



INDIA UNION BUDGET 2026

Highlights



Foreword



Zeel Jambuwala
Co-founder & Partner

This year's Union Budget arrives against a complex global backdrop and yet stays true to a familiar compass: reform with continuity. The regulatory announcements were largely on expected lines, given the current geopolitical scenario. The emphasis on fiscal consolidation with a continued capex push, MSME enablement, and services competitiveness, without jolting personal tax slabs, reflects stability over spectacle. The government's calibrated approach, maintaining stable deficit targets while sustaining growth-oriented expenditure, offers comfort to markets and investors and lays the foundation for long term economic resilience. A defining structural move is the rollout timeline for the Income Tax Act, 2025, effective April 1, 2026, with the promise of a simpler regime. That change underpins a trust based, compliance light tax administration for individuals and businesses alike.



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One of the most interesting announcements is a review and a possible complete overhaul of FDI regulations to attract more investment. We see the seeds of that in the comprehensive review of the FEMA (Non-Debt Instruments) Rules and the decision to permit individuals resident outside India to invest via the Portfolio Investment Scheme (PIS) with higher individual limits, a clear signal toward deeper, more liberal participation in India's markets. These steps align with the broader reform arc aimed at improving the ease of doing business and boosting global competitiveness.

The High-Level Committee on Banking for Viksit Bharat points to a wide-angle review of India's financial architecture, covering resilience, inclusion, consumer protection, and potential consolidation themes. Focus on services, MSMEs, and infrastructure continues, as these remain key drivers of growth and employment, and that focus is unmissable: public capex rising to INR 12.2 lakh crore, targeted interventions for seven strategic sectors, and an MSME support architecture, alongside services enablers from tourism and healthcare to IT safe harbours.

While headline corporate tax rates is unchanged, the Minimum Alternate Tax (MAT) is being recalibrated with the rates cut to 14% and the said tax being treated as a final one. On the direct tax administration side, rationalised timelines and streamlined assessment/appellate procedures, with targeted amendments to settle interpretational issues, are the hallmark of the tax proposals. While certain retrospective clarifications may invite debate, they also signal the resolve to decisively settle contentious issues.



Foreword

Extending the GIFT City/IFSC tax holiday to 20 years is a standout, with post-holiday period tax rate at a concessional 15%, which is clearly a long-horizon commitment that should accelerate banking, insurance, treasury, and even ship/aircraft-leasing moves into the IFSC. This continued policy thrust strengthens the IFSC ecosystem, especially GIFT City, and positions India's IFSCs as a globally competitive financial hub.

Penalty rationalisation and reduced prosecution point toward a more taxpayer-friendly income-tax regime. Some other rationalisations include integrating assessment and penalty orders, pausing interest on penalty during first-appeal pendency and wider decriminalisation for minor offences. Structural improvements to dispute resolution aimed at reducing pendency and bringing finality can materially improve taxpayer experience, provided implementation stays true to intent.

The proposed six-month foreign-asset disclosure scheme (with calibrated thresholds, immunity contours, and fees/levies) is pragmatic housekeeping that lets select categories of taxpayers and recently relocated incoming NRIs regularise small, legacy positions without protracted litigation.

For the IT and services sector, transfer pricing safe-harbour reforms are among the best announcements in recent years, with threshold raised to INR 2,000 crore, a unified IT-services category at ~15.5% safe harbour margins, rule-based automated approvals, and a fast-track unilateral APA. Consolidation and expansion of safe-harbour rules under a unified framework, longer validity, and automation align India more closely with global best practices and should substantially reduce compliance burden.

On GST front, proposals such as the special 'intermediary' place-of-supply rule (moving to recipient location), clarification on post-sale discount treatment via credit notes, and expansion of provisional refunds, all of which should ease compliance and trim disputes. On customs front, tariff simplification and exemption pruning are the key features.

Some key misses remain, including lack of clarity on family investment funds in the GIFT City and absence of fast-track demerger tax neutrality. Overall, the Budget reflects continuity in vision with meaningful course corrections, offering clarity where required while advancing long term structural reforms.

We remain cautiously optimistic that the spirit of the Budget will translate into tangible outcomes for taxpayers and businesses alike. Our team at Aurtus has analysed the direct and indirect tax proposals that matter for our clients and readers. It may be noted that the reference to the Budget Tax Proposals in our publication is, in most cases, to the '**Tax Year**', a terminology used in the Income-tax Act, 2025, which corresponds to the relevant Financial Year.

We hope this publication makes for a useful reading and look forward to your comments and suggestions.

Direct Tax Proposals



PERSONAL TAXATION



Rationalisation of Due Date for Employee Contribution Deductions (Applicable from TY 2026-27 onwards)

- The Finance Bill proposes to amend section 29(1)(e) of the IT Act, 2025 to provide that employee contributions to provident fund, ESI and similar welfare funds shall be allowed as a deduction if such amounts are credited to the relevant fund on or before the due date of filing the return of income under section 263(1) of the IT Act, 2025 thereby aligning the deduction timeline with that applicable to employer contributions.
- The amendment removes existing anomaly and litigation arising from differential due dates for employer and employee contributions, bringing parity in tax treatment.

Sovereign Gold Bonds (Applicable from TY 2026-27 onwards)

- Under the current regime, capital gains arising to an individual from redemption of Sovereign Gold Bonds 2015 issued by the RBI is exempt.
- Finance Bill proposes to amend that Capital Gains arising from redemption of Sovereign Gold Bonds issued by the RBI under the Sovereign Gold Bond Scheme, 2015 or any subsequent scheme shall be exempt only where:
 - Such bonds are subscribed to by an individual at the time of original issue and held continuously until redemption on maturity.





MAT Reforms: Shift to Final Tax and Regime Transition (Applicable from TY 2026-27 onwards)

- The Finance Bill proposes a fundamental overhaul of the Minimum Alternate Tax (MAT) framework. MAT under the old tax regime is proposed to be treated as a final tax, with the MAT rate reduced from 15% to 14% of book profits.
- No fresh MAT credit will be allowed for any domestic or foreign company for MAT paid on or after 1st April, 2026.
- Domestic companies will be permitted to utilise existing MAT credit only upon transitioning to the new tax regime, subject to an annual cap of 25% of the total tax liability. Domestic companies that opt for old regime will not be entitled to any MAT credit set-off.
- Foreign companies will not be allowed any new MAT credit but will be permitted to utilise accumulated MAT credit to the extent normal tax exceeds MAT in the relevant Tax Year.
- Overall, the amendments reflect a deliberate policy shift to limit the prolonged credit accumulation and promote migration of domestic companies to the new tax regime.
- Furthermore, the Finance Bill proposes to extend the exemption from MAT to two additional specified businesses of non-residents that are taxed on a presumptive basis, namely the business of operation of cruise ships (subject to prescribed conditions) and the business of providing services or technology for setting up or supporting electronics manufacturing facilities in India for resident companies.

