

Major Changes in Direct Tax & PAN Reforms



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Effective
April 01, 2026

Sweeping changes to **income tax laws**, PAN requirements, and financial regulations that will reshape how Indians file taxes, manage money, and conduct transactions.





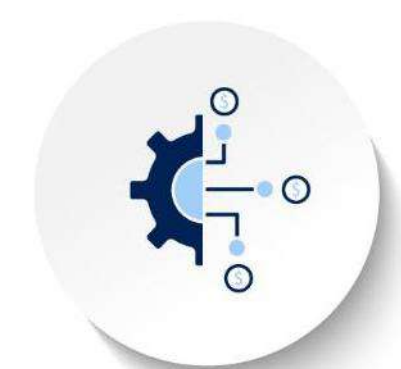
What's New in FY 2026-27?

What's New in FY 2026-27?



New Income Tax Act

The **Income Tax Act, 2025** replaced our 65-year-old Income Tax Act, 1961, reducing sections from **819 to 536** with simpler Language.



Salary Structure & Employee Exit

- Minimum basic salary increases to **50%** of total compensation for salaried individuals.
- Final settlements must be completed within **2 days** instead of weeks or months



Tax Year System

Replaces dual system of Financial Year and Assessment Year with single Tax Year concept.

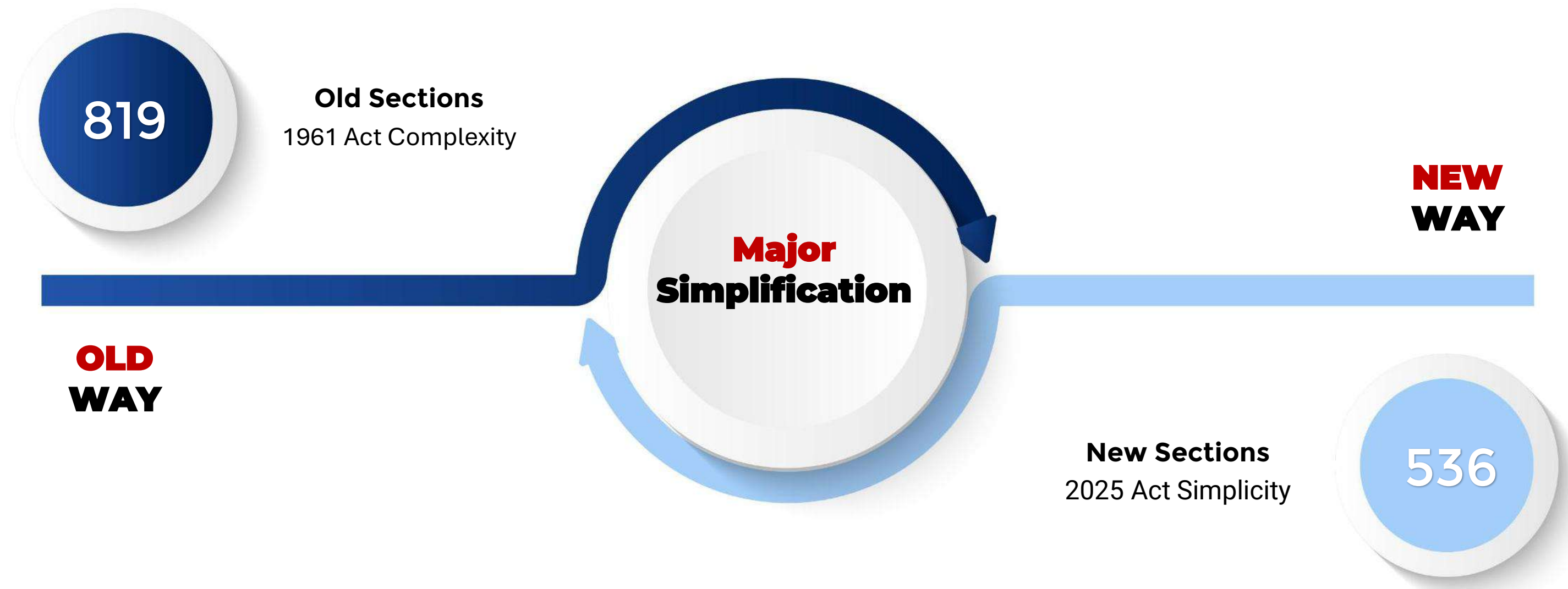


- Revision in Exemptions for Salaried Employees,
- New **HRA** Rules,
- New **PAN** guidelines and limits,
- New Tax Forms
- **TDS/ TCS** rate, Many more changes wait for next Part



Income Tax Act, 2025

The new Act consolidates **819 sections** into just **536 sections**, using simpler, logical language that's easier for taxpayers to understand.



Single Year for Reference: Tax Year

The year in which you earn income is now simply called the **Tax Year**, replacing the confusing dual system of Financial Year and Assessment Year.

Concept	Old Act, 1961	New Act, 2025
Year in which income earned	Previous Year	Tax Year
Year in which tax is assessed	Assessment Year	Tax year
Alignment with Financial Year (FY)	Previous Year = Financial Year Assessment Year= FY +1	Tax Year = FY

Key Simplification

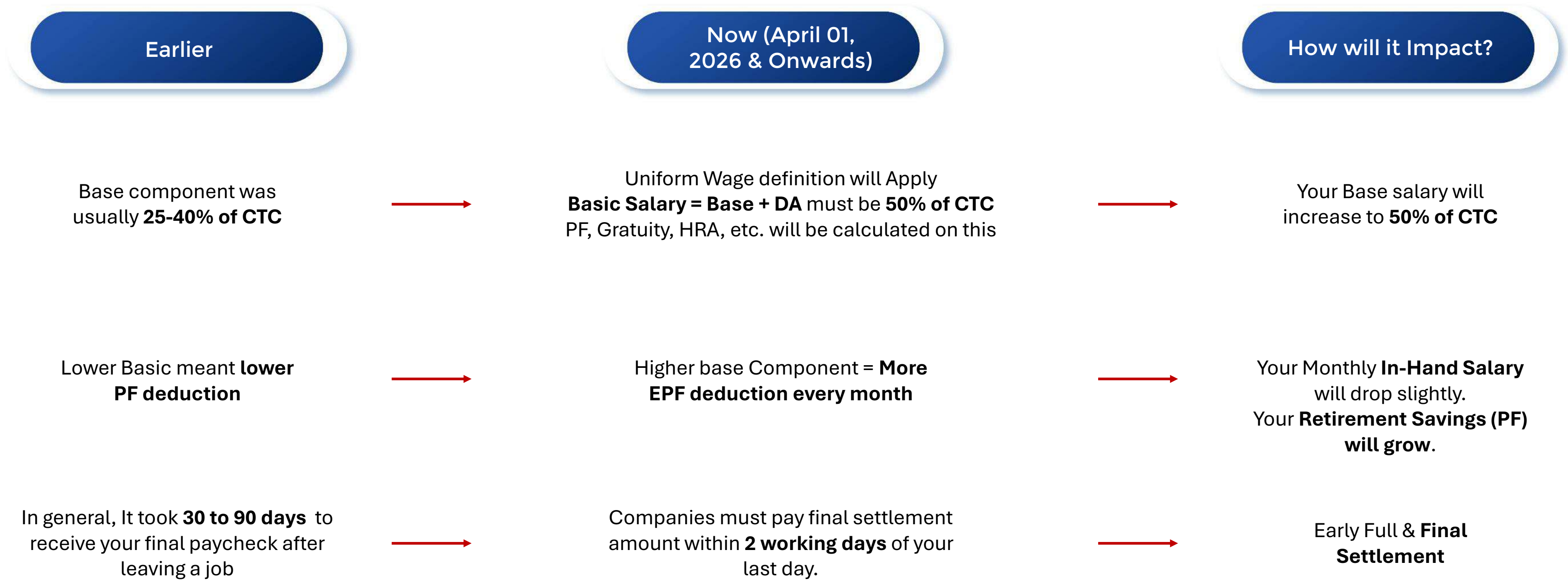


Under **ITA 2025**, the year of income and the year of assessment share the same reference -----**Tax Year (“TY”)**

FY 2026-27 will now refer as TY 2026-27



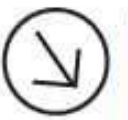
Salary Structure is Changing!





