



भारत सरकार / Government of India

सरकारी राजपत्र OFFICIAL GAZETTE

संघ प्रदेश दादरा एवं नगर हवेली तथा दमण एवं दीव प्रशासन
U.T. ADMINISTRATION OF DADRA AND NAGAR HAVELI AND
DAMAN AND DIU

असाधारण EXTRAORDINARY

प्राधिकरण द्वारा प्रकाशित / PUBLISHED BY AUTHORITY

Daman	08 th September, 2026	17 Bhadra, 1948 (Saka)	No. : 71
-------	----------------------------------	------------------------	----------

U.T. Administration of Dadra and Nagar Haveli and Daman and Diu,
Department of Law and Justice,
Secretariat, Daman.

No. LAW/DMN/E-Gazette/(2)/2026/497

Dated : 03/09/2026

Sub : The Taxation and other Laws Amendment Act, 2026 (Act No. 21 of 2026).

With reference to the above cited subject, Act assented by President on 17th August, 2026 and published in the Gazette of India, Extraordinary, Part-II, Section 1 is hereby re-publish in the Official Gazette of the U.T. Administration of Dadra & Nagar Haveli and Daman & Diu for general information.

Sd/—
(Jayant M. Panchal)
Law Secretary

रजिस्ट्री सं० डी० एल०—(एन)04/0007/2003—26

REGISTERED NO. DL—(N)04/0007/2003—26



CG-DL-E-17082026-275521

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 37] नई दिल्ली, सोमवार, अगस्त 17, 2026/श्रावण 26, 1948 (शक)

No. 37] NEW DELHI, MONDAY, AUGUST 17, 2026/SRAVANA 26, 1948 (Saka)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE
(Legislative Department)

New Delhi, the 17th August, 2026/Sravana 26, 1948 (Saka)

The following Act of Parliament received the assent of the President on the 17th August, 2026 and is hereby published for general information:—

THE TAXATION AND OTHER LAWS (AMENDMENT) ACT, 2026

No. 21 OF 2026

[17th August, 2026.]

An Act further to amend the Payment and Settlement Systems Act, 2007 and the Income-tax Act, 2025, and to amend the Finance Act, 2026.

BE it enacted by Parliament in the Seventy-seventh Year of the Republic of India as follows:□

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Taxation and Other Laws (Amendment) Act, 2026.

(2) Save as otherwise provided in this Act, it shall be deemed to have come into force on the 1st day of April, 2026.

Short title and
commencement.

CHAPTER II

AMENDMENT TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

Amendment of
Act 51 of 2007.

2. In the Payment and Settlement Systems Act, 2007, in section 10A, for the words, figures and letters “the electronic modes of payment prescribed under section 269SU of the Income-tax Act, 1961”, the words “one or more electronic modes of payment as the Central Government may, by notification, specify” shall be substituted with effect from the date of publication of this Act in the Official Gazette.

43 of 1961.

CHAPTER III

AMENDMENTS TO THE INCOME-TAX ACT, 2025

Substitution of
new Schedule
for Schedule I.

3. In the Income-tax Act, 2025 (hereafter in this Chapter referred to as the principal Act), for Schedule I, the following Schedule shall be substituted, namely:—

30 of 2025.

‘SCHEDULE I

[See section 9(12)]

CONDITIONS FOR CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS
CONNECTION IN INDIA

1. (1) The eligible investment fund referred to in section 9(12) shall be a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit, and fulfils the following conditions:—

(a) the fund is not a person resident in India;

(b) the fund is—

(i) a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or

(ii) established or incorporated or registered in a country or a specified territory as the Central Government may, by notification, specify;

(c) the aggregate participation or investment in the fund, directly by persons resident in India, does not exceed 5% of the corpus of the fund as on the 1st April and the 1st October of the tax year, and—

(i) for the purposes of calculation of such aggregate participation or investment in the fund, any contribution up to twenty-five crore rupees made by the eligible fund manager during the first three years of operation of the fund shall not be taken into account; or

(ii) where the said aggregate participation or investment in the fund exceeds 5% on the 1st April or the 1st October of the tax year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied within four months of the 1st April or the 1st October, as the case may be, of such tax year;

(d) the fund shall not carry on or control and manage, directly or indirectly, any business in India; and

(e) no person acting on behalf of the fund engages in any activity which constitutes a business connection in India other than the activities undertaken by the eligible fund manager on its behalf.

(2) The eligible fund manager referred to in section 9(12), in respect of an eligible investment fund, shall be any person who is engaged in the activity of fund management and fulfils the following conditions:—

(a) the person is not an employee of the eligible investment fund or a connected person of such fund;

(b) the person is registered as a fund manager or an investment advisor in accordance with the specified regulations;

(c) the person is acting in the ordinary course of his business as a fund manager; and

(d) the person along with his connected persons shall not be entitled, directly or indirectly, to more than 20% of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through the fund manager.

(3) Every eligible investment fund shall, in respect of its activities in a tax year, furnish within ninety days from the end of the tax year,—

(a) a statement in the prescribed form to the prescribed income-tax authority containing information relating to the fulfilment of the conditions specified in this Schedule; and

(b) provide such other relevant information or documents, as may be prescribed.

(4) The provisions of this Schedule shall apply as per such guidelines and in such manner, as the Board may prescribe in this behalf.

2. In this Schedule, the expressions—

(a) “connected person” shall have the meaning assigned to it in section 184(5);

(b) “corpus” means the total amount of funds raised for the purpose of investment by the eligible investment fund as on a particular date;

(c) “specified regulations” means—

(i) the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013; or

(ii) the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020; or

(iii) such other regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), as may be notified in this behalf.’.

