

## INCOME-TAX ACT, 2025

### Chapter XXIII: MISCELLANEOUS

#### **Section 536 - Repeal and savings.**

(1) The Income-tax Act, 1961 is hereby repealed.

(2) Irrespective of the repeal of the Income-tax Act, 1961 (herein referred to as the repealed Income-tax Act), and subject to sub-section (3)—

(a) nothing shall affect the previous operation of the repealed Income-tax Act and orders or anything duly done or suffered thereunder; or

(b) nothing shall affect any right, privilege, obligation or liability acquired, accrued or incurred under the repealed Income-tax Act or orders under such repealed Act;

(c) the provisions of the repealed Income-tax Act shall continue to apply to any proceeding pending on the date of commencement of this Act and to any proceedings initiated on after the 1st April, 2026 (including notices, assessment, re-assessment, recomputation, rectification, penalty, reference, revision and appeals) in respect of any tax year beginning before the 1st April, 2026 and such proceedings shall be carried out as per the procedure specified in the repealed Income-tax Act;

(d) any proceeding for the imposition of a penalty in respect of any tax year beginning before the 1st April, 2026, may be initiated and any such penalty may be imposed under the repealed Income-tax Act, as if this Act had not been enacted;

(e) any proceeding pending on the commencement of this Act before any income-tax authority or any other authority constituted under the repealed Income-tax Act, Appellate Tribunal, or any court, by way of application, appeal, reference or revision or by any other means, shall be continued and disposed of as if this Act had not been enacted;

(f) any election or declaration made, or option exercised, by an assessee under any provision of the repealed Income-tax Act and in force immediately before the commencement of this Act shall be deemed to have been an election or declaration made, or option exercised, under the corresponding provision of this Act;

(g) where in respect of any proceeding relating to any tax year beginning before the 1st April, 2026,—

(i) a refund falls due after commencement of this Act; or

(ii) default is made after such commencement in the payment of any sum due under such proceeding,

the provisions of this Act, relating to interest payable by the Central Government on refunds and interest payable by the assessee for default, shall apply for the period after the commencement of this Act;

(h) where any deduction has been allowed or any amount has not been included in the total income of any person, subject to fulfilment of certain conditions for any tax year beginning before the 1st April, 2026, and in case of violation of such conditions in any tax year beginning on or after 1st April, 2026, any sum (on account of deduction earlier allowed or amount not included) was required to be included in the total income of such subsequent tax year under the repealed Income-tax Act if it had not been so repealed, then such sum shall be—

(i) deemed to be the income of the tax year in which the violation takes place; and

(ii) included in the total income of the said person under the same head of income as it would have been included under the repealed Income-tax Act;

(i) any sum payable under the repealed Income-tax Act may be recovered under this Act without prejudice to any action already taken for the recovery of such sum under repealed Income-tax Act;

(j) any agreement entered into, appointment made, approval given, recognition granted, circular, direction, instruction, notification, order or rule or any scheme framed therein issued under any provision of the repealed Income-tax Act shall, so far as it is not inconsistent with the corresponding provisions of this Act, be deemed to have been entered into, made, granted, given or issued under the corresponding provision of this Act and shall continue in force accordingly;

(k) where the period provided for any application, appeal, reference or revision under the repealed Income-tax Act had expired on or before the commencement of this Act, nothing in this Act shall be construed as enabling any such application, appeal, reference or revision to be made under this Act by reason only of the fact that a longer period therefor is prescribed or provision is made for extension of time in suitable cases by the appropriate authority;

(l) any amount of credit, in respect of tax paid, allowable to be carried forward in the case of an assessee, under the provisions of section 115 JAA or 115JD of the repealed Income-tax Act for the tax year beginning before the 1st April 2026, had the Income-tax Act, 1961 not been repealed,—

(i) shall be deemed to be the amount eligible for credit under corresponding provision of this Act in the case of said assessee; and

(ii) credit for the tax paid under the repealed Income-tax Act shall be allowed under this Act for the period for which it would have been allowed under the repealed Income-tax Act if the assessee otherwise continues to satisfy the conditions as specified in the corresponding provisions of this Act in such tax years;

(m) any amount of loss under the source or head of income specified in column B of the Table given below and referred to in the section of the repealed Income-tax Act specified in column C of the said Table, brought forward for the tax year beginning before the 1st April, 2026 had the Income-tax Act, 1961 not been repealed, shall be set off and carried forward against the income computed under this Act, in the manner provided in the respective section of the repealed Income-tax Act specified in column C of the said table, for the tax years beginning on or after the 1st April, 2026:

Table

Sl. No.	Source or head of income under the repealed Income-tax Act	Section of the repealed Income-tax Act
A	B	C
1.	Income from house property.	71B.
2.	Profits and gains of business or profession.	72.
3.	Speculation business.	73.
4.	Specified Business.	73A.
5.	Activity of owning and maintaining race horses.	74A.