Revision in Exemptions for Salaried Employees

Particulars	Old Act, 1961	New Act, 2025	Allowed
House Rent Allowance (HRA)	50% exemption allowed in 4 cities only : Delhi, Mumbai, Kolkata, Chennai	<ul style="list-style-type: none">50% exemption allowed in 8 cities only: Delhi, Mumbai, Kolkata, Chennai, Pune, Bengaluru, Hyderabad, and Ahmedabad.Mandatory Relationship Disclosure in Form 12BB for rent paid to parents/spouse.	Only old tax regime
Children's Education	₹ 100/month per child (upto 2 children)	₹ 3,000/ month per child (upto 2 children)	Only old tax regime
Hostel Expenditure	₹ 300/month per child (upto 2 children)	₹ 9,000/month per child (upto 2 child)	Only old tax regime
Meal Vouchers	₹ 50/meal (tax free)	₹ 200/meal (tax-free)	Both
Car Perks	<ul style="list-style-type: none">Car (upto 1.6 ltr cc) = (₹1,800+900(driver))/monthCar (above 1.6 ltr cc) = (₹2,400+900(driver))/month	<ul style="list-style-type: none">Car (upto 1.6 ltr cc) = (₹5,000+3,000(driver))/monthCar (above 1.6 ltr cc) = (₹7,000+3,000(driver))/month	Only old tax Regime
Corporate Gifts	₹ 5,000/yearly threshold	₹ 15,000/yearly threshold.	Both
Medical Loans to Employee	Tax exempt upto ₹ 20,000/-	Tax exempt upto ₹ 2,00,000/-	Both



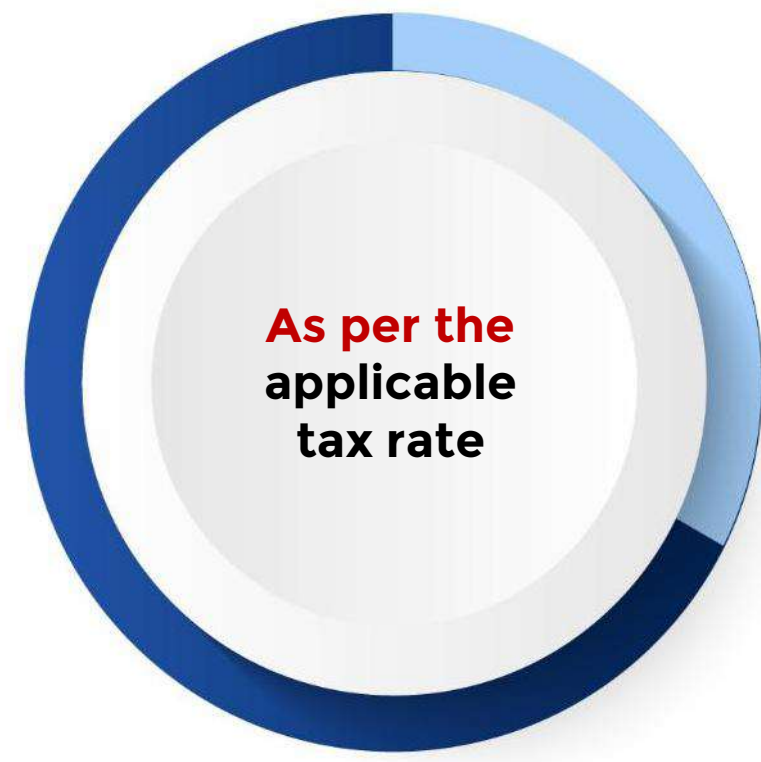
Share Buyback Taxation

Major Policy Shift

Amounts received from share buybacks will now be taxed as **capital gains**, not deemed dividends.