4. In Schedule IV to the principal Act, in the Table,—

(a) in serial number 13A, in column D,—

(i) for clause (d), the following clause shall be substituted, namely:—

“(d) the contract manufacturer produces specified electronic goods on behalf of the foreign company for a consideration; and”;

(ii) in clause (e), for the figures “2030-2031”, the figures “2040-2041” shall be substituted;

(b) in serial number 13C, in column D, clause (a) shall be omitted;

(c) after serial number 13C and entries relating thereto, the following shall be inserted, namely:—

Amendment of
Schedule IV.

A	B	C	D
“13D.	Any interest on Government security, and any capital gains arising from the sale, exchange or transfer of such Government security.	A Foreign Institutional Investor.	Such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed.
13E.	Any interest on Government security, and any capital gains arising from the sale, exchange or transfer of such Government security.	Bank for International Settlements.	Such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed.”;

(d) after serial number 13E as so inserted and the entries relating thereto, the following shall be inserted, with effect from the 1st day of October, 2026, namely:—

A	B	C	D
“13F.	Any income on sale of rough diamonds.	A foreign company— (a) engaged in the business of diamond mining; or (b) being a sightholder of the company referred to in clause (a); or (c) being a broker, aggregator or a tender and auction entity connected with sale of rough diamonds.	(a) The sale of rough diamonds is carried out in any notified special zone as referred to in section 9(9)(c)(ii)(C); (b) such foreign company maintains and furnishes such information in such form and manner, as may be prescribed; and (c) such exemption shall be available up to the tax year ending on the 31st March, 2041.
13G.	Any income accruing or arising on account of storage of components in a warehouse in a custom bonded area.	A foreign company, which stores components in a warehouse in a custom bonded area for providing them to a contract manufacturer to be used for manufacturing of specified electronic goods.	(a) Such exemption shall be available on sale of components by such foreign company; (b) such contract manufacturer produces electronic goods on behalf of any foreign company;

Sec. 1]

THE GAZETTE OF INDIA EXTRAORDINARY

5

A	B	C	D
			(c) such exemption shall be subject to furnishing of information in such form and manner, as may be prescribed; and (d) such exemption shall be available up to the tax year ending on the 31st March, 2041.”;

(e) after Note 2 below the Table, the following Note shall be inserted, namely:—

‘Note 2A: For the purposes of Sl. No. 13A, the expression “specified electronic goods” means—

(a) mobile phones; or

(b) laptops, all-in-one personal computers and tablets; or

(c) servers and ultra small form factor (USFF); or

(d) sub-assemblies to the finished goods mentioned in clauses (a) to (c); or

(e) hearables and wearables and accessories related to the finished goods mentioned in clauses (a) to (c).’;

(f) in Note 3 below the Table, for clause (c), the following clause shall be substituted, namely:—

‘(c) “specified data centre” means a data centre which—

(i) is operated by an Indian company, whether by way of owning or leasing; and

(ii) satisfies such other conditions as may be prescribed.’;

(g) after Note 3 below the Table, the following Note shall be inserted, namely:—

‘Note 4: For the purposes of Sl. Nos. 13D and 13E,—

(a) “Bank for International Settlements” means the Bank for International Settlements established at the Hague Conference in 1930 and headquartered at Basel, Switzerland;

(b) “Foreign Institutional Investor” shall have the meaning assigned to it in section 210(6)(a);

(c) “Government security” shall have the same meaning as assigned to it in section 2(f) of the Government Securities Act, 2006 (38 of 2006).’;

(h) after Note 4 as so inserted, the following Notes shall be inserted with effect from the 1st day of October, 2026, namely:—

‘Note 5: For the purposes of Sl. No. 13F, the expression “rough diamond” means any diamond that is unworked or simply sawn, cleaved or bruted and falling under the Tariff Heading 7102 10, 7102 21, or 7102 31 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and accompanied by the Kimberley Process Certificate.

Note 6: For the purposes of Sl. No. 13G,—

(a) “contract manufacturer” means an Indian company which produces specified electronic goods on behalf of any foreign company in a custom bonded area;

(b) “custom bonded area” means a warehouse as referred to in section 65 of the Customs Act, 1962 (52 of 1962); and

(c) “specified electronic goods” shall have the meaning assigned to it in Note 2A.’

Amendment of
Schedule V.

5. In Schedule V to the principal Act, in the Table, in serial number 5, in column D, clause (b) shall be omitted.

CHAPTER IV

AMENDMENT TO THE FINANCE ACT, 2026

Amendment of
Act 4 of 2026.

6. In section 3 of the Finance Act, 2026,—

(a) in sub-section (4), in clause (b), in the Table, for serial number 9 and the entries relating thereto, the following shall be substituted:—

A	B	C	D
“9.	200 or 201.	Every domestic company other than a special purpose vehicle referred to in Schedule V [Note 2].	10%.
9A.	200 or 201.	Every domestic company, being a special purpose vehicle referred to in Schedule V [Note 2].	25%.”;

(b) in sub-section (12), in clause (b), in the Table, for serial number 9 and the entries relating thereto, the following shall be substituted:—

A	B	C	D
“9.	200 or 201.	Every domestic company other than a special purpose vehicle referred to in Schedule V [Note 2].	10%.
9A.	200 or 201.	Every domestic company, being a special purpose vehicle referred to in Schedule V [Note 2].	25%.”.

CHAPTER V

MISCELLANEOUS

Ord. 2 of 2026.

7. (1) The Income-tax (Amendment) Ordinance, 2026 is hereby repealed.

Repeal and
saving.

(2) Notwithstanding such repeal, anything done or any action taken under the provisions of the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

DR. RAJIV MANI,
Secretary to the Govt. of India.