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INCOME-TAX ACT, 2025

Chapter I: PRELIMINARY

Section 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);

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(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;

(11) “assessee” means a person by whom any tax or any other sum of money is payable under this Act, and includes––

(a) every person in respect of whom any proceeding under this Act has been taken––

(i) for the assessment of his income or of the loss sustained by him or refund due to him; or

(ii) for the assessment of the income of any other person in respect of which he is assessable, or of the loss sustained by such other person or refund due to such other person;

(b) every person who is deemed to be an assessee under this Act;

(c) every person who is deemed to be an assessee in default under this Act;

(12) “Assessing Officer” means—

(a) the Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director or the Income-tax Officer, who is vested with the relevant jurisdiction by virtue of directions or orders issued under section 241(1) or (2) or (3), or any other provision of this Act; and

(b) the Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, who is directed under section 241(5)(b) to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Act;

(13) “assessment” includes reassessment and recomputation;

(14) “Assistant Commissioner” means a person appointed to be an Assistant Commissioner of Income-tax

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or a Deputy Commissioner of Income-tax under section 237(1);

(15) “Assistant Director” means a person appointed to be an Assistant Director of Income-tax or a Deputy Director of Income-tax under section 237(1);

(16) “average rate of income-tax” means the rate arrived at by dividing the amount of income-tax calculated on the total income, by such total income;

(17) “block of assets” means a group of assets falling within a class of assets comprising of—

(a) tangible assets, being buildings, machinery, plant or furniture;

(b) intangible assets, being know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, not being goodwill of a business or profession,

in respect of which the same percentage of depreciation is prescribed;

(18) “Board” means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;

(19) “books or books of account” includes ledgers, day-books, cash books, account-books and other books, whether kept––

(a) in written form; or

(b) in electronic or any digital form, or on cloud based storage, or on any electromagnetic data storage device, such as floppy, disc, tape, portable data storage device, external hard drives, or memory cards; or

(c) as print-outs of data stored in electronic or digital form or on storage devices mentioned in sub-clause (b);

(20) “business” includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(21) “business trust” means a trust registered as—

(a) an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992; or

(b) a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, made under the Securities and Exchange Board of India Act, 1992;

(22) “capital asset” means—

(a) property of any kind held by an assessee, whether or not connected with his business or profession;

(b) any securities held by—

(i) a Foreign Institution Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992; or

(ii) an investment fund specified in section 224(10)(a) which has invested such securities in accordance with the provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 or under the International Financial Services Centers Authority Act, 2019;

(c) any unit linked insurance policy to which exemption under Schedule II (Table: Sl. No. 2) does not apply,

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but does not include—

(i) any stock-in-trade, other than the securities referred to in sub-clause (b), consumable stores or raw materials held for business or profession;

(ii) personal effects;

(iii) agricultural land in India, not being a land situated––

(A) in any area comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or

(B) in any area within the distance as specified in column C of the following Table, measured aerially from the local limits of any municipality or cantonment board referred to in item (A) and having population as referred to in column B of the said Table:—

Table

Sl. No.	Population of municipality or cantonment board	Within distance, measured aerially, from local limits of any municipality or cantonment board not being more than
A	B	C
1.	More than 10000 and upto 100000.	Two kilometres.
2.	More than 100000 and upto 1000000.	Six kilometres.
3.	More than 1000000.	Eight kilometres.

(iv) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 as may be notified by the Central Government,

where,––

(A) “Foreign Institutional Investor” shall have the meaning assigned to it in section 210(6)(a);

(B) “personal effects” means any movable property (including wearing apparel and furniture) held for personal use by the assessee or any family member dependent on him, but excludes––

(I) jewellery, which includes––

(a) ornaments made of gold, silver, platinum, or any other precious metal or any alloy of such precious metals, with or without precious or semi-precious stones, and whether or not worked or sewn into any wearing apparel; or

(b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel; or

(II) archaeological collections; or

(III) drawings; or

(IV) paintings; or

(V) sculptures; or

(VI) any work of art;

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(C) “population” shall mean the population according to the last preceding census of which the relevant figures have been published before the first day of the tax year;

(D) “property” includes any rights in or in relation to an Indian company, including rights of management or control or any other rights; and

(E) “securities” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;

(23) “charitable purpose” includes––

(a) relief of the poor;

(b) education;

(c) yoga;

(d) medical relief;

(e) preservation of environment (including watersheds, forests and wildlife);

