taxsutra All rights reserved

INCOME-TAX ACT, 2025

Chapter VII: SET OFF, OR CARRY FORWARD AND SET OFF OF LOSSES

Section 117 - Treatment of accumulated losses and unabsorbed depreciation in scheme of amalgamation in certain cases.

(1) Irrespective of anything contained in section 2(6)(a) to (c) or section 116, where there has been an amalgamation of,—

(a) one or more banking company with—

(i) any other banking institution under a scheme sanctioned and brought into force by the Central Government under section 45(7) of the Banking Regulation Act, 1949; or

(ii) any other banking institution or a company following a strategic disinvestment, wherein the amalgamation occurs within five years from the end of the tax year during which such disinvestment is carried out; or

(b) one or more corresponding new bank or banks with any other corresponding new bank under a scheme brought into force by the Central Government under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or both; or

(c) one or more Government company or companies with any other Government company under a scheme sanctioned and brought into force by the Central Government under section 16 of the General Insurance Business (Nationalisation) Act, 1972,

the accumulated loss and unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies, shall be deemed to be the loss or, allowance for depreciation of the banking institution or company or amalgamated corresponding new bank or amalgamated Government company for the tax year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(2) Where any scheme of amalgamation as referred to in sub-section (1) is brought into force on or after the 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity, being—

(i) the banking company or companies;

(ii) the amalgamating corresponding new bank or banks; or

(iii) the amalgamating Government company or companies,

as the case may be, which is deemed to be the loss of the successor entity, being—

(a) the banking institution or company; or

(b) the amalgamated corresponding new bank or banks; or

(c) the amalgamated Government company or companies,

as the case may be, shall be carried forward in the hands of the successor entity for not more than eight tax years immediately succeeding the tax year for which such loss was first computed for original predecessor entity.

(3) For the purposes of this section,—

Downloaded by @weboapps.com at 29/11/26 01:22pm

taxsutra All rights reserved

(a) “accumulated loss” means so much of the loss of the amalgamating banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies under the head “Profits and gains of business or profession” (excluding losses of a speculation business) which such predecessor entity would have been entitled to carry forward and set off under section 112 had the amalgamation not occurred;

(b) “banking company” shall have the same meaning as assigned to it in section 5(c) of the Banking Regulation Act, 1949;

(c) “banking institution” shall have the same meaning as assigned to it in section 45(15) of the Banking Regulation Act, 1949;

(d) “corresponding new bank” shall have the same meaning as assigned to it in section 2(d) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or section 2(b) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980;

(e) “general insurance business” shall have the same meaning as assigned to it in section 3(g) of the General Insurance Business (Nationalisation) Act, 1972;

(f) “Government company” means a Government company as defined in section 2(45) of the Companies Act, 2013, engaged in the general insurance business and established under section 4 or 5 or 16 of the General Insurance Business (Nationalisation) Act, 1972;

(g) “original predecessor entity” means predecessor entity in respect of the first amalgamation;

(h) “strategic disinvestment” shall have the meaning assigned to it in section 116(3)(c)(i);

(i) “unabsorbed depreciation” means the allowance for depreciation of the amalgamating banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies which remains to be allowed and which would have been allowed to such predecessor entity, had the amalgamation not occurred.

Downloaded by @weboapps.com at 29/11/26 01:22pm