules 2026)	Appellate Tribunal (sections 361-364)

Precedent Portability: The In Pari Materia Question

Because Sections 356-360 of the 2025 Act closely track Sections 246, 246A, 250 and 251 of the 1961 Act in substance — a point the Income Tax Department's own FAQs on the transition confirm by stating that the powers of the appellate authority and the procedural framework "remain materially unchanged" — a strong case exists for treating decades of Supreme Court and High Court precedent on the 1961 Act as directly applicable to the corresponding 2025 Act provisions, under the settled doctrine of in pari materia construction (statutes dealing with the same subject matter, read together as forming one system). Whether tribunals will treat such precedent as binding or merely persuasive is not yet settled, since the 2025 Act has not been in force long enough to generate its own appellate jurisprudence. For practitioners, this creates an immediate practical risk: citing the wrong-regime provision number, or assuming automatic precedent transfer where a sub-provision has in fact been reworded, in dual-docket practice.

Sections 375 and 376 of the 2025 Act, which govern the mechanism for avoiding repetitive litigation (corresponding to Sections 158A and 158AB of the 1961 Act), go a step further and expressly recognise that the identical-question pendency they require may relate to proceedings under either the 1961 Act or the 2025 Act — a rare instance of the new Act explicitly legislating for the bifurcation problem rather than leaving it to inference.

Timelines and Accountability

Delay at the first appellate stage is the single most consistent grievance in the direct tax litigation debate. During the passage of the Income-tax Bill, 2025, stakeholders made specific submissions to Parliament's Select Committee pressing for a statutory time limit for disposal.

Statutory Text: 1961 Act v. 2025 Act

The result is that the operative timeline language is carried forward almost verbatim. Section 250(6A) of the 1961 Act provided that the CIT(A) "where it is possible, may hear and decide" an appeal within one year from the end of the financial year in which it was filed. Section 359(5) of the 2025 Act reproduces this exact directory formulation for the JCIT(A)/CIT(A). Both provisions are aspirational rather than mandatory, and neither carries a consequence — such as deemed disposal in the taxpayer's favour, or escalation — for non-compliance.

Table 2 — Timelines and Accountability: 1961 Act v. 2025 Act

Parameter	Income-tax Act, 1961	Income Tax Act, 2025	Assessment
Governing provision	Section 250(6A)	Section 359(5)	Renumbered; text materially identical
Nature of timeline	Directory ("where it is possible")	Directory ("where it is possible")	No change in enforceability
Disposal target	1 year from end of FY of filing	1 year from end of FY of filing / transfer	Unchanged
Consequence of breach	None statutorily prescribed	None statutorily prescribed	Unchanged — chronic grievance persists
Statutory deadline sought by stakeholders	N/A	Explicitly rejected by Finance Ministry before Select Committee	Reform opportunity declined
Comparable forum with binding deadline	DRP — 9 months (s. 144C)	DRP equivalent retained with binding timeline	Inconsistency between forums persists
Mode of hearing	Faceless Appeal Scheme, 2020-21 (administrative)	Digital-first appeal ecosystem under IT Rules 2026 (Forms 99/115 mandatorily e-filed)	Digitisation deepened, but does not address the disposal-timeline gap

The digitisation of the appeal ecosystem — mandatory e-filing with DSC/EVC, a structured Form 99, and the National Faceless Appeal Centre architecture continuing into the new regime — is a genuine procedural modernisation. It reduces human interface and standardises the record. But digitisation of the filing process is not the same as accelerating disposal. On the specific and long-standing grievance of inordinate delay between filing and a reasoned appellate order, the 2025 Act, on the text as it stands, does not depart from the 1961 Act's directory framework.

What Action required from Revenue

The scale of pendency before the first appellate authority makes a stronger case for structured timelines than the Ministry's response acknowledges. Even if a rigid statutory deadline is deferred for now on grounds of preserving adjudicatory quality, the sheer arithmetic of pendency — opening balance of appeals, plus fresh appeals filed, against appeals actually disposed of — cannot be allowed to drift indefinitely without some mechanism of accountability. A Standard Operating Procedure could usefully be issued directing CIT(A) offices to take up appeals in a systematic and age-wise manner, prioritizing older matters and issuing orders within defined internal benchmarks, even where these fall short of a binding statutory limit. Such a measure would not compromise the quality of adjudication that the Ministry rightly seeks to protect; rather, it would impose administrative discipline on the pace of disposal, ensuring that the gap between appeals filed and appeals resolved is progressively narrowed rather than allowed to compound year on year. This would serve both stakeholders: industry gains certainty and faster resolution of tax disputes, freeing up capital and reducing litigation overhang, while Revenue benefits from quicker finality on demand and reduced administrative burden of carrying forward an ever-growing docket. This is not a case that need be won or lost immediately — the SOP route offers a middle path that can be implemented administratively in the near term, with the question of a statutory timeline left open for consideration in future legislative amendments once the system demonstrates readiness to absorb firmer deadlines.

Taxpayer Concerns and the Pendency Crisis

Statutory language explains only half the story; official data and taxpayer/professional-body submissions supply the other half. This section sets out what is actually happening on the ground — how many appeals are pending, how that pendency has moved over the last five years, and what taxpayers and their representative bodies have told Parliament, the CBDT and the courts about the human and financial cost of delay.

(a) The Pendency Numbers — Official Data

The most current official figures come from a written reply given by the Minister of State for Finance, Shri Pankaj Chaudhary, to an unstarred question in the Rajya Sabha on 9 December 2025. The reply discloses year-wise pendency data maintained by the Income Tax Department for each appellate level.

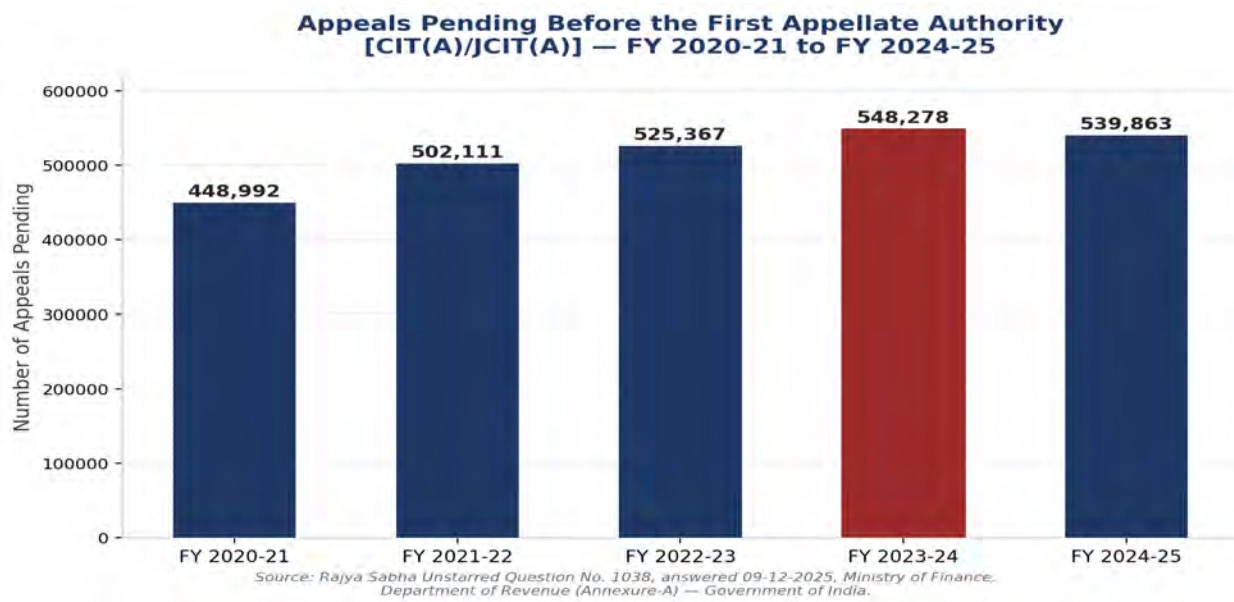

Chart 1 — Year-wise pendency before the First Appellate Authority, FY 2020-21 to FY 2024-25. Source: Rajya Sabha Unstarred Q. No. 1038, answered 09-12-2025.

Pendency rose from 4,48,992 appeals at the end of FY 2020-21 to a peak of 5,48,278 at the end of FY 2023-24, before moderating marginally to 5,39,863 at the end of FY 2024-25 — a net increase of roughly 20% over five years despite the intervening rollout of the Faceless Appeal Scheme. The disputed tax amount locked up in these pending appeals ranged between 14.18 lakh crore and ₹24.52 lakh crore across the same period, per the same official reply.

The distribution across fora matters as much as the absolute number. The table below sets out the FY 2024-25 pendency at each appellate level, alongside the CAG's audit findings on how much capital sits frozen in these disputes.

Table 3 — Pendency across appellate fora, FY 2024-25. Source: Rajya Sabha Unstarred Q. No. 1038, answered 09-12-2025, Ministry of Finance (Annexure-A).

Appellate Forum	Appeals Pending (FY 2024-25)	Share of Total Pipeline
First Appellate Authority — CIT(A)/JCIT(A)	5,39,863	~89%
Income Tax Appellate Tribunal (ITAT)	22,960	~4%
High Courts	34,486	~6%
Supreme Court	6,338	~1%

The First Appellate Authority alone carries roughly nine times the combined pendency of the ITAT, the High Courts and the Supreme Court put together. Whatever bottleneck exists in the direct tax litigation pipeline, it exists overwhelmingly at the first appeal — not further up the chain.