(f) preservation of monuments or places or objects of artistic or historic interest;

(g) the advancement of any other object of general public utility;

(24) “Chief Commissioner” means a person appointed to be a Chief Commissioner of Income-tax or a Director General of Income-tax or a Principal Chief Commissioner of Income-tax or a Principal Director General of Income-tax under section 237(1);

(25) “child”, in relation to an individual, includes a step-child and an adopted child of that individual;

(26) “Commissioner” means a person appointed to be a Commissioner of Income-tax or a Director of Income-tax or a Principal Commissioner of Income-tax or a Principal Director of Income-tax under section 237(1);

(27) “Commissioner (Appeals)” means a person appointed to be a Commissioner of Income-tax (Appeals) under section 237(1);

(28) “company” means—

(a) any Indian company; or

(b) any body corporate incorporated by or under the laws of a country outside India; or

(c) any institution, association or body which is or was assessable or was assessed as a company under the Income-tax Act, 1961, as it stood immediately before its repeal by this Act (herein referred to as the Income-tax Act, 1961); or

(d) any institution, association or body, whether incorporated or not and whether Indian or non-Indian, which is declared by order of the Board to be a company for such period as specified in such declaration;

(29) “company in which the public are substantially interested “means—

(a) a company owned by the Government or the Reserve Bank of India or in which at least 40% of the shares of the company are held (individually or collectively) by the Government or the Reserve Bank of India or a corporation owned by that bank; or

(b) a company which is registered under section 8 of the Companies Act, 2013; or

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(c) a company having no share capital and if, having regard to its objects, the nature and composition of its membership and other relevant considerations, the Board by order declares it to be such a company for the period as specified in the declaration; or

(d) a mutual benefit finance company, that is to say, a company which carries on, as its principal business, the business of acceptance of deposits from its members and which is declared by the Central Government under section 406 of the Companies Act, 2013, to be a Nidhi or Mutual Benefit Society; or

(e) a company, wherein shares (excluding those entitled to a fixed rate of dividend, with or without a further right to participate in profits) carrying not less than 50% of the voting power, have been unconditionally, allotted to or acquired by, and were beneficially held throughout the relevant tax year by, one or more co-operative societies; or

(f) a company which is not a private company as defined in the Companies Act, 2013, and either of the following conditions is fulfilled:—

(i) shares in the company (not being shares entitled to a fixed rate of dividend, with or without a further right to participate in profits) were, as on the last day of the relevant tax year, listed in a recognised stock exchange in India as per the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;

(ii) shares in the company (not being those entitled to a fixed rate of dividend, with or without a further right to participate in profits) carrying not less than 50% of the voting power, have been unconditionally, allotted to or acquired by, and were beneficially held throughout the relevant tax year by––

(A) the Government; or

(B) a corporation established by a Central Act or State Act or Provincial Act; or

(C) any company to which this clause applies or any subsidiary company of such company, if the entire share capital of such subsidiary company has been held by the parent company or by its nominees throughout the tax year,

so, however, that in respect of an Indian company whose business consists mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, the expression “not less than 50%” shall be read as if the expression “not less than 40%” had been substituted;

(30) “convertible foreign exchange” means foreign exchange which is treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Management Act, 1999, and any rules made thereunder or any other corresponding law;

(31) “co-operative bank” shall have the same meaning as specified in Part V of the Banking Regulation Act, 1949;

(32) "co-operative society” means a co-operative society registered under the Co-operative Societies Act, 1912, or the Multi-State Co-operative Societies Act, 2002, or under any other law in force in any State or Union territory for the registration of co-operative societies;[1]

(33) “currency” shall have the same meaning as assigned to it in section 2(h) of the Foreign Exchange Management Act, 1999;

(34) “demerged company” means the company whose undertaking is transferred, pursuant to a demerger, to a resulting company;

(35) “demerger”, in relation to companies, means the transfer, pursuant to a scheme of arrangement under sections 230 to 232 of the Companies Act, 2013, by a demerged company of its one or more undertakings to any resulting company in such a manner that—

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(a) all the property of the undertaking, being transferred by the demerged company, immediately before the demerger, becomes the property of the resulting company by virtue of the demerger;

(b) all the liabilities relatable to the undertaking, being transferred by the demerged company, immediately before the demerger, become the liabilities of the resulting company by virtue of the demerger;

(c) the property and the liabilities of the undertaking or undertakings being transferred by the demerged company are transferred at values appearing in its books of account immediately before the demerger, except in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015 made under the Companies Act, 2013;

(d) the resulting company issues, in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis, except where the resulting company itself is a shareholder of the demerged company;

(e) the shareholders holding not less than three-fourths in value of the shares in the demerged company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or, its subsidiary) become shareholders of the resulting company or companies by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the demerged company or any undertaking thereof by the resulting company;

(f) the transfer of the undertaking is on a going concern basis; and

(g) the demerger is as per the conditions, if any, notified under section 116(7) by the Central Government,

where,––

(i) "undertaking" shall include any part of an undertaking, or a unit or division of an undertaking or a business activity taken as a whole, but does not include individual assets or liabilities or any combination thereof not constituting a business activity;

(ii) "liabilities relatable to the undertaking", referred to in sub-clause (b), shall include—

(A) the liabilities which arise out of the activities or operations of the undertaking;

(B) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the undertaking; and

(C) the amount "N", being the amount of general or multipurpose borrowings of the undertaking, as computed below, in cases other than those referred to in item (A) or (B),––

$$N = K \times \left(\frac{L}{M}\right)$$

where,––

K = the amount of general or multipurpose borrowings of the demerged company;

L = the value of the assets transferred in a demerger; and

M = the total value of the assets of such demerged company immediately before the demerger;

(iii) any change in the value of assets consequent to their revaluation shall be ignored for determining the value of the property referred to in sub-clause (c);

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(iv) the splitting up or the reconstruction of any authority or a body constituted or established under a Central Act or State Act or Provincial Act, or a local authority or a public sector company, into separate authorities or bodies or local authorities or companies, as the case may be, shall be deemed to be a demerger if it fulfils such conditions as the Central Government may, by notification, specify;

(v) the reconstruction or splitting up of a company, which ceased to be a public sector company as a result of transfer of its shares by the Central Government, into separate companies, shall be deemed to be a demerger, if it has been made to give effect to any condition attached to the said transfer of shares and also fulfils such other conditions as the Central Government may, by notification, specify;

(vi) the reconstruction or splitting up of a public sector company into separate companies shall be deemed to be a demerger, if it has been made to transfer any asset of the demerged company to the resulting company and the resulting company—

(A) is a public sector company on the appointed day indicated in such scheme approved by the Central Government or any other body authorised under the Companies Act, 2013 or any other applicable law governing such public sector companies; and

(B) fulfils such other conditions as the Central Government may, by notification, specify in this behalf;

(36) “Deputy Commissioner” means a person appointed to be a Deputy Commissioner of Income-tax under section 237(1);

(37) “Deputy Director” means a person appointed to be a Deputy Director of Income-tax under section 237(1);

(38) “director” and “manager”, in relation to a company, shall have the same meanings as respectively assigned to them in section 2(34) and (53) of the Companies Act, 2013;

(39) “Director General or Director” means a person appointed to be a Director General of Income-tax or a Director of Income-tax, under section 237(1), and includes a Principal Director General or a Principal Director or an Additional Director or a Joint Director or a Deputy Director or an Assistant Director;

(40) “dividend” includes—

(a) any distribution by a company of accumulated profits, whether capitalised or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets of the company;

(b) any distribution to its shareholders by a company of debentures, debenture-stock, or deposit certificates in any form, with or without interest, and any distribution to its preference shareholders of shares by way of bonus, to the extent to which the company possesses accumulated profits, whether capitalised or not;

(c) any distribution made to the shareholders of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation, whether capitalised or not;

(d) any distribution to its shareholders by a company on the reduction of its capital, to the extent to which the company possesses accumulated profits, whether capitalised or not;

(e) any payment by a company, not being a company in which the public are substantially interested, of any sum (whether as representing a part of the assets of the company or otherwise),––

(i) as an advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend, with or without a right to participate in profits) holding not less than 10% of the voting power; or

(ii) as an advance or loan to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (herein referred to as the said concern); or

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(iii) made on behalf, or for the individual benefit, of any such shareholder,

to the extent to which the company in either case possesses accumulated profits;

(f) [***]

but does not include—

(i) a distribution made under sub-clause (c) or (d) in respect of any share issued for full cash consideration, where the holder of the share is not entitled in the event of liquidation to participate in the surplus assets;

(ii) any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company;