Buy-back of Shares – Capital gains regime introduced (Applicable from TY 2026-27 onwards)

- Under the existing provisions, consideration received by a shareholder on buy-back of shares by a company is taxed as dividend income
- It is proposed to rationalise the taxation of share buy-backs by providing that consideration received on buy-back shall be chargeable to tax under the head “Capital gains” instead of being treated as dividend income.
- The below table summarizes effective rate of Capital Gains in the hands of various categories of shareholders:

Sr. No.	Type of Capital Gain	Promoter is Domestic Company	Promoter is other than a Domestic Company	Non-Promoter
Buyback of Listed Equity Shares				
1.	Short-term Capital Gains	22% (20% + 2%*)	30% (20% + 10%*)	20%
2.	Long-term Capital Gains	22% (12.5% + 9.5%*)	30% (12.5% + 17.5%*)	12.5%
Buyback of Shares other than Listed Equity Shares				
1.	Short-term Capital Gains	22% (20% + 2%*)	This will depend on Applicable Rates	
2.	Long-term Capital Gains	22% (12.5% + 9.5%*)	30% (12.5% + 17.5%*)	12.5%

**Additional Tax (For the purpose of the above table, it is presumed that domestic company has opted for new tax regime. Further, the above rates are subject to applicable rate of surcharge and cess.)*

- Term ‘Promoter’ shall mean:
 - For Listed Companies: As per SEBI (Buy-Back of Securities) Regulations, 2018
 - For Unlisted Companies: As per Companies Act, 2013 or a person holding more than 10% of the shareholding



Extension of tax holiday and rationalization of tax rate for GIFT IFSC units / OBUs (Applicable from TY 2026-27 onwards)

- Currently, a 100% tax deduction is available to (i) units in GIFT IFSC and (ii) scheduled banks or banks incorporated outside India and having an Offshore Banking Units ('OBU') in Special Economic Zone ('SEZ'), on their specified business income
- This tax deduction is available for a period of 10 consecutive years out of 15 years for units in GIFT IFSC and for 10 consecutive years for OBUs
- Further, for non-tax holiday period, taxes are payable at applicable tax rates in force
- To increase the competitiveness of GIFT IFSC, it is proposed to **increase the period of above tax deduction as below** –

Type of entity	Existing tax holiday period	Proposed tax holiday period
Units of International Financial Services Centre	10 out of 15 consecutive years	20 out of 25 consecutive years
Offshore Banking Units	10 consecutive years	20 consecutive years

- The Finance Bill also proposes to impose an additional condition to claim the above deduction, that the GIFT IFSC Unit / OBU, commencing operations on or after 1st April 2026, should not be formed by splitting up, reconstruction, reorganization or transfer of a business already in existence in India
- It is also proposed that the **income from business activities of the above GIFT IFSC units / OBUs shall be taxed at a concessional tax rate of 15% for the non-tax holiday period**

Clarification on deemed dividend provisions to Finance Companies / Units set-up as Treasury Centres in GIFT IFSC (Applicable from TY 2026-27 onwards)

- The Finance Act, 2025 provided a relaxation from deemed dividend provisions to any loan or advance between two group entities where one of the group entities is a Finance Company or a Finance Unit in GIFT IFSC set up as a Global / Regional treasury centre, subject to the condition that the parent entity or principal entity of such group is listed on stock exchange in a country / territory outside India
- The Finance Bill now proposes to include an additional condition for the above exclusion, by providing that the other group entity to the transaction shall also be located in a country or territory outside India which shall be a notified jurisdiction
- The terms 'group entity', 'parent entity' and 'principal entity' have also now been specifically defined under the Finance Bill



Extension of time limit for filing return of income and revised return (Applicable from TY 2026-27 onwards)

- Finance Bill proposes to extend time limit for filing income tax return for certain type of taxpayers and filing of revised income tax return as below:

Sr. No.	Particulars	Existing due date	Proposed due date
Income tax return			
1.	<ul style="list-style-type: none"> Taxpayers having PGBP income not liable to audit Partners of firm (where firm is not required to be audited) 	31 st July	31 st August
	Revised income tax return (from the end of relevant Tax Year)	9 months	12 months with an additional fee*

*Additional fee for total income up to INR 5 lakh - INR 1,000 and in other cases, INR 5,000

Expansion of scope for filing of updated return (Applicable from TY 2026-27 onwards)

- The Finance Bill proposes to expand the scope for filing an updated return, by allowing filing of the updated return in the following cases which were previously not allowed:
 - Where the original return was a loss return, and the updated return results in a reduction of the reported loss;
 - Where a reassessment notice has already been issued (subject to payment of additional income tax at the rate of 10% over and above additional tax payable in case of updated returns).

Other Assessment / Litigation proposals:

- Integrated assessment and penalty order:** Assessment and penalty proceedings to be combined into a single common order. Further, no interest shall be levied on the penalty amount for the period of appeal before the first appellate authority, regardless of the appeal outcome.
- Reduced pre-deposit requirement:** Hon'ble FM announced reduction in mandatory pre-payment of demand from 20% to 10%, which shall be based only on the core tax demand.
- Time limits for completion of Assessment:** Additional period of twelve months in case where reference is made to the TPO shall not be available in following cases:
 - Where an assessment (or transfer pricing order) is set aside or cancelled by an appellate or revisionary authority and a fresh assessment order is required to be passed.
 - Assessment of total undisclosed income as a result of search.
- Assessment not to be invalid due to DIN errors**
 - Finance Bill clarifies that the assessment shall not be invalid on the ground of any mistake, defect or omission in respect of quoting of a computer-generated Document Identification Number, if the assessment order is referenced by such number in any manner. While a bare reading of the Finance Bill suggests that this clarification shall be effective 1st April 2026, the notes to clauses and the Memorandum to the Finance Bill indicate that the provisions shall be implemented retroactively with effective from 1st October 2019.

Other Assessment / Litigation proposals: (Continued...)

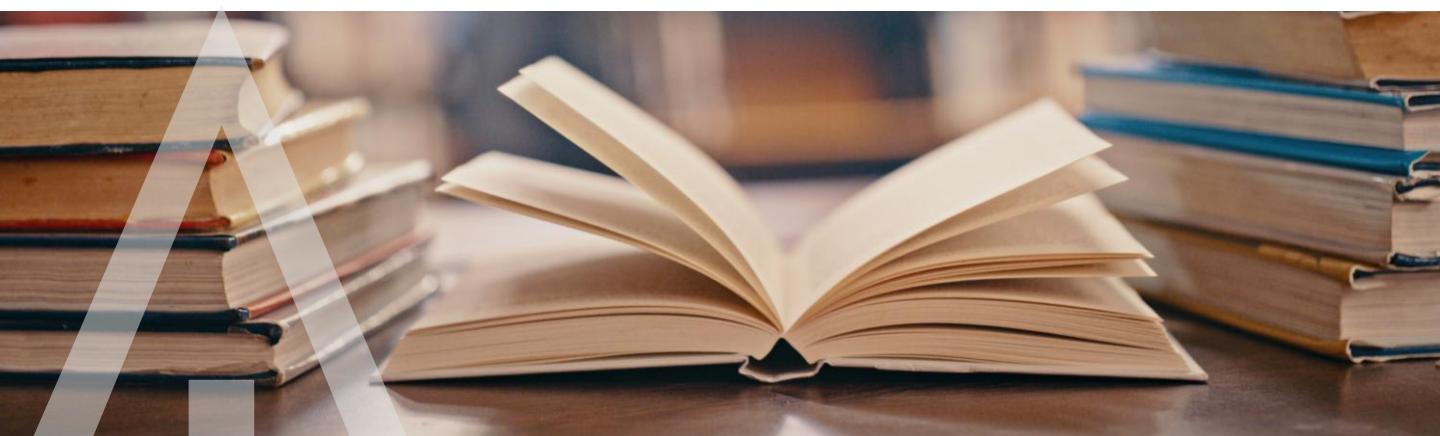
- Rationalizing the period of block assessment in case of other person:** Under existing provisions of block assessment, the block period for any third person in respect of which any undisclosed income is identified, is same as the specified person (in whose case the search was conducted). The block period in case of such third person is now proposed to be limited as per following:

