



90 in Bharat
and beyond

Impact assessment: New Income Tax Act & Rules

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Contours of changes



- **Income tax Act revamped after over 6 decades**
- **Guiding principles ***
 - Textual and structural simplification
 - No major tax policy changes
 - No modifications of tax rates
- **New Rules & Forms also released**
 - Simplification and consolidation of forms, rules
 - Revisions in quantum of exempt allowances/ perquisite taxation
 - Enhanced reportings for select sectors/businesses



Effective April 1, 2026

Key areas of business impact



Impact areas	Possible impact – illustrative	Sectors/companies
Restructuring of salaries	Change in rules for valuation of perquisites (viz car provided), exempt and taxable allowances (viz HRA, children’s education etc) - along with labour code reason to relook at salary structures	All large companies with significant employee strength, legacy systems and processes, FS sector especially for changes in SOPs, B2C client communication etc
Changes in SOPs	<p><i>Examples</i></p> <ul style="list-style-type: none"> • Companies need to obtain CA certificate for claiming foreign tax credits • Additional details are required for reportings in tax audit forms 	
IT System related changes	<ul style="list-style-type: none"> • All TDS (section references, thresholds, rates) etc to be updated in ERP • Any specialised self developed tools used say a Litigation Management Platform, TDS reconciliation tool may require updates 	
Stakeholder communications	Vendor / customer / employee communications regarding changes in TDS rates, forms in which lower deduction certificates to be submitted etc	
Increased reportings/ processes	New stringent reporting and due diligence requirements	
		Crypto platforms

Way-forward



- Assessment of impact of changes
- Update IT systems
- Update processes
- Communication with stakeholders – vendors, clients, employees
- Other changes as may be assessed



Limited window of 1-1.5 months

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