(iii) any dividend paid by a company which is set off by the company against the whole or any part of any sum previously paid by it and treated as a dividend within the meaning of sub-clause (e), to the extent to which it is so set off;

(iv) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company);

(v) any advance or loan between two group entities, where,––

(A) one of the group entities is a “Finance Company” or a “Finance Unit”;

(B) the other group entity to the transaction is located in a country or territory outside India; and

(C) the parent entity or the principal entity of such group is listed on the stock exchange in a country or territory outside India,

for the purposes of items (B) and (C), the country or territory outside India shall be specified by the Central Government, by notification,’;[3]

(E) for the purposes of sub-clause (v),—

(I) “Finance Company” and “Finance Unit” shall have the same meaning as respectively assigned to them in regulation 2(1)(e) and (f) of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019, and is set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services as per the relevant regulations made by the International Financial Services Centres Authority established under section 4 of the said Act;

(II) “group entity” shall have the same meaning as assigned to the expression “group entities” in clause (m) of sub-regulation (1) of regulation 2 of the International Financial Services Authority (Payment Services) Regulations, 2024 made under the International
Financial Services Centres Authority Act, 2019;

(III) “parent entity” or “principal entity” in relation to one or more other group entities, shall be an entity of which other group entities are subsidiary and such entity,–

(a) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiaries; or

(b) controls the composition of the Board of Directors;’.[4]

(41) “document” includes an electronic record as defined in section 2(1)(t) of the Information Technology Act, 2000;

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(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

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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;

(h) the value of any benefit or perquisite, whether convertible into money or not, obtained by any representative assessee mentioned in section 303(1)(c) or (d) or by any person on whose behalf or for whose benefit any income is receivable by the representative assessee (such person being herein referred to as the beneficiary), and any sum paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary;

(i) any sum chargeable to income-tax under—

(A) section 26(2)(b) or (c) or (d) or section 38 or 95;

(B) section 26(2)(e) or (g);

(j) the value of any benefit or perquisite taxable under section 26(2)(f);

(k) any capital gains chargeable under section 67;

(l) the profits and gains of any business of insurance carried on by a mutual insurance company or by a co-operative society, computed as per section 55 or any surplus taken to be such profits and gains as per Schedule XIV;

(m) the profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members;

(n) any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature;

(o) any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of the Employees' State Insurance Act, 1948, or any other fund for the welfare of such employees;

(p) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy;

(q) any sum referred to in section 26(2)(h);

(r) the fair market value of inventory referred to in section 26(2)(j);

(s) any sum referred to in section 92(2)(k) or (l);

(t) any sum of money referred to in section 92(2)(h);

(u) any sum of money or value of property referred to in section 92(2)(m);

(v) any compensation or other payment referred to in section 92(2)(j);

(w) assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than—

(i) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per section 39(1)(d) and (3); or

(ii) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government,

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(A) “card game and other game of any sort” includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game;

(B) “Keyman insurance policy” shall have the meaning assigned to it in Schedule II (Note 1);

(C) “lottery” includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner, under any scheme or arrangement, called by any name;

(50) “Income Computation and Disclosure Standards” means such standards as may be notified under section 276(2);

(51) “Income-tax Officer” means a person appointed to be an Income-tax Officer under section 237(1);

(52) “India” means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;

(53) “Indian company” means a company formed and registered under the Companies Act, 2013 and includes––

(a) company formed and registered under any law relating to companies formerly or currently in force in any part of India; or

(b) corporation established by or under a Central Act or State Act or Provincial Act; or

(c) institution or association or body which is declared by the Board to be a company under clause (28),

the registered or principal office of which is in India;

(54) “Indian currency” shall have the same meaning as assigned to it in section 2(q) of the Foreign Exchange Management Act, 1999;

(55) “infrastructure capital company” means a company which makes investments by acquiring shares or providing long-term finance to––

(a) any enterprise or undertaking wholly engaged in the business referred to in section 80-IA(4) or 80-IAB(1) of the Income-tax Act, 1961; or

(b) an undertaking developing and building––

(i) a housing project referred to in section 80-IB(10) of the Income-tax Act, 1961; or

(ii) a project for constructing a hotel of not less than three star category as classified by the Central Government; or

(iii) a project for constructing a hospital with at least one hundred beds for patients;

(56) “infrastructure capital fund” means a fund operating under a trust deed registered under the Registration Act, 1908 established to raise moneys by the trustees for investment by acquiring shares or providing long-term finance to enterprises or undertakings referred to in clause (55);

(57) “Inspector of Income-tax” means a person appointed to be an Inspector of Income-tax under section 237(1);

(58) “insurer” means an insurer, being an Indian insurance company, as defined under section 2(7A) of the Insurance Act, 1938, which has been granted a certificate of registration under section 3 of that Act;

(59) “interest” means interest payable in any manner for moneys borrowed or debt incurred (including a

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deposit, claim or other similar right or obligation) and includes service fee or any other charges for the moneys borrowed or debt incurred or for any credit facility that has not been utilised;

(60) “interest on securities” means—

(a) interest on any security of the Central Government or a State Government;

(b) interest on debentures or other securities for money issued by or on behalf of a local authority or a company or a corporation established by a Central Act or State Act or Provincial Act;

(61) “International Financial Services Centre” shall have the same meaning as assigned to it in section 2(q) of the Special Economic Zones Act, 2005;

(62) “Joint Commissioner” means a person appointed to be a Joint Commissioner of Income-tax or an Additional Commissioner of Income-tax under section 237(1);

(63) “Joint Commissioner (Appeals)” means a person appointed to be a Joint Commissioner of Income-tax (Appeals) or an Additional Commissioner of Income-tax (Appeals) under section 237(1);

(64) “Joint Director” means a person appointed to be a Joint Director of Income-tax or an Additional Director of Income-tax under section 237(1);

(65) “legal representative” shall have the same meaning as assigned to it in section 2(11) of the Code of Civil Procedure,1908;

(66) “liable to tax”, in relation to a person and with reference to a country, means that there is an income-tax liability on such person under the law of that country for the time being in force and shall include a person who has subsequently been exempted from such liability under the law of that country;

(67) “long-term capital asset” means a capital asset which is not a short-term capital asset;

(68) “long-term capital gain” means capital gains arising from the transfer of a long-term capital asset;

(69) “manufacture”, with its grammatical variations and cognate expressions, means a change in a non-living physical object or article or thing—

(a) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or

(b) bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure;

(70) “maximum marginal rate” means the rate of income-tax (including surcharge on income-tax) applicable in relation to the highest slab of income for an individual, association of persons or, as the case may be, body of individuals, as specified in the Finance Act of the relevant year;

(71) “non-banking financial company” shall have the same meaning as assigned to it in section 45-I(f) of the Reserve Bank of India Act, 1934;

(72) “non-resident” means a person who is not a “resident”, and for the purposes of sections 161, 174 and 312, includes a person who is not ordinarily resident as per section 6(13);

(73) “notification” means a notification published in the Official Gazette and the expression “notify” with its grammatical variations and cognate expressions shall be construed accordingly;

(74) “partner” shall have the same meaning as assigned to it in section 4 of the Indian Partnership Act, 1932, and shall include—

(a) any person who, being a minor, has been admitted to the benefits of partnership; and

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(b) a partner of a limited liability partnership as defined in section 2(1)(q) of the Limited Liability Partnership Act, 2008;

(75) “partnership” 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;

(76) “Permanent Account Number (PAN)” means a unique number consisting of ten alphanumeric characters, allotted by the Assessing Officer to a person for the purpose of identification under this Act, and includes a Permanent Account Number allotted under the new series;

(77) “person” includes—

(a) an individual;

(b) a Hindu undivided family;

(c) a company;

(d) a firm;

(e) an association of persons or a body of individuals, whether incorporated or not;

(f) a local authority; and

(g) every artificial juridical person, not falling within any of the preceding sub-clauses,

whether or not such an association of persons or a body of individuals or a local authority or an artificial juridical person was formed or established or incorporated with the object of deriving income, profits, or gains;

(78) “person of Indian origin” means an individual who or either of his parents or any of his grand-parents, was born in undivided India;

(79) “person who has a substantial interest in the company”, in relation to a company means a person who is the beneficial owner of shares, not being shares entitled to a fixed rate of dividend, whether with or without a right to participate in profits, carrying not less than 20% of the voting power;

(80) “prescribed” means prescribed by rules made under this Act;

(81) “Principal Chief Commissioner” means a person appointed to be a Principal Chief Commissioner of Income-tax under section 237(1);

(82) “Principal Commissioner” means a person appointed to be a Principal Commissioner of Income-tax under section 237(1);

(83) “Principal Director” means a person appointed to be a Principal Director of Income-tax under section 237(1);

