

Sonakshi Jhunjhunwala & Sunil Jhunjhunwala

CBDT issued FAQs on revised guidelines for compounding of offences under Income-tax Act: Circular No. 4 of 2025, dated 17th March, 2025 The Central Board of Direct Taxes (CBDT) issued revised guidelines for the compounding of offences under the Income-tax Act, 1961 (the Act), on 17th October, 2024 replacing all previous guidelines. These apply to both pending and new applications. Key changes include removing offence categorisation, lifting limits on the number of applications, allowing fresh applications after curing defects, permitting compounding of offences under sections 275A & 276B, and eliminating the 36-month application deadline. To enhance stakeholder awareness, the board has issued clarifications via a Circular in the form of FAQs. Below are the key clarifications issued through FAQs: Simplified Compounding Process