Undisclosed income pertains to	Applicable block period
Period starting from the tax year immediately preceding the year of initiation of search/requisition ('specified year') up to the date of initiation of search/requisition	From specified year up to the date of execution of the last of the authorisations for such search/requisition
A single tax year out of the five tax years preceding the specified year	Only that single tax year

- Time limit for completion of block assessment:** Block assessment to be completed within 18 months from the end of quarter in which search is initiated / requisition is made.
- Expansion of power of Dispute Resolution Committee:** It is now proposed that Dispute Resolution Committee may waive any penalty already imposed or yet to be imposed.

Clarification on timeline for completion of assessment in DRP cases

- Background:** IT Act, 2025 prescribes a general timeline for completion of assessments. Further, separate timeline is also prescribed for matters where objection are filed before DRP. The DRP proceedings are required to be completed within nine months from the receipt of draft assessment order. Following DRP's directions, AO is required to pass the final assessment order within one month from the end of the month in which DRP directions are received.
- Question had been raised, as to whether the one-month timeline for passing the final assessment order in DRP cases is subsumed within the general timeline for completion of assessments. The matter is presently before a larger bench of SC in view of split verdict by SC in case of Shelf Drilling.
- Retrospective clarification:** It has now been retrospectively clarified that the general timeline for completion of assessment is applicable till draft assessment order stage. Once the matter proceeds to the DRP, for finalization of assessments, the specific timelines prescribed for DRP cases will be applicable.
- These amendments shall have retrospective effect from 01-Apr-09, and in case of search or seizure, with effect from 01-Oct-09.



Clarification on timeline for passing TP Order

- Background:** TPO is required to pass an order before sixty days **prior** to the date on which period of limitation to pass assessment order expires. In a number of rulings following Madras HC ruling in case of Pfizer, TP orders passed on the 'date of limitation' itself were quashed, holding that period of sixty days does not include the 'date of limitation' in computation.
- Retrospective clarification:** It has now been retrospectively clarified that 'date of limitation' has to be included in the computation of sixty days by providing time limits for passing TP assessment order as below:

Under IT Act, 1961

Period of limitation expiring on	Last date of passing TP order
31 st March (non-leap year)	30 th January
31 st March (leap year)	31 st January
31 st December	1 st November

Under IT Act, 2025

Period of limitation expiring on	Last date of passing TP order
31 st March	31 st January
31 st December	31 st October

- This clarification shall come into force with retrospective effect from 01-Jun-07.

Clarification on JAO vs FAO controversy with respect to initiation of reassessment proceedings:

- For the purpose of initiation of reassessment proceedings, the AO shall mean, and shall always have meant, a non-faceless AO.
- It has now been retrospectively clarified that reassessment proceedings shall be initiated by a non-faceless AO, thereby overriding various judicial precedents, including the Bombay High Court judgment in the case of Hexaware Technologies.

Minor errors in DIN not to invalidate the assessment:

- It is proposed to clarify that an assessment shall not be treated as invalid merely due to any mistake, defect, or omission in quoting the computer-generated DIN, as long as the assessment order contains a reference to such DIN in any manner.



Safe Harbour Reforms – IT service sector

- Hon'ble FM announced few critical reforms in Safe Harbour regime for IT services during the budget speech. It has been proposed that certain existing categories of transactions such as software development services, IT enabled services, knowledge process outsourcing services and contract R&D services for software development shall be clubbed into a single category called '**IT services**' with a **uniform margin of 15.5%**, reduced from the earlier margins ranging from 17% to 24%.
- The eligibility threshold for availing safe harbour for IT services is proposed to be expanded from **INR 300 crore** to **INR 2,000 crore**.
- Approval of safe harbour for IT services will now be processed through an automated rule-based mechanism, eliminating tax officer involvement. Further, safe harbour shall be available for a period of 5 years at the option of the eligible taxpayers.
- Also, a new safe harbour for data centre services providers with 15% margin is proposed.
- The above summary is based on speech of Hon'ble FM. Detailed Rules are awaited.

Advance Pricing Agreements

- Hon'ble FM during budget speech announced **fast tracked Unilateral APA process for IT service** companies, with a target timeline of **two years** for conclusion, extendable by additional six months at the taxpayer's request.
- Modified return framework under the APA regime has been streamlined by allowing both the APA signatory entity and its associated enterprises to file modified returns where income is revised pursuant to the APA.

AMENDMENTS WITH RESPECT TO TDS AND TCS [Effective from 01-Apr-26]



Inclusion of Manpower Supply within definition of 'Work':

- Finance Bill proposes to clarify that 'supply of manpower' is covered within the ambit of 'work' and therefore payments for supply of manpower services will be subject to TDS at the rate of 1% / 2%, as may be applicable.

No TDS in respect of interest on compensation awarded by Motor Accidents Claims Tribunal to an individual:

- Finance Bill proposes that no tax to be deducted in respect of interest on compensation awarded by the Motor Accident Claims Tribunal to an individual.

No TDS on interest income paid to co-operative society engaged in the business of banking:

- Finance Bill proposes that no tax to be deducted at source on interest income credited or paid to any co-operative society engaged in the business of banking.

Filing of declaration for Non deduction of Tax at Source to income-tax authority:

- In order to reduce compliance burden for payers making specified payments as per section 393(6) of the IT Act, 2025, the Finance Bill proposes to change the timeline for submitting declarations (received by the payers) to the prescribed income-tax authority from monthly basis to quarterly basis.

Filing of Declaration for No Deduction of Tax at Source to Depository [Effective from 01-Apr-27]

- Investors need to submit separate declarations with respect to non-withholding of TDS on income like dividends, interest on securities etc. to each payer.
- To reduce this burden, investors holding listed units or securities with depository may now file the declaration directly with the depository, which in turn shall share the declaration with the relevant payers.