(84) “Principal Director General” means a person appointed to be a Principal Director General of Income-tax under section 237(1);

(85) “principal officer”, with reference to a local authority or a company or any other public body or any association of persons or any body of individuals, means—

(a) the secretary, treasurer, manager or agent of the authority, company, association or body; or

(b) any person connected with the management or administration of the local authority, company, association or body upon whom the Assessing Officer has served a notice of his intention of treating him

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as the principal officer thereof;

(86) “profession” includes vocation;

(87) “public sector bank” means the State Bank of India constituted under the State Bank of India Act, 1955, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and a bank included in the category “other public sector banks” by the Reserve Bank of India;

(88) “public sector company” means any corporation established by or under any Central Act or State Act or Provincial Act or a Government company as defined in section 2(45) of the Companies Act, 2013;

(89) “public servant” shall have the same meaning as assigned to it in section 2(28) of the Bharatiya Nyaya Sanhita, 2023;

(90) “rate or rates in force” or “rates in force”, in relation to a tax year, for the purposes of––

a) (i) computing the income-tax chargeable under section 316(5) or 317(2) or 319 or 320(2); or

(ii) deducting income-tax under section 392(1) to (6) from income chargeable under the head “Salaries”; or

(iii) computing the advance tax payable under Chapter XIX-C in a case not falling under section 207 or 194(1) (Table: Sl. No. 1) or 194(1)(Table: Sl. No. 6) or 214 or 307 or 308 or 311; or

(iv) deducting tax under section 393(1) [Table: Sl. No. 1(i)], [Table: Sl. No. 5(i)], [Table: Sl. No. 5(ii)], [Table: Sl. No. 5(iii)] and (Table: Sl. No. 7) or in section 393(3)(Table: Sl. No. 1), (Table: Sl. No. 2) and (Table: Sl. No. 3),

means the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year;

(b) computing the advance tax payable under Chapter XIX-C in a case falling under section 207 or 194(1) (Table: Sl. No. 1) or 194(1) (Table: Sl. No. 6) or 214 or 307 or 308 or 311 the rate or rates specified in the said respective section, or the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant tax year, whichever is applicable;

(c) deducting tax under section 393(2) (Table: Sl. No. 6), (Table: Sl. No. 7), (Table: Sl. No. 8), (Table: Sl. No. 9) and (Table: Sl. No. 17), the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant tax year or the rate or rates of income-tax specified in an agreement entered into by the Central Government under section 159(1), or an agreement notified by the Central Government under section 159(2), whichever is applicable;

(91) “recognised provident fund” means a provident fund which has been and continues to be recognised by the approving authority as per Part A of the Schedule XI, and includes a provident fund established under a scheme framed under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;

(92) “recognised stock exchange” means a recognised stock exchange as referred to in section 2(f) of the Securities Contracts (Regulation) Act, 1956 and which fulfils such conditions, as may be prescribed, and notified by the Central Government for this purpose;

(93) “regular assessment” means the assessment made under section 270(10) or 271;

(94) “relative”, in relation to an individual, means the husband, wife, brother, sister or any lineal ascendant (maternal as well as paternal) or descendant of that individual;

(95) “Reserve Bank of India” means the Bank constituted under section 3(1) of the Reserve Bank of India Act, 1934;

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(96) “resident” means a person who is resident in India as per section 6;

(97) “resulting company” means one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger and, the resulting company in consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company and includes any authority or body or local authority or public sector company or a company established, constituted or formed as a result of demerger;

(98) “scheduled bank” shall have the same meaning as assigned to it in section 2(e) of the Reserve Bank of India Act, 1934;

(99) “Securities and Exchange Board of India” shall have the same meaning as assigned to it in section 2(1)(a) of the Securities and Exchange Board of India Act, 1992;

(100) “senior citizen” means an individual resident in India who is of the age of sixty years or more at any time during the relevant tax year;

101) (a) “short-term capital asset” means a capital asset held by an assessee for not more than twenty-four months immediately preceding the date of its transfer; and

(b) where the capital asset is a––

(i) security listed in a recognised stock exchange in India; or

(ii) unit of the Unit Trust of India; or

(iii) unit of an equity-oriented fund; or

(iv) zero-coupon bond,

the provisions of sub-clause (a) shall have effect, as if for the words “twenty-four months”, the words “twelve months” had been substituted; and

