CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3 . In section 2 of the Income-tax Act,—

(*a*) in clause (*14*), with effect from the 1st April, 2026,—

(*i*) for sub-clause (*b*), the following sub-clause shall be substituted, namely:—

"(*b*) any securities held by—

(*i*) a Foreign Institutional investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); or

(*ii*) an investment fund specified in clause (*a*) of *Explanation 1* to section 115UB which has invested such securities in accordance with the provisions of the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or under the International Financial Services Centres Authority Act, 2019 (50 of 2019);";

(*ii*) in sub-clause (*c*), the words "on account of the applicability of the fourth and fifth provisos thereof" shall be omitted;

(*b*) in clause (*22*),—

(*i*) in the long line, after sub-clause (*ii*), the following sub-clause shall be inserted, namely:—

'(*iia*) any advance or loan between two group entities, where,—

(A) one of the group entity is a "Finance Company" or a "Finance Unit"; and

(B) the parent entity or principal entity of such group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by the Board in this behalf;';

(*ii*) in *Explanation 3*, after clause (*b*), the following clauses shall be inserted, namely:—

'(*c*) "Finance Company" and "Finance Unit" shall have the same meaning as assigned respectively to them in clauses (*e*) and (*f*) of sub-regulation (*1*) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019):

Provided that such Finance Company or Finance Unit, is set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services as per the relevant regulations made by the International Financial Services Centres Authority established under section 4 of the said Act;

(*d*) "group entity", "parent entity" and "principal entity" shall be such entities which satisfy such conditions as prescribed in this behalf.';

(*c*) in clause (*47A*), after sub-clause (*c*) and before the proviso, the following sub-clause shall be inserted with effect from the 1st April, 2026, namely:—

"(*d*) any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not such asset is included in sub-clause (*a*) or sub-clause (*b*) or sub-clause (*c*):".