The CAG's own audit data (Report No. 29 of 2022, Direct Taxes) shows that between FY 2016-17 and FY 2020-21 the amount locked up in pending first-appeal cases grew from ₹6.11 lakh crore to ₹24.65 lakh crore — roughly four-fold — while the average blockage per case — disputed amount divided by appeals due for disposal — rose more than six-fold, from ₹1.33 crore to ₹8.50 crore (as reproduced in a representation by the Chartered Accountants Association, Surat to the Ministry of Finance dated 10 March 2023). Pendency, in other words, is not simply growing in volume; the average case now has substantially more capital frozen in it than five years ago.

(b) An Indicative Age Profile of the Backlog

The Income Tax Department does not appear to publish a single, centrally consolidated duration-bucket table (e.g., 0-1 year / 1-2 years / 2-5 years / 5+ years) for CIT(A)/JCIT(A) pendency in the public domain. What is available — and disclosed below with exact sourcing — is a set of specific duration findings from parliamentary submissions, High Court observations, and professional-body representations, each independently verifiable against its cited source. Read together, they give a reliable qualitative picture of how old the backlog actually is.

Table 4 — Indicative Duration / Age Signals for CIT(A)/JCIT(A) Pendency (qualitative, individually sourced — no single official age-bucket dataset was located in the public domain)

Duration / Disposal Signal	Finding	Source
Appeals pending beyond 5 years	A significant share of the 5,49,042 appeals pending before CIT(A)/NFAC (as per the pendency figure cited in the representation) had remained unresolved for over five years.	All-India Federation of Tax Practitioners (AIFTP), representation to CBDT/Finance Ministry titled "Pendency of 5,49,042 Appeals Before CIT(A)/NFAC: Request for Early Disposal"

Duration / Disposal Signal	Finding	Source
Appeals pending 3-4 years flagged judicially	The Court took serious note of appeals pending before the CIT(A) for three to four years and directed the Revenue to disclose the average life of an appeal and remedial measures for inordinate delay.	Om Vision Infraspace Pvt. Ltd. v. ITO, (2024) 167 taxmann.com 709 (Guj.) (HC) -The Court barred the Revenue from initiating coercive tax recovery proceedings against taxpayers whose appeals remain undecided for years due to the department's administrative delays
Annual disposal rate against pendency	Of roughly five lakh appeals pending as of April 2024, only about 61,311 (approx. 12%) were disposed of in the preceding financial year.	Rajya Sabha MP Sanjeev Arora, floor statement, Rajya Sabha (reported by The Tribune)
Per-officer disposal capacity vs. quota	Actual disposal averaged roughly 50 cases per CIT(A) per annum, against a departmental quota framework envisaging roughly 50 cases per CIT(A) per month (≈600 per annum).	Chartered Accountants Association, Surat — representation to the Finance Minister dated 10 March 2023
Statutory (advisory) disposal benchmark	The one-year disposal target under s. 250(6A)/s. 359(5) is advisory, not binding, and is described by parliamentarians as routinely unmet.	Rajya Sabha MP Sanjeev Arora, floor statement (as above); Finance Ministry response to Select Committee, 2025

(c) What Taxpayers Are Actually Saying

Stripped of statutory language, the concerns raised by taxpayers, tax practitioners and their representative bodies before Parliament, the CBDT and the courts cluster around a consistent set of themes:

- **Cash flow lock-up during pendency:** an appellant must ordinarily pay 20% (at points administratively revised to 15%) of the disputed demand to obtain a stay pending appeal. AIFTP's representation notes that where an appeal then remains undecided for years, this deposit — and the taxpayer's exposure to further recovery action — sits frozen for the entire pendency period, a hardship that compounds with each year of delay.
- **Interest asymmetry:** if the appeal eventually succeeds, the deposited or recovered tax is refunded with interest, but that interest is ultimately borne by the taxpayer base as a whole— meaning prolonged pendency is a cost even to the exchequer, not only to the individual appellant.
- **No timeline for remand reports:** where the CIT(A) calls for a remand report from the Assessing Officer, no timeline is prescribed under the Act or Rules for its submission — a gap AIFTP specifically flagged as contributing to delay, since the appeal cannot be finally disposed of until the report is received.
- **Loss of finality and business certainty:** for entities carrying multi-year disputed positions on their books, prolonged CIT(A) pendency delays the point at which a tax position becomes final — a recurring concern in judicial observations such as the Gujarat High Court's in **Om Vision Infraspace Pvt. Ltd. v. ITO, (2024) 167 taxmann.com 709 (Guj.)(HC)**, where the Court examined recovery proceedings initiated while the underlying appeal itself remained undecided.
- **Asymmetric procedural discipline:** the taxpayer faces a strict 30-day limitation to file the appeal (extendable only on "sufficient cause"), while the disposing authority faces only a directory, unenforceable one-year target — an imbalance several stakeholders raised before the Select Committee as fundamentally inequitable.

- **Opacity of the queue:** taxpayers and practitioners have no visibility into where a given appeal sits in the CIT(A) / NFAC queue, what determines the order of hearing, or why some appeals are heard within months while others remain undecided for five years or more — a concern echoed in the Gujarat High Court's direction to the Revenue to disclose how appeals are allocated among Commissioners.

≈ 12% disposal rate

against pendency in the year cited — roughly 61,311 appeals disposed against a backlog of about 5 lakh, per Rajya Sabha floor statement (2024)

Powers of the First Appellate Authority

The Income Tax Department's own transition FAQs state plainly that the powers of the appellate authorities — to confirm, reduce, enhance or annul an assessment, admit additional grounds, call for a remand report, rectify mistakes, and grant stay subject to conditions — "remain materially unchanged" under the 2025 Act. This section tests that claim against the specific sub-issues practitioners litigate most often.

(a) Enhancement Power

Section 251(1)(a) of the 1961 Act empowers the CIT(A) to confirm, reduce, enhance or annul an assessment; Section 360 of the 2025 Act reproduces this power for the JCIT(A)/CIT(A). Neither provision, on its face, defines the outer boundary of "enhancement." That boundary has been supplied entirely by judicial interpretation, and it is this body of case law — not new statutory text — that will continue to govern the 2025 Act.

Case Laws on Scope of Appellate Powers under Section 251 of the Income-tax Act, 1961

(Powers of the Commissioner (Appeals) — Coterminous Authority and the Limits on Enhancement by Discovery of a New Source of Income)

Sr. No.	Case Name /with Citation	Principle / Holding
1	CIT v. Kanpur Coal Syndicate (1964) 53 ITR 225 (SC) AIR 1965 SC 325 -	Construing s. 31(3) of the Indian Income-tax Act, 1922 (predecessor to s. 251), held that the appellate authority's power is coterminous with that of the Assessing Officer: it may do what the AO could have done and may direct the AO to do what he failed to do.
2	CIT v. Shapoorji Pallonji Mistry - (1962) 44 ITR 891 (SC) AIR 1962 SC 1086	In an appeal filed by the assessee, the Appellate Assistant Commissioner has no power to enhance the assessment by discovering a new source of income not considered by the ITO in the order appealed against.
3	CIT v. Rai Bahadur Hardutroy Motilal Chamaria - (1967) 66 ITR 443 (SC) (1967) 3 SCR 908 -	The plenary appellate power is restricted to the subject-matter of the assessment, i.e., sources of income considered expressly or by clear implication by the AO. The appellate authority cannot travel beyond the assessment record to tax an altogether new source of income by way of enhancement.
4	Addl. CIT v. Gurjargravures (P.) Ltd. -(1978) 111 ITR 1 (SC)	Following Shapoorji Pallonji Mistry and Chamaria, held that where no claim for exemption/relief was made before the ITO, either in the return or during assessment, the AAC has no jurisdiction to entertain such a claim for the first time in appeal.

Sr. No.	Case Name /with Citation	Principle / Holding
5	Jute Corporation of India Ltd. v. CIT -(1991) 187 ITR 688 (SC)	Reaffirmed Kanpur Coal Syndicate; held that an appellate authority has all the powers the original authority had, subject only to statutory restrictions, and that the appellant may raise an additional ground before the AAC even if not raised before the ITO, provided it arises from the same assessment proceedings.
6	CIT v. Nirbheram Daluram -(1997) 224 ITR 610 (SC)	Reiterated Kanpur Coal Syndicate and Jute Corporation: the appellate power under s. 251 is not confined to issues actually decided by the AO and extends to the entire assessment, so as to correct the AO both in respect of an issue raised by the assessee and one arising from the assessment record.
7	Narrondas Manordass v. CIT -(1957) 31 ITR 909 (Bom)	An early and influential exposition (later approved by the Supreme Court) that s. 31 confers on the AAC both an appellate power at the instance of the assessee and a revisional power to enhance the assessment, but this power of enhancement is confined to the sources of income already considered by the ITO.
8	CIT v. Sardari Lal & Co. (2001) 251 ITR 864 (Del) (FB)	Following Shapoorji Pallonji Mistry and Chamaria, a Full Bench held that the CIT(A) is not competent, while disposing of an appeal, to enhance the assessment by discovering and taxing a new source of income not mentioned in the return or considered by the AO in the assessment order.
9	CIT v. Union Tyres -(1999) 240 ITR 556 (Del)	Explaining the distinction drawn in Jute Corporation, held that while the CIT(A) can permit a new ground/claim relating to a source of income already before the AO, he cannot, in the guise of enhancement, bring to tax an entirely new source of income.
10	CIT v. Jansampark Advertising & Marketing (P.) Ltd. -(2015) 375 ITR 373 (Del)	Held that the CIT(A) and the Tribunal are also forums for fact-finding; where the AO fails to conduct a proper inquiry, the obligation to inquire shifts to the appellate authorities, who cannot simply allow the appeal and delete additions without themselves examining the facts.

Because Section 360 of the 2025 Act does not alter this operative language, this entire line of authority — spanning 1964 to the present — should, on ordinary principles of statutory construction, continue to bind the JCIT(A) / CIT(A). The 2025 Act neither codifies the Chamaria restriction into the statutory text (which would have given taxpayers greater certainty) nor removes it. The boundary of enhancement power remains, as before, a matter of case law rather than codified rule — a missed opportunity for the stated goal of simplification.

