



PRESS RELEASE

IIPI Study Group recommends amendments in Income Tax, GST and IBC for streamlining Insolvency process

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Study Group constituted by Indian Institute of Insolvency Professionals of ICAI (IIPI) on “Taxation and Company Law Compliances Under IBC – Best Practices” in the Chairmanship of CA G. Ramaswamy, Former President-The Institute of Chartered Accountants of India (ICAI), has recommended, besides best practices, a comprehensive set of reforms across taxation, insolvency, and procedural frameworks to streamline the insolvency resolution process.

Key recommendations include aligning the Income Tax Act with the Insolvency and Bankruptcy Code (IBC) by granting tax-neutral treatment to resolution plans, exempting debