## New Income Tax Bill 2025: Changes by Select Committee tabled on 21st July 2025



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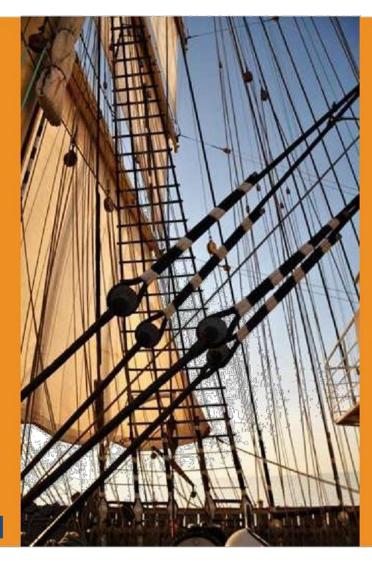
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## 1. Due to amendment in Clause 536(2)(j), Circulars beneficial to taxpayers may not be applicable anymore and maybe a concern:

When any Law of this importance is complelety replaced, the transitional provisions are most important in the first few years. In the Income Tax Bill 2025 presented in the Parliament today, a change in the transitional provision per Clause 536(2)(j) may be of concern at the Industry level. The said clause has been amended by Adding a single word "Circular" as follows - "any agreement" entered into, appointment made, approval given, recognition granted, Circular, direction, instruction, notification, order or rule issued under any provision of the repealed Income-tax Act shall, so far as it is not inconsistent with the corresponding provisions of this Act, be deemed to have been entered into, made, granted, given or issued under the corresponding provision of this Act and shall continue in force accordingly; "There are many Circulars which are beneficial in nature, but which are inconsistent with the Act and were issued under the ITA61 so as to give relief to the taxpayers. Now since the ITA61 has been replicated more or less in ITB25, then actually these circulars become inconsistent with ITB25 and therefore may be a ground for litigation as these beneficial circulars would not be considered applicable. For Eg. A Circular in June 2021 clarified that incase of of Post Sale Discount, it will be considered as a benefit/ perquisite. However, to provide relief to taxpayers, TDS would be considered not applicable u/s 194R. In lieu of this amendment in Clause 536(2)(j) it seems that in ITB25 TDS would be applicable on post sale discount also.

#### 2. Sec 253: Power to receive "access code" during surveys with a set of limitations to powers

The New Clause 253 seems to widen the powers of the officer on survey duty by providing that the "access code" which inter-alia would mean Id/passwords should be made available to the officer to enable the inspection of such books of account or other documents, or computer system, or any other material connected with such system including virtual digital space.

It was a concern that this should be done with Limitations, but the clause remains as it is

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#### 3. CBDT deletes the draconian provision for not granting refunds on delay of returns

It was represented before the CBDT that Clause 263(1)(a)(ix) of The New Income Tax Bill 2025 required that a person seeking refunds under Chapter XX must mandatorily file Income Tax Returns within "due date". On top of that Clause 433 required that a refund should be sought only while filing a return, which made the issue more intriguing. This would compel the Assessing Officers to disallow the refunds incase returns were delayed. In the current tax law, even when an individual submits a belated return by December 31 of the assessment year then they can still claim for a refund for any excess tax paid. Considering this representation and that such a provision would create a hardship for all taxpayers who miss the due dates due to genuine reasons, The Ministry of Finance, while finalising the draft Income Tax Bill 2025 has appropriately deleted clause 263(1)(ix) so that there is no unnecessary litigation in this matter which would have impacted all taxpayers. Taxpayers remain ever grateful for this

#### 4. Acceptance of Taxpayers suggestion for bringing in deduction for intercorporate dividends for Corporates with Special Tax Rate

Deduction u/s 80M (Clause 148 of New bill) for Inter Corporate Dividends for companies avaling the benefit of special rate of tax u/s 115BAA (Clause 200 of the New abill) which is available in the Current Income Tax Act, was erroneously missed out in The New Income Tax Bill 2025 (Clause 200) in earlier draft. Now it has been \*reinstated\*

#### 5. Acceptance of Taxpayers suggestion for bringing in NIL TDS Deduction Certificates in ITB 2025 in alignment with ITA61

In the IT Bill 2025, presented in Feb 25, In clause 395, only low TDS deduction certificate was available to the taxpayers. Now, In addition to low deduction TDS Certificate, even NIL TDS certificate can be availed by taxpayers. This aliagns the new IT Bill with the current IT Act, 1961 and would provide consequential relief to taxpayers whose funds gets blocked by deduction of TDS where no tax is applicable to them at all.

# **THANK YOU**



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