

New tax utility explained: Compare old and new Income-tax Act sections before filing - The Economic Times

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The Income Tax Act, 1961, will be replaced by the Income Tax Act, 2025 and this takes effect from April 1, 2026. However, many provisions like Section 80C, 80D, 54F, 54, 80G and others of old tax Act over the course of many decades became household names as taxpayers frequently used these provisions for their benefit. Now with the new Income Tax Act, 2025 everything has changed: the names, the numbers, and in some cases, the provisions themselves have changed. Thus to help taxpayers reconcile and navigate and compare the old act provisions with the new tax, an online interactive tool is launched by the [Income Tax Department](#).
Income Tax Guide

Using this tool, your screen will be divided in two parts side by side (like dual view) where on one side the old Act and its provisions are visible and on the other, the new Act's provisions are visible. Using this tool can help you know what exactly has changed and using this information, you can take better tax centric decisions.

The Income Tax Department has introduced a new online utility that allows users to read and compare provisions of the old and new tax laws together. The shift to the Income-tax Act, 2025 is being seen as a major step towards simplifying India's tax laws and making them easier to understand. The new online utility will help taxpayers and other stakeholders navigate this transition from Income-tax Act, 1961 to Income-tax Act, 2025.

CA Abhishek Soni, CEO & Co-founder, Tax2win stated: This newly introduced facility by the Income Tax Department is a valuable step in easing the transition from the Income Tax Act, 1961 to the Income Tax Act, 2025, which will come into effect from 1 April 2026. By allowing users to view old and new sections side by side, it simplifies the understanding of restructured and renumbered provisions. This comparative view enhances clarity, reduces confusion, and enables taxpayers and professionals to interpret the new law with ease.

What is the new parallel reading functionality?

The Income Tax Department's newly launched utility allows taxpayers, professionals and businesses to compare provisions from the two laws

without having to manually search through lengthy documents

Using this tool, users can:

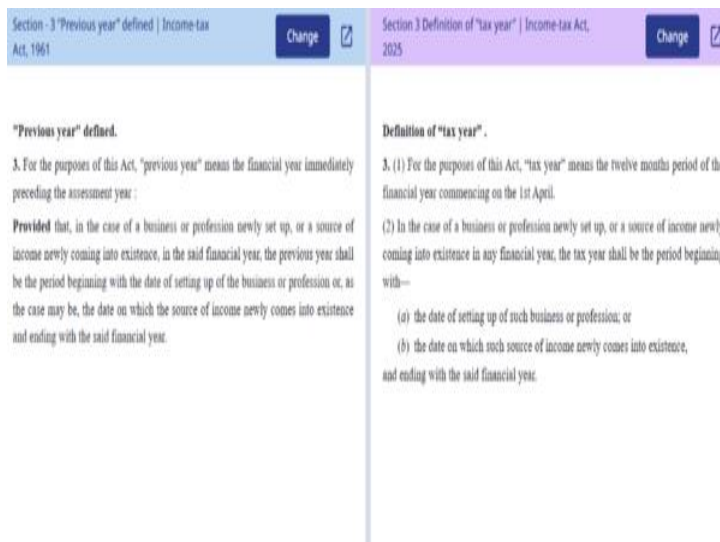
Map old provisions to corresponding new provisions: Users can select a Section from the Income-tax Act, 1961

Compare provisions side-by-side: The utility displays both versions together

Reduce confusion during transition: With Sections being renumbered and reorganised in the new law

How to use the utility

Users must choose the appropriate Act and Section numbers from the dropdown menu to utilise the tool. The relevant Section of the Income-tax Act, 2025 is automatically shown by the system after the selection is made. Additionally, users can access both Acts' whole texts directly from the same platform.



Tax utility

The two panels in the image show a provision from the Income-tax Act, 1961 and compare with its updated version under the Income-tax Act, 2025. On the left side, Section 3 of the 1961 Act defines the term "previous year" as the financial year. On the right side, the corresponding Section 3 of the 2025 Act replaces the term "previous year" with "tax year," defining it as a twelve-month period starting from April 1. So this how the Utility will work and help taxpayers to understand the process and in easy to know in case of any changes.

Important FAQs

What is the primary objective of replacing the Income-tax Act 1961 with the Income-tax Act, 2025?

Ans: The Income-tax Act, 2025 has been enacted to provide a streamlined, simplified, and modern tax code with reduced compliance burden, consolidated provisions, and clear definitions. Over six decades, the Income-tax Act, 1961 had accumulated numerous amendments, provisos, and explanations making it complex and difficult to navigate. The new Act aims to present the same tax policy in a more logical, accessible, and reader-friendly format. The Act further advances taxpayer -centric approach by making compliance simpler, promoting ease of doing business, and aligning the Indian tax system with contemporary global standards.

Does the Income Tax Act, 2025 completely replace the Income Tax Act, 1961?

Ans: Yes. The 1961 Act stands repealed on the 01.04.2026. However, certain transitional provisions specify continuation of proceedings under the old Act to avoid disruption in pending matters and ensure a smooth transition.

Is the [Income Tax Act 2025](#) introducing new taxes or increasing tax burden?

Ans: No. The income Tax Act, 2025 does not impose any new tax. The intent behind replacing the old Act with the new Act is to:

- Simplify statutory language
- Improve structural clarity
- Reduce interpretational disputes
- Align drafting style with modern legislative standards
- Enhance voluntary compliance

The reform is aimed at making the tax law more predictable, transparent, and easier to comply with, rather than increasing the financial or compliance burden on taxpayers.

As a small taxpayer, how does this change help me?

Ans: One of the key shifts is readability and ease of understanding. Under the 1961 Act, compliance often required expert interpretation because of its layered drafting. The 2025 Act aims to:

- Use simpler language
- Reduce excessive cross-referencing
- Consolidate scattered provisions
- Improve digital integration

The long-term goal is lowering compliance friction and dependency on complex interpretation

How has the volume and complexity of the legislation changed in the new Act?

Ans. The Income-tax Act, 2025 contains 536 sections and 16 schedules compared to the 819 sections and 14 schedules of the 1961 Act. In the new Act, the overall complexity has been reduced because:

- (i) Explanations and provisos have been incorporated into the main text of the sections;
- (ii) Tables and formulas replace verbose narrative provisions;
- (iii) Redundant and obsolete provisions have been removed; and
- (iv) Cross-references are clearer and more direct.
