

THE POWER OF BEING UNDERSTOOD

An aerial photograph of a large solar farm. The solar panels are arranged in neat rows across a green field. In the background, several wind turbines are visible against a blue sky with light clouds. A river or canal runs along the right side of the solar farm.

RSM India Publication: Key Changes in Draft Income Tax Rules, 2026 vis-à-vis Income Tax Rules, 1962

Newsflash

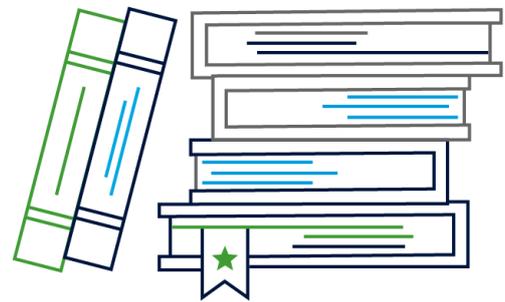
Key Changes in Draft Income Tax Rules, 2026 vis-à-vis Income Tax Rules, 1962

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1.0 Background

The Government has embarked on a comprehensive transition to the Income-tax Act, 2025 (hereinafter referred to as '*the ITA 2025*'), which will come into force from 1 April 2026. The ITA 2025 seeks to simplify and modernise India's direct tax framework through restructuring, consolidation of provisions, and a shift in legislative design, including the adoption of the concept of a 'Tax Year' in place of the "previous year/assessment year".



In order to operationalise ITA 2025, the Central Board of Direct Taxes ("CBDT") has placed the Draft Income-tax Rules, 2026 (hereinafter referred to as '*the Draft IT Rules*') and the draft statutory Forms in the public domain for stakeholder consultation prior to formal notification. The CBDT has expressly stated that the draft Rules and Forms will remain available for public comments for 15 days, up to **22 February 2026**, with feedback intended to be captured rule-wise and form-wise, making the subordinate legislation process more participative and implementation-ready.

Further, for ease of navigation and transition, the CBDT has released two dedicated navigators:

- One Navigator mapping the existing rules to the New Draft Rules, and
- Other Navigator mapping the existing forms to the new draft forms

to support taxpayers and professionals in quickly identifying the corresponding provisions under the new regime.

In this Newsflash, we have provided a brief overview on the key changes proposed under the Draft Income-tax Rules, 2026 vis-à-vis the Income-tax Rules, 1962.

2.0 Key Structural Reforms under the IT Act, 2025 Framework¹

The CBDT's official note outlines the rationale, drafting approach and expected outcomes from the new Rules and forms, highlighting the broader objectives as follows:

- **Simplification of Language and Structure**

The draft Rules have been redrafted in simpler and clearer language, with the use of formulas and tables wherever necessary to enable easier interpretation and reduce ambiguities.

¹ <https://incometaxindia.gov.in/Documents/draft-income-tax-rules/note-Draft-Income-tax-Rules-and-Forms-2026.pdf>

Redundancies present in the existing Income-tax Rules, 1962 have been identified and removed in the draft to improve clarity and navigability.

- **Rationalised and “Smart” Forms**

The forms that accompany the Draft Rules have been comprehensively restructured and standardised to minimise repetitive disclosures and uniform compliance fields across forms. They are conceived as smart forms with the capability for automated reconciliation, pre-fill features, thereby reducing errors and taxpayer effort while enabling centralised processing and data-driven administration.

- **Rationalisation and Consolidation of Rules**

A comparative snapshot of the rationalisation achieved under the Draft Income-tax Rules, 2026 vis-à-vis the Income-tax Rules, 1962 is as follows:

Particulars	IT Rules, 1962 (Existing)	Draft IT Rules, 2026 (Proposed)	Potential Reduction
Number of Rules	511	333	178
Number of Forms	399	190	209

This rationalisation reflects the elimination of redundant provisions and consolidation of similar procedural requirements.

- **Official Navigators**

Further, for ease of navigation and transition, the CBDT has released two navigators, which are as follows:

- A navigator mapping the existing rules with the corresponding draft rules²
- A navigator mapping the existing forms with the corresponding draft forms³.

3.0 Key Amendments in ITR-1 and ITR-4 Filing Conditions under the Draft Rules

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
Conditions for Selecting ITR – 1		
Ownership of house property	Rule 164(2)	Rule 12(1)(a)
	Eligibility extended to individuals owning upto 2 house properties.	Eligible only if 1 house property is owned.
Conditions for Selecting ITR – 4		
	Rule 164(2)	Rule 12(1)(a)

² <https://incometaxindia.gov.in/Documents/draft-income-tax-rules/navigator-Income-tax-Rules-2026.pdf>

³ <https://incometaxindia.gov.in/Documents/draft-income-tax-rules/navigator-Income-tax-Forms-2026.pdf>

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
Ownership of house property	Eligibility extended to individuals owning upto 2 house properties.	Eligible only if 1 house property is owned.
Deduction against 'Income from Other Sources'	Rule 164(6)	Rule 12(1)(ca)
	Not eligible if taxpayer claims any deduction under Income from Other Sources u/s 93 (Except Family pension deduction)	No such specific restriction.

4.0 Consolidation of Option for Concessional Tax Regime into Return of Income (Rule 136)

Taxpayers such as Individuals, HUFs etc. having business or professional income must file Form No. 10-IEA electronically under Rule 21AG of the Income-tax Rules, 1962 to opt for the old tax regime, on or before the due date of return filing. On the other hand, taxpayers without business income can choose the old regime directly while filing their return, without filing any separate form.

The Draft Rules propose to remove the requirement of filing a separate form to claim concessional tax rates under the new tax regime. Instead, taxpayers can simply choose or withdraw this option directly while filing their return of income.

For each tax year, the option under the provisions listed below must be exercised or withdrawn in the return of income filed under section 263(1), by the following categories of taxpayers:

Draft IT Rules, 2026	IT Rules, 2026	Eligible Person
199(3)	115BA(4)	Manufacturing domestic company
200(5)	115BAA(5)	Domestic company
201(2)	115BAB(7)	New manufacturing domestic company
202(4)	115BAC(6)	Individual, HUF, AOP (other than a co-operative society), BOI, or artificial juridical person
203(5)	115BAD(5)	Resident co-operative society
204(2)	115BAE(5)	New manufacturing co-operative society

5.0 Alignment of TCS Return Due Dates with TDS under Draft IT Rules, 2026

Quarter End	TDS Return Due Date		TCS Return Due Date	
	Draft IT Rules, 2026 (Rule 219)	IT Rules, 2026 (Rule 31A)	Draft IT Rules, 2026 (Rule 219)	IT Rules, 2026 (Rule 31AA)
30 June	31 July	31 July	31 July	15 July
30 Sept	31 October	31 October	31 October	15 October
31 Dec	31 January	31 January	31 January	15 January
31 Mar	31 May	31 May	31 May	15 May

6.0 Key Changes in Monetary Threshold Revisions in Perquisite Valuation

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
Reimbursement of Motor Expenses		
Expenses reimbursed by the employer	Rule 15(3)(a) TABLE II	Rule 3(2)(A) TABLE II
Engine capacity up to 1.6 litres	Rs. 5,000 p.m. plus (Rs. 3,000 p.m. if chauffeur provided)	Rs. 1,800 p.m. plus (Rs. 900 p.m. if chauffeur provided)
Engine capacity exceeding 1.6 litres	Rs. 7,000 p.m. plus (Rs. 3,000 p.m. if chauffeur provided)	Rs. 2,400 p.m. plus (Rs. 900 p.m. if chauffeur provided)
Expenses not reimbursed by the employer		
Expenses not reimbursed by the employer	Rule 15(3)(a) TABLE II	Rule 3(2)(A) TABLE II
Engine capacity up to 1.6 litres	Rs. 2,000 p.m. (+ Rs. 3,000 p.m. if chauffeur provided)	Rs. 600 p.m. (+ Rs. 900 p.m. if chauffeur provided)
Engine capacity exceeding 1.6 litres	Rs. 3,000 p.m. (+ Rs. 3,000 p.m. if chauffeur provided)	Rs. 900 p.m. (+ Rs. 900 p.m. if chauffeur provided)
Employer-Provided Gifts (Annual exemption)		
Employer-Provided Gifts (Annual exemption)	Rule 15(4) TABLE III	Rule 3(7)(iv)
	Exemption increased to Rs. 15,000 per annum	Exemption limited to Rs. 5,000 per annum
Meal Vouchers – Per-meal exemption		
Meal Vouchers – Per-meal exemption	Rule 15(5)(a) TABLE IV	Rule 3(7)(iii)
	Exemption enhanced to Rs. 200 per meal (subject to prescribed conditions)	Exemption limited to Rs. 50 per meal
Employer-Provided Education Facility		
Employer-Provided Education Facility	Rule 15(5)(a) TABLE IV	Rule 3(5)
	Exemption enhanced to Rs. 3,000 per month per child	Exemption limited to Rs. 1,000 per month per child
Medical Treatment Loans – Perquisite exemption		
Medical Treatment Loans – Perquisite exemption	Rule 15(5)(a) TABLE IV	Rule 3(7)(i)
	Loans up to Rs. 2 lakhs not treated as taxable perquisite	Exemption only up to Rs. 20,000 (Except for specified diseases)

7.0 Proposed Enhancement of Monetary Threshold for Reference to Valuation Officer under the head 'Income on Capital Gains'

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
Reference to Valuation Officer (VO) for FMV of a Capital Assets	Rule 55	Rule 111AA
	A reference under section 91(1)(b) of the ITA, 2025 r.w. Rule 55 of the IT Rules, 2026, is permissible only where the	Section 55A of the ITA 1961, r.w. Rule 111AA of the IT Rules, 1962, permits the Assessing Officer (AO) to a VO for determination of fair market

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
	<p>variation exceeds 15% or the monetary difference exceeds Rs. 10 lakhs.</p> <p>Thus, the Draft Rules propose to enhance this monetary threshold from the existing limit of Rs. 25,000 to Rs. 10 lakhs.</p>	<p>value of an asset where such value exceeds the amount claimed by the assessee by more than 15% or more than Rs. 25,000.</p>

8.0 Key Changes in Monetary Allowances for Employees

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
House Rent Allowance (HRA) – Expanded scope of Metro Cities for Higher exemption	Rule 279	Rule 2A
	<p>The Draft Rules propose to expand the list of metro cities for HRA exemption purposes by including Hyderabad, Ahmedabad, Pune, and Bengaluru, in addition to the existing cities of Mumbai, Kolkata, Delhi, and Chennai, for applying the 50% of salary threshold.</p>	<p>One of the eligible threshold limits for claiming HRA includes an enhanced 50% of salary for specific metro cities such as Mumbai, Delhi, Kolkata & Chennai whereas such limit is restricted for other cities to 40%.</p>
Transport Allowance for Employees Engaged in Running of Transport System	Rule 280(2) TABLE SI.No.6	Rule 2BB TABLE SI.No.4
	70 per cent of such allowance up to a maximum of Rs. 25,000 per month.	70 per cent of such allowance up to a maximum of Rs. 10,000 per month.
Children’s Education Allowance	Rule 280(2) TABLE SI.No.7	Rule 2BB TABLE SI.No.5
	Increased to Rs. 3,000 per month per child	Rs. 100 per month per child
Hostel Expenditure Allowance	Rule 280(2) TABLE SI.No.8	Rule 2BB TABLE SI.No.6
	Increased to Rs. 9,000 per month per child	Rs. 300 per month per child
Transport Allowance for Persons with Disabilities	Rule 280(2) TABLE SI.No.10	Rule 2BB TABLE SI.No.11
	Rs. 15,000 + DA (metro) / Rs. 8,000 + DA (other cities)	Rs. 3,200 per month
Underground allowance granted to an employee who is working in uncongenial,	Rule 280(2) TABLE SI.No.12	Rule 2BB TABLE SI.No.12
	15% of Basic Pay.	Rs. 800 per month.

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
unnatural climate in underground mines.		

- Proposed Rationalisation of Specified Allowances**

A significant overhaul has been proposed in respect of the allowances prescribed under Rule 280 (corresponding to Rule 2BB of the IT Rules, 1962) such as **Special Compensatory Allowance, Compensatory Field Area Allowance, Special allowance for Armed forces etc.**

The draft rules seek to rationalise the exemption framework by revising the monetary ceilings for such specified allowances.

Further, the location-based classification in addition to the applicable limits for the aforementioned allowances have also been proposed to be revised under the Draft Rules.