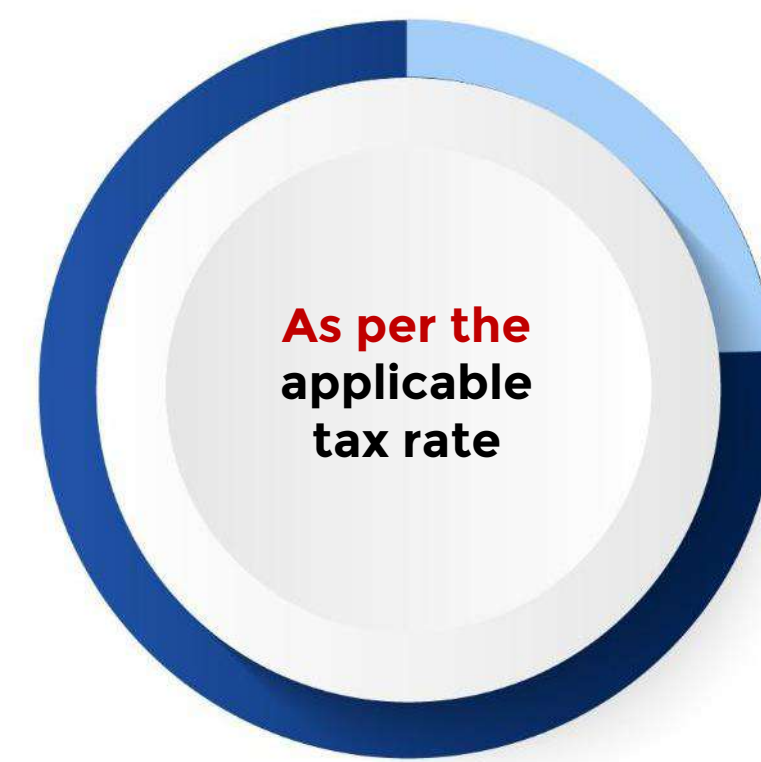
Impact on Investors

This change affects how individuals and companies calculate their tax liability on buyback proceeds.



