

**THE
INCOME-TAX ACT, 2025**
[ACT No. 30 of 2025]

आयकर अधिनियम, 2025
[ACT No. 30 of 2025]

[Enactment Date: 21st August, 2025.]

[Enforcement Date: 1st April, 2026.]

ENGLISH EDITION



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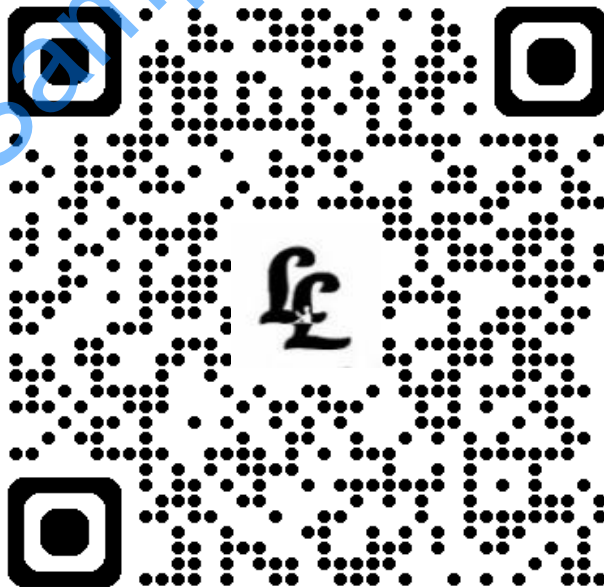
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THE INCOME-TAX ACT, 2025

No. 30 of 2025

[21st August, 2025.]

An Act to consolidate and amend the law relating to income-tax.

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India as follows:—

**CHAPTER I
PRELIMINARY**

1. Short title, extent and commencement.

- (1) This Act may be called the Income-tax Act, 2025.
- (2) It extends to the whole of India.
- (3) Save as otherwise provided in this Act, it shall come into force on the 1st April, 2026.

2. Definitions.

In this Act, unless the context otherwise requires,—

- (1) “**accountant**” shall have the meaning assigned to it in section 515(3)(b);
- (2) “**Additional Commissioner**” means a person appointed to be an Additional Commissioner of Income-tax under section 237(1);
- (3) “**Additional Director**” means a person appointed to be an Additional Director of Income-tax under section 237(1);
- (4) “**advance tax**” means the advance tax payable as per Chapter XIX-C;
- (5) “**agricultural income**” means—
 - (a) any rent or revenue derived from a land which is situated in India and is used for agricultural purposes;
 - (b) any income derived from such land by—
 - (i) agriculture; or
 - (ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market; or
 - (iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in item (ii);
 - (c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any such land with respect to which, or the produce of which, any process mentioned in sub-clause (b)(ii) and (iii) is carried on, where such building—
 - (i) is on or in the immediate vicinity of such land and that land is assessed to land revenue in India, or is subject to a local rate assessed and collected by officers of the Government as such, or where the land is not so assessed to land revenue or subject to a local rate it is not situated in any area as specified in clause (22)(iii)(A) or (B); and

- (ii) is required as a dwelling house, or as a store-house, or other out-building, by the receiver of the rent or revenue or the cultivator, or the receiver of rent-in-kind, by reason of his connection with the land;
- (d) any income derived from saplings or seedlings grown in a nursery, but shall not include –
 - (i) the income derived from any building or land referred to in sub-clause (c) arising from the use of such building or land for any purpose (including letting for residential purpose or for the purpose of any business or profession) other than agriculture falling under sub-clause (a) or (b); or
 - (ii) any income arising from the transfer of any land referred to in clause (22)(iii)(A) or (B);
- (6) **“amalgamation”**, in relation to companies, means the merger of one or more companies with another company or the merger of two or more companies to form one company (the company or companies which so merge being referred to as the amalgamating company or companies and the company with which they merge or which is formed as a result of such merger being referred to as the amalgamated company) in such a manner that –
 - (a) all the property of the amalgamating company or companies immediately before the amalgamation become the property of the amalgamated company by virtue of the amalgamation;
 - (b) all the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation;
 - (c) the shareholders holding not less than three-fourths in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) become shareholders of the amalgamated company by virtue of the amalgamation, otherwise than as a result of the acquisition of the property of one company by another company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first-mentioned company;
- (7) **“annual value”**, in relation to any property, means its annual value as determined under section 21;
- (8) **“Appellate Tribunal”** means the Appellate Tribunal constituted under section 361;
- (9) **“approved gratuity fund”** means a gratuity fund, which is approved and continues to be approved by the approving authority as per Part B of Schedule XI;
- (10) **“approved superannuation fund”** means a superannuation fund or any part of a superannuation fund, which is approved and continues to be approved by the approving authority as per Part B of Schedule XI;