9.0 Key changes in Monetary Limits for Quoting PAN

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
Cash deposits (in cash) in a Bank or Post office account	Rule 159 Table SI. No. 6	Rule 114B Table SI. No.10
	PAN required where aggregate cash deposits in a Financial Year (FY) is Rs. 10 lakhs or more	PAN required for cash deposits exceeding Rs. 50,000 in a day
Cash withdrawals from a bank or post-office account	Rule 159 Table SI. No. 7	-----
	PAN required where aggregate cash withdrawals are Rs. 10 lakhs or more in a FY	No specific aggregate annual threshold is prescribed under the IT Rules, 1962
Purchase or sale of a motor vehicle (including two-wheelers)	Rule 159 Table SI. No. 8	Rule 114B Table SI.No.1
	PAN is required where the value of the vehicle exceeds Rs. 5 lakhs	PAN is required for all motor vehicles other than two-wheelers, irrespective of value
Payment to hotels, restaurants, banquets or event managers	Rule 159 Table SI. No. 15	Rule 114B Table SI. No.5
	PAN required for payment exceeding Rs. 1 lakh per transaction	PAN required for cash payment exceeding Rs. 50,000
Purchase, sale or transfer of immovable property	Rule 159 Table SI. No. 11	Rule 114B Table SI. No.17
	Under the IT Rules, 2026, PAN is mandatory for immovable property transactions exceeding Rs. 20 lakhs (value or stamp-duty value). Earlier, the applicability was limited to sale and purchase; the	PAN required where the value or stamp-duty value exceeds Rs. 10 lakhs.

Particulars	IT Rules, 2026 (Draft)	IT Rules, 1962
	requirement has now been extended to gifts and Joint Development Agreements, widening the PAN quoting scope for immovable property transactions	
Payment of Insurance Premium	Rule 159 Table Sl. No.14	Rule 114B Table Sl. No.14
	Now, all the transactions have to be reported irrespective of the amount of premium paid	PAN is only required to be quoted when the insurance premium exceeds the threshold limit of Rs. 50,000 in an FY

10.0 Key changes in Monetary limits for SFT reporting

Transaction	Draft IT Rules, 2026 (Rule 237)	IT Rules, 1962 (Rule 114E)
Payment made in cash for the purchase of bank drafts, pay orders, or banker's cheque	The scope is expanded to include SFT Reporting for a Person not having PAN, where the threshold is Rs. 5 lakhs or more	No such provision exists
Cash deposits in accounts (other than a current account and time deposit) of a person		
Receipts on Sale or Utilisation of Foreign Currency (Including Card Transactions and Instruments)		
Purchase/sale of Immovable Property	Consideration or Stamp Duty Value (SDV) of Rs. 45 lakhs or more	Consideration or SDV of Rs. 30 lakhs or more
Purchase of a Stamp paper by any person	<ul style="list-style-type: none"> Person having PAN - Rs. 2 lakhs or more in one transaction Person not having PAN - Rs. 1 lakh or more in one transaction 	No such provision exists in IT Rules, 1962.
Receipt from any person against Insurance Premium	<ul style="list-style-type: none"> Person having PAN - Rs. 10 lakhs or more (in one or more accounts of a person) in aggregate in a FY 	No such provision exists in IT Rules, 1962.

Transaction	Draft IT Rules, 2026 (Rule 237)	IT Rules, 1962 (Rule 114E)
	<ul style="list-style-type: none"> • Person not having PAN - Rs. 5 lakh or more (in one or more accounts of a person) in aggregate in a FY 	

11.0 Other Key Reforms in the Draft IT Rules, 2026

11.1 New Compliance Requirement for Electronic Books of Account for specified professionals⁴

Rule 46 of the Draft IT Rules, 2026, which deals with the maintenance of books of account under section 62(1) of the ITA 2025, introduces a significant compliance requirement for maintenance of records in electronic form. Further, the said provision mandates that books of account and specified documents maintained in electronic mode **must remain accessible in India at all times**. In addition, the back-up of such electronic records is **required to be stored on servers physically located in India and updated on a daily basis**.

