



**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

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Press Release

**CBDT issues Revised Guidelines for compounding offences under the
Income- tax Act, 1961**

In conformity with the Hon'ble Finance Minister's budget announcement on simplification and rationalization of compounding procedure, CBDT has issued Revised Guidelines for Compounding of offences under the Income-tax Act, 1961 (the 'Act') on 17.10.2024.

The revised guidelines supersede all existing guidelines on the subject and would apply to pending as well as new applications, from the date of its issue. The guidelines are expected to facilitate the stakeholders by reducing complexities arising out of existing multiple guidelines, simplifying the compounding procedure and lowering the compounding charges.

The guidelines have been simplified inter-alia by eliminating the categorization of offences, removing the limit on number of occasions for filing applications, allowing fresh application upon curing of defects which was not permissible under earlier guidelines, allowing compounding of offences under section 275A and 276B of the Act, removing the existing time limit for filing application viz 36 months from the date of filing of complaint, etc.

To facilitate compounding of offences by companies and HUFs, the requirement of main accused filing the application has been dispensed with. The offences of the main accused as well as any or all co-accused can be compounded on payment of relevant compounding charges by the main accused and/or any of the co-accused, under the revised guidelines.

The compounding charges have also been rationalized by abolishing interest chargeable on delayed payment of compounding charges, reducing rates for various offences such as for TDS defaults multiple rates of 2%, 3% and 5% have been reduced to single rate of 1.5% per month and basis for calculation of compounding charges for non-filing of return has been simplified. Other simplification measures include removal of charge of separate compounding fee from co-accused.

The revised guidelines are an additional step towards simplification of procedures aimed at promoting ease of compliance.

The revised Guidelines for Compounding of offences dated 17.10.2024 are available on <https://www.incometaxindia.gov.in>.

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