Rationalisation of rates of TCS [Effective from 01-Apr-26]

Sr. No.	Nature of Receipt	Current Rate	Proposed Rate
1.	Liberalised Remittance Scheme (LRS):		
	For all remittances: Up to INR 10 lakhs	NIL	NIL
	For education or medical treatment: Exceeding INR 10 lakhs	5%	2%
	For all other purposes: Exceeding INR 10 lakhs	20%	20%
2.	Overseas Tour Package*:		
	Up to INR 10 lakhs	5%	2%
	Exceeding INR 10 lakhs	20%	2%
3.	Sale of alcoholic liquor for human consumption	1%	2%
4.	Sale of tendu leaves	5%	2%
5.	Sale of Scrap	1%	2%
6.	Sale of minerals, being coal or lignite or iron ore	1%	2%

*Any tour package which offers visit to a country outside India and includes expenses for travel or hotel stay or boarding or lodging or any such similar expenditure.

Streamlining the process for Lower or Nil TDS / TCS certificate [Effective from 01-Apr-26]

- Section 395 of the IT Act, 2025 provides for issuance of certificate for deduction of tax at lower or nil rates by making an application before the Assessing Officer.
- In order to ease compliance burden of small taxpayers, it is proposed to provide an option to the payee to file the application electronically before the prescribed tax authority for issuance of lower / Nil deduction certificate.

Relaxation from requirement to obtain TAN by a resident individual or HUF, where the seller of the immovable property is a non-resident [Effective from 01-Oct-26]

- Under the current provisions, buyer is not required to obtain TAN to deduct tax at source in case of purchase of immovable property from a resident. However, TAN is required in case of purchase of immovable property from a non-resident.
- In order to reduce compliance burden for the resident individuals and HUF, Finance Bill proposes to exempt resident individuals and HUF from the requirement of obtaining TAN for deducting TDS on purchase of immovable property from non-resident.

Guidelines to be binding on income-tax authorities and person liable to deduct or collect income-tax [Effective from 01-Apr-26]

- As per the extant provisions, the Board may issue guidelines (with prior Central Government approval) to address difficulties in implementing TDS/TCS provisions, but the law does not state that such guidelines are binding.
- To align with the earlier IT Act, 1961, it is proposed that any guidelines issued for removing difficulties in the TDS/TCS chapter will be binding on both income-tax authorities and persons responsible for deducting or collecting tax.

INTERNATIONAL TAX



Exemption of foreign accrued income for non-resident individuals coming to India for rendering services under any notified scheme in India (Applicable from TY 2026-27 onwards)

- Finance Bill proposes to exempt income of an individual who renders services in India in connection with any Scheme notified by the Central Government subject to the below conditions:
 - The income accrues or arises outside India and is not deemed to accrue or arise in India
 - The individual has been a non-resident for 5 consecutive Tax Years immediately preceding the Tax Year in which he visits India for the first time for rendering such services
 - The exemption is available for a period of 5 years commencing from the first Tax Year in which the individual visits India in connection with the Scheme

Exemption for a foreign company on income arising on account of provision of capital equipment etc. for electronic manufacturing in India (Applicable from TY 2026-27 onwards)

- Finance Bill proposes to provide exemption to a foreign company providing capital goods, equipment or tooling to a resident contract manufacturer located in a custom bonded area and producing electronic goods on behalf of such foreign company for a consideration
- The exemption is subject to the condition that the ownership of the capital goods, equipment etc. provided shall be with the foreign company and the capital goods, equipment etc. shall be under the control and direction of the contract manufacturer in India
- The amendments will take effect from Tax Year 2026-27, and the exemption shall be available up to Tax Year 2030-31.

Exemption for foreign companies procuring data centre services from India (Applicable from TY 2026-27 onwards)

- Finance Bill proposes to provide exemption to notified foreign companies on income accruing or arising in India from procuring data centre services from a data centre subject to the following conditions:
 - The foreign company does not own or operate any of the physical infrastructure or any resources of the specified data centre;
 - Sales by the foreign entity to users in India is made through an Indian reseller company;
 - The data centre is owned and operated by an Indian company and is set up under an approved scheme and is notified by the Central Government
 - The above amendment will take effect from Tax Year 2026-27 and the exemption is available up to Tax Year ending 2046-47, i.e., for a period of 20 years

PENALTIES & PROSECUTION



Penalty for failure in respect of Tax Audit (Applicable from TY 2026-27 onwards):

- Current Provision: Currently, penalty is prescribed as lower of the following:
 - 0.5% of the total sales, turnover or gross receipts, in the business, or the gross receipts in the profession, for such tax year; or
 - INR 1,50,000
- Budget Proposal: The above-mentioned penalty is proposed to be converted to graded fees as under:
 - INR 75,000 where the delay is up to one month; and
 - INR 1,50,000 where the delay exceeds one month

Penalty for non-furnishing of accountant report in case of Transfer Pricing (Applicable from TY 2026-27 onwards):

- Current Provision: Currently, penalty of INR 1,00,000 is prescribed
- Budget Proposal: The above-mentioned penalty is proposed to be converted to graded fees as under:
 - INR 50,000 for the delay up to one month; and
 - INR 1,00,000 where the delay exceeds one month

Penalty for failure to furnish Statement of Financial Transaction ('SFT') (Applicable from TY 2026-27 onwards):

- Current Provision:
 - Penalty for failure to furnish SFT: Currently, penalty of INR 500 is levied for everyday during which such failure continues, with no upper limit.
 - Penalty for failure to furnish SFT against notice issued: Currently, penalty of INR 1,000 per day is levied for every day during which such failure continues, with no upper limit.
- Budget Proposal:
 - Furnishing of statement: The penalty prescribed under the IT Act, 2025 is proposed to be replaced by a fee at the rate of INR 200 per day, subject to a maximum of INR 1,00,000.
 - Furnishing statement against notice issued: The penalty which is levied at INR 1,000 per day for every day during which such failure continues, is proposed to be capped at INR 1,00,000.

Penalty for non-furnishing of statement or furnishing inaccurate information on transaction of crypto asset (Applicable from TY 2026-27 onwards):

- Current Provision:
 - Currently, no penalty is provided for non-furnishing of statement or furnishing inaccurate information on transaction of crypto asset.
- Budget Proposal:
 - Penalty for non-furnishing of statement: Penalty of INR 200 per day for the period of default is proposed
 - Penalty for furnishing inaccurate particulars: Penalty of INR 50,000 is proposed

Expansion in scope of immunity from penalty and prosecution for cases of under-reporting of income due to misreporting (Applicable from TY 2026-27 onwards):

Current Provision – Immunity from the imposition of penalty and prosecution in case of underreporting of income: Section 440 of the IT Act, 2025 allows an assessee to seek immunity from the imposition of penalty and initiation of prosecution proceedings relating to underreporting of income, if specified conditions are met.

- Budget Proposal: It is proposed to expand the scope of immunity from penalty and prosecution to include cases of under-reporting of income arising due to misreporting, provided the taxpayer pays an additional income-tax as specified in lieu of such penalty.