This marks a notable change from the existing framework under Rule 6F of the IT Rules, 1962, which prescribes the books of account and documents to be maintained under section 44AA(3) of the ITA 1961, by persons carrying on specified professions. The current rules do not contain any explicit requirement for electronic records to be maintained on servers located in India or for daily back-ups.

11.2 CBDC Recognised as Permissible Mode of Payment under Draft IT Rules

Rule 48 and 133 of the Draft IT Rules, 2026 formally recognise “**Tier-III: Full KYC Central Bank Digital Currency wallets, P-CBDC, Wholesale/Crossborder CBDC**” as an accepted mode of electronic payment for specified cases such as providing or accepting loans, deposits, etc., exceeding specified threshold, making available electronic modes of payment, etc.

The inclusion places CBDC on par with other prescribed digital payment methods for tax compliance and reporting purposes, reinforcing its status as a legitimate and regulated means of transaction under the evolving tax framework.

11.3 Changes in Leave Travel Concession (LTC) or assistance (LTA) under Draft Rules

Rule 2B of the IT Rules 1962 provides that LTC for air travel is restricted to economy class airfare. However, in accordance with **Rule 278** of the Draft IT Rules, 2026 propose to remove this restriction and allow **airfare reimbursement based on the class of travel to which the employee is entitled**.

Further, in cases where no recognised public transport system exists, the current ceiling of **air-conditioned first-class rail fare** is proposed to be replaced with a fixed limit of **Rs. 30 per kilometre for the shortest route**.

⁴ As per Section 62 of the ITA, 2025

11.4 Defective Return: Shift from Statute to Rules (Rule 166)

Section 139(9) of ITA 1961 expressly prescribed the circumstances under which a return of income would be treated as defective. However, the corresponding section 263(7) of ITA 2025 does not provide for all such circumstances in the Act.

Instead, Rule 166 of the Draft IT Rules, 2026 now specifies the conditions constituting a defective return as follows:

A return of income shall be treated as defective unless all of the following conditions are duly satisfied:

Particulars	Section 263(7) – ITA, 2025 r.w. Rule 166	Section 139(9) – ITA, 1961
Completeness of Return	If any applicable field, part, schedule, statement, or column is not duly filled, including income computations	Return must have annexures, statements, and columns duly filled for computation of income, gross total income, and total income
Audit Report	Where audit is applicable, the audit report under section 63 has not been furnished before filing the return of income	Audit report under section 44AB to be furnished with the return or proof of prior filing to be enclosed
Tax Payment Details	For Updated returns under section 263(6), tax payment details under section 267 must be duly filled in the return.	Proof of tax payment required for Updated returns filed under section 139(8A)
MAT / AMT Credit	Defect arises if brought-forward MAT/AMT credit claimed is not in line with credit allowed as per the latest return	No such provision.
Computation of Tax	No such provision.	Statement showing computation of tax payable to accompany the return
Requirement to Furnish Proof of Taxes Paid and Compulsory Deposits	No such provision.	The return must be accompanied by proof of TDS/TCS, advance tax, self-assessment tax, and any compulsory deposit claimed under the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974

Particulars	Section 263(7) – ITA, 2025 r.w. Rule 166	Section 139(9) – ITA, 1961
		However, the return will not be treated as defective if the TDS/TCS certificate was not furnished under sections 203 or 206C, provided such certificate is produced within the 2 year period specified under section 155(14)
Furnishing of Books of Account	No such provision	Where regular books of account are maintained, the return must be accompanied by copies of the relevant financial statements and balance sheet, along with the personal accounts of the proprietor, partners, or members, as applicable
Submission of Audited Financial Statements and Audit Reports	Where audit is applicable, the audit report under section 63 has not been furnished before filing the return of income	Where the assessee’s accounts have been audited, the return of income must be accompanied by copies of the audited profit and loss account, balance sheet, and the auditor’s report. In cases where a cost audit has been conducted under section 233B of the Companies Act, 1956, the corresponding cost audit report must also be furnished
Statement of Business Results (Where Books Are Not Maintained)	No such provision.	Where books of account are not maintained, the return must include a statement of turnover or gross receipts, profits, expenses, the basis of computation, and year-end balances of debtors, creditors, stock, and cash.