(n) any amount of loss under the head capital gains, whether related to a long-term capital asset or a short term capital asset, referred to in section 74 of the repealed Income-tax Act, brought forward from the tax year beginning before the 1st April, 2026 had the Income-tax Act, 1961 not been repealed, shall be carried forward and set off, in accordance with the manner provided in the repealed Income-tax Act, against the income under the head "Capital gains" computed under this Act for any tax year beginning on or after the 1st April, 2026 upto eight financial years immediately succeeding the financial year in which such loss was first computed under the repealed Income-tax Act;

(o) any set off of loss or allowance for depreciation made in any tax year beginning before the 1st April, 2026 in the hands of the amalgamated company, successor company or the successor limited liability partnership, in accordance with the provisions of section 72A of the repealed Income-tax Act, shall be

deemed to be the income of the amalgamated company, successor company or the successor limited liability partnership, as the case may be, chargeable to tax under this Act for the year in which any of the conditions specified in that section are not complied with;

(p) any set off of accumulated loss or unabsorbed depreciation allowed in any tax year beginning before the 1st April, 2026 to the successor co-operative bank, in accordance with the provisions of section 72AB of the repealed Income-tax Act, shall be deemed to be the income of the successor co-operative bank chargeable to tax under this Act for the year in which any of the conditions specified in that section are not complied with;

(q) any amount of profits or gains arising out of transfer of capital asset not charged under the head capital gains by virtue of the provisions contained in section 47(iv), (v), (xiii), (xiiib) or (xiv) of the repealed Income-tax Act in any tax year beginning before the 1st April, 2026 shall be deemed to be the income chargeable under the head "Capital gains" under this Act, for the tax year--

(A) in which the transfer took place if any of the conditions laid down in section 47A(1)(i) or (ii) of the repealed Income-tax Act are satisfied; or

(B) in which any of the conditions laid down in section 47(xiii), (xiiib) or (xiv) of the repealed Income-tax Act are not complied with,

as the case may be;

(r) where any allowance or part thereof, under section 32(2) or 35(4) of the repealed Income-tax Act, is to be carried forward to tax year beginning on the 1st April, 2026, had the Income-tax Act, 1961 not been repealed, then, the allowance or part thereof shall be added to the amount of capital allowances referred to corresponding provisions of this Act for the tax year beginning on the 1st April, 2026 and deemed to be part of that allowance, or if there is no such allowance for that tax year, be deemed to be allowance for that tax year;

(s) the deduction referred to in section 35ABA, 35ABB, 35D, 35DD, 35DDA, 35E or the first proviso to section 36(1)(ix) of the repealed Income-tax Act, shall, on fulfilment of the conditions mentioned in the said provisions, continue to be allowed under this Act for tax year beginning on or after the 1st April, 2026 had the Income-tax Act, 1961 not been repealed and such deduction shall be added to the amount of deferred revenue expenditure allowance referred to corresponding provisions of this Act for the tax year beginning on or after the 1st April, 2026 and deemed to be part of that allowance, or if there is no such allowance for a tax year, be deemed to be that allowance for that tax year;

(t) credit balance in the provision for bad and doubtful debts account made under section 36(1)(vii) of the repealed Income-tax Act standing on the last day of the tax year beginning on 1st April, 2025 shall be added to the amount credited to the provision for bad and doubtful debts accounts referred to in the corresponding provisions of this Act for the tax year beginning on the 1st April, 2026 and deemed to be part of amount credited to the provision for bad and doubtful debts accounts, or if there is no such amount credited for that tax year, be deemed to be amount credited for that tax year;

(u) any scheme which has been notified under the provisions of the repealed Income-tax Act with a view to eliminating the interface with the assessee or any other person, the said scheme shall be deemed to have been made—

(i) under the corresponding provisions of this Act; or

(ii) under section 532 where there is no such corresponding provision,

and shall continue in force accordingly; and

(v) where a search has been initiated under section 132 or requisition is made under section 132A prior to the commencement of this Act, the provisions of repealed Income-tax Act, shall continue to apply to any proceedings connected in respect of such search or requisition, as the case may be, as if this Act has not been enacted.

(3) Where any reference is made in this Act to any tax year commencing on the 1st April, 2025 or to any earlier tax year, the same shall be construed as a reference to the corresponding previous year under the repealed Income-tax Act.

(4) Without prejudice to the provisions of sub-section (2), the provisions of section 6 of the General Clauses Act, 1897 shall apply with regard to the effect of repeal.