Proposal for rationalization of Prosecution Proceedings:

Sr. No.	Income-tax Act, 1961 Section No.	Income-tax Act, 2025 Section No.	Section deals with
1.	275A	473	Contravention of order during search action
2.	275B	474	Failure to afford facility for inspection of books of accounts during search
3.	276	475	Removal, concealment, transfer or delivery of property to prevent tax recovery
4.	276B	476	Failure to pay tax to credit of Central Government under Chapter XIX-B
5.	276BB	477	Failure to pay tax collected at source
6.	276C	478	Wilful attempt to evade tax, etc.
7.	276CC	479	Failure to furnish returns of income
8.	276CCC	480	Failure to furnish return of income in search cases
9.	276D	481	Failure to produce accounts and documents
10.	277	482	False statement in verification, etc
11.	277A	483	Falsification of books of account or document, etc
12.	278	484	Abetment of false return, etc
13.	278A	485	Punishment for second and subsequent offences
14.	280	494	Disclosure of particulars by public servants

- **Effective Date of Proposed Amendments as stated in the table above:**
 - Amendments in IT Act, 2025: Amendments will take effect from 1st day of April 2026
 - Amendments in IT Act, 1961: Amendments will take effect from 1st day of March 2026
- **Current Position:** Various provisions impose criminal liability on assessee and prescribes imprisonment including rigorous imprisonment which span from 3 months to 7 years for various offences.
- **Objective of Budget Proposal:** Amend Section 473 to 485 & 494 of the IT Act 2025 to decriminalize and make the punishment for the offences proportionate to the crimes.

- **Principles followed by the Government in the proposed decriminalization:**
 - Nature of punishment is changed from rigorous imprisonment to simple imprisonment
 - Maximum punishment is proposed to be limited to 2 years from current period of 7 years and for the subsequent offences, it is reduced to 3 years from current period of 7 years
 - Wherever punishment of offences is prescribed based on certain grading of amount of tax evaded, in such cases new grading of offences and its corresponding punishment is prescribed
 - Where amount of tax evaded does not exceed ten lakh rupees, punishment of only fine is prescribed
 - Imposition of fine is introduced in lieu of or in addition of imprisonment
 - Certain offences are fully decriminalized
- **Impact on Prosecution Provisions of IT Act, 1961**
 - Similar amendments are also proposed in corresponding provisions of IT Act, 1961 (i.e. Section 275A to 278A and 280)

OTHER DIRECT TAX PROPOSALS



Clarificatory amendments under the head 'House property' (Applicable from TY 2026-27 onwards)

- Under the existing provisions of the IT Act, 1961, a taxpayer was allowed deduction of interest on housing loan for a self-occupied house property, including post-construction period interest as well as pre-construction period interest, subject to an overall ceiling of Rs.2,00,000
- Under the corresponding provision of the IT Act, 2025, the ceiling of Rs.2,00,000 was specifically prescribed only for interest payable post construction. There was no explicit restriction on the deduction of pro-rated pre-construction period interest (1/5th of the pre-construction interest allowed as deduction over a period of 5 years), which could result in a higher overall deduction of interest expense
- The proposed amendment seeks to align the provisions of the IT Act, 2025 with those of the IT Act 1961 by clarifying that the aggregate deduction in respect of interest on borrowed capital, including pre-construction period interest, shall be subject to the overall ceiling limit of Rs.2,00,000
- Similar clarificatory amendment has also been made in section 21(5) of the IT Act 2025 to clarify that annual value of property held as stock-in-trade to be taken as nil up to two years from the end of the tax year in which certificate of completion of construction is obtained from the competent authority

Co-operative societies (Applicable from Tax Year 2026-27 onwards)

- Dividend deduction rationalised:
 - Deduction on inter-cooperative dividends will now be available even under the new tax regime, to the extent such dividends are distributed to the members
 - Notified federal co-operatives will be allowed deduction for 3 years on dividends from companies (till tax year 2028-29) under both the old and new tax regimes, subject to specified conditions and distribution to members

Definition of 'co-operative society' expanded to include societies registered under Multi-State Cooperative Societies Act, 2002

Registered Non-Profit Organizations ('NPOs') - Relief from harsh consequences (Applicable from Tax Year 2026-27 onwards):

- Commercial activities undertaken by registered NPOs engaged in the advancement of any other object of general public utility will no longer be treated as a specified violation leading to cancellation of registration and will instead be aligned with the framework under section 12AB of the IT Act, 1961.

Registered NPOs – Clarity on taxability of mergers (Applicable from Tax Year 2026-27 onwards):

- The Finance Bill has introduced new section enabling tax exempt merger between two registered NPOs of the IT Act, 2025 with the same or similar objects as long as certain prescribed conditions are met.
- Further, it is proposed to amend Section 352(4) such that tax on accreted income will apply in case where an NPO merges with a non-registered entity, a similar object NPO without meeting conditions, or an NPO with different objects.

Registered NPOs – Enabling filing of belated return (Applicable from Tax Year 2026-27 onwards):

- Section 349 of the IT Act, 2025 presently permits a registered NPO to furnish its return of income only within the normal time-limit prescribed under section 263(1)(c) of the IT Act, 2025. It is proposed to amend section 349 of the IT Act, 2025 by also referring to section 263(4) of the IT Act, 2025, thereby enabling registered NPOs to furnish a belated return.

Rationalisation of Tonnage Tax Scheme (TTS) for inland vessels (Applicable from TY 2026-27 onwards)

- The benefit of tonnage tax scheme was extended to Inland Vessels vide Finance Act, 2025. Considering that Inland Vessels are registered under the Inland Vessels Act, 2021 ("IVA 2021") and governed by the Inland Waterways Authority of India ("IWAI"), amendments have been proposed by the Finance Bill to align the provisions of the tonnage tax scheme for Inland Vessels

Securities Transaction Tax (STT) on Derivatives – Rate revision (Applicable from TY 2026-27 onwards)

The rates of Securities Transaction Tax applicable to derivatives transactions have been revised:

Sr. No.	Transaction Type	Tax Base	Current Rate	New Rate
1	Sale of an option in securities	Option premium	0.10%	0.15%
2	Sale of an option in securities (where option is exercised)	Intrinsic value	0.125%	0.15%
3	Sale of a future in securities	Traded price	0.02%	0.05%

Allowability of SEZ deduction under the default new tax regime (Applicable from TY 2026-27 onwards)

- Finance Bill proposes to allow deduction to individuals, HUFs, AOP / BOI and artificial juridical persons in respect of export profits of their eligible SEZ while computing total income under the default new tax regime. Such deduction in respect of export profits of eligible SEZ units is currently not permitted under the new tax regime and hence the proposal to allow such benefit, is a positive step.

Non-allowability of expenses against Dividend Income (Applicable from TY 2026-27 onwards)

- Under the current provisions, interest incurred for earning dividend income were allowed as deduction while computing income from other sources subject to certain thresholds
- Finance Bill proposes to amend section 93(1)(a) and 93(2) of IT Act, 2025 to provide that no deduction shall be allowed while computing taxable dividend income or income from units of mutual funds

Repeal provisions [Effective from 01-Apr-26]

- Section 536(2)(h) of the IT Act, 2025 provides that if a deduction was allowed or income was excluded under the IT Act, 1961 subject to conditions, then on violation of those conditions, the amount becomes taxable in the year of violation.
- The Finance Bill expands the provision to also cover cases where certain deductions or exclusions under the IT Act, 1961 were required to be taxed in later years **even without any condition being violated**. Such amounts will now be deemed income under the IT Act, 2025, aligning with how it would have been taxed under the IT Act, 1961.