(b) Admission of Additional Evidence

Under the 1961 Act, the CIT(A)'s power to admit additional evidence not produced before the Assessing Officer was — and remains for pending 1961-Act appeals — governed not by the Act itself but by Rule 46A of the Income-tax Rules, 1962, a subordinate legislative instrument restricting admission to specified circumstances (e.g., the Assessing Officer's refusal to admit evidence, or evidence not within the appellant's knowledge). Under the 2025 regime, this restriction is carried forward through Rule 192 of the Income-tax Rules, 2026, reported to retain a similarly structured three-condition test. The significant point for the "old wine, new bottle" thesis is structural: the restriction remains embedded in subordinate rules rather than elevated into the primary statute, so the degree of legal certainty available to a taxpayer has not materially increased — a taxpayer must still consult a Rule, not the Act, to know the conditions governing additional evidence.

(c) Power to Set Aside and Remand

This is the one area where the historical trajectory shows genuine legislative movement — though the movement occurred before the 2025 Act, not because of it. Prior to 1 June 2001, Section 251(1)(a) of the 1961 Act expressly permitted the CIT(A) to set aside an assessment and remand it to the Assessing Officer for a fresh assessment. The Finance Act, 2001 omitted this power with effect from 1 June 2001, confining the CIT(A) to confirming, reducing, enhancing or annulling an assessment — a change frequently litigated over the following two decades, with courts distinguishing a genuine "setting aside" (impermissible) from a mere "direction" to the Assessing Officer to verify or re-examine a specific fact (permissible, since the issue itself is not left open for fresh adjudication).

The Finance Act, 2024 partially reversed this restriction for a narrow category of cases: best-judgment assessments under Section 144 of the 1961 Act, where the Memorandum to the Finance Bill, 2024 recorded that non-responsive taxpayers were bypassing the assessment stage entirely and filing directly in appeal, swelling CIT(A) pendency. A newly inserted limb of Section 251(1)(a) permitted remand in such cases, and the Income Tax Appellate Tribunal, Chandigarh Bench, ITA order dated (appeal against CIT(A)'s order of) 20.02.2025, AY 201213 has since applied it — for instance in ITO v. Deep Trading Co. and ITO v. Rippan Dhir — to uphold CIT(A) remands of Section 144 assessments. The 2025 Act, per the Department's own FAQs, carries this materially unchanged position forward under Section 360. The remand power therefore remains narrow and case-specific rather than general — a 2024 legislative correction inherited by, rather than originating in, the 2025 Act.

(d) Stay of Demand and Penalty Jurisdiction

The administrative framework for stay of demand pending appeal — including the CBDT's instructions requiring payment of a specified percentage (historically 20%, at points revised to 15%) of the disputed demand as a pre-condition for stay — continues to operate as executive instruction rather than primary statute under both regimes. Under the 2025 Act, Section 358(6) makes payment of tax on the returned income a statutory pre-condition for admission of the appeal itself (mirroring Section 249(4) of the 1961 Act), but the finer stay-of-demand percentages remain a matter of CBDT circular, not codified provision. Penalty appeals continue to lie concurrently before the JCIT(A) / CIT(A) under Sections 356/357, structurally unchanged from Sections 246/246A.

(e) The High-Pitched Assessment Question

Neither the 1961 Act nor the 2025 Act builds a distinct statutory check into the appellate stage specifically targeting high-pitched (excessive or unreasoned) assessments beyond the pre-existing general safeguards — the Chamaria restriction on enhancement, and the requirement of a reasoned, speaking order under Section 359(4) of the 2025 Act (mirroring Section 250(6) of the 1961 Act). No additional statutory obligation — such as a mandatory addition-wise justification test — has been introduced at the first appellate stage in the 2025 Act.

Allied Procedural Changes Worth Noting

Form and Filing Mechanics

Form 35 has been replaced by Form 99 under Rule 167 of the Income-tax Rules, 2026, filed against orders appealable under Sections 356 or 357. Filing continues to be electronic, but the 2025-regime form requires more granular disclosure — appellant and order details, disputed amounts, pending-appeal status, and structured grounds — consistent with the digital-first design philosophy of the new Act. The 30-day limitation period for filing is unchanged.

Condonation of Delay

The "sufficient cause" standard for condoning delay in filing an appeal — carried forward in Section 358 of the 2025 Act from Section 249(3) of the 1961 Act — remains textually open-ended, leaving its content to judicial elaboration. The governing principle continues to be the Supreme Court's guidance in Collector, Land Acquisition, Anantnag v. Mst. Katiji, (1987) 2 SCC 107, which held that "sufficient cause" is to be construed liberally so as to advance substantial justice, that refusing condonation risks a meritorious case being dismissed at the threshold, and that a litigant ordinarily has nothing to gain by delaying an appeal. Neither Act codifies an outer limit or illustrative list of grounds; the standard remains judge-made, not legislated.

Fee Structure

The appeal fee slabs before the JCIT(A)/CIT(A) — commonly cited in the ₹250 to ₹1,000 range depending on assessed income — continue substantially unrevised into the 2025 regime, with no inflation-linked restructuring reported.

Interaction with the Dispute Resolution Panel

The DRP mechanism for eligible assessees (typically foreign companies and cases involving transfer-pricing adjustments) is retained in the 2025 Act as an alternate first-stage route, continuing to operate under its own binding disposal timeline — a structural inconsistency with the JCIT(A)/CIT(A) route's directory timeline that the 2025 Act had an opportunity, but did not take, to harmonise.

Suggested Areas for Amendment — Making Disposal Genuinely Time-Bound

The gap between the 2025 Act's digital-first ambition and its unreformed disposal-and-power architecture is, in the assessment of this article, the single most consequential missed opportunity in the new law. Set out below is a concrete, section-referenced reform agenda addressing the areas identified in Parts III, IV and V above.

Table 5 — Suggested Legislative and Administrative Amendments for Time-Bound First-Appeal Disposal

Area	Current Position	Suggested Amendment
Disposal timeline	Directory "where possible, one year" target (s. 359(5)); no consequence for breach	Convert to a binding outer limit (e.g. 18-24 months from filing) with a graduated escalation mechanism — automatic administrative review, and CBDT-monitored show-cause to the officer — where breached without recorded reason
Vintage-based prioritisation	No mandated queue discipline; oldest appeals can sit behind newer ones indefinitely	Statutory or CBDT-mandated "oldest-first" disposal norm, with a published, auditable ageing dashboard for each CIT(A) / JCIT(A) charge
Remand report timeline	No timeline prescribed under the Act or Rules for the AO's remand report	Insert a fixed statutory period (e.g. 60-90 days) for submission of remand reports, with the appeal deemed ripe for disposal on the appellant's evidence if the AO defaults
Enhancement power boundary	Chamaria restriction on new-source enhancement is judge-made, not codified	Codify the Chamaria / Kanpur Coal Syndicate principle directly into s. 360, giving taxpayers a textual (not merely precedential) certainty on the limits of enhancement

Area	Current Position	Suggested Amendment
Additional evidence conditions	Governed by subordinate Rule 192 (mirroring old Rule 46A), not the Act	Elevate the core admissibility conditions into the primary statute (s. 360 or an inserted sub-section), reserving only procedural detail for the Rules
Stay-of-demand safeguards	20% / 15% pre-deposit and stay terms set by CBDT circular, revisable administratively	Codify a statutory ceiling on the mandatory pre-deposit percentage and the grounds on which a lower / nil-deposit stay must be granted, removing discretion currently exercised purely by executive instruction
Officer capacity / workload norms	Reported disposal averaging ~50 cases/ CIT(A) / year against an envisaged quota many multiples higher	Bench-strength expansion tied to pendency ratios; continued and accelerated roll-out of JCIT(A)/ Addl. CIT(A) empowerment to share the First Appellate Authority caseload
Cross-forum timeline consistency	DRP operates under a binding 9-month statutory deadline; JCIT(A)/CIT(A) does not	Harmonise the two regimes — either extend a binding timeline to JCIT(A)/CIT(A) appeals or provide a reasoned statutory basis for the differential treatment
Interest on delay-attributable refunds	Refund interest accrues under ge neral provisions without a delay-specific enhancement	Consider a graduated additional interest rate where disposal exceeds the s. 359(5) target without recorded justification, to internalise the cost of delay within the system
Transparency of the pendency queue	No public, appeal-level visibility into queue position or allocation logic	CBDT-published, anonymised ageing and allocation dashboard at each CIT(A)/NFAC charge, extending the transparency principle already used for faceless assessment

None of these suggestions require reopening the 2025 Act's core architecture — they operate within the existing Sections 356-360 framework, either as textual amendments to those sections or as CBDT rules/ instructions issued under them. That is precisely what makes the absence of most of them, at the point the Act was finalised, a matter of legislative choice rather than drafting constraint.

Critical Evaluation — Old Wine, New Bottle?

Mapping each historical grievance against its treatment in the 2025 Act allows a direct verdict, rather than a purely descriptive comparison.

Table 6 — Scorecard: Historical Grievance v. 2025 Act Treatment

Historical Grievance (1961 Act)	Treatment under 2025 Act	Verdict
Prolonged, undefined disposal timelines at first appeal	Section 359(5) reproduces the identical directory “where possible, one year” language of s. 250(6A); statutory deadline expressly rejected by the Finance Ministry	Unchanged
Bifurcation / transition uncertainty	Express savings clause (s. 536(2)) and repetitive-litigation provisions (ss. 375-376) expressly bridge both regimes	Substantively addressed
Enhancement power exceeding assessment record (Chamaria line of cases)	Section 360 reproduces s. 251(1)(a) verbatim in substance; judicial restriction not codified into statute	Cosmetically renumbered
Additional evidence confined to subordinate rules, not the Act	Rule 192 of IT Rules 2026 continues the Rule 46A model	Cosmetically renumbered
Loss of remand power post-2001; only narrow s.144 exception restored (2024)	Section 360 carries forward the narrow, post-2024 position	Unchanged (pre-2025 legislative fix inherited, not extended)
Stay-of-demand percentages set by CBDT instruction, not statute	Continues via CBDT circular; s. 358(6) only codifies pre-condition of tax-on-returned-income for admission	Unchanged
“Sufficient cause” for condonation left to case law (Katiji line)	Section 358 reproduces s. 249(3) verbatim; no codified test introduced	Unchanged
Manual, fragmented filing and hearing process	Form 99 / Rule 167, mandatory DSC/EVC e-filing, structured disclosure fields	Substantively addressed
No visibility for taxpayers into pendency queue / ageing	No transparency mechanism introduced at the first-appeal stage	Unchanged

The pattern that emerges is uneven rather than uniformly negative. Where reform required procedural and administrative modernisation — digital filing, a bridging transitional framework, structured disclosure — the 2025 Act delivers genuine change. Where reform required substantive recalibration of power or enforceable accountability — statutory disposal deadlines, codification of judicially-evolved restrictions on enhancement, statutory (rather than circular-based) stay safeguards, or basic transparency for the taxpayer sitting in a five-year-old queue — the 2025 Act, on the text and the Finance Ministry’s own stated reasoning, largely reproduces the 1961 Act’s framework under new section numbers.

Conclusion — Practitioner Takeaways

A Transition Checklist

- **Segregate the docket at intake:** determine, for every pending matter, whether s. 536(2)(c) or (e) of the 2025 Act fixes it under the 1961 Act or the 2025 Act, and file/track under the correct form (35 v. 99) accordingly.
- **Track limitation separately for each regime:** although the 30-day period is unchanged, the

reference dates and communication modes differ across the faceless-appeal and NFAC digital workflows of the two Rules.

- **Cite case law by provision-correspondence, not by habit:** confirm that a 1961-Act precedent is being cited against its exact 2025-Act analogue (e.g., Chamaria against s. 360, not loosely against "the appeal provisions").
- **Do not assume the disposal-timeline grievance has been fixed:** build case strategy — including stay applications and escalation representations — on the assumption that the one-year timeline remains directory, not enforceable.
- **Push for the remand-report and ageing-transparency gaps to be addressed administratively:** even absent a statutory amendment, CBDT instructions could introduce a remand-report timeline and a published ageing dashboard within the existing s. 360 framework.
- **Watch for CBDT clarifications:** transitional FAQs, and any forthcoming circulars on stay-of-demand percentages or Rule 192 additional-evidence practice under the new Rules, should be tracked as they are issued.

The Income Tax Act, 2025 is, on the specific question of the first appellate lifecycle, best described as a **structural and digital modernisation layered over a substantively unreformed appellate power and timeline architecture**. It genuinely resolves the transition problem it created for itself, and it genuinely digitises the filing and hearing process. But on the grievances that have defined the CIT(A)/JCIT(A) stage for decades — the absence of an enforceable disposal timeline, the judge-made rather than codified boundaries of appellate power, and the near-total opacity of the pendency queue for the taxpayer waiting inside it — the 2025 Act, by its own drafters' account, changes little beyond the section number. For the practising professional, that is not a criticism to be filed away; it is a working assumption for how the first appeal will actually behave for years to come, and a concrete agenda — set out in Part VII above — for what genuine reform would still need to do.

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Transitioning from the Income-Tax Act, 1961 to the Income-Tax Act, 2025

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The Income-tax Act, 2025 repeals and replaces the Income-tax Act, 1961 with effect from 1 April 2026, marking the most significant recodification of India's direct tax framework in over six decades. For chartered accountants, CFOs and in-house tax teams, the critical operational question is not one of policy substance—the new law introduces no fresh levy and does not enhance the tax burden—but of statutory interplay: which of the two Acts governs a given transaction, proceeding or compliance obligation, and when. This article discusses the governing principles, statutory provisions and procedural timelines applicable to that transition, with particular reference to the Repeal and Savings framework codified in Section 536 of the Income-tax Act, 2025 ("the 2025 Act"), read with the corresponding provisions of the Income-tax Act, 1961 ("the 1961 Act").

Foundational Architecture and the New Time Frame

Legislative Objective and Effective Date

The 2025 Act was enacted to deliver a streamlined, simplified and modern tax code with reduced compliance burden, consolidated provisions and clearer definitions, reversing the interpretational complexity that accumulated in the 1961 Act over more than sixty years of successive amendment. The 1961 Act stands repealed with effect from 1 April 2026, with Section 536 (the repeal and savings clause) preserving continuity for proceedings, rights and liabilities that straddle the transition.

Critically, the reform is fiscally neutral by design. The 2025 Act does not impose any new tax and does not increase the compliance or financial burden on taxpayers; its stated objectives are to simplify statutory language, improve structural clarity, reduce interpretational disputes, align drafting with modern legislative standards, and enhance voluntary compliance.

Quantitative Simplification of the Statute

The recodification exercise has materially compressed the volume of primary and subordinate legislation, principally by folding explanations and provisos into the main text of sections, replacing verbose narrative provisions with tables and formulae, removing redundant or obsolete provisions, and sharpening cross-references:

Instrument	Income-tax Act, 1961	Income-tax Act, 2025	Movement
Sections	819	536	↓ 35%
Schedules	14	16	↑ 2 added

Instrument	Income-tax Act, 1961	Income-tax Act, 2025	Movement
Rules	511	333	↓ 35%
Forms	399	190	↓ 52%

The chapter architecture has also been reorganised into a more logical sequence, with provisos and explanations integrated into the operative text rather than appended as fragmented riders.

"Tax Year" Displaces the Dual Previous Year/ Assessment Year Construct

The 2025 Act discards the dual-year architecture of the 1961 Act — under which income earned in a "previous year" was assessed in a subsequent "assessment year" — in favor of a single unified concept: the "tax year," a twelve-month period contained within a financial year (or a truncated period from the setting up of a business/source of income to the following 31 March), in respect of which income is charged and assessed in a single reference frame. The charging section itself has been correspondingly simplified: tax is now charged on the total income of the "tax year" rather than the "previous year," and the term "assessment year" has been discontinued altogether.

This alignment applies prospectively from Tax Year 2026-27 (i.e., income of FY 2026-27 onwards); income of FY 2025-26 continues to be assessed as Assessment Year 2026-27 under the 1961 Act. No accounting-period change is required for businesses, since the tax year is co-terminous with the financial year.

Period of Income	Governing Act	Reference
1 April 2025 – 31 March 2026	Income-tax Act, 1961	Assessment Year 2026-27
1 April 2026 – 31 March 2027	Income-tax Act, 2025	Tax Year 2026-27

Reading Backward References to "Tax Year"

Section 536(3) of the 2025 Act provides that any reference to a "tax year" commencing on or before 1 April 2025 must be read down as a reference to the corresponding "previous year" under the 1961 Act — a purely interpretive bridge that does not alter the substantive tax treatment of that year. For example, a reference to 'Tax Year 2024-25' in the 2025 Act is to be construed as 'Previous Year 2024-25' under the 1961 Act, corresponding to Assessment Year 2025-26.

Return-Filing Obligations During the Overlap Year (FY 2026-27)

No taxpayer is required to file two returns for the same period. The obligation to file a return for Tax Year 2026-27 arises only after that tax year closes (July 2027 onward, using new-Act ITR forms), while the return for AY 2026-27 (income of FY 2025-26) falls due in 2026 on the timelines and forms of the 1961 Act. Section 263 of the 2025 Act consolidates original returns [sub-section (1)], belated returns [sub-section (4)], revised returns [sub-section (5)] and updated returns [sub-section (6)] into a single provision, with the eligible categories of persons and due-date structure carried over unchanged from Section 139 of the 1961 Act.

Compliance	Governing Statute	Time Limit
Belated Return	Section 263(4), 2025 Act	9 months from end of tax year, or before completion of assessment, whichever is earlier
Revised Return	Section 263(5), 2025 Act	12 months from end of tax year, or before completion of assessment, whichever is earlier (as per Finance Bill, 2026)

Compliance	Governing Statute	Time Limit
Updated Return (ITR-U)	Section 263(6), 2025 Act	48 months from end of the financial year succeeding the relevant tax year

Returns, revisions and updated returns relating to Assessment Year 2026-27 or any earlier assessment year remain firmly on the 1961-Act track, governed by Sections 139(4), 139(5) and 139(8A) respectively, even where such filings physically occur after 1 April 2026. The limitation window for revised/belated returns of AY 2025-26 or earlier will, however, have already lapsed before 1 April 2026 and cannot be revived; only an updated return under Section 139(8A) remains available for those years.

Liquidity Operations: Tax Payments, Refunds and Forms

Portal Segregation of Advance Tax and Self-Assessment Tax

The fundamental obligation to discharge tax through TDS/TCS, advance tax, self-assessment tax or regular assessment is unchanged; only the reference frame shifts. Payments relating to FY 2025-26 must be tagged Assessment Year 2026-27 and processed under the 1961 Act, while payments relating to FY 2026-27 must be tagged Tax Year 2026-27 and processed under Section 404/405 of the 2025 Act. Incorrect year-selection on the challan is the principal transition-period risk, since it can misdirect tax credit to the wrong assessment cycle; the e-filing portal is being configured to support both tracks concurrently during the overlap.

Payment Type	Correct Selection	Governing Statute
Self-assessment tax for FY 2025-26 paid June 2026	Assessment Year 2026-27	Section 140A, 1961 Act
Advance tax for income of April 2026–March 2027	Tax Year 2026-27	Sections 404–405, 2025 Act

Advance-tax instalment quantum and due dates are unchanged — 15%/45%/75%/100% cumulative by 15 June, 15 September, 15 December and 15 March respectively — and the ₹ 10,000 threshold under Section 404 mirrors the erstwhile position. Interest for shortfall or deferment of advance tax is charged at the same 1% (Section 424, corresponding to Section 234B) and 1%/3% (Section 425, corresponding to Section 234C) rates as before, with the governing Act determined by the tax year to which the underlying income relates rather than the date the interest computation occurs.

Refund Claims Straddling the Cut-Off

Refund entitlements that arose under the 1961 Act — including excess TDS refund claims by deductors — continue undiminished after 1 April 2026 by operation of Section 536. A deductor's refund claim for excess TDS deducted in FY 2024-25 remains admissible after the transition provided it is filed in Form No. 26B within the statutory window of two years from the end of the fin ancial year in which the tax was deductible, and such claims continue to be processed under the 1961 Act's machinery.

Statutory Declarations: Consolidation of Legacy Forms

A significant simplification has occurred at the forms layer. Form 15G and Form 15H — previously distinct self-declarations for non-deduction of TDS depending on the declarant's age — are merged into a single unified Form No. 121 under Section 393(6) of the 2025 Act (corresponding to Section 197A of the 1961 Act), applicable from Tax Year 2026-27. A single Unique Identification Number (UIN) will now be allotted per PAN per tax year across all payers, replacing the earlier practice of a separate UIN for every declaration, thereby eliminating duplication in reconciliation.

Compliance Purpose	1961 Act Form	2025 Act Form
PAN application — Indian individual	Form 49A	Form No. 93
PAN application — Indian company/entity	Form 49A	Form No. 94
PAN application — foreign individual	Form 49AA	Form No. 95
PAN application — foreign entity	Form 49AA	Form No. 96
TAN application — Government deductor	Form 49B	Form No. 134
TAN application — Other than government	Form 49B	Form No. 135
Declaration where PAN unavailable	Form 60	Form No. 97
Half-yearly statement of declarations	Form 61	Form No. 98
Lower/nil withholding certificate	Form 13	Form No.128
Self-declaration for no TDS (below 60 yrs)	Form 15G	Form No.121
Self-declaration for no TDS (60 yrs+)	Form 15H	Form No.121
Relief for salary arrears	Form 10E	Form 39
Foreign remittance information	Form 15CA	Form No.145
CA certificate for foreign remittance	Form 15CB	Form No.146
Tax audit report (audited under other law)	Form 3CA	Form 26
Tax audit report (others)	Form 3CB	Form 26
Statement of particulars (audit)	Form 3CD	Form 26
Provisional registration (Charitable trust)	Form 10A	Form 104

Lower/nil withholding certificates issued under Section 197 of the 1961 Act (Form 13) remain valid for payments/credits made on or after 1 April 2026 provided they were issued in respect of projected receivables for Tax Year 2026-27; equivalent certificates for the new tax year are to be sought under Section 395(1) of the 2025 Act in Form No. 128. Form 15CA/15CB already filed for remittances proposed before 31 March 2026 remain valid up to the proposed date of remittance stated therein; remittances on or after 1 April 2026 require Forms 145/146 under Rule 220 of the Income-tax Rules, 2026 — noting that where Part B of Form 145 (backed by an Assessing Officer certificate) is filed, a chartered accountant's Form 146 is dispensed with entirely, a material easing of the compliance burden.

Portal, Challan and Draft Expiry Discipline

Because the governing statute for any payment turns on the date of credit or payment rather than the date of deposit, taxpayers and consultants must treat AY/TY selection on the payment challan as a compliance-critical field, not a cosmetic one — a challan generated against the wrong year reference risks the tax credit landing in the wrong assessment cycle and triggering avoidable reconciliation notices. The Department has indicated that both legislative tracks will run in parallel on the e-filing portal throughout the transition, but the onus of correct year-tagging rests on the taxpayer at the point of challan generation and TDS-return filing.

Unutilised MAT/AMT credit accrued under Sections 115JAA/115JD of the 1961 Act carries forward and remains available for set-off under the 2025 Act, subject to the aggregate 15-year carry-forward ceiling counted from the year the credit first arose.

Withholding Architecture: TDS and TCS Operational Tracks

3.1 The Governing Trigger — Earlier of Credit or Payment

The consolidated withholding provisions — Section 392 (TDS on salary) and Section 393 (TDS on all other specified payments, structured as three payee-category tables covering residents, non-residents and "any person") of the 2025 Act, replacing Sections 192 to 194T of the 1961 Act — introduce no change in rates or monetary thresholds; the exercise is one of tabular consolidation, not tax-policy revision. TCS provisions are similarly consolidated under Section 394.

The single governing rule for period-straddling transactions is the earlier of credit or payment: where that earlier event falls on or before 31 March 2026, the 1961 Act governs the withholding obligation in full; where it falls on or after 1 April 2026, Section 393/394 of the 2025 Act applies. A contract invoiced (credited in books) in March 2026 but settled (paid) in April 2026 is governed by the 1961 Act, since credit — the earlier event — preceded the transition; conversely, an advance paid in March 2026 but credited to books in April 2026 is likewise governed by the 1961 Act, since payment preceded credit. This principle does not require amendment of ongoing contracts merely because the calendar crosses 1 April 2026 — each periodic payment/credit under a running contract is independently tested against the trigger date.

Quoting a legacy section number (e.g., Section 194C) for a post-transition transaction, even though the substantive rate and threshold are unchanged, is a validation risk: the deductor should instead cite the corresponding table item of Section 393 (or 394 for TCS) to avoid processing errors and consequent correction-statement filings.

3.2 Deposit Timelines and Quarterly Statement Structuring

Deposit due dates are unchanged in substance — the 7th of the following month generally, 30 April for non-Government diductor's March TDS, and 30 days from month-end for challan-cum-statement categories (property purchase, rent by individuals/HUF, contractor/professional payments by individuals/HUF, and virtual digital asset transfers) — now codified in Rule 218 of the Income-tax Rules, 2026 (mirroring erstwhile Rule 30).

Quarter	Period	Governing Act	Return/Form	Due Date
Q4, FY 2025-26	Jan–Mar 2026	1961 Act	Form 24Q/26Q/27Q/27EQ	31 May 2026
Q1, TY 2026-27	Apr–Jun 2026	2025 Act	Form 138 (salary) / 140 (non-salary) / 144 (non-resident) / 143 (TCS)	31 July 2026
Q2, TY 2026-27	Jul–Sep 2026	2025 Act	New Rule 2026 forms	31 October 2026

Correction statements relating to periods governed by the 1961 Act must be filed on the 1961 Act's own form architecture even where the correction is made after 1 April 2026, within the two-year window from the end of the relevant tax year in which the original statement fell due. TDS certificates follow a matching parallel track: Form 16/16A applies to FY 2025-26 obligations, while Form No. 130 (salary) and Form No. 131 (non-salary) govern Tax Year 2026-27. While the salary certificate deadline remains structurally unchanged at 15 June, the non-salary certificate deadline for Q1 of TY 2026-27 shifts to 15 August to align with its respective quarterly filing cycle.

Consequences of Non-Deduction or Delayed Deposit

Interest for default is unchanged — 1% per month for failure to deduct/collect (Section 398(3)(a)(i), corresponding to Section 201) and 1.5% per month for failure to deposit after deduction (Section 398(3)(a)(ii))

— and a deductor who fails to deduct or deposit tax by the due date continues to face the risk of being treated as an "assessee in default," attendant penalty exposure under the corresponding provision to Section 271C, and prosecution risk. Additionally, Section 35(b) of the 2025 Act (corresponding to Section 40(a)(ia)) continues the 30% disallowance of any sum payable to a resident where tax deductible was neither deducted nor deposited by the return-filing due date, shall be disallowed while computing Business income; the six-year (or two-year-from-correction-statement) outer time limit for an assessee-in-default order under Section 398(5) is unchanged from the 1961 Act.

Reconciling TDS Credit Across the Cut-Off

TDS credit is linked to the tax year in which the underlying income is assessable, not the date of deposit by the deductor; consequently, tax deducted in March 2026 but deposited after 1 April 2026 is still reflected against Assessment Year 2026-27 in the Annual Information Statement, provided the corresponding Q4 TDS return is correctly filed. Two parallel information statements will exist during the transition — the AIS for AY 2026-27 (1961 Act track) and Form No. 168 for Tax Year 2026-27 (2025 Act track, replacing the erstwhile Annual Information Statement construct from Tax Year 2026-27 onward) — and any mismatch traced to incorrect section citation or AY/TY tagging by the deductor should be rectified through a revised TDS return at source.

Conclusion

The Income-tax Act, 2025 represents a structural simplification rather than a substantive change in India's direct tax framework. During the transition, taxpayers and professionals should focus on correctly identifying the governing statute, using the appropriate forms and section references, and complying with the applicable timelines. A clear understanding of these transitional provisions will help ensure seamless compliance and avoid unnecessary disputes or procedural errors.

India's Cautious Approach to the Global Minimum Tax

CMA Pramod Agarwal
Dy. General Manager (CMD Sectt.) | GAIL (India) Limited

For decades, India used low tax rates as a way to attract foreign investment. Special Economic Zones offered tax holidays, GIFT City offered concessional rates, and states routinely competed with each other to offer the best deal. This was part of a broader global pattern often called the "race to the bottom" – countries competing to offer ever-lower tax rates to win investment.

That race now has a floor: 15 per cent

In 2021, more than 135 countries agreed to the OECD's two-pillar reform of international tax rules. The second of these, known as Pillar Two, introduces a simple but far-reaching idea: large multinational groups should pay at least 15 per cent tax on their profits in every country they operate in. If they pay less somewhere, another country is allowed to collect the difference. In effect, this makes the traditional tax holiday far less useful as a tool to attract big multinational investment.

For India, which has relied on tax incentives as a core part of its investment strategy since the 1990s, this is a significant shift. True to form, India's response has been neither full acceptance nor rejection – it supports the idea in principle, but has been cautious about the details, and careful to protect its right to tax profits earned within its own borders.

How Pillar Two Works

The basic rule is simple: multinational groups with global revenue above €750 million should pay at least 15 per cent tax wherever they operate. If their effective tax rate in a country falls below that, other countries can step in to collect the shortfall. This is done through three rules, each acting as a backup for the one before it.

Income Inclusion Rule (IIR): lets the parent company's home country collect the top-up tax first. If an Indian company's overseas subsidiary pays only 8 per cent tax, India can charge the difference.

Undertaxed Profits Rule (UTPR): is the backup – if the parent's home country doesn't collect the top-up, other countries where the group operates can collect it instead.

Qualified Domestic Minimum Top-up Tax (QDMTT): lets the country where the profit was actually earned collect the top-up itself, before anyone else gets the chance. If profits made in India are under-taxed, India gets the first right to collect that extra tax – not a foreign government.

This last rule matters most for India, and it explains much of India's approach to the whole reform.

India's Position: Support, With Conditions

India has generally supported global efforts against tax avoidance, and has already introduced measures like country-by-country reporting and detailed transfer pricing documentation. On Pillar Two, India's position has been supportive in principle but slow and cautious in practice.

This caution fits with India's broader approach to protecting its tax base. In the Tiger Global case, for instance, the Supreme Court allowed tax authorities to look beyond a Mauritius-based investment structure and examine whether there was real business substance behind it, rather than simply accepting treaty benefits at face value. The case had nothing to do with Pillar Two directly, but it reflects the same underlying principle: India wants to tax income connected to its own market, workforce and assets, rather than let that revenue be taxed – or under-taxed – elsewhere.

India has also argued that new global tax rules should not simply favour "residence" countries (where multinational headquarters are based) over "market" countries like India, where much of the real economic activity actually happens.

What Happens to Tax Incentives Now

The most direct impact of Pillar Two is on tax holidays. If an SEZ unit has an effective tax rate of 5 per cent, under the old system that was a genuine saving. Under Pillar Two, for large companies within scope, a foreign tax authority can now collect the remaining 10 per cent anyway – so India's incentive ends up benefiting another country's treasury instead.

This is pushing India to rethink how it attracts investment. Instead of relying only on lower tax rates, India may rely more on non-tax incentives – grants, subsidies, faster approvals, and better infrastructure – along with tools like refundable tax credits, which can be treated more favorably under Pillar Two's rules than a straightforward rate cut.

Because of this, India is expected to introduce its own domestic top-up tax (QDMTT) so that any extra tax due on Indian profits is collected by India itself, not by a foreign parent company's home country. Since India's standard corporate tax rate is already above 15 per cent, this would mainly affect specific low-tax regimes, such as certain SEZ benefits or parts of GIFT City.

As of now, India has not passed any specific Pillar Two legislation or announced a start date for these rules.

The Digital Economy Angle

Pillar Two sets a minimum tax rate, but it doesn't address where profits should be taxed in the first place – which is really India's core concern with large digital companies.

Since 2016, India has taxed foreign digital companies through the Equalization Levy – originally a 6 per cent charge on digital advertising payments, later extended to a 2 per cent levy on e-commerce transactions. Because this levy sits outside the Income-tax Act, it isn't restricted by tax treaties, but it also doesn't fit neatly into Pillar Two, which is designed around income taxes.

India has said it will only reconsider the Equalisation Levy once Pillar One – the OECD's separate proposal on reallocating taxing rights over large digital businesses – is implemented in a way that protects India's revenue. Until then, India is likely to keep both systems running, even though this could mean some double taxation for companies caught under both.

What This Means for Businesses

For multinational groups operating in India, Pillar Two is quickly becoming a real compliance requirement, not just a policy discussion. Companies will need much more detailed data on their Indian profits and taxes to calculate their effective tax rate correctly, and to understand how existing incentives actually affect their overall tax position.

Structures built mainly around low tax rates, with little real business activity behind them, are likely to become less useful. Over time, this could actually work in India's favour – if it can position itself as an attractive place to do business based on its market size, workforce, and infrastructure, rather than tax rates alone.

However, there's a risk too. If India applies these rules strictly while other countries are slower to do so, or offer generous non-tax incentives instead, some investment could shift elsewhere. Much will depend on how clearly India integrates Pillar Two with its existing tax framework – transfer pricing rules, anti-avoidance provisions, and the Minimum Alternate Tax – since businesses generally value predictability as much as, if not more than, the tax rate itself.

Sum-up

India's approach to Pillar Two reflects a familiar and consistent position: it supports global cooperation against tax avoidance, but wants to make sure that tax on profits linked to Indian markets, workers and assets stays in India. The absence of a formal Pillar Two law so far isn't a sign of reluctance – it reflects a deliberate, cautious approach, with India waiting to align implementation with its broader tax reforms rather than rushing to match other countries' timelines.

Non-Discrimination Clause of DTAA: Two High Court cases.

Shri Nilay Baran Som
IRS (Retd)

Most bilateral tax treaties between nations have a non -discrimination clause, expressed in terms of Article 24 of both the OECD and the UN Model convention. The spirit of the non-discrimination clause is tax treaties stems from the Viena Convention of International Treaties. More specifically, Article 26 of Viena Convention, stating that every treaty in force is binding upon the parties and must be performed in good faith and Article 27 stating that a country cannot invoke its internal law to justify failure to perform a treaty obligation are harbingers to Article 24 of a typical tax treaty

2.1. Very loosely stated, the non-discrimination clause provides that non-residents should not be discriminated against residents under similar conditions. The text of Article 24 as appearing in the OECD Model Convention (MC) is as follows:

Article 24

24(1) Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

24(2) Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

24(3) The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

24(4) Except where the provisions of paragraph 1 of Article 9, paragraph 6 of Article 11, or paragraph 4 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

24(5) Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

24(6) The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

2.2 While refraining from exactly paraphrasing the above, the article may be discussed in a summary manner as below:

(1) Para 1 of the Article prohibits more burdensome or onerous taxation on nationals of other states based on nationality. It is important that this paragraph uses the term 'nationality 'and not residence. Although in common parlance, the term 'nationality ' is used in the context of individuals, in Article 3, Paragraph 1, Sub-paragraph (g) of the OECD Model Tax Convention, the term "national" in relation to a Contracting State is defined as:

(i) any individual possessing the nationality or citizenship of that Contracting State; and

(ii) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State.

The definition makes it clear that the meaning of national is not confined to physical individuals here.

Para 2 puts prohibition against non-discrimination against stateless persons.

Para 3 puts a bar on discrimination against permanent establishment of foreign enterprises. I

Para 4 proposes that payments (like interest/ royalties/FTS) to non-residents should be deductible under the same conditions as payments to residents.

Para 5 separately protects foreign owned enterprises from any discrimination on levy of tax .

Finally , para 6 clarifies that this clause is applicable for all kinds of tax .

3.1. In this write up ,we shall discuss two High Court cases in India which devolve upon applicability and interpretation of Para 24.1 ,24.3 and 24.4 of Article 24 of

(i) India -USA Treaty

(ii) India -Netherlands treaty.

4.1.1. The first case at hand is CIT versus of Herbalife India reported in [2016] 384 ITR 276 (Delhi). The treaty involved was India -USA treaty in which Article 26 captures the non -discrimination clause, akin to Article 24 of the OECD MC.

4.1.2 Put on a capsule , the controversy in the case, among other issues involved denial of deduction of payment to non -resident parent company . On facts , the assessee claimed deduction on account of administrative fee payable to its parent company in USA . The AO disallowed the expenditure for non-deduction of tax at source by the assessee, while the case of the assessee was that the fee was payable only pursuant to a cost sharing arrangement and was not in the nature of a fee being remitted overseas and therefore, it was not liable to deduct tax at source.

4.1.3. The financial year concerned in this case was assessment year 2001-2002 when denial of deduction u/s 40(a) (i) for non-deduction of TDS to a foreign entity on certain type of payment (interest /royalty/ FTS etc) had taken ground long back but there was no corresponding provision for deduction of tax at source of similar payments made to non-resident . To divert a little , the corresponding provision for residents was inserted into the statue book by the Finance No (2) Act , 2004.The assessment order was confirmed by the Assessing officer and confirmed by the Appellate Commissioner, but the appellate decision was reversed at the ITAT. Before the Hon'ble ITAT, the assessee , among other grounds , raised the issue of Non-Discrimination Clause of the India -USA treaty. The revenue went before the High Court against the order of the ITAT.

4.1.4. The legal shield taken by the Revenue in this case was relative importance of TDS for non-residents having no asset/continuity of business in India. It was further argued that since there was no provision for deduction of tax at source from the payment to residents as per the prevailing statue , these two types of payments cannot be said to be made under the same conditions, thereby negating the application of the non-discrimination clause.

4.1.5. However, the above argument did not find favour with the Hon'ble High Court . While upholding the view of the ITAT Delhi in this regard , the ruling of the court may be summarised as follows:

(i) The condition under which payment to non-residents was allowed as per provisions of the law existing during the assessment year from that in the case of a non-resident .

(ii) The lack of parity in the criteria for deductibility of the expenses in itself constitutes disclination in tax treatment .

(iii) The object of Article 26 (3) of Indo-US DTAA was to ensure non-discrimination in the condition of deductibility of the payment in the hands of the payer where the payee is either a resident or a non-resident. That object would get defeated as a result of the discrimination by making TDS to be compulsorily deducted qua non-residents, while there was no such requirement for a resident payee .

4.1.6. Though the disparity was later removed far before the ruling in the Herbalife case, by virtue of the Finance No (2) Act , 2004, by bringing in TDS provisions for residents [section 40(a) (ia)] ostensibly for mopping up revenue and widening the tax base, the issue was very much live for many years to come. While in hindsight, the case may appear to be a classic case of discrimination patently prohibited by Article 24.1 and Article 24.3, that the case went up to High Court is a testimony to the fact that there are several intricacies of the case for which the case went up to the High Court . It is therefore regarded as a landmark case so far as parity in deductibility of expenses in a non-resident case visa-a vis a case of resident taxpayer has been dealt with at length.

4.1.3. However, a later amendment in section 40(a) (ia) has reduced the amount of disallowance to the level of 30 % of payable sum , while the disallowance u/s 40(a) (i) is kept at the level of 100 %, provided the payment to the non-resident constitutes income chargeable to tax in India . However , there is no known case where the issue of discrimination has been raked up again on this differential percentage of allowability of deduction.

4.2.1. The next ruling worth which is being discussed in this write up is a more recent ruling of the Calcutta High Court. Delivered on 26.7.2024 the case is that of Royal bank of Scotland Nv reported in [2024] 162 taxmann.com 780 (Calcutta).

4.2.2 The appeal involved multiple assessment years where the key issue was whether the assessee, branch of a foreign bank which figures in the list of scheduled banks in India should be taxed at the rate of domestic company or at the rate applicable to a foreign company . The departmental position that the assessee should be taxed at the rate applicable to non -domestic company was upheld, up to the level of ITAT. The treaty involved was India-Netherlands treaty and the article involved is Article 24 of India -Netherlands DTAA.

4.2.3. In this context, it is noteworthy that the Explanation to section 90(1) states that that charge of tax in respect of a foreign company at a rate higher than that in the case of a domestic company is not to be construed as a less charge of levy in the case of the former .While explanation 1 was brought into the statue by the Finance Act 2001 with retrospective effect from 1.4.1961, the assessee agitated before the judicial forum that higher rate of tax should not be applicable for a foreign company conducting its business in India through a Permanent Establishment and since the treaty has a non-discrimination clause ,that clause should override Explanation 1 of section 90, in view of section 90(2) of the Act. Section 90(2) of the Act provides that provision of the Act or the treaty, whichever is more beneficial to the assessee, should prevail over the assessee.

4.2.4. The substantial question of law before the Hon'ble high Court was as follows :

"Whether on a true and proper interpretation of the provisions of sections 2(22A) and 90 of the Income Tax Act, 1961 read with CBDT circular No. 333 dated April 2, 1982, and CBDT letter dated November 21, 1994 and Article 24(2) of the Double Taxation Avoidance Agreement India and Netherlands, the Tribunal was justified in law in holding that the appellant was liable to income tax at the higher rate applicable to a foreign company and not at the rate of tax applicable to a domestic company;"

In its extensive ruling , the Hon'ble High Court rejected the plea of the assessee and upheld the order of the Tribunal . the Hon'ble High Court observed that in taxing statue, strict interpretation has to be given to the words and by that standard , the appellant is not a 'domestic company." The Hon'ble High Court also observed that article 24(2) of DTAA is designed to prevent levy of less favourable tax between enterprises falling under one and the same class and not falling under tow different classes. On applicability of CBDT Circular No 333 (on precedence of treaty over Act if the former is more beneficial), the Hon'ble High Court observed that ,

"the CBDT deals with the situation where there is a specific provision in the DTAA then that provision will prevail over the general provisions contained in the *Income Tax Act, 1961*. We find that there is no specific provision in the DTAA providing for rate of tax applicable to a "domestic company" or a "company other than domestic company" as defined under the Act, 1961 and as prescribed in and paragraph E of the First Part of the First Schedule to the Finance Act read with *Section 2(1)* and *Section 2(12)(a)* of the Finance Act. We further find that the aforesaid circular states that the DTAA also provides that the laws in force in either country will continue to govern the assessment and taxation of income in the respective country except where provisions to the contrary have been made in the Agreement. We find that the DTAA in question including *Article 24(2)* does not contain any provision contrary to the provisions of *Section 2 (22A)* and *Section 4* of the Act 1961 and *Section 2(1)*, *Section 2(12)(a)* of the Finance Act and rate of tax as provided in paragraph E of part one of the first schedule to the *Finance Act*. Therefore, circular no. 333 dated 02.04.1982 is of no help to the appellant."

4.2.5 The above ruling discusses the applicability and limitation of Article 24 of the treaty and the situation in which a legislative amendment consciously brought out by the parliament can prevail , without being violative of Article 24.

5. The two rulings discussed in this write -up will forever be remembered as landmark decisions in interpretation and application of Article 24 in respect of non-resident taxation in India. The principles emerging from these two rulings will guide the tax administrators as well as tax professionals.

Acknowledgement :

(i) OECD Model Convention

(ii) https.:www. incometax.gov.in

(iii) https ://indiankanoon.org

NOTIFICATION

DIRECT TAX

Notification

New Delhi, the 21st July, 2026

S.O. 3983(E).—Whereas, section 10 (46) of the Income-tax Act, 1961 (43 of 1961) provided for exemption of specified income of certain bodies or authorities or Boards or Trusts or Commissions as may be notified by the Central Government in the Official Gazette for the purposes of that section;

And whereas, the Income-tax Act, 1961 (43 of 1961) was repealed by section 536 (1) of the Income-tax Act, 2025 (30 of 2025);

And whereas, section 536(2)(a) and (b) of the Income-tax Act, 2025 (30 of 2025), inter alia, provides that irrespective of the repeal of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act of 1961) and subject to sub-section (4) thereof, nothing shall affect-

(i) the previous operation of the provisions of the Act of 1961 and any order or anything duly done or suffered thereunder; or

(ii) any right, privilege, obligation or liability acquired, accrued or incurred under the Act of 1961 or orders under that Act;

And whereas, section 536(2)(c) of the Income-tax Act, 2025 (30 of 2025) provides that the provisions of the Act of 1961 shall continue to apply to any proceeding pending on the date of commencement of the Income-tax Act,2025 (30 of 2025) and to any proceedings initiated on or after the 1st April, 2026 (including notices, assessment,reassessment, recomputation, rectification, penalty, reference, revision and appeals) in respect of any tax year beginning before the 1st April, 2026 and such proceedings shall be carried out as per the procedure specified in the Act of 1961;

And whereas, section 536(2)(e) of the Income-tax Act, 2025 (30 of 2025) provides that any proceeding pending on the date of its commencement before any income-tax authority or any other authority constituted under the repealed Income-tax Act, Appellate Tribunal, or any court, by way of application, appeal, reference or revision or by any other means, shall be continued and disposed of as if this Act had not been enacted;

Now, therefore, in pursuance of the provisions of section 536(2) (a) to (c) and (e) of the Income-tax Act, 2025 (30 of 2025), the Central Government hereby notifies, for the purposes of section 10 (46) of the Act of 1961, 'District Legal Service Authority, Jind' (PAN: AAAGD0053R), an Authority constituted by the 'Legal Services Authorities Act, 1987'(39 of 1987), in respect of the following specified income arising to the said body namely:-

(a) grants received from the Punjab and Haryana High Court, the Central Authority i.e. the National Legal Services Authority and the State Authority i.e., Haryana State Legal Servies Authority for the purpose of the Legal Services Authorities Act, 1987(39 of 1987);

(b) grants or donation received from the Central Government or the State Government of Haryana for the purposes of the Legal Services Authorities Act, 1987(39 of 1987);

(c) amount received under the order of the Court;

(d) fees received as recruitment application fee; and

(e) interest earned on bank deposits.

2. This notification shall be effective subject to the conditions that the District Legal Service Authority, Jind –

   (a) shall not engage in any commercial activity;

   (b) its activities and the nature of the specified income shall remain unchanged throughout the financial years; and

   (c) shall file return of income in accordance with the provisions of section 139(4C) (g) of the Act of 1961.

3. Failure to comply with these conditions shall

result in the initiation of penal actions under the provisions of the Act of 1961, and withdrawal of exemption granted under section 10(46) of the Act of 1961.

4. This notification shall be deemed to have been applied for assessment years 2023-2024, 2024-25, 2025-26 and 2026-27 relevant for the financial years 2022-23, 2023-24, 2024-25 and 2025-2026.

Notification

New Delhi, the 21st July, 2026

(Income-Tax)

G.S.R. 646(E).— In exercise of the powers conferred by section 533 read with section 262 of the Income-tax Act, 2025 (30 of 2025), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 2026, namely: ___

(1) These rules may be called the Income-tax (Second Amendment) Rules, 2026.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 2026, in rule 157, in sub-rule (5), for clause (c), the following clause shall be substituted, namely: —

'(c) "specified fund" means —

(i) any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or Category II Alternative Investment Fund and is regulated under —

(A) the Securities and Exchange Board of India (Alternative Investment Funds) Regulations,2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); or

(B) the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019) and which is located in any International Financial Services Centre; or

(ii) any fund which has been referred to in Schedule VI [Note 1(g)] to the Act;'.

JUDGEMENT

INDIRECT TAX

Affiliation fee for colleges not taxable under GST as grant of affiliation is statutory, refund directed: HC

Facts of the Case: Surendera Group of Institutions vs. Union of India - [2026] (Rajasthan)

The petitioner, an educational institution, was affiliated with Bikaner Technical University and had paid affiliation fees. Subsequently, the University issued a communication demanding GST on the affiliation fees that had already been paid. Aggrieved by the levy, the petitioner filed a writ petition challenging the demand, impleading the University and the GST authorities. The petitioner challenged the levy of GST on affiliation fees on the ground that the grant of affiliation was a statutory function and referred to 'Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017'. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that the grant of affiliation by a University was a statutory and regulatory function. It did not constitute a supply under Section 7 of the CGST Act and Rajasthan GST Act. It further held that, in the absence of a taxable supply, GST was not leviable under Section 9. The affiliation services were, in any event, exempt under Entry 66 of 'Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017'. Accordingly, the Court set aside the GST demand and directed the jurisdictional GST authorities to grant a refund in accordance with Section 54, if the tax had already been collected. The Court further observed that, if the refund was not made within four months, interest at the rate of 7% per annum would be payable under Section 56 of the CGST Act from the date of payment until the date of refund.

