

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 3rd July, 2026

S.O. 3610(E).— In exercise of the powers conferred by section 400(1) read with section 147 of the Income-tax Act, 2025 (30 of 2025) (hereinafter referred to as the said Act), the Central Government hereby specifies that no deduction of tax shall be made under section 393(1)[Table S.No.2] of the said Act on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a person (hereinafter referred to as the lessee) to a person being a Unit of an International Financial Services Centre (hereinafter referred to as the lessor) for lease of a ship subject to the following, namely:-

1. (1) The lessor shall –
 - (a) furnish a statement-cum-declaration in Form No. 1(N) annexed to this notification (hereinafter referred to as the said Form) to the lessee giving details of twenty consecutive tax years for which the lessor opts for claiming deduction under section 147 of the said Act; and
 - (b) such statement-cum-declaration shall be furnished and verified in the manner specified in the said Form, for each tax year out of twenty consecutive tax years for which the lessor opts for claiming deduction under section 147 of the said Act;
- (2) The lessee shall —
 - (a) not deduct tax on payment made or credited to lessor after the date of receipt of copy of statement-cum- declaration in the said Form from the lessor; and
 - (b) also furnish the particulars of all the payments made to lessor on which tax has not been deducted in view of this notification in the statement of deduction of tax referred to in section 397(3)(b) of the said Act read with rule 219 of the Income-tax Rules, 2026.
2. The above relaxation shall be available to the lessor only during the said twenty consecutive tax years as declared by the lessor in the said Form for which deduction under section 147 is being opted and the lessee shall be liable to deduct tax on payment of lease rent for any other year.
3. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and they shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies.

Explanation. – For the purposes of this notification, –

- (a) “ship” shall have the same meaning as assigned to it in Schedule VI (Note 3) of the said Act;
 - (b) “International Financial Services Centre” shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); and
 - (c) “Unit” shall have the same meaning as assigned to it in section 2(zc) of the Special Economic Zones Act, 2005 (28 of 2005).
4. This notification shall be deemed to have come into force on the 1st day of April, 2026.

FORM No. 1(N)

Statement-cum-Declaration to be furnished by a Unit engaged in the business of leasing of a ship of an International Financial Services Centre (payee) to the Lessee (payer)

PART-A			
1.	Name	<i>(refer Note 1)</i>	
2.	PAN		
3.	Name of the unit located in IFSC	<i>(refer Note 1)</i>	
4.	Address of the unit located in IFSC	<i>(refer Note 2)</i>	
5.	Contact number	Country Code	Number
6.	Email ID		
7.	Tax year	YYYY-YY	

PART-B		
8.	For the purposes of determining “relevant tax year”, the details of permission or registration obtained	
(i)	Permission or Registration Obtained under <i>(select one)</i>	section 23(1)(a) of the Banking Regulation Act, 1949 (10 of 1949); or the Securities and Exchange Board of India Act, 1992 (15 of 1992); or the International Financial Services Centre Authority Act, 2019 (50 of 2019); or any other relevant law as mentioned in section 147 of the Income-tax Act, 2025 (30 of 2025).
(ii)	Authority	
(iii)	Date	<i>dd/mm/yyyy</i>
(iv)	Reference number	
9.	Period for which the deduction is opted to be claimed:	
(i)	From tax year :	
(ii)	To Tax year :	
10.	Initial tax year for which deduction was claimed	<i>YYYY-YY</i>

Statement-cum-Declaration

I(name of the declarant) having Permanent Account Number in capacity as of(name of the payee), do hereby declare that the above-mentioned Unit is engaged in the business of leasing of a ship and is eligible for deduction under section 147 of the Income-tax Act, 2025 (30 of 2025).

I further declare that the above-mentioned International Financial Services Centre Unit has opted to claim the said deduction for the period from the tax year..... to the tax year.....

I further declare that the above mentioned Unit continues to be a unit working in International Financial Services Centre and continues to be engaged in the business of during the tax year in which this statement-cum- declaration is being submitted.

Verification

I..... in capacity as..... of..... (name of the payee) do hereby certify that all the particulars furnished above are correct and complete.

Place:

Signature of the declarant

Date:

Name:

Designation:

[To be signed by a person competent to sign the return of income as provided in section 265 of the Income-tax Act, 2025 (30 of 2025)].

Note:-1. The name shall be provided in full.

Note:-2. The address shall contain (i) Country/Region, (ii) Flat/Door/Building, (iii) Road/Street/Block/Sector, (iv) PIN/ZIP Code, (v) Post Office, (vi) Area/locality, (vii) District, (viii) State

Note:-3. Some of the information in the form would be pre-filled to the extent possible.

[Notification No. 75/2026/F.No. 275/18/2026-IT(B)]

RAJENDRA KUMAR MEENA, Under Secy.

Explanatory Memorandum: It is hereby certified that no person is being adversely affected by giving retrospective effect to this notification.