11.5 Enhanced Compliance Requirements for Foreign Tax Credit (Rule 75)

Currently, Form 67 (filed for claiming Foreign Tax Credit) is not required to be certified by an Accountant. However, the Draft Rules propose mandatory verification by an Accountant through the corresponding Form 44 in the following cases:

- where the claimant is a company; or

- in other cases, where the foreign tax paid outside India during a tax year is Rs. 1 lakh or more.

The draft Form 44 (corresponding to the existing Form 67) proposes to provide for computation of Foreign Tax Credit on net income basis i.e., [(gross income) minus (direct expenses and pro-rata indirect expenses in connection with the gross income)] which is included in the total income offered/assessed to tax in India.

11.6 Conditional Relief Based on TRC Contents Proposed to Be Withdrawn

Rule 21AB of the IT Rules, 1962 provides that the taxpayer to furnish specified information in Form 10F as follows:

- Status (individual, company, firm, etc.) of the taxpayer
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country of his residence or in it's absence, any other unique identification number
- Period for determination of residential status and
- Address of the assessee in the country outside India.

However, the aforementioned information may not be furnished in Form 10F if any such information (in whole or in part) is provided in Tax Residency Certificate (TRC).

Rule 75 of the Draft Rules does not retain this relaxation and consequently, Form 41 (corresponding to the existing Form 10F) would be required to be filed mandatorily, even where the TRC already contains all such specified particulars.

Further, the draft Form 41 issued by the CBDT now requires the taxpayer to provide a communication address in India which could pose practical challenges for non-residents with no such address in India.

11.7 Enhanced Disclosure and Procedural Requirements for Appeals (Rule 167)

Draft Form 99, proposed in place of Form 35 [(for making an Appeal to the Joint Commissioner (Appeals) or the Commissioner of Income-tax (Appeals)], introduces separate disclosures details for block assessment and TDS related assessments in addition to regular assessment and penalty.

Further, **Draft Form 99 requires a declaration made by the Director/ Signatory would further need a certification that an application for immunity from penalty under section 440 has not been filed and also permits the filing of a copy of earlier appellate orders on issues already decided.** It is pertinent to note that the same were not available under the existing Form 35.

12.0 List of New Rules introduced in the Draft IT Rules

IT Rules, 2026	Subject / Description
31	Furnishing of statement of particulars in respect of donation and certificate to the donor under section 45(4)(a)
45	Conditions to be fulfilled by a resident company for the purposes of section 61(2)
66	Furnishing of audit report for claiming deduction under sections 46, 138, 139, 140, 141, 142, 143 or 144

IT Rules, 2026	Subject / Description
82	Exercise of option for determination of arm's length price for multiple years in a single proceeding
91	Procedure relating to transactions of provision of information technology services (Safe Harbour)
153	Distraint and sale
166	Conditions for treating a return as a defective return under section 263(7)
173	Jurisdiction of Valuation Officers as per section 2(110) read with section 269
174	Day and time for inspection by Valuation Officers under section 269(3)
176	Procedure for faceless assessment, reassessment or recomputation under section 273
182	Manner of computation of gains of commercial activities under sections 335(e) and 344
183	Manner of computation of income applied by a registered non-profit organisation for benefit of related persons
186	Application for change of purpose for which income has been accumulated or set apart under section 342(5)
210	Conditions for no deduction of tax at source from income in respect of units of non-residents
225	Procedure for recovery of tax for purposes of sections 413 and 475
241	Definitions for purposes of reporting under section 509
242	Obligation for reporting under section 509
243	Reporting requirements under section 509
244	Due diligence procedures under section 509
246	Application for registration as a valuer under section 514
247	Qualification of Registered Valuer for section 514
248	Scale of fees to be charged by a registered valuer
249	Form of report of valuation by registered valuer

13.0 Key changes in Forms under the Income Tax Framework

13.1 Structural Recasting of Income Tax Forms in the 2026 Rules

The IT Rules, 2026 provide for a serialised listing of forms, while majorly largely retaining the statutory Form aspects prescribed under the IT Rules, 1962. Accordingly, similar statutory form under the 1962 Rules may appear against different serial numbers in the 2026 Rules. **A list of key revised forms has been provided as follows:**

