भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT
PROFESSIONAL PROGRAMME
(SYLLABUS 2022)

for

December, 2026 Examinations
(Containing Updates upto May 31, 2026)

ADVANCED DIRECT TAX LAWS & PRACTICE

GROUP 1- ELECTIVE PAPER 4.5

Students appearing in December 2026 Examination shall note the following:

1. For Direct taxes, Finance Act, 2025 is applicable.
2. Applicable Assessment year is 2026-27 (Previous Year 2025-26).

Students should also update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, Orders etc. issued by CBDT & Central Government upto May 31, 2026.

The students are advised to acquaint themselves with the subject specific updates published in Student Company Secretary Journal by the Institute.

This supplement is to be read with the Advanced Direct Tax Laws & Practice study material (Syllabus 2022) updated up to October, 2025.

Note: Students may note that the Income Tax Act, 2025 will not be applicable for December 2026 session of examination.

Lesson 1
Computation of Total Income and Tax Liability of various entity excluding Companies

<table>
<tr><th>Sr. No.</th><th>Amendments to Regulations /Rules /Act /Circular /Notification</th><th>Weblink (For Details)</th></tr>
<tr><td>1.</td><td> Govt Notifies ₹4 Lakh, ₹8 Lakh Income Tax Perquisite Limits [Notification No. 133 Dated August 18, 2025]
Central Board of Direct Taxes (CBDT) has amended the Income-tax Rules, 1962 by introducing Rules 3C and 3D, prescribing new income thresholds for claiming exemptions on certain employer-provided perquisites under Section 17(2) of the Income-tax Act.
Rule 3C fixes the salary income limit at ₹4,00,000 for the purposes of item (c) of sub-clause (iii) of Section 17(2). This means that employees with salary income exceeding ₹4 lakh in a financial year will not be able to claim exemption on specified perquisites such as meal coupons, rent-free accommodation, or medical reimbursements, which will become fully taxable.
Rule 3D sets the gross total income threshold at ₹8,00,000 for exemptions available under clause (vi) of the proviso to Section 17(2), covering benefits such as concessional loans.
Accordingly, if an employee’s gross total income exceeds ₹8 lakh, the tax benefit of such concessional facilities will not be available, and the perquisite value will be taxed.
The rules, notified through G.S.R. 555(E) dated 18 August 2025, take effect immediately upon publication in the Official Gazette. </td><td>https://www.incometaxindia.gov.in/documents/d/guest/notification-no-133-2025-pdf</td></tr>
<tr><td>2.</td><td> Cost Inflation Index ‘CII’ FY 2025-26 [Notification No. 70 Dated July 1, 2025]
<table>
<tr><th>Financial Year</th><th>Cost Inflation Index ‘CII’</th></tr>
<tr><td>FY 2025-26</td><td>“376”</td></tr>
</table></td><td>https://www.incometaxindia.gov.in/documents/d/guest/notification-70-2025-pdf</td></tr>
<tr><td>3.</td><td> Capital Gains Accounts (Second Amendment) Scheme, 2025 [Notification No. 161 Dated 19th November, 2025]
The Ministry of Finance has issued the Capital Gains Accounts (Second Amendment) Scheme, 2025, updating the Capital Gains Accounts Scheme, 1988. The amendment incorporates section 54GA across various paragraphs and expands the definition of “Deposit Office” to include authorised branches of SBI, subsidiary banks, corresponding new banks, </td><td>https://www.incometaxindia.gov.in/documents/d/guest/notification-161-2025-pdf</td></tr>
</table>

	and any notified banking company. A key reform introduces "electronic mode" as a valid method for deposits, covering credit/debit cards, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhaar Pay. The amendment clarifies that the effective date of deposit, whether made through cheque, draft, or electronic mode, shall be the date of receipt by the deposit office. Passbooks and statements may now be furnished electronically.	

Lesson 7
Transfer Pricing and General Anti Avoidance Rules (GAAR)

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Income-tax (Tenth Amendment) Rules, 2026 [Notification No. 54 Dated March 31, 2026]** The Central Board of Direct Taxes (CBDT) has amended the Income-tax Rules to clarify the applicability of the general anti avoidance rules (GAAR) provisions to investments made before 1st April 2017. Rule 10U(2) of the Income Tax Rules, 1962 provided that the GAAR provisions in Chapter X-A of the Income-tax Act, 1961 would apply to 'any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from the arrangement on or after 1st April 2017'. This was stated to be 'without prejudice' to rule 10U(1)(d) of the Income Tax Rules, 1962 which provided that the GAAR provisions will not apply to 'any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investments made before 1st April 2017 by such person'. The amended rule 10U(2) of the Income Tax Rules, 1962 now reads to the effect that Chapter X-A of the Income Tax Act 1961 will apply to any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained on or after 1st April 2017 'except for that income which accrues or arises to, or is deemed to accrue or arise to, or is received or deemed to be received by, any person from transfer of such investments which were made before 1st April 2017 by such person'. The amendment has introduced an explicit exception to the effect that the GAAR provisions will not apply to income from the transfer of investments that were made before 1 April 2017, irrespective of when the arrangement was entered into and even if the tax benefit is realised on or after 1st April 2017.	https://www.incometaxindia.gov.in/documents/d/guest/notification-no-54-2026-pdf

For more details –

Circulars – https://incometaxindia.gov.in/Pages/communications/circulars.aspx

Notifications - https://incometaxindia.gov.in/Pages/communications/notifications.aspx