- (42) **“domestic company”** means—
- (i) an Indian company; or
 - (ii) any other company which has made the prescribed arrangements within India for the declaration and payment of the dividends (including dividends on preference shares) payable out of its income liable to tax under this Act;
- (43) **“electoral trust”** means a trust so approved by the Board as per the scheme made by the Central Government;
- (44) **“fair market value”**, in relation to a capital asset, means—
- (a) the price that the capital asset would ordinarily fetch on sale in the open market on the relevant date; and
 - (b) where the price referred to in sub-clause (a) is not ascertainable, such price as determined in the manner, as may be prescribed;
- (45) **“firm”** shall have the same meaning as assigned to it in section 4 of the Indian Partnership Act, 1932, and shall include a “limited liability partnership” as defined in section 2(1)(n) of the Limited Liability Partnership Act, 2008;
- (46) **“foreign company”** means a company which is not a domestic company;
- (47) **“foreign currency”** shall have the same meaning as assigned to it in section 2(m) of the Foreign Exchange Management Act, 1999;
- (48) **“hearing”** includes communication of data and documents through electronic mode;
- (49) **“income”** includes—
- (a) profits and gains;
 - (b) dividend;
 - (c) voluntary contributions received by—
 - (i) a registered non-profit organisation; or
 - (ii) an association referred to in Schedule III (Table: Sl. No. 23); or
 - (iii) any University or other educational institution or any hospital or other institution referred to in Schedule VII (Table: Sl. No. 19); or
 - (iv) an electoral trust;
 - (d) the value of any perquisite or profit in lieu of salary taxable under sections 17 and 18;
 - (e) any special allowance or benefit, other than perquisite included under sub-clause (d), specifically granted to the assessee to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit;
 - (f) any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at a place where he ordinarily resides or to compensate him for the increased cost of living;
 - (g) the value of any benefit or perquisite, whether convertible into money or not, obtained from a company, either by a director or by a person who has a substantial interest in the company, or by a relative of the director or such person, and any sum paid by any such company in respect of any obligation which, but for such payment, would have been payable by the director or that person;

CHAPTER III

INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

A. — Incomes not to be included in total income

11. Incomes not included in total income.

- (1) In computing the total income of any person for a tax year under this Act, any income enumerated in Schedules II, III, IV V and VI shall not be included, subject to fulfilment of conditions specified therein.
- (2) Wherever the conditions referred to in the Schedules referred in sub-section (1) are not satisfied in any tax year in respect of any income enumerated in the said Schedules, such income shall be charged to tax under this Act on the total income for that tax year.
- (3) The persons enumerated in Schedule VII shall, subject to fulfilment of the conditions specified therein, not be chargeable to tax under this Act on the total income for a tax year.
- (4) Wherever the conditions referred to in Schedule VII are not satisfied in respect of the persons enumerated in the said Schedule in any tax year, the income of such person shall be charged to tax under the provisions of this Act for that tax year.
- (5) The Central Government may make rules or issue notifications for the purposes of this section as specified in Schedules II, III, IV, V, VI and VII.

B. — Incomes not to be included in total income of political parties and electoral trusts

12. Incomes not included in total income of political parties and electoral trusts.

- (1) In computing the total income of any political party or an electoral trust for a tax year under this Act, any income enumerated in Schedule VIII shall not be included, subject to fulfilment of conditions specified therein.
- (2) Wherever the conditions referred to in Schedule VIII are not satisfied in any tax year in respect of any income enumerated in the said Schedule, such income shall be charged to tax under this Act for that tax year.
- (3) The Central Government may make rules or issue notifications for the purposes of this section as specified in Schedule VIII.

SCHEDULE XIV

(See section 55)

INSURANCE BUSINESS**A. — Life insurance business****1. Profits of life insurance business to be computed separately.**

If a person is engaged in life insurance business during the tax year, the profits and gains of such business shall be computed separately from profits and gains of any other business.