SCN under sec. 74 held within limitation as issuance preceded expiry of statutory period: HC

Facts of the Case: Canon India (P.) Ltd. vs. State Tax Officer/Group - VI - [2026] (Madras)

The petitioner challenged the show cause notices (SCNs) issued in Form GST DRC-01 under Section 74 of the CGST Act and Tamil Nadu GST Act, contending that they were barred by limitation. Prior to issuance of the SCNs, the jurisdictional officer had issued intimations in Form GST DRC-01A, to which the petitioner submitted a reply only for one year and did not furnish any reply for the two financial years. The petitioner further contended that the impugned SCNs did not contain sufficient particulars to substantiate allegations of fraud, wilful misstatement or suppression of facts. Consequently, it was submitted that the proceedings ought to have been initiated under Section 73 instead of Section 74. The matter was accordingly placed before the High Court.

Decision of the Case : The High Court held that the SCNs had been issued well before the expiry of the limitation period prescribed under Section 74 and, therefore, the challenge to their validity on the ground of limitation was without merit. The Court further held that the petitioner's failure to respond to the Form GST DRC-01A intimations constituted non-cooperation. It justified the invocation of proceedings under Section 74 in terms of the then operative Explanation 2. It observed that the petitioner's contention regarding the applicability of Section 73 instead of Section 74 involved disputed questions of fact requiring examination by the adjudicating authority after considering the petitioner's reply in Form GST DRC-06, and such issues could not be adjudicated in writ jurisdiction. Accordingly, the writ petitions were dismissed with liberty to the petitioner to submit replies to the SCNs.

DRC-07 misclassification of interest as tax led HC to remand appeal for fresh decision due to pre-deposit prejudice: HC

Facts of the Case: Magnum Estates (P.) Ltd. v. Additional Commissioner, GST (Appeals) - [2026] (Orissa)

The assessee was subjected to an audit for FY 2017–18, during which reversal of input tax credit (ITC) attributable to exempt supplies was proposed. Pursuant to the audit, the adjudicating authority passed an order under Section 73 of the CGST Act determining only the interest payable on the delayed reversal of ITC and imposing a penalty, without confirming any tax demand. However, while issuing Form GST DRC-07, the interest amount was erroneously reflected under the 'Tax' head, whereas the 'Interest' column was shown as Nil. The assessee preferred an appeal under Section 107 of the CGST Act, which was dismissed by the Appellate Authority without rectifying the aforesaid error. Aggrieved by the incorrect classification in Form GST DRC-07, which resulted in an additional statutory pre-deposit requirement for filing an appeal before the GST Appellate Tribunal, the assessee approached the High Court by way of a writ petition.

Decision of the Case : The High Court held that the erroneous reflection of the interest amount as tax in Form GST DRC-07 adversely affected the assessee's statutory right to appeal, as the GST portal would require the assessee to make a pre-deposit on the amount incorrectly shown as tax. The Court further observed that, since rectification under Section 161 of the CGST Act was no longer available due to the expiry of the prescribed time limit, relegating the assessee to pursue the statutory remedy before the Tribunal would not be an effective or just remedy. Accordingly, the High Court set aside the appellate order and remanded the matter to the Appellate Authority for fresh adjudication on merits after affording the assessee a reasonable opportunity of being heard.

DIRECT TAX

Transfer of assessment within same city requires no prior notice or hearing; jurisdictional challenge fails:HC

Facts of the Case : MS Agarwal Foundries (P.) Ltd. vs. Deputy Commissioner of Income-tax - [2026] (Telangana)

The assessee challenged the validity of transfer orders issued under section 127 transferring its case from one Assessing Officer to another and thereafter to a third Assessing Officer. It contended that the transfer orders had been passed without issuing any prior notice or affording an opportunity of hearing and, therefore, were violative of section 127 and the principles of natural justice. On this basis, the assessee also challenged the assessment order passed by the transferee Assessing Officer, contending that it was without jurisdiction.

On writ, the High Court observed that section 127(3) specifically carves out an exception to the requirement of granting an opportunity of hearing where a case is transferred between Assessing Officers situated in the same city, locality or place. In the instant case, it was undisputed that all the Assessing Officers involved in the transfer were functioning within the same city.

Therefore, the authorities were not required to issue any separate notice or provide an opportunity of hearing before effecting the transfer. The Court further observed that section 127 expressly permits transfer of a case at any stage of the proceedings and also provides that such transfer does not necessitate re-issuance of notices already issued by the original Assessing Officer.

Decision of the case : Since the assessee had also been issued statutory notices under sections 143(2) and 142(1) and had participated in the assessment proceedings after the transfer, no prejudice or violation of the principles of natural justice was established. Accordingly, the Court held that the transfer orders were valid and that the assessment order passed by the transferee Assessing Officer could not be assailed on the ground of lack of jurisdiction. However, it clarified that the assessee would be at liberty to challenge the assessment order on merits before the appropriate forum.

AO cannot switch from DCF to NAV for FMV of unquoted shares; fresh DCF-based valuation to be obtained: ITAT

Facts of the Case : Geomysore Services (India) (P.) Ltd. vs. Income Tax Officer - [2026] (Delhi - Trib.)

The assessee company was engaged in the business of mineral exploration. During the relevant assessment year, it issued equity shares at a substantial premium. The assessee obtained two independent valuation reports from two firms of Chartered Accountants, based on the Discounted Cash Flow (DCF) method. AO recorded limitations in those reports, questioned projections drawn from feasibility/technical reports, and, applying the Net Asset Value (NAV) method, computed Fair market value (FMV) at a lower value. AO treated the difference as excess premium and made additions under Section 56(2)(viib).

On appeal, CIT(A) confirmed the additions made by

AO. The aggrieved assessee filed the instant appeal before the Tribunal.

Decision of the Case : The Tribunal held that Rule 11UA(2) specifically provides that it is the choice of the assessee to select any of the methods prescribed, whether it is 'NAV method' or 'DCF method'. There are no provisions that could empower the AO to change the method of determining the FMV of the assessee's shares once selected by the assessee. However, nowhere in the Rules or the Act is it provided that, where the AO has raised doubts about the valuation done by the assessee based on any of the prescribed methods, what recourse is available to the AO.

In such a scenario, the best approach is to obtain an independent valuation report from authorised valuers who can determine the FMV using the method adopted by the assessee.

In the instant case, the AO demonstrated that the assessee's methodology for determining the FMV of the shares was incorrect, as the approximation of future projections was without any cogent basis, and no cogent material was brought on record in support thereof. The feasibility reports filed by the assessee with the valuer contained various defects, which the AO pointed out, but the assessee failed to address.

In such cases, the appropriate course is to obtain a fresh valuation from an independent approved valuer using the same DCF method rather than replacing it with the NAV method. Since the assessee failed to substantiate the projections forming the basis of the DCF valuation, the Tribunal directed the AO to obtain a fresh valuation report from an approved valuer under the DCF method and recompute the FMV in accordance with law.

Compensation for crop and tree loss due to power line installation held agricultural income as direct nexus proved: ITAT

Facts of the Case : Chenniyangiri Palanisamy vs. Deputy Commissioner of Income-tax - [2026] (Chennai - Trib.)

The assessee was an individual agriculturist who derived income from cultivation carried out on agricultural lands owned and possessed by him and his family. During the relevant previous year, high-tension transmission lines were laid across the assessee's agricultural land, and the trees (coconut & banana) had to be cleared for laying the lines. The Revenue Department paid compensation amounting to ₹. 97,17,848 for the destruction of trees and crops, damage to agricultural land, and loss of agricultural productivity.

During the assessment proceedings, the AO disallowed the exemption claimed by the assessee in respect of the compensation received. The AO was of the view that the amount received as compensation cannot be termed as 'agricultural income' since the assessee failed to substantiate that he had an agricultural land holding and he was engaged in agricultural activities.

On appeal, CIT(A) upheld the action of AO, and the matter reached the Chennai Tribunal.

Decision of the Case : The Tribunal held that the assessee filed the Return of Income (ROI) after claiming a deduction under Chapter VI and claiming exemption of compensation received as agricultural income. The assessee also furnished the translated schedule, which shows land holding/property details, etc., including a statement that captures the details of the crops/trees and the place where the power tower is proposed to be installed. The Revenue Divisional Officer (RDO) also signed it.

Thus, the assessee discharged the burden to prove the nature and source of the payment/compensation received by the assessee for felling of trees. The AO was not able to find any infirmity in the aforesaid primary documents produced before him. Hence, the assessee's claim was proved: he received the amount as compensation for the removal/cutting down of the trees.

It was common knowledge that coconut and banana trees would naturally fetch revenue when sold, and the receipt is undoubtedly in the nature of agricultural income. If not for the trees not cut/removed, the assessee would have been earning income from the sale of coconuts & bananas, which receipt obviously is in the nature of agricultural income. Therefore, any compensation received in lieu of loss thereof would form part of the assessee's agricultural income.

It was noted that the compensation received by the assessee has a direct nexus with his agricultural activities. Hence, the compensation received in lieu of loss suffered by the assessee due to the removal/cutting of the trees partakes the same character and, hence, needs to be treated as agricultural income. Accordingly, the assessee's appeal was allowed.

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TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/ registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

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