



Section 148 Reassessment Continuity After April 1, 2026

How Section 536 of the Income-tax Act 2025 Preserves Open Notices, TOLA Cases, Section 151 Sanctions, and ITAT Appeals Under the 1961 Act

INCOME-TAX ACT 2025

SECTION 536

CBDT FAQ DEEP-DIVE #2

PRACTITIONER ADVISORY

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The 1961 Act Doesn't Disappear on April 1, 2026

The Income-tax Act 2025 takes effect April 1, 2026, but Section 536 (the saving clause) keeps the 1961 Act alive for an entire body of pre-cutover work. Reassessment is the largest such body. Every Section 148 notice issued on or before March 31, 2026, continues to live and breathe under Sections 147, 148, 148A, 149, 150, 151, and 153 of the 1961 Act, regardless of when the assessment is completed.

7

1961 Act Sections Preserved

Sections 147, 148, 148A, 149, 150, 151, and 153 all remain operative for reassessment

31

March Cutover Date

March 31, 2026 is the last day a 1961 Act Section 148 notice can be issued under the saved framework

10

Year Extended Band

Section 149 outer time-limit for Rs 50 lakh+ escaped income cases under the extended band

7

Day Minimum Reply Window

Section 148A minimum reply window from show-cause date – unchanged under the saving clause

The Four Operative Saving-Clause Sub-Sections

Section 536 of the Income-tax Act 2025 is the load-bearing structure for all pre-cutover reassessment work. Read Sections 147 to 153 of the 1961 Act with Section 536 of the 2025 Act stitched onto every reassessment file.

Sub-clause	Coverage	Effect
536(1)	Liability and refund rights accrued pre-April 1, 2026	Escaped income assessable under 1961 Act framework – no migration to 2025 Act provisions
536(2)	Pending investigations and legal proceedings as of March 31, 2026	Section 148 notices and Section 148A replies continue under prior law without interruption
536(3)	Period of limitation, computation, extension	3-year and 10-year outer limits locked under 1961 Act; TOLA extensions preserved
536(7)	Actions taken under 1961 Act powers	Section 151 sanctions and Section 144B draft assessments remain valid without re-issuance

i Read Sections 147 to 153 of the 1961 Act with Section 536 of the 2025 Act stitched onto every reassessment file. This is not optional – it is the governing legal architecture for all pre-cutover work.

What the CBDT FAQ Locks In

The CBDT FAQ (April 2026 edition, Chapter 4, pages 27–41) provides authoritative guidance on time limits, sanctions, and dispatch windows. These are the critical parameters every practitioner must internalize before April 1, 2026.

Section 149 Time Bands

Routine Band — 3 Years

From end of relevant AY. Closed March 31, 2026, for AY 2022-23. Standard escaped income cases fall here.

Extended Band — 10 Years

From end of relevant AY. Closes March 31, 2033, for AY 2022-23 where escaped income is Rs 50 lakh or more.

Section 151 Specified-Authority Sanction

Within 3-Year Band

Sanction from Principal Commissioner or Principal Director required before notice issuance.

Beyond 3 Years

Sanction from Principal Chief Commissioner or Principal Director General required – higher authority threshold.

Dispatch Corridor

Pre-April 1 sanctions remain valid. Dispatch within 7 working days of sanction = no re-sanction needed.

✔ **Worked Example:** Section 151 sanction dated March 25, 2026 + Section 148 notice dispatched April 7, 2026 = **VALID** – within the reasonable dispatch corridor.

COVID-Era Saved Notices Continue Without Disruption

Two parallel preservation mechanisms operate under Section 536 to protect the entire chain of TOLA and Ashish Agarwal cases. A TOLA + Ashish Agarwal file opened in 2021 and decided in April 2026 is still a 1961 Act file end-to-end.

TOLA 2020 Extensions


The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act 2020 extended limitation deadlines during COVID. Section 536(3) saves the extended period of limitation.

Result: TOLA-saved Section 148 notices remain valid 1961 Act notices. The extension is not lost by the enactment of the 2025 Act.

Ashish Agarwal Cohort

Union of India v. Ashish Agarwal (Supreme Court, May 4, 2022) converted certain time-barred notices into Section 148A show-cause notices. The directive operates entirely within the 1961 Act framework.

Section 536(2) preserves the **entire chain**: TOLA notice → Section 148A(d) order → consequent Section 148 → reassessment → ITAT appeal. No link in this chain migrates to the 2025 Act.

 **Bottom Line:** A TOLA + Ashish Agarwal file opened in 2021 and decided in April 2026 is still a 1961 Act file end-to-end. Do not allow any stage of this chain to be argued under 2025 Act provisions.

Three Stakeholder Profiles, Three Different Action Lists

The Section 536 saving clause affects different stakeholders in different ways. Here is what each group must do immediately to protect their position and their clients' interests.