2. Computation of profits of life insurance business.

- (1) The profits and gains life insurance business shall be the annual average of the surplus after adjusting the surplus or deficit disclosed by the actuarial valuation made as per the Insurance Act, 1938 for the last inter-valuation period ending before the commencement of tax year, so as to exclude from it any surplus or deficit from any earlier inter- valuation period.
- (2) Any expenditure which is inadmissible under section 34 in computing the profits and gains of a business, shall be added to such profits and gains of life insurance business.

3. Adjustment of tax paid by deduction at source.

When an assessment of the life insurance business profits is made based on the annual average of a surplus disclosed by a valuation for an inter-valuation period exceeding twelve months, then, in computing the income-tax, payable for that year credit shall –

- (a) not be given as per section 390 for the income-tax paid in the preceding tax year;
- (b) be given for the annual average of the income-tax paid by deduction at source from interest on securities or otherwise during such period.

B. — Other insurance business**4. Computation of profits and gains of other insurance business.**

- (1) The profits and gains of any insurance business other than life insurance shall be the profit before tax and appropriations as disclosed in the profit and loss account prepared as per the Insurance Act, 1938 or the rules made thereunder or the Insurance Regulatory and Development Authority Act, 1999 or the regulations made subject to the following adjustments:--
 - (a) subject to the other provision of this rule, any expenditure or allowance including any amount debited to profit and loss account either by way of a provision for any tax, dividend, reserve, or any other provision as may be prescribed, which is inadmissible under sections 28 to 54 shall be added back;
 - (b) any gain or loss from realisation of investments shall be added or deducted, as the case may be, if not already credited or debited to the profit and loss account;
 - (c) any provision for diminution in investment value debited to the profit and loss account, shall be added back; and

SCHEDULE XV

(See section 123)

DEDUCTION IN RESPECT OF LIFE INSURANCE PREMIA, CONTRIBUTION TO PROVIDENT FUND, SUBSCRIPTION TO CERTAIN EQUITY SHARES, ETC.**1. Sums qualifying as deduction.**

For any tax year, the following amounts shall qualify as deduction for the purpose of section 123—

- (a) premium paid for a life insurance policy—
 - (i) in the case of an individual, on life of such individual, spouse of the individual and any child of the individual;
 - (ii) in the case of a Hindu undivided family, on life of any member of the Hindu undivided family, subject to paragraph 2;
- (b) sum paid under a deferred annuity contract other than the annuity plan referred to in clause (1) on life of the individual, spouse of the individual and any child of the individual, and such contract does not contain an option to receive cash payment in lieu of the annuity;
- (c) sum deducted from salary payable by or on behalf of the Government to any individual for securing deferred annuity or making provision for his spouse or children, to the extent of 20% of salary;
- (d) contribution by an individual to any provident fund to which the Provident Funds Act, 1925 applies;
- (e) contribution to an account with any provident fund, set up and notified by the Central Government, in the name of,—
 - (i) in the case of an individual, such individual, spouse of the individual and any child of the individual;
 - (ii) in the case of a Hindu undivided family, any member thereof;
- (f) contribution by an employee to a recognised provident fund;
- (g) contribution by an employee to an approved superannuation fund;
- (h) subscription to any security or deposit scheme notified by the Central Government in the name of an individual or any girl child of that individual, or any girl child for whom such person is the legal guardian, if the scheme so specifies;
- (i) subscription to savings certificate as mentioned in section 3(k) of the Government Savings Banks Act, 1873, as may be notified by the Central Government;
- (j) contribution for participation in Unit-linked Insurance Plan, 1971 specified in Schedule II of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, —
 - (i) in the case of an individual, in the name of such individual, spouse of the individual and any child of the individual;
 - (ii) in the case of a Hindu undivided family, in the name of any member thereof;
- (k) contribution for participation in unit-linked insurance plan of Life Insurance Corporation Mutual Fund, referred to in Schedule VII (Table: Sl. No. 20 or 21), as may be notified by the Central Government, —

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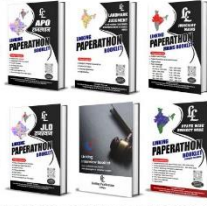


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