

FINANCE BILL 2026

COMPREHENSIVE HIGHLIGHTS FOR CHARTERED ACCOUNTANTS

(With Effective Dates)

A. SECURITIES TRANSACTION TAX (STT)

Effective: 01.04.2026

Transaction	Old Rate	New Rate
Sale of Options (Premium)	0.10%	0.15%
Sale of Options (Exercise)	0.125%	0.15%
Sale of Futures	0.02%	0.05%

B. RETURN FILING & COMPLIANCE

Amendment	Effective Date
ITR Due Dates: ITR-1 & ITR-2: 31st July; Non-audit business & Trusts: 31st August (extended)	IT Act 1961: 01.03.2026; IT Act 2025: 01.04.2026
Revised Return: Extended to 12 months from end of tax year (from 9 months)	IT Act 1961: 01.03.2026; IT Act 2025: 01.04.2026
Late Fee for Revised Return (Sec 234I): ₹1,000 (income ≤ ₹5L) / ₹5,000 (income > ₹5L) - for returns filed beyond 9 months	01.03.2026 (1961 Act); 01.04.2026 (2025 Act)
Updated Return: Allowed even after reassessment notice u/s 148/280, with additional 10% tax	01.04.2026
Updated Return: Now also allowed to reduce losses (not just increase income)	IT Act 1961: 01.03.2026; IT Act 2025: 01.04.2026

C. MINIMUM ALTERNATE TAX (MAT)

Effective: 01.04.2026 (TY 2026-27)

Amendment	Details
MAT Rate	Reduced from 15% to 14%
MAT Credit	No new credit in old regime; Set-off allowed only in new regime (max 25% of tax liability for domestic cos)
Foreign Companies	Set-off to extent of difference between normal tax & MAT
MAT Exemption	Extended to NRs taxed on presumptive basis for cruise ships & electronic manufacturing facility services

D. BUYBACK OF SHARES

Effective: 01.04.2026 (TY 2026-27)

Amendment	Details
Tax Treatment	Shifted from Dividend to Capital Gains for all shareholders
Promoters (Non-corporate)	30% effective tax liability
Promoter Companies	22% effective tax liability

E. FOREIGN ASSET DISCLOSURE SCHEME (FAST-DS 2026)

Effective: To be notified (6-month window)

Category	Eligibility	Tax/Fee	Immunity
Category A	Undisclosed foreign income/asset ≤ ₹1 Cr	Tax@30% + Addl Tax@30% = 60% total	Penalty & Prosecution
Category B	Asset disclosed but not reported in ITR ≤ ₹5 Cr	₹1 Lakh fee	Full immunity

F. RELIEFS & EXEMPTIONS

Amendment	Provision	Effective Date
MACT Interest Exemption	Fully exempt (no limit); No TDS on MACT interest	01.04.2026
Disability Pension	Exempt for armed forces/paramilitary (invalided out due to service-related disability)	01.04.2026
Land Acquisition Compensation	Exempt under RFCTLARR Act, 2013 (except Sec 46 awards)	01.04.2026
Sovereign Gold Bond	CG exemption clarified - only for original subscribers holding till maturity	01.04.2026
EPF Contribution Cap	Statutory cap removed; CBDT to prescribe via rules	01.04.2026

G. TCS RATE RATIONALISATION

Effective: 01.04.2026

Nature of Receipt	Old Rate	New Rate
Alcoholic Liquor	1%	2%
Tendu Leaves	5%	2%
Scrap	1%	2%
Coal/Lignite/Iron Ore	1%	2%
LRS - Education/Medical (>₹10L)	5%	2%
Overseas Tour Package	5%/20% (tiered)	Flat 2% (threshold removed)

H. TDS & PROCEDURAL CHANGES

Amendment	Provision	Effective Date
Manpower Services	Treated as "work" - TDS @ 1%/2% (contractor rates)	01.04.2026
No TAN for NRI Property Purchase	Resident individual/HUF buying from NRI - no TAN required	01.10.2026
Automated TDS Certificates	Electronic application for lower/nil TDS certificate	01.04.2026
Form 15G/15H via Depository	Single declaration to depository for multiple securities	01.04.2027
No TDS on Banking Co-op Interest	Co-op banks exempt from TDS on interest income	01.04.2026

I. LITIGATION & PENALTY REFORMS

Amendment	Provision	Effective Date
Combined Assessment + Penalty Order	Single order for assessment & penalty u/s 270A/439	01.04.2027 (for assessments made on/after)
No Interest on Penalty	Interest u/s 220(2) only after CIT(A)/ITAT order	01.04.2027
Immunity Extended to Misreporting	Pay 100% additional tax for immunity	IT Act 1961: 01.03.2026; IT Act 2025: 01.04.2026
Immunity for Sec 102-106 Income	Pay 120% additional tax for immunity (unexplained credits, etc.)	01.04.2026
DIN Validation	Assessment not invalid merely for DIN non-quoting if referenced	Retrospective from 01.10.2019
Tax on Unexplained Income (Sec 195)	Reduced from 60% to 30%	01.04.2026

J. DECRIMINALISATION OF OFFENCES

Effective: IT Act 2025: 01.04.2026; IT Act 1961: 01.03.2026

Amendment	Details
Nature of Imprisonment	Rigorous → Simple across all sections
Maximum Imprisonment	Reduced to 2 years (from 7 years); 3 years for repeat offenders
Tax Evaded >₹50L	Imprisonment upto 2 years or fine or both
Tax Evaded ₹10L-50L	Imprisonment upto 6 months or fine or both
Tax Evaded <₹10L	Only fine (no imprisonment)
Fully Decriminalised	TDS on perquisites/benefits (in kind); Non-production of books u/s 268(1)
Black Money Act - Small Assets	Prosecution exemption for foreign assets ≤₹20L (Retrospective from 01.10.2024)

K. SECTOR-SPECIFIC INCENTIVES

Amendment	Period/Details	Effective Date
Data Centre Tax Holiday	Foreign co. income from Indian data centre services exempt till 31.03.2047	01.04.2026
Electronic Goods Toll Manufacturing	Foreign co. supplying capital goods/tooling to bonded warehouse manufacturer - exempt till TY 2030-31	01.04.2026
Non-resident Expert Services	5-year exemption on foreign income for NR experts visiting India under notified schemes	01.04.2026
IFSC/OBU Deduction Period	Extended from 10 years to 20 years (out of 25 years); Post-deduction income taxed @ 15%	01.04.2026
Critical Minerals Deduction	Expanded list of minerals for prospecting expense deduction u/s 51	01.04.2026

L. CO-OPERATIVES

Effective: 01.04.2026

Amendment	Details
Definition Expanded	Multi-State Co-op Societies Act, 2002 included in definition
Inter-Cooperative Dividends	Deductible in new regime if distributed to members
Federal Cooperative Dividend	3-year exemption (till TY 2028-29) on company dividends distributed to members (investments made till 31.01.2026)
Cattle Feed & Cotton Seeds	Profits from supply by primary societies now deductible u/s 149(2)(b)
Tonnage Tax	Extended to inland vessels under Inland Vessels Act, 2021

M. PENALTIES CONVERTED TO FEES

Effective: 01.04.2026

Default	Earlier Penalty	New Fee
Failure to get accounts audited	0.5% of turnover or ₹1.5L	₹75,000 / ₹1,50,000 (graded)
Failure to furnish TP Report (Sec 172)	₹1,00,000	₹50,000 / ₹1,00,000 (graded)
Failure to furnish SFT/Reportable Account	₹500/day	Fee u/s 427(3); Upper limit ₹1,00,000
Penalty u/s 466 (Information)	₹1,000	₹25,000

N. GST AMENDMENTS

Effective: To be notified (except Sec 101A: 01.04.2026)

Section	Amendment
Post-Sale Discount (Sec 15(3))	Agreement requirement removed; Credit note with ITC reversal mandatory
Provisional Refund (Sec 54(6))	Extended to inverted duty structure refunds
Export Refund Threshold (Sec 54(14))	Threshold removed for goods exported with payment of tax
Interim Appellate Authority (Sec 101A)	Existing tribunal can be notified pending National Appellate Authority - w.e.f. 01.04.2026
IGST Sec 13(8)(b)	Omitted - Intermediary services now follow default place of supply

O. CUSTOMS AMENDMENTS

Amendment	Effective Date
Jurisdiction extended to fishing beyond territorial waters	On assent of Finance Bill
Advance Ruling validity: 3 years → 5 years	On assent of Finance Bill
Warehouse transfer - No prior permission needed	On assent of Finance Bill
Baggage Rules 2026 - Rationalised provisions	02.02.2026 midnight
Dutiable goods for personal use: BCD reduced from 20% to 10%	01.04.2026

P. EXCISE AMENDMENTS

Effective: 01.05.2026

Item (NCCD Schedule Rate)	From	To
Chewing Tobacco (2403 99 10)	25%	60%*
Jarda Scented Tobacco (2403 99 30)	25%	60%*
Other Tobacco Products incl. Gutkha (2403 99 90)	25%	60%*

*Effective rate to be maintained at 25% vide notification