



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

New Delhi, 23rd December, 2025

Press Release

Initiative to encourage taxpayers to voluntarily review deduction/exemption claims identified as potentially ineligible through risk analytics

It has been observed that certain taxpayers have claimed ineligible refunds by availing deductions or exemptions to which they are not entitled, resulting in understatement of income.

2. Under the risk management framework, and through the use of advanced data analytics, cases for Assessment Year (AY) 2025–26 have been identified. The framework includes instances where bogus donations to Registered Unrecognised Political Parties (RUPPs) and other ineligible deductions or exemptions appear to have been claimed in the Income-tax Returns (ITRs). It has also been observed that, in some cases, either incorrect PANs or invalid PANs of donees have been quoted. Some cases also contain errors relating to the extent of deduction or exemption claimed.

3. Identified taxpayers are being requested through SMS and email under the “Non-intrusive Usage of Data to Guide and Enable (NUDGE)” campaign to correct such errors, in view of the due date for filing revised ITRs by 31st December 2025. This initiative reflects a trust-first approach to tax administration, under which taxpayers are provided an opportunity to review their Income-tax Returns (ITRs) and voluntarily correct any ineligible claims, wherever required. The campaign leverages data analytics and technology to enable a transparent, non-intrusive, and taxpayer-centric compliance environment, with an emphasis on guidance and voluntary compliance.

4. During FY 2025–26, more than 21 lakh taxpayers have already updated their ITRs for AYs 2021–22 to 2024–25 and paid more than ₹2,500 crore in taxes. In addition, more than 15 lakh ITRs have already been revised for the current assessment year, i.e., AY 2025–26.

5. It is advised that the concerned taxpayers review their ITRs, verify the correctness of their deduction and exemption claims, and revise their returns, if required, within the prescribed time by 31st December 2025, so as to avoid further enquiries in the matter.

6. Taxpayers whose deduction or exemption claims are genuine and correctly made in accordance with law are not required to take any further action.

7. It is clarified that taxpayers who do not avail of this opportunity may still file an updated return from 1st January 2026, as permitted under law, subject to payment of additional tax liability.

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