(c) in determining the period for which capital asset is held by the assessee,—

(A) in the case of a share held in a company in liquidation, there shall be excluded the period subsequent to the date on which the company goes into liquidation;

(B) there shall be included the period for which––

(I) the asset was held by the previous owner referred to in section 73(1)(Table: Sl. No. 1), for a capital asset which becomes the property of the assessee in the circumstances mentioned in the said section;

(II) the share or shares in the amalgamating company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(f);

(III) the share or shares held in the demerged company were held by the assessee, for a capital asset being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger;

(IV) the person was a member of a recognised stock exchange in India immediately before its demutualisation or corporatisation, for a capital asset, being trading or clearing rights of that recognised stock exchange, acquired by a person pursuant to such demutualisation or corporatisation of that recognised stock exchange;

(V) the person was a member of a recognised stock exchange in India immediately before its demutualisation or corporatisation, for a capital asset being equity share or shares in a company allotted pursuant to such demutualisation or corporatisation of that recognised stock exchange;

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(VI) the share or shares were held by the assessee, for a capital asset being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in section 70(1)(zi);

(VII) the unit or units in the consolidating scheme of a mutual fund were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zj);

(VIII) the preference shares were held by the assessee, for a capital asset being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zb);

(IX) the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee, for a capital asset being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in section 70(1)(zk);

(X) the original unit or units in the main portfolio were held by the assessee, for a capital asset being a unit or units in a segregated portfolio referred to in section 73(1) (Table: Sl. No. 11);

(XI) gold was held by the assessee before conversion into the Electronic Gold Receipt, for a capital asset being Electronic Gold Receipt issued in respect of such gold deposited as referred to in section 70(1)(y);

(XII) Electronic Gold Receipt was held by the assessee before its conversion into gold for a capital asset being gold released in respect of such Electronic Gold Receipt as referred to in section 70(1)(y);

(C) there shall be reckoned, the period from––

(I) the date of its conversion or treatment, for a capital asset referred to in section 26(2)(j);

(II) the date of allotment of a share or any other security (herein referred to as the financial asset), for a capital asset being such financial asset subscribed to by the assessee on the basis of his right to subscribe to such financial asset or subscribed to by the person in whose favour the assessee has renounced his right to subscribe to such financial asset;

(III) the date of the offer of the right to subscribe to any financial asset which is renounced in favour of any other person by the company or institution, as the case may be, making such offer, for a capital asset, being such right;

(IV) the date of the allotment of a financial asset allotted without any payment and on the basis of holding of any other financial asset, for a capital asset being such financial asset;

(V) the date of allotment or transfer of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), for a capital asset being such specified security or sweat equity shares;

(VI) the date on which a request for the redemption was made, for a capital asset, being share or shares of a company, which is acquired by the non-resident assessee on redemption of Global Depository Receipts referred to in section 209(1)(Table: Sl. No. 2) held by such assessee;

(D) for capital assets other than those mentioned in items (A) to (C), the said period shall be determined in such manner, as may be prescribed,

where,––

(A) “equity oriented fund” shall have the meaning assigned to it in section 198(8);

(B) “security” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956;

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(C) “specified security” means the securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956 and, where employees’ stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme;

(D) “sweat equity shares” means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;

(102) “short-term capital gain” means capital gains arising from the transfer of a short-term capital asset;

103) (a) “slump sale” means the transfer of one or more undertaking, by any means, for a lump sum consideration without values being assigned to the individual assets and liabilities in such transfer;

(b) for the purpose of sub-clause (a)—

(i) “undertaking” shall have the meaning assigned to it in clause (35)(i); and

(ii) the determination of the value of an asset or liability for the sole purpose of payment of stamp duty, registration fees or other similar taxes or fees shall not be regarded as assignment of values to individual assets or liabilities;

(104) “Special Economic Zone” shall have the same meaning as assigned to it in section 2(za) of the Special Economic Zones Act, 2005;

(105) “stamp duty value” means the value adopted or assessed or assessable by any authority of the Central Government or State Government for the payment of stamp duty in respect of an immovable property, where the expression “assessable” shall mean the value which any authority of that Government would have adopted or assessed as if it were referred to such authority for the purposes of payment of stamp duty, irrespective of anything to the contrary contained in any other law in force;

(106) “tax” means income-tax chargeable under this Act;

(107) “Tax Recovery Officer” means an Income-tax Officer authorised in writing by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, to exercise––

(a) the powers of a Tax Recovery Officer; and

(b) the powers and functions conferred on, or assigned to, an Assessing Officer under this Act, and as may be prescribed;

(108) “total income” means the total amount of income referred to in section 5, computed in the manner as laid down in this Act;

(109) “transfer” in relation to a capital asset, includes—

(a) the sale, exchange or relinquishment of the asset; or

(b) the extinguishment of any rights therein; or

(c) the compulsory acquisition thereof under any law in force; or

(d) where the asset is converted by the owner into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment; or

(e) the maturity or redemption of a zero coupon bond; or

(f) any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement or in

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any other manner) which has the effect of transferring, or enabling the enjoyment of, any immovable property; or

(g) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882; or

(h) disposing of, or parting with, an asset or any interest therein, or creating any interest in any asset in any manner, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily, by way of an agreement (whether entered into in India or outside India) or otherwise, irrespective of whether such transfer of rights has been characterised as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India,

where, the expression “immovable property” means—

(i) any land or any building or part of a building, and includes, where any land or any building or part of a building is to be transferred together with any machinery, plant, furniture, fittings or other things, such machinery, plant, furniture, fittings or other things also, such that the land, building, part of a building, machinery, plant, furniture, fittings and other things include any rights therein;

(ii) any rights in or with respect to any land or any building or a part of a building (whether or not including any machinery, plant, furniture, fittings or other things therein), which has been constructed or which is to be constructed, accruing or arising from any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement of whatever nature), not being a transaction by way of sale, exchange or lease of such land, building or part of a building;

(110) “Valuation Officer” means a person appointed by the Central Government as a Valuation Officer who shall exercise powers as specified in section 269(3), and includes a Regional Valuation Officer, a District Valuation Officer and an Assistant Valuation Officer;

(111) “virtual digital asset” means—

(a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, called by any name, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;

(b) a non-fungible token or any other token of similar nature, by whatever name called;

(c) any other digital asset, as the Central Government may, by notification, specify;

(d) any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not such asset is included in sub-clause (a) or (b) or (c),

where,––

(i) “non-fungible token” means such digital asset as the Central Government may, by notification, specify;

(ii) the Central Government may, by notification, exclude any digital asset from this definition, subject to such conditions as specified therein;

(112) “zero coupon bond” means a bond—

(a) issued by any infrastructure capital company or infrastructure capital fund or infrastructure debt fund

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or public sector company or scheduled bank on or after the 1st June, 2005;

(b) for which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or infrastructure debt fund or public sector company or scheduled bank; and

(c) which the Central Government may, by notification, specify,

where, the expression “infrastructure debt fund” means the infrastructure debt fund notified by the Central Government under Schedule VII (Table: Sl. No. 46).

1. Substituted by The Finance Act, 2026 for :

“co-operative society” means a co-operative society registered under the Co-operative Societies Act, 1912, or under any other law in force in any State or Union territory for the registration of co-operative societies;

2.Omitted by The Finance Act, 2026

(f) any payment by a company on purchase of its own shares from a shareholder as per section 68 of the Companies Act, 2013,

3. Substituted by The Finance Act, 2026 for :

Substituted by The Finance Act, 2026 for:

(v) any advance or loan between two group entities, where,––

(A) one of the group entity is a “Finance Company” or a “Finance Unit”; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory

outside India as specified by the Board in this behalf,

where,––

(A) “accumulated profits” for the purposes of––

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(II) sub-clause (c), shall include all profits of the company up to the date of liquidation, but shall not, where the liquidation is consequent on the compulsory acquisition of its undertaking by the Government or a corporation owned or controlled by the Government under any law in force, include any profits of the company before three successive tax years immediately preceding the tax year in which such acquisition took place;

(B) in respect of an amalgamated company, the accumulated profits, whether capitalised or not, or loss, as the case may be, shall be increased by the accumulated profits, whether capitalised or not, of the amalgamating company on the date of amalgamation;

(C) “concern” means a Hindu undivided family or a firm or an association of persons or a body of individuals or a company;

(D) a person shall be deemed to have a substantial interest in a concern, other than a company, if he is, at any time during the tax year, beneficially entitled

to not less than 20% of the income of such concern;

4.

Substituted by The Finance Act, 2026 for:

(II) “group entity”, “parent entity” and “principal entity” shall be such entities which satisfy such conditions as may be prescribed in this behalf;

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