

## Key Takeaways from the Central Action Plan 2025-26

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Pursuant to [Taxesutra Exclusive](#) on Central Action Plan 2025-26 Taxesutra brings you key takeaways from the CBDT's Action Plan.

*The information contained above is source based.*

### Key Takeaways

1. The management of arrear demand is the key focus area of the Department especially in light of its steep rise in the recent years. The arrear demand, including demand not fallen due as on 1.4.2025 is Rs. 48,17,763 crores.
2. In order to emphasize continual effort in this important area of work throughout the year, the minimum percentage of the annual target for reduction in arrear demand, fixed for each Pr. CCIT region, is to be met in the following timeframe:

Percentage target for reduction in arrear demand	Time Frame
Up to 50%	30.09.2025
Up to 70%	31.12.2025
Up to 100%	31.03.2026

3. Special team consisting of Pr.CIT with supporting officers and staff are proposed to be created by each Pr.CCIT for comprehensive analysis of cases falling under "Top 5000" identified at the central level, by 15 June 2025.
4. Target fixed for reducing the arrear demand as 01.04.2025 as follows: Upto 50% of target by 30.09.2025, Upto 70% of target by 31.12.2025 and Upto 100% of target by 31.03.2026.
5. As per CAP 2025-26, cases below Rs. 25,000 demand and older than 10 years without any pending appeal shall be written-off by 31.03.2026.
6. Suggestions are made for improving the direct tax collection through 'Sectoral Analysis' viz- To address negative trends of tax payments; To find out the reasons for negative trends of tax payments or growth of advance tax in such sectors; To examine the trend in specific sectors for taking suitable actions; Close monitoring of top advance tax taxpayers and encouraging them to reassess their advance tax liabilities to avoid self-assessment tax, and Identifying claim of incorrect exemptions and deductions.
7. Pending Remand Reports as on 01-04-2025 to be submitted as follows: 10% by 31.05.2025, 20% by 30.06.2025 and 100% by 31.07.2025. All other pending reports to be submitted by 31.08.2025. Remand reports u/s 250(4) in stay granted matters should be sent within 30 days of receipt of request on ITBA portal.
8. Condonation of delay for applications u/s 119(2)(b) to be disposed as – (a) Applications pending for more than one year as on 01.04.2025 - 40% of applications by 30.09.2025 & balance 60% by 31.03.2026; (b) Current applications within 1 year from the end of the month in which application was received.

### 9. RELEASE OF ASSETS

Release of seized assets due for release as per section 132B	Within 3 months from the date of identification
Information from foreign jurisdictions	
Information should be sought only through ITBA by AO	1 month before last date of expiry of limitation period.

## **10. International Taxation & Transfer Pricing**

- The timeline for staggered disposal of time barring assessment of 100% of such cases is 31-03-2026.
- Each AO in International Taxation Charges shall pass at least 10 reportable quality assessment orders during the year and such cases shall be marked by AO in ITBA as Quality Orders.
- Each TPO shall pass at least 10 quality TP orders during the year and same shall be marked by TPO in ITBA as Quality Orders
- The Systems Directorate should ensure that within 1 month of selection of case for TP Audit, the TPO gets access to 3CEB Report, ITR along with financial statements, Master File, and Country by Country Report, if applicable. Simultaneous access of these records to be made available to the senior authorities in the hierarchy involved in the TP Audit, keeping in view the Instruction/Guidelines of the Board in this regard. In case the TPO has not received any of the documents mentioned, it should provide the same within 30 days of receiving a letter from the TPO
- 40 per CIT (APA) charge (including both UAPA and BAPA cases) shall be disposed off brought forward as on 01.04.2025
- 100% disposal of cases brought forward in DRP as on 01.04.2025 in the following manner: 30% of the total cases by 30.06.2025, 70% of the total cases by 30.09.2025 and 100% of the total cases by the time barring date.

## **11. Litigation Management**

- CBDT highlights that in FY 2024-25, the disposal of appeals is 155% more than previous year and is at an all-time high. Further, though the pendency is high, however, for first time pendency of appeals as on 1st April, 2025 is lower than the pendency on 1st April, 2024. The number of cases disposed is 1.72 lakh Appeals. This is the highest disposal till date in the history of the Department, despite substantial manpower shortages and vacancies at the level of Commissioner (Appeals) (Faceless), and Joint CIT(A).
- The Central Action Plan 2025-26 proposes to improve disposal of pending Appeals and sets an ambitious target to dispose over 2 lakh appeals and about 10 lakh Cr of disputed demand.
- The pending appeals are accordingly categorized and addressed in the following manner:
  - a. Legacy Appeals i.e. Appeals filed before 1/10/2020, i.e pre-faceless era: Focused efforts to be made to liquidate substantial number of appeals involving disputed amounts in legacy appeals
  - b. NFAC to come up with SOP for cases involving appeals where tax-payer is not traceable, and, the documents are incomplete, or digital footprints are not available.
  - c. Compulsory disposal of Top 1500 appeals in terms of disputed demand. The disposal of appeals with highest quantum of disputed demand may reach about 2000 in case the vacancies decrease. [Top 1500 – category T, implies 5 highest demand appeals for each CIT(A)/JCIT(A)]
  - d. Current Appeals: There shall be no embargo on disposal of appeals filed during the current year. From time to time such appeals shall be allotted to the basket of authority as per the approved approach by NFAC. For target

purposes, the appellate authorities can select cases instituted till 30.09.2025 for all categories except Top 1500 and O-1 category, for which cut off dates are 30.06.2025.

- e. Transfer of cases from Commissioner (Appeals) Faceless to JCIT(A): Cases of Category R (appeals having base section 154) pending with Commissioner (Appeals) Faceless are being transferred to JCIT(A) for disposal. Further, Legacy Appeal cases upto Rs. 25 lakhs of disputed demand are also being transferred to JCIT(A) from Commissioner (Appeals) Faceless.

12. Appeals with regard to priority communications to be adjudicated within 90 days. As such, priority communication received till 31.12.2025 shall be 100% adjudicated.
13. All pending 'seek info' & 'issue letter' request on ITBA module received by the custodian CIT (Appeals) - response within 15 days
14. Creation of pendency for set aside orders of judicial/quasi-judicial authorities -

Sr. No.	Category	Action by	Key Result Area (KRA)
1	Orders not passed on ITBA	CIT(A) appointed as custodian of erstwhile charge; CIT (Judicial) in case no custodian has been appointed, in consultation with JAO	Upload order with all related documents within 15 days of receipt of order
2	Orders passed on ITBA	JAO	

15. The timelines for disposal of grievances received from any source and Centralized Public Grievance Redress and Monitoring System (CPGRAMS) Appeals are as under:-

1.	Grievance received from PMO/FMO/MPs/ CBDT any other higher priority source	Within 15 days of receipt by CBDT
2.	Grievance received through CPGRAMs Online portal	Within 21 days of receipt by CBDT
3.	Any other grievance	30 days from the date of Receipt
4.	CPGRAMS Appeals	30 days from the date of Receipt

16. Writs/Appeals passed by ITAT, High Court/Supreme Court- For such orders received by JAO, pertaining to the proceedings pending with Faceless units, the directions/ order of the judicial authorities or any communication from Sr. Standing Counsel to be uploaded within 1 day of receipt. The date of receipt of order in Pr.CIT/CIT office to be necessarily mentioned, to enable the AU to ascertain date of limitation. These actions are to be taken by JAO and CIT(Judicial), as per recent directions of Hon'ble High Court of Gujarat in the case of Shree Sarkhej Kelavani Mandal Versus Additional/Joint/Dy./Assistant Commissioner of Income Tax /Income Tax Officer & Anr.

17. Staggered disposal of Time Barring Assessment:

- It is experienced in the past that the Assessing Officers have legacy and tendency of disposing cases at the fag end when the time barring dates approach. It must be now realized that under the faceless scheme the Assessment process involves various

stages where System/ CPC/ ITBA modules are involved.