BLACK MONEY ACT



Relief from prosecution under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015:

- Sections 49 and 50 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ('Black Money Act') provide for prosecution where an ordinary resident within the meaning of section 6 of the IT Act 1961, who at any time during the previous year, held any asset (including financial interest in any entity) located outside India as a beneficial owner or otherwise, or was a beneficiary of such asset or had income from a source outside India and wilfully fails to furnish the return of income or wilfully omits to disclose such foreign income or assets (owned or where there is beneficial interest) in the return of income.
- The Hon'ble Finance Minister has proposed relaxation by proposing amendments in section 49 and section 50 of the Black Money Act whereby the prosecution provisions under these sections shall not apply in respect of foreign assets (other than immovable property), where the aggregate value of such asset or assets do not exceed INR 20,00,000.

These amendments shall take effect retrospectively from 01-Oct-24.

The Foreign Assets of Small Taxpayers Disclosure Scheme, 2026

- The Foreign Assets of Small Taxpayers Disclosure Scheme, 2026 ('Scheme') is proposed by Government as a one-time window for small taxpayers to voluntarily disclose undisclosed foreign assets or foreign income and shall apply in respect of income or assets so declared for previous year ending on 31-Mar- 2026 or any earlier previous years and shall apply to following class of Assessee:
- Residents in India under Section 6 of the IT Act, 1961 or
- Non-residents / not ordinarily residents under Section 6(6) of the IT Act, 1961, who were residents in the year in which the income arose, or the foreign asset was acquired.

Eligible Cases:

- Under this Scheme, assessee can file declaration in respect of any foreign income or foreign asset where:
 - No return of income was filed under section 139 the IT Act, 1961; or
 - A return was filed but foreign income or assets were not disclosed; or
 - Such income or asset escaped assessment under section 147 of the IT Act, 1961.

Amount payable by the assessee:

Sr. No.	Type of assets or income	Amount payable	Conditions
1.	Undisclosed Foreign Asset or Undisclosed Foreign Income	<ul style="list-style-type: none">30% of the fair market value of the undisclosed foreign asset as on 31-Mar-26 and / or 30% of the undisclosed foreign income as the case may be; andAdditional amount equal to 100% of tax calculated above.	Aggregate value of Undisclosed Foreign Asset and Income does not exceed INR 1,00,00,000.
2.	Foreign Asset acquired from income accruing or arising outside India by non-resident, but such assets were not declared in return of income; or Foreign Asset located outside India acquired from income on which tax is paid in India.	<ul style="list-style-type: none">A fee of INR 1,00,000.	Aggregate value of Asset located outside India* does not exceed INR 5,00,00,000.

***Value of asset means fair market value of the asset as may be prescribed**

Cases where the benefit of Scheme is not available:

- Assets or income represent proceeds of crime under Prevention of Money-laundering Act, 2002.
- Any undisclosed asset or income for which assessment under the Black Money Act has already been completed.

Immunity from initiation of proceedings:

- The income or the amount of investment in an asset, which has been declared and appropriately paid under the Scheme shall not be included in the total income of the declarant for any assessment year under the IT Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015
- Where a valid declaration is made under the Scheme and the prescribed amount is duly paid, the assessee shall be entitled to immunity from further tax, penalty and prosecution under the Black Money Act in respect of the income or asset disclosed.

Others

- The Scheme shall come into force from such date as may be notified by the Central Government in the Official Gazette.
- Where a declaration of any income or asset is made under this Scheme and assessment proceedings under the IT Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 are pending in respect of such income or assets, the Assessing Officer shall take such declaration into account while finalising such assessment order
- In respect of income or asset declared no rectification or revision under Black Money Act shall be allowed and assessee shall not claim any set-off in any appeal shall be available in respect of declared asset / income or any amount paid under the Scheme. Additionally, no refund can be claimed after payment of the amount under the Scheme.



Indirect Tax Proposals

GST LEGISLATIVE CHANGES



The Finance Bill, 2026, proposes to implement the following changes previously recommended by the 56th GST Council Meeting

- **Amendments proposed in Section 15(3) and Section 34 of the CGST Act, 2017 in respect of post-sale discount:** Section 15(3) is proposed to be amended to remove the requirement that a pre-existing agreement must be in place prior to the supply for the issuance of a credit note under GST, as well as the need to specifically link such credit notes to corresponding invoices. Further, the provisions are being aligned with Section 34, which requires the recipient to reverse the related input tax credit. A consequential amendment has also been made under Section 34 to enable the issuance of credit notes for discounts.

However, the withdrawal of the CA-certificate mechanism under CBIC Circular No. 253/10/2025-GST dated 01-Oct-25 previously used to evidence ITC reversal by recipients may heighten practical challenges in verifying such reversals. The effectiveness of the revised framework, which permits output tax adjustment only upon corresponding ITC reversal by the recipient, will ultimately hinge on the seamless, mandatory implementation of the Invoice Management System (IMS).

- **Benefit of provisional refunds to exporters has been extended for refund arising due to inverted duty structure (IDS):** Section 54(6) of the CGST Act, 2017 is proposed to be amended to allow provisional refunds for IDS claims, helping taxpayers ease working-capital blockages. This measure becomes particularly important following the GST 2.0 rate rationalization, as many more sectors are now expected to seek such refunds.
- **Existing authorities (incl. tribunals) to hear appeals pending constitution of NAAAR:** The 56th GST Council recommended that the Principal Bench of the GST Appellate Tribunal (GSTAT) should also function as the National Appellate Authority for Advance Rulings (NAAAR) so that advance rulings are consistent and uniform across States. As an interim measure, a new sub-section (1A) has been inserted under Section 101A to empower any existing authority under any law to hear appeals made under Section 101B relating to conflicting Advance Rulings.

This amendment shall take effect from 01-Apr-26.

- **Place of supply for intermediary services to be based on location of recipient:** Section 13(8)(b) of the IGST Act, 2017, presently deems the place of supply (POS) for intermediary services to be the location of the supplier in India, even if the recipient is located overseas. The omission of this provision will shift such services to the default rule under Section 13(2) of the IGST Act, 2017, making the recipient's location the POS.

Once notified, intermediary services provided to overseas clients will qualify as exports, while those received from overseas suppliers will be taxable in India under the reverse charge mechanism. This long-awaited clarification should finally put a stop to a decade of disputes dating back to 2012, though its prospective operation means that legacy litigation will continue.