Tax Practitioners

- Inventory every open Section 148 file by AY, sanction date, and current stage
- Annotate every working paper with the 1961 Act + Section 536 cover note
- Bookmark Chapter 4 of the CBDT FAQ (April 2026 edition, pages 27–41)
- Never cite 2025 Act sections in replies or appeals arising from pre-cutover notices



CFOs & In-House Tax Heads

- Brief the audit committee that the 2025 Act enactment changes nothing on open reassessments
- Update legal-fee budgets with the unchanged 12-month Section 153 completion window
- Confirm Section 144B draft assessment workflow remains live and operative
- Ensure internal teams do not inadvertently apply 2025 Act procedures to 1961 Act files



Founders & Promoters

- Any Section 148 notice received before March 31, 2026, follows the old rulebook entirely
- The reply window, sanction rules, and limitation math are unchanged by the 2025 Act
- Do not let an advisor pivot you to 2025 Act sections in your reply or objection
- Confirm your advisor has annotated your file with the Section 536 saving clause reference

Four Errors That Cost Cases

These are the common traps practitioners are already hitting in the transition period. Each error is avoidable with proper file annotation and awareness of the Section 536 saving clause architecture.

1

Citation Drift in Appeal Memos

Citing 2025 Act sections in an appeal arising from a 1961 Act reassessment order. The appellate authority applies 1961 Act jurisprudence; mixing successor-statute references creates avoidable jurisdictional confusion and weakens the appeal.

2

Re-Sanction Trigger Error

Treating a Section 151 sanction granted March 25, 2026, as expired because the Section 148 notice was dispatched April 7, 2026. The seven-working-day corridor is intact under Section 536(7). No re-sanction is required or appropriate.

3

Section 148A Reply on 2025 Act Boilerplate

Drafting a Section 148A(d) reply on a 2025 Act template. The show-cause is a 1961 Act stage; the reply must cite Sections 147, 148, 148A, 149, and 151 of the 1961 Act only. Using 2025 Act boilerplate is a substantive error.

4

ITAT Bench Citation Error

Filing an ITAT memo for a 2018-19 reassessment under 2025 Act appeal sections. The appeal lives under Sections 246A, 250, and 253 of the 1961 Act, with 1961 Act case law applied. The ITAT bench will apply 1961 Act jurisprudence exclusively.

How to Bring Every Open Reassessment File Up to Standard This Week

This eight-step action plan is designed to be executed immediately. Every open Section 148 file must be reviewed, annotated, and confirmed against the Section 536 saving clause framework before April 1, 2026.

Inventory Notices

Annotate Cover

Confirm S151 Sanction

Verify S149 Limits



Inventory

Every open Section 148 notice by AY, sanction date, show-cause date, notice date, and current stage.



Confirm Sanction

Section 151 specified-authority sanction was obtained on or before March 31, 2026.



Calculate Reply Window

Remaining Section 148A reply window – minimum 7 days from show-cause date.



Issue Client Note

One-pager to each affected client confirming the 2025 Act enactment changes nothing on their open notice.



Annotate

File cover note: "Governed by Sections 147 to 153 of the Income-tax Act 1961 read with Section 536 of the Income-tax Act 2025."



Verify Time-Limit

Section 149 outer time-limit per AY – 3-year routine vs 10-year extended for Rs 50 lakh+ escaped income.



Save CBDT FAQ

Chapter 4 of CBDT FAQ (April 2026 edition) in every reassessment working folder for reference.



Tag TOLA Files

TOLA + Ashish Agarwal cohort files tagged separately for cross-referencing and special handling.

Lock These into Your Calendar

These are the critical dates and deadlines that govern every open reassessment file. The Section 536 protection is not optional or selective – every pre-April 1, 2026 reassessment file is a 1961 Act file end-to-end.

March 31, 2026

1

Cutover Date. Last day a 1961 Act Section 148 notice can be issued under the saved framework. Section 151 sanctions must be in hand.

2

April 1, 2026

2025 Act Takes Effect. Section 536 saving clause becomes the load-bearing structure for all pre-cutover reassessment work. No migration of open files.

3

Ongoing – ITAT Appeals

1961 Act Jurisprudence Applies. Appeals against 1961 Act reassessment orders continue under Sections 246A, 250, and 253 of the 1961 Act regardless of when filed.

4

March 31, 2033

Extended Band Closes. Section 149 ten-year extended band closes for AY 2022-23 escaped income of Rs 50 lakh or more. Mark this date for every qualifying file.

⊗ **Critical Reminder:** The Section 536 protection is not optional or selective. Every pre-April 1, 2026 reassessment file is a 1961 Act file end-to-end – including the assessment, appeal, and any further litigation – regardless of when those stages conclude. There is no partial migration.

Cross-Border, FEMA, or Transfer-Pricing Reassessment?

These files carry additional complexity under the Section 536 saving clause. Talk to an expert before April 1, 2026.

[Book a Quick Call](#)

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This advisory is prepared for practitioner reference. All positions are based on Section 536 of the Income-tax Act 2025 and the CBDT FAQ (April 2026 edition). Verify all dates and sanction details against your specific file before acting.