Indian Economy · GS - III

How do transitional provisions in tax legislation protect taxpayer rights and ensure legal certainty during major tax reforms? Discuss with reference to the Income-tax Act, 2025.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 22/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Income-tax Act, 2025, Section 536, Repeal and Savings, Pending Assessments, Refund Claims, Appeals, Taxpayer Rights, Legal Certainty, Rule of Law, Tax Administration.

Model Answer

Introduction

The Income-tax Act, 2025 came into force on 1 April 2026, replacing the Income-tax Act, 1961. Transitional provisions help ensure that this legislative change does not disrupt existing tax obligations and legal proceedings.

Main Body

Section 536 of the new Act contains repeal-and-savings provisions that preserve specified rights, liabilities and proceedings under the previous law.

1. Protection of taxpayer rights: Eligible refund claims and other accrued rights do not automatically disappear following repeal.
2. Continuity of proceedings: Pending assessments, appeals and other proceedings concerning earlier tax years continue under the applicable provisions of the 1961 Act.
3. Legal certainty: Taxpayers and authorities can resolve earlier disputes under the relevant legal framework.

4. Administrative continuity: These safeguards reduce disruption to tax collection, compliance and dispute resolution.

Such provisions uphold the rule of law by preventing legislative changes from arbitrarily unsettling established rights and obligations.

Conclusion

Transitional provisions enable tax reform without disrupting legal continuity. Their effective implementation is essential for taxpayer confidence, predictable administration and a stable tax system.

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