Form No. (Draft IT Rules, 2026)	Form No. (IT Rules, 1962)	Description
Key PAN Related Forms		
93	49A	Application for allotment of PAN- (For an individual being Citizen of India)
94	49A	Application for allotment of PAN - (For an Indian Company / an Entity incorporated in India / an Unincorporated Entity formed in India)
95	49AA	Application for allotment of PAN-(For an individual not being Citizen of India)
96	49AA	Application for allotment of PAN- (for an Entity incorporated outside India / an Unincorporated Entity formed outside India)
135	49B(2)	Form for application for allotment of Tax Deduction and Collection Account Number [TAN] under section 397 of Act [For entities other than government entity]
134	49B(1)	Form for application for allotment of Tax Deduction and Collection Account Number [TAN] under section 397 of Act [In the case of Government Entity]
Salary, Perquisites & Senior Citizen Forms		
123	12BA	Statement showing particulars of perquisites, other fringe benefits or amenities and profits in lieu of salary with value thereof
124	12BB	Statement showing particulars of claims by an employee for deduction of tax under section 392(5)(b) of the Act
125	12BBA	Declaration to be furnished by Specified Senior Citizen under Section 393(1) [Table: Sl. No. 8(iii)]
130	16	Certificate under section 395 of the Act for tax deducted at source on salary paid to an employee under section 392 or pension or interest income of specified senior citizen under section 393(1) [Table: Sl. No. 8(iii)]
131	16A	Certificate under section 395(4) of the Act for tax deducted at source
TDS / TCS Statements & Declarations		
138	24Q	Quarterly statement of deduction of tax under section 397(3)(b) of the Act in respect of salary paid to employee under section 392, or income of specified senior citizen under section 393(1) [Table: Sl. No. 8(iii)]
140	26Q	Quarterly statement of deduction of tax under section 397(3)(b) of the Act in respect of payments made other than salary

Form No. (Draft IT Rules, 2026)	Form No. (IT Rules, 1962)	Description
144	27Q	Quarterly statement of deduction of tax under section 397(3)(b) of the Act in respect of payments other than salary made to non-residents
143	27EQ	Quarterly statement of collection of tax at source under Section 397(3)(b) of the Act
121	15G, 15H	Declaration under section 393(6) for receipt of certain incomes without deduction of tax
127	27C	Declaration under section 394(2) of the Act to be made by a buyer for obtaining goods without collection of tax
Foreign Payments & Cross-Border Compliance		
145	15CA	Information to be furnished for payments to a non-resident not being a company, or to a foreign company
146	15CB	Certificate of an accountant for payments to a non-resident, not being a company or to a foreign company
41	10F	Information to be provided under section 159(8) of the Act
42	10FA	Application for Certificate of residence for the purposes of an agreement under section 159(1) and 159(2) of the Act
43	10FB	Certificate of residence for the purposes of section 159 of the Act
44	67	Statement of income from a country or specified territory outside India and Foreign Tax Credit
Appeals, Disputes & Proceedings		
99	35	Appeal to the Joint Commissioner (Appeals) or the Commissioner of Income-tax (Appeals)
115	36	Form of appeal to the Income-tax Appellate Tribunal
116	36A	Form of memorandum of cross-objections to the Appellate Tribunal
Information Statements & Reporting		
168	26AS	Annual information statement
165	61A	Statement of Specified Financial Transactions under section 508 (1) of the Act
166	61B	Statement of Reportable Account under section 508 (1) of the Act
Forms Related to Audit		
26	3CA, 3CB, 3CD	Audit report and Statement of particulars required to be furnished under section 63 of the Act

Form No. (Draft IT Rules, 2026)	Form No. (IT Rules, 1962)	Description
24	3CE	Audit Report under section 59 of the Act
Forms Related to Transfer Pricing		
48	3CEB	Report from an accountant to be furnished under section 172 relating to international transaction(s) and specified domestic transaction(s)
49	3CEFA, 3CEFB & 3CEFC	Application for opting for Safe Harbour

13.2 Rationalisation of Forms under the Draft Rules

13.2.1 Structural and Reporting Changes in Tax Audit Forms (Draft Form 26)

The Draft Rules propose consolidation of Form 3CA, Form 3CB and Form 3CD into a single audit report, Form 26, expanding the number of clauses from 44 to 55. The proposed form broadens disclosure requirements to include details of accounting software, cloud or electronic storage of books (along with IP address and country of storage), and backup servers.