CENTRAL EXCISE RATE CHANGES



- Central Excise Duty on Tariff item number 2711 21 00 relating to Compressed Natural Gas (CNG) when blended with Biogas or Compressed Biogas (CBG) shall be taxable at 14% with effect from 02-Feb-26 and the value of Biogas or Compressed Biogas (CBG) contained in such blended CNG and the appropriate GST paid thereon shall be excluded for the purposes of computation of excise duties.
- The implementation of the levy of additional excise duty of Rs. 2 per litre on unblended diesel is being deferred further till 31-Mar-28.





Customs Act, 1962

- **Penalty to be treated as Charge:** To ensure a non-adversarial framework, an amendment has been proposed under Section 28(6) to treat the penalty paid under Section 28(5) (i.e. 15% of the duty payable) as a 'charge' for non-payment of duty.
- **Extension of validity of Advance Ruling:** An amendment under Section 28J(2) has been proposed to extend the validity period of Advance Rulings from 3 years to 5 years. Furthermore, with respect to an Advance Ruling that is in force, the proviso to said Section is proposed to be amended to provide that the validity of the ruling may be extended from 3 years to 5 years upon the applicant's request.
- **Movement of warehoused goods without permission:** An amendment has been proposed under Section 67 to provide that the owner of warehoused goods may remove them from one warehouse to another upon the fulfilment of certain conditions. Consequently, prior permission of the proper officer would no longer be required for such movements.
- **Power to frame rules and regulations for custody of imported and exported goods:** An amendment has been proposed to Section 84 to enable the Board to make provisions for the custody of goods, whether imported or to be exported.
- **Duty-free import of fish and extension of Customs Jurisdiction:** With a view to encouraging Indian vessels to operate in international waters without facing customs duty disadvantages, a new Section 56A has been proposed to be introduced, to provide duty-free import of fish harvested by an Indian-flagged fishing vessel beyond the territorial waters of India, i.e., in the Exclusive Economic Zones and High Seas. In this regard, suitable amendments have also been proposed to Section 1 to extend the jurisdiction of the Act beyond the territorial waters of India for the purpose of fishing and fishing-related activities. It is further proposed that fish offloaded at a foreign port will qualify as export of goods.

Deferred Payment of Import Duty Rules, 2016

- **Revised Timelines for payment of deferred customs duty:** The amendment collapses the earlier four-slab structure into the below two timelines:
 - For Bills of entry returned for payment from the 1st day of any month (other than March), the deferred customs duty must now be paid by the 1st of the following month.
 - For Bills of Entry returned for payment during the period 01-Mar to 31-Mar, the deferred customs duty must be paid by 31 March itself.
- **Eligible manufacturer-importers to be allowed duty deferment benefit:** Eligible manufacturer-importers can avail the deferred payment facility even without the Authorised Economic Operator (AEO) status. This facility will be allowed up to 31-Mar-28.

'Eligible manufacturer-importer' refers to a manufacturer who imports goods on its own account. The Government will issue detailed guidelines / instructions in this regard.

The Baggage Rules, 2026

- **Overhaul of Baggage Rules:** The Baggage Rules and Baggage Declaration Rules have been significantly overhauled to reflect evolving travel patterns and passenger profiles. The new rules streamline categories of travellers, rationalise duty-free allowances and update the list of permissible household and electronic items to mirror contemporary lifestyle and technology use.

Particulars	Baggage Rules 2016	Baggage Rules 2026
General Free Allowance (GFA) (Residents, foreigners residing in India, tourist of Indian Origin (by air/ sea))	Free allowance of ₹50,000 [excluding Annexure I items like - firearms, alcohol, Cigarettes, gold and TV]	Free allowance increased to ₹75,000 [excluding Annexure 1 items]
GFA (Tourist of foreign origin (by air/ sea))	Separate allowance of ₹15,000 [excluding Annexure 1]	Allowance of ₹25,000 [excluding Annexure 1]
Arrivals by Land	Passengers arriving from Nepal, Bhutan, Myanmar had specific lower allowance slabs	Only used personal effects; no monetary GFA
Laptop/ notepad allowance	No specific, separate duty-free allowance in main rules; governed as part of GFA	One new laptop including notepad allowed free of duty for passengers aged 18 or above (other than crew), over and above the GFA
Duty free Jewellery allowance on return after >1 year abroad	Up to 20g (gentleman) with value cap of ₹50,000 and 40g (lady) with value cap of ₹1,00,000.	Up to 20g (non-female passenger) and 40g (female passenger) with no value cap specified.
Transfer of residence – slabs and values (Indian resident / tourist of Indian origin)	Four slabs based on stay abroad: 3–6 months (₹60,000), 6–12 months (₹1,00,000), ≥1 year in preceding 2 years (₹2,00,000), ≥2 years (₹5,00,000); specific Annexure structure (Annexure I, II, III)	Three slabs based on stay abroad: 3–12 months (₹1,50,000), ≥1 year in preceding 2 years (₹3,00,000), ≥2 years (₹7,50,000); [Annexure-II Expanded list of high-value items - listing modern household/ electronic items; conditions and condonations specified in Appendix-I]
Transfer of residence – foreigners with valid non-tourist visa	Not covered	Same as above
Crew limit	Separate Notification	Non-final-payoff crew members may bring chocolates/ cheese/ cosmetics/gifts up to ₹2,500; final pay-off crew covered fully.
Unaccompanied Baggage	Strict timelines	Timelines are relaxed up to 1 year for delays beyond passenger control.

Other measures

• **Introduction of Automated Import and Export Processing:** The CBIC has announced a new digital automation measure to streamline customs processes for imports and exports by reducing physical interface, enhancing transparency, and improving trade facilitation. The key initiatives are introduced:

- Auto Goods Registration facility to be extended to AEO T2/T3 entities, approved eligible manufacturers importers, longstanding supply-chain importers, and DPD clients,
- Auto-OOC available wherever no compliance requirement exists;
- Online and e-seal-based Auto Goods Registration for export cargo, starting with the Nhava Sheva port before a phased nationwide rollout; and
- Auto Let Export Order (LEO) for shipping bills meeting prescribed risk-based criteria. Officers can invoke 'HOLD' in the Customs system based on intelligence.





In continuation of the overall simplification and consolidation exercise, a comprehensive review has been undertaken in respect of exemptions/concessional duty rate entries in Notification No. 45/2025-Cus. dated 24-Oct-25, Notification No. 36/2024-Cus. dated 23-Jul-24 and other Customs notifications.

- **Amendments to Notification No. 45/2025-Customs dated 24-Oct-25**

- 102 exemptions/concessional rates are being extended up to 31-Mar-28.
- 22 exemptions/concessional rates are being lapsed on their end dates of 31-Mar-26.
- 14 unconditional exemptions (including 5 redundant exemption entries) are being lapsed by omitting the relevant entries w.e.f. 02-Feb-26.
- The sunset clause is being removed from 3 unconditional exemption entries covering all goods under CTH 8901 and 8906 (excluding vessels and other floating structures imported for breaking up) and parts under 8529 10 99 and 8529 90 90, suitable for use solely or principally with apparatus of headings 8525, 8526 or 8527.
- A sunset clause up to 31-Mar-27 has been prescribed for 4 exemption entries (conditional exemptions) relating to: (i) gold dore bars, (ii) silver dore bars, (iii) specified forms of gold (including bars and coins), and (iv) silver (including ornaments) imported by eligible passengers.

- **Amendments to Notification No. 36/2024-Customs dated 23-Jul-24**

- 22 exemption entries are being omitted as redundant. The applicable BCD will operate through the First Schedule to the Customs Tariff Act, 1975, with effect from 02-Feb-26. There will be no change in the effective BCD rate.

- **Amendments to other Customs notifications**

- The validity of 4 standalone customs duty exemption notifications covering (i) imports of precious stones, (ii) jobbing-related imports, (iii) copper cathodes and wire products, and (iv) gold and silver recovered from copper anode slime has been extended up to 31-Mar-28.
- Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by the unit in SEZ and brought to DTA is being lapsed on the end date of 31-Mar-26.
- A sunset date of 31-Mar-26 has been prescribed for the customs duty exemption on works of art and antiques imported for public exhibition.
- SWS will be applicable from 01 April 2026 on all dutiable goods imported for personal use under heading 9804.

- **Sale of goods from SEZ to DTA at a concessional rate**

- Eligible SEZ units will be permitted to sell a prescribed percentage of their export goods in the DTA at concessional customs duty rates. In the backdrop of global economic volatility and tariff-related disruptions. This measure offers much-needed relief to SEZ units grappling with inventory buildup and under-utilised capacity. Regulatory amendments will be introduced to operationalise the new framework. It is expected that these regulations will set out stringent conditions for availing the concession, given its potential impact on the domestic industry.



Sr. No	Heading, sub-heading, tariff item	Commodity	Old Rate	New Rate
Changes in the Tariff rates (to be made effective from 01-Apr-26)				
1.	9804	All dutiable goods, imported for personal use	20.00%	10%
Changes in BCD (to be made effective from 02-Feb-26)				
2.	2841 90 00	Sodium antimonate for use in manufacture of solar glass	7.50%	NIL
3.	8401 30 00	All goods for generation of nuclear power	7.50%	NIL
4.	8401 40 00	Control and Protector Absorber Rods, and Burnable Absorber Rods, for generation of nuclear power	7.50%	NIL
5.	8501 10 20, 8504 31 00, 8516 80 00, 8516 90 00	Specified goods for use in the manufacture of Microwave Ovens as applicable falling under tariff item 8516 50 00	As applicable	NIL
Sunset date specified for BCD exemption granted under Notification No. 45/2025- Customs dated 24-Oct-25 as 31-Mar-27 for the following:				
1.	71, 98	Gold and Silver dore bars including tola bars, having content not exceeding 95% including ornaments, excluding those studded with stones or pearls		



Sr. No	Heading, sub- heading, tariff item	Commodity
Extension of period of BCD exemption from 31-Mar-26 to 31-Mar-28 granted under Notification No. 45/2025-Customs dated 24-Oct-25		
1. 26	Gold ores and concentrates for use in the manufacture of gold	
2. 27	Specified bunker fuels for use in ships or vessels	
3. 7408	Copper wire of refined copper or copper rod for manufacture of photovoltaic ribbon for solar photovoltaic cell or modules	
4. 84 or any other Chapter	Parts and raw materials for manufacture of goods to be supplied in connection with the purposes of off- shore oil exploration or exploitation	
5. 25, 27, 28, 29, 31, 34, 35, 36, 38, 39, 40, 56, 69, 73, 74, 82, 84, 85, 87, 89 or 90	Specified goods when imported by a specified person, in relation with various petroleum operations or coal bed methane operations	
6. 84 or any other Chapter	Goods for manufacture or the maintenance of wind operated electricity generator components.	
7. 85 or any other Chapter	Parts, components and accessories except Lithium-ion cell and PCBA for use in manufacture of Lithium-ion battery and battery pack	
8. Any Chapter	Inputs, parts or sub-parts for use in the manufacturing of PCBA of Lithium-ion battery and battery pack	
9. Any Chapter	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium-ion cells	
10. 8507 60 00	Lithium-ion cell for use in manufacture of battery or battery pack, cellular mobile phone and EV or hybrid motor vehicle	
11. 88	Gliders, or simulators of aeroplanes or simulators of helicopters	
12. 88 or any Other Chapter	Raw materials, components or parts including engines for manufacture of aircrafts and parts of aircrafts along with tools and tool-kits for MRO thereof	
13. 90 or any other Chapter	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof	
14. 90 or any other Chapter	Hospital Equipment for use in specified hospitals	
15. 90 or any other Chapter	Portable X-ray machine / system	



Abbreviation	Meaning
AEO	Authorised Economic Operator
AO	Assessing Officer
AOP	Association of Persons
APA	Advance Pricing Agreement
BCD	Basic Customs Duty
BOI	Body of Individuals
CA	Chartered Accountant
CBG	Compressed Biogas
CBIC	Central Board of Indirect Taxes and Customs
CG	Capital Gains
CGST	Central Goods and Services Tax
CNG	Compressed Natural Gas
CTH	Customs Tariff Heading
DIN	Document Identification Number
DPD	Direct Port Delivery
DRP	Dispute Resolution Panel
DTA	Domestic Tariff Area
EEZ	Exclusive Economic Zone
ESI	Employees' State Insurance
EV	Electric Vehicle
FAO	Faceless Assessing Officer
FM	Finance Minister
GFA	General Free Allowance
GIFT IFSC	Gujarat International Finance Tec-City – International Financial Services Centre
GST	Goods and Services Tax
GSTAT	Goods and Services Tax Appellate Tribunal
HC	High Court
HUF	Hindu Undivided Family
IDS	Inverted Duty Structure
IGST	Integrated Goods and Services Tax



Abbreviation	Meaning
IMS	Invoice Management System
IT	Information Technology
IT Act	Income-tax Act
IT Act, 1961	Income-tax Act, 1961
IT Act, 2025	Income-tax Act, 2025
ITC	Input Tax Credit
IVA 2021	Inland Vessels Act, 2021
IWAI	Inland Waterways Authority of India
JAO	Jurisdictional Assessing Officer
LEO	Let Export Order
LRS	Liberalised Remittance Scheme
LTCG	Long-Term Capital Gains
MAT	Minimum Alternate Tax
MRO	Maintenance, Repair and Overhaul
NAAAR	National Appellate Authority for Advance Rulings
NPO	Non-Profit Organisation
OBU	Offshore Banking Unit
OOC	Out of Charge
PCBA	Printed Circuit Board Assembly
PGBP	Profits and Gains of Business or Profession
POS	Place of Supply
RBI	Reserve Bank of India
SC	Supreme Court
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SEZ	Special Economic Zone
SFT	Statement of Financial Transaction
STCG	Short-Term Capital Gains
STT	Securities Transaction Tax
SWS	Social Welfare Surcharge



Abbreviation	Meaning
TAN	Tax Deduction and Collection Account Number
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
TP	Transfer Pricing
TPO	Transfer Pricing Officer
TTS	Tonnage Tax Scheme
TV	Television
TY	Tax Year



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