- The cases get stuck up in these modules for various reasons and put pressure on the infrastructure. The Pr.CIT will ensure staggered disposal of cases as per the time lines below:-

	<b>Staggered disposal of Time Barring Assessment</b>	<b>Timeline for Disposal</b>
(i)	10% of Cases getting barred on limitation as on 31.03.2026	30-06-2025
(ii)	20% of Cases getting barred on limitation as on 31.03.26	31-08-2025
(iii)	40% of Cases getting barred on limitation as on 31.03.26	31-10-2025
(iv)	70% of Cases getting barred on limitation as on 31.03.26	31-12-2025
(v)	90% of Cases getting barred on limitation as on 31.03.26	28-02-2026
(vi)	100% of Cases getting barred on limitation as on 31.03.26	31-03-2026

#### 18. Making and Responding to requests for information under Exchange of Information provisions of tax treaties

<b>Sl. No.</b>	<b>Key Area</b>	<b>Result</b>	<b>Target/ Activity</b>	<b>Time frame by</b>	<b>Reporting</b>
1	Making requests for information under Exchange of Information provisions of the tax treaties		Where information / evidence available in foreign Countries / jurisdictions may be necessary for the purposes of assessment / investigation, request for information in time-barring cases should be made under the provisions of tax treaties through the FT & TR Division, as per the procedure prescribed in the Manual on Exchange of Information, at least one month before the time barring date.	At least one month before the time barring date. where time available is less than one month, request to be sent only with the approval of CCIT/DGIT (Inv.) concerned.	Quarterly, in the prescribed formats by each Pr.CIT / Pr.DIT / CIT / DITAs applicable by 15th of the month following the quarter.
2			Clarification sought by foreign authorities in	Within 15 days of receipt Pr. CIT/	

		respect of EOI requests should be provided in time.	Pr. DIT/CIT/ DIT concerned.	
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Sl. No.	Key Area	Result	Target/ Activity	Time frame by	Reporting
3			Initial feedback on completeness of information and/or closure of request	Within 15 days of receipt by Pr.CIT/ Pr.DIT/CIT/DIT concerned.	
4			Final feedback on utilization of information including additional income assessed /addition to returned income made/ additional tax demand raised on completion of assessment or information about launching of prosecution should be provided to FT & TR Division.	Within one month of completion of assessment or launching of prosecution.	Annually, by 15th April of the succeeding year by each Pr.CIT/Pr.DIT/ CIT/DIT as applicable.
5	Handling requests made by tax authorities of foreign countries		Requests received from foreign tax authorities for information to tackle tax evasion and avoidance in their country under the provisions of the tax treaties should be given high priority by the officer concerned and all efforts should be made to provide comprehensive and quality information in a timely manner.(a) In cases, where the information can be provided by accessing the database of the Income Tax Department  (b)In other cases  In case information cannot be provided within 30 days, on completion of 30 days, an interim report must be sent	(a)within 15 days,         (b)within 30 days,	Quarterly report to be submitted by each  Pr.CCIT/DGIT (Inv.) by 15th of the month  following the quarter.

		immediately which may contain the information collected so far, difficulties in collecting the information, further efforts being/to be made for collecting the requisite information, likely date by which the full and complete information will be provided, etc		
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Sl. No.	Key Area	Result	Target/ Activity	Time frame by	Reporting
B.	Monitoring		To enhance disposal efficiency and reduce pendency in inbound EOI requests, as well as address clarifications raised by foreign Competent Authorities (CAs) on outbound EOI requests, a monthly MIS report on pending inbound EOIRs and unresolved clarifications from the respective Offices of DG (Investigation) and PrCCIT (Central) across the country should be shared with the concerned FT&TR Division.	Every month	Each Office of DG (Investigation) and PrCCIT (Central) may designate a nodal officer to facilitate smooth coordination and ensure timely dissemination of the MIS report.
C.	Capacity Building				
6	Training on Making requests under tax treaties and maintaining confidentiality		Each Pr.CIT / Pr.DIT/ CIT / DIT shall conduct one-day training (online or offline) programme for the officers of his/her charge on Exchange of Information (EOI) including drafting of EOI requests. The training programme should also cover data protection safeguards and guidelines to maintain the confidentiality of information exchanged under tax treaties.	30.06.2025	Consolidated annual report to be submitted to FT&TR Division by 31.07.2025 by each Pr. CCIT/ DGIT(Inv.)
			EOIR training should be integrated into the mandatory 50-hour training programme	31.03.2026	

	of CBDT, particularly for officers posted in Investigation and Central charges. This initiative will help ensure the preparation of accurate and comprehensive EOIRs, minimizing deficiencies and reducing instances where foreign CAs seek clarifications on our requests.	
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