



Income Tax Act 2025 PDF: Key Changes & New Tax Bill Highlights



Income Tax Act 2025 PDF: Key Updates & New Tax Bill Highlights

The much-anticipated [Income Tax Act 2025](#) has finally been introduced in Parliament on February 13, 2025. A special committee has been formed to analyze the bill and submit its recommendations before the Monsoon Session. This legislation aims to modernize India's tax system while simplifying compliance for taxpayers. Below, we delve into the [Income Tax Act 2025 PDF](#) and the [New Income Tax Bill 2025 highlights](#) to provide a clear picture of the proposed changes.

Effective Date of the Income Tax Act 2025

One of the primary concerns for taxpayers and professionals is the date of applicability. As per the official announcement, the **Income Tax Act 2025 PDF** will take effect from **April 1, 2026**. Consequently, the first financial year under the new tax framework will be **FY 2026-27**. For students preparing for CA, CS, and CMA exams, it is crucial to understand the transition:

- Exams held **before March 31, 2026**, will be based on the **Income Tax Act, 1961**.
- Exams held **on or after April 1, 2027**, will follow the **Income Tax Act 2025 PDF**.

Objectives of the Income Tax Act 2025

The government has set three primary goals with the introduction of this legislation:

- **Modernization** of India's tax system in alignment with global best practices.
- **Simplification** of tax laws by reducing complexities and using clear language.
- **Efficiency** in tax calculations, reducing ambiguities and litigation.

To accomplish these objectives, several structural changes have been made in the new tax bill.

New Income Tax Bill 2025 Highlights

The **New Income Tax Bill 2025 highlights** various amendments to streamline taxation laws. Here are the most significant updates:

1. Reduction in the Number of Sections

The previous **Income Tax Act, 1961**, had 298 sections, but due to numerous sub-sections, the actual number exceeded 800. The **Income Tax Act 2025 PDF** has restructured and streamlined it to **536 sections**, eliminating redundant provisions.

2. Consolidation of Chapters

The earlier law was spread across **47 chapters**. In contrast, the new act has condensed and reorganized the structure into **23 chapters**, making navigation simpler for taxpayers and professionals.

3. Reduction in Word & Page Count

To improve accessibility, the **Income Tax Act 2025 PDF** has significantly reduced its length:

- **Word count:** Reduced from **5.12 lakh words** to **2.6 lakh words**.

- **Page count:** Decreased by **200 pages**, bringing the total to **622 pages**.

4. Simplified Language & Tax Calculations

One of the standout **New Income Tax Bill 2025 highlights** is the introduction of tables, formulas, and plain language. These changes make it easier for taxpayers to understand their liabilities and file returns without professional assistance.

5. Measures to Reduce Litigation

The bill incorporates judicial precedents to minimize disputes between taxpayers and authorities. This proactive approach aims to resolve ambiguities that previously led to legal battles.

6. Removal of 'Previous Year' & 'Assessment Year'

A significant structural change is the replacement of the traditional 'Previous Year' and 'Assessment Year' concepts with a single '**Tax Year**' running from **April 1 to March 31**. The first tax year under this system will be **Tax Year 2026-27**.

7. Continuation of Both Tax Regimes

Despite speculation that the old tax regime would be scrapped, the government has retained both the old and new tax regimes. This decision gives taxpayers the flexibility to choose a system that best suits their financial planning.

8. Inclusion of Virtual Digital Assets (VDA)

For the first time, **Virtual Digital Assets (VDA)** like cryptocurrencies and NFTs will be classified as taxable assets. The **Income Tax Act 2025 PDF** ensures undisclosed income in digital assets is accounted for within the tax framework.

9. Retention of Five Income Categories

The fundamental structure of taxable income remains unchanged. The five heads of income continue to be:

- Salary
- House Property
- Business/Profession

- Capital Gains
- Other Sources

10. Changes in Section Numbers

To make tax laws more systematic, section numbers have been revised as follows:

- **Salary Income:** Previously **15-17**, now **15-19**.
- **House Property:** Previously **20-27**, now **20-25**.
- **Business/Profession:** Previously **28-44**, now **26-66**.
- **Capital Gains:** Previously **45-55**, now **67-91**.
- **Other Sources:** Previously **56-59**, now **92-95**.

Conclusion

The **Income Tax Act 2025 PDF** brings a structured, simplified, and modern approach to taxation in India. With significant reductions in complexity, clearer provisions, and the inclusion of digital assets, the new law is expected to enhance compliance and transparency. The **New Income Tax Bill 2025 highlights** key transformations that will benefit both individuals and businesses.