It also requires reporting on foreign remittances, including a bifurcation of those subject to and not subject to withholding tax, as well as consideration of statutory and any other audit qualifications, and mandates disclosure relating to the utilisation of Minimum Alternate Tax (MAT) or Alternate Minimum Tax (AMT) credits.

13.2.2 Proposed Consolidation of Nil / Lower TDS and TCS Certificate Application

The Draft Rules propose the introduction of a single, unified application form i.e., Form 128 for obtaining both nil or lower tax deduction certificates (TDS) and nil or lower tax collection certificates (TCS), streamlining the application process and reducing procedural duplication.

13.2.3 Expanded Reporting Framework for Foreign Remittances

Form 15CC is a certificate to be furnished by an authorised dealer (AD) bank to the Income-tax Department in relation to foreign remittances made outside India. Form 147, introduced under the Draft IT Rules, 2026, significantly expands the scope of quarterly reporting of foreign remittances by authorised dealers as compared to the existing Form 15CC.

At the transaction level, Form 147 requires additional information such as the tax identification number of the remittee (where available), and the country of residence of the remittee.

A key change in Form 147 is the formal linkage with Form No. 145 (corresponding to the existing Form 15CA) by requiring reporting of the acknowledgement number of Form 145 for the payments reported in Form 147. Further, where such Form 145 is not required to be furnished, disclosure of applicable purpose codes under Rule 220(3) would be disclosed.

Overall, Form 147 reflects a shift towards deeper traceability, stronger KYC and document-linked compliance in cross-border remittance reporting.

14.0 List of Newly Introduced Forms in Draft Income Tax Rules

The Draft IT Rules, 2026, have also added around 16 new forms, the list of which are as follows:

Form No. (Draft IT Rules, 2026)	Particulars
15	Statement to be filed by research association, university, college or other institution or company (“done”) under section 45(4)(a) of the Act
16	Certificate of donation under section 45(4)(a) of the Act
32	Audit report under sections 46, 138, 139, 140(8), 141, 142, 143, 144 of the Act
45	Intimation of settlement of dispute regarding foreign tax for which credit has not been claimed
46	Exercise of option for determination of arm’s length price (ALP) under section 166(9)
47	Certificate of accountant under section 166 of the Act
54	Application for Renewal of an Advance Pricing Agreement (APA)
75	Statement of income paid or credited by Venture Capital Company or Venture Capital Fund to be provided to the person who is liable to tax under section 222 of the Act
110	Application for change of purpose of accumulation or setting apart of income under section 342(5) of the Act
111	Order under section 342(6) on the request for change of purpose of accumulation or setting apart of income
136	Application for allotment of Accounts Office Identification Number (AIN)
157	Form for furnishing the certificate under section 420(4) of the Act.
167	Statement to be furnished under section 509 of the Act
169	Application for registration as Valuer
170	Report of valuation of Asset
188	Application for Approval for Superannuation Fund/Gratuity Fund

14.1 Introduction of New Form for claiming FTC post dispute settlement

The Draft IT Rules proposes to introduce a new Form 45 which would be required to be filed for intimation of settlement of dispute regarding foreign tax for which credit was not claimed initially. Rule 76(6) of the Income-tax Rules 2026 requires that this form/Intimation has to be filed by the assessee within six months from the end of the month in which the dispute is finally settled.

14.2 New Reporting Framework for Crypto-Asset Transactions

The Draft Rules introduce Form No. 167 to give effect to the reporting framework prescribed under section 509 of the ITA 2025. The form lays down a structured reporting mechanism for Reporting Crypto-Asset Service Providers (RCASPs) to disclose specified crypto-asset transactions carried out by their users during the relevant period. Accordingly, reporting entities are mandatorily required to furnish prescribed information relating to crypto-asset transactions.

Note: *The proposed Income-tax Rules 2026 and corresponding Draft Forms also introduce changes w.r.t. the Transfer Pricing framework. These aspects have not been covered in this Newsflash.*

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This Newsflash presents a comparative summary of the key changes introduced in the Draft Income-tax Rules, 2026 vis-à-vis the Income-tax Rules, 1962. It may be noted that nothing contained in this Newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain thereof and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this Newsflash.

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