



# Finance Bill, 2026: Income Tax Amendments

Key Highlights on Income Tax Amendments

## Structural Change

Introduction of the Income-tax Act, 2025, replacing the 1961 Act, effective April 1, 2026.

**B N P S and Associates LLP**

Chartered Accountants

Ahmedabad | Bengaluru | Raichur | Rajkot

# Rates of Tax: Personal & Corporate

## Personal Tax Rates (2026-27)

Up to ₹4,00,000	Nil
₹4,00,001 to ₹8,00,000	5%
₹8,00,001 to ₹12,00,000	10%
₹12,00,001 to ₹16,00,000	15%
₹16,00,001 to ₹20,00,000	20%
₹20,00,001 to ₹24,00,000	25%
Above ₹24,00,000	30%

## Minimum Alternate Tax (MAT)

- MAT becomes a final tax in the old regime (no credit accumulation from April 1, 2026).
- Rate reduced from 15% to **14%**.
- Set-off of brought forward MAT credit allowed in new regime for domestic companies up to **25%** of tax liability.

# TDS and TCS Rationalisation



## TCS Rates Reduced

Reduced to **2%** for overseas tour packages, LRS remittances (education/medical), and luxury items.



## TDS on Immovable Property

Resident individuals/HUFs buying from non-residents no longer need TAN; can use PAN for TDS.



## Manpower Supply

Included in "work" for TDS at **1% (individuals/HUF)** or **2% (others)** under payment to contractors.



## MACT Awards

No TDS on interest awarded by Motor Accident Claims Tribunal to individuals.



# Capital Gains and Share Buybacks

## Share Buybacks

Taxation shifts to shareholder as Capital Gains. Promoters pay additional tax (**22%** for domestic corporate, **30%** for others).

## Sovereign Gold Bonds (SGB)

Capital gains exemption on SGB redemption now restricted to individuals subscribing at original issue and holding until maturity.

## Securities Transaction Tax (STT) Increased

- **Futures:** Increased to **0.05%** (from 0.02%).
- **Options:** Increased to **0.15%** (from 0.1% on premium and 0.125% on exercise).

□ These changes aim to curb speculative trading.

# Deductions and Exemptions

## Employee PF Contribution

Deduction also allowed for employee contribution if credited to employee's account by due date of return filing.

## House Property Interest

₹2 lakh deduction for self-occupied property interest now explicitly includes **prior-period interest** also.

## Disability Pension

Specific exemption for Armed Forces personnel invalidated out due to bodily disability.

## Compulsory Land Acquisition

Income from awards/agreements under RFCTLARR Act, 2013, explicitly exempted.

## Dividend Income Expenses

No deduction for interest expenditure incurred to earn dividend income or mutual fund income.

# Penalties, Prosecutions, and Decriminalisation



## Decriminalisation

Several offenses, like failure to pay TDS (in kind) or non-production of books, are decriminalised.

## Imprisonment

"Rigorous imprisonment" replaced with "simple imprisonment"; maximum terms reduced (e.g., 7 to 2 years).

## Black Money Act

Immunity for undisclosed foreign assets (non-immovable) under ₹20 lakh.

## Penalties to Fees

Penalties for technical defaults (e.g., audit failure) converted to fees to reduce litigation.

## Crypto Assets

Specific penalty for failing to furnish crypto transaction statements (**₹200/day**) or inaccurate info (**₹50,000**).



# Business and Industry Specifics



## Data Centres

Tax holiday until **2047** for foreign companies providing global cloud services via Indian data centres.



## IT Services

Common safe harbour margin of **15.5%** proposed, with turnover threshold enhanced to **₹2,000 crore**.



## Cooperatives

Inter-cooperative dividends deductible; Section 149 deductions expanded to include cattle feed and cotton seeds.



## Critical Minerals

Expenditure on prospecting/exploring "critical minerals" (Schedule XII) eligible for amortisation/deduction.



# Assessment Procedures

01

## Integrated Assessment & Penalty

Assessment and penalty proceedings (for under-reporting) will be integrated into a common order to reduce multiplicity.

02

## Block Assessment Time Limit

Time limit for completing block assessments in search cases extended to **18 months** from search initiation.

03

## Updated Returns

Taxpayers can file updated returns even after a reassessment notice (Section 148), subject to additional tax payment.

# Driven by Ethics • Defined by Excellence

**B N P S and Associates LLP**  
Chartered Accountants

## Our Offices

### Ahmedabad:

803-804, Interstellar, Opp. Bagban Party Plot, Sindhu Bhavan Road, Thaltej, Ahmedabad – 380059

201, Devashish Complex, Chimanlal Girdharlal Rd, nr. Regenta Central Antarim hotel, Vasant Vihar, Navrangpura, Ahmedabad, Gujarat 380006

803, Mauryansh Elanza, B/s. Parekhs Hospital, Shyamal Cross Roads, Satellite, Ahmedabad-380015.

### Bengaluru:

104/2, Above Foam Products, Opp. Gem Plaza, Infantry Road, Bengaluru - 560001

### Rajkot:

Twin Star, South - 701, 150 Ft Ring Road, Nr. Nana Mauva Circle, Rajkot - 360005

### Raichur:

Anagha Complex, #12-10-89/1, 2nd Floor, Sath Kacheri Road, Raichur - 584101

## Contact Details

**Website:** [www.bnpsca.com](http://www.bnpsca.com)

**Email:** [info@bnpsca.com](mailto:info@bnpsca.com)



**Disclaimer:** The information contained in this presentation is for general informational purposes only and does not constitute professional advice. While we endeavor to keep the information up to date and correct, **BNPS and Associates LLP** makes no representations or warranties of any kind, express or implied, about the completeness, accuracy, or reliability of the content. Any reliance you place on such information is strictly at your own risk. We recommend consulting with a qualified professional before making any financial or legal decisions based on this material.