Individual Rate

Potential Taxation for Individuals



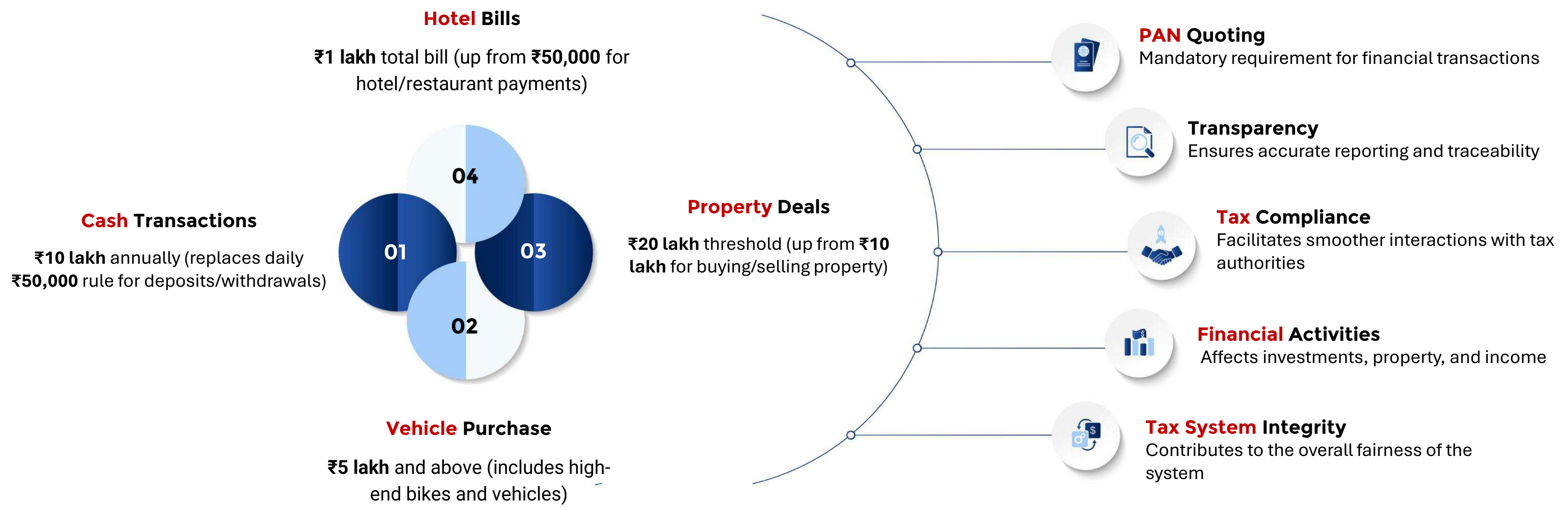
Company Rate

Potential Taxation for Companies



PAN Mandatory Thresholds

Rule 159 Changes (From April 01, 2026)





New Income Tax Forms

OLD vs NEW Income Tax Forms - What Changes from April 01, 2026

Purpose/Description	Old Form (Rules, 1962)	New Notified Form (Rules, 2026)
Declaration to Avoid TDS (Non-Senior & Senior)	Form 15G / 15H	Form 121
Employee Investment & HRA Declaration	Form 12BB	Form 124
TDS Certificate for Salary	Form 16	Form 130
Annual Tax Statement (AIS / Tax Credit)	Form 26AS	Form 168
TDS Certificate (Non-Salary)	Form 16A	Form 131
TCS Certificate	Form 27D	Form 133
Quarterly TDS Return (Salaries)	Form 24Q	Form 138
Quarterly TDS Return (Non-Salary/Resident)	Form 26Q	Form 140
TDS on Property, Rent, & VDA	Form 26QB / 26QC / 26QD/ 26QE	Form 141
Quarterly TDS Return (Non-Resident)	Form 27Q	Form 144
Foreign Remittance Information	Form 15CA	Form 145
CA Certificate for Remittance	Form 15CB	Form 146
Tax Audit Report & Statement of Particulars	Form 3CA / 3CB / 3CD	Form 26
Statement of Perquisites & Amenities	Form 12BA	Form 123
Declaration of Salary Arrears (Section 89)	Form 10E	Form 39
Self declaration form to claim benefit of DTAA	Form 10F	Form 41
Foreign Tax Credit (FTC) Claim	Form 67	Form 44
Application for Lower TDS/TCS	Form 13	Form 128

 **New PAN & TAN Application Forms****OLD vs NEW Income Tax Forms What - Changes from April 01, 2026**

Purpose/ Description	Old Form (Rules, 1962)	New Notified Form (Rules, 2026)
PAN Application – Indian Individual	Form 49A	Form 93
PAN Application – Indian Company/Entity	Form 49A	Form 94
PAN Application – Foreign Individual	Form 49AA	Form 95
PAN Application – Foreign Entity	Form 49AA	Form 96
TAN Application – Government	Form 49B	Form 134
TAN Application – Other than Government	Form 49B	Form 135
Declaration where PAN not available	Form 60	Form 97
Half- yearly statement of declarations	Form 61	Form 98



Exercise or withdrawal of option for new tax regime

OLD vs NEW Income Tax Forms What Changes from April 01, 2026

Purpose/ Description	Old Form (Rules, 1962)	New Notified Form (Rules, 2026)
Form for exercise of option under section 115BA	Form 10IB	The new rules eliminate the need for a specific form - opting in or out will now be done through the ITR form.
Form for exercise of option under section 115BAA	Form 10IC	
Form for exercise of option under section 115BAB	Form 10ID	
Form for withdrawal of option under section 115BC	Form 10IEA	

“**Rule 136**” of Income Tax Rule, 2026, states that the option to be exercised or withdrawn under the provisions by a person for any tax year shall be in the return of income to be furnished under section 263 (1) for such tax year.

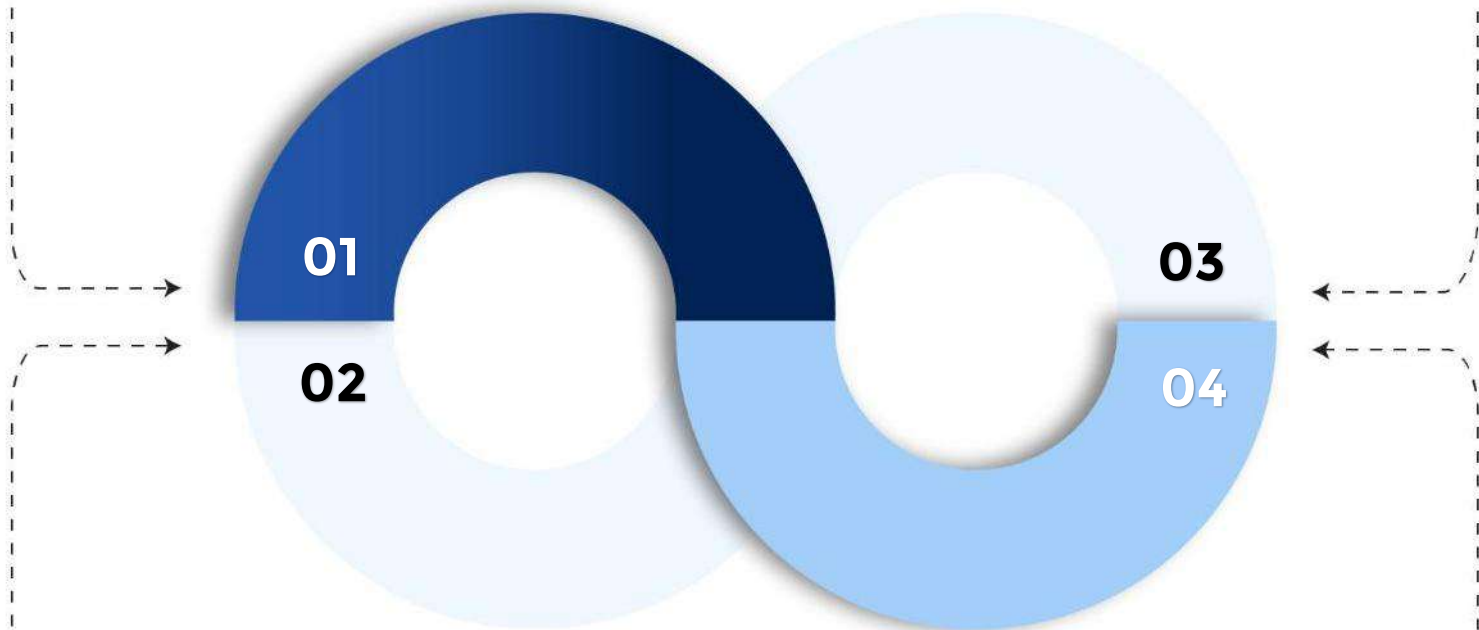
Prepare for Changes from April 01, 2026

Update Your Knowledge

Learn the new Income Tax Act 2025 structure and Tax Year concept

Review Salary Structure

Ensure basic salary meets new 50% minimum requirement



Track PAN Thresholds

Monitor cash transactions, property deals, and vehicle purchases

Plan Tax Strategy

Adjust for new TDS/TCS rates and share buyback taxation



THANK YOU

**LET'S UNLOCK AN OCEAN OF OPPORTUNITIES IN
INDIA AND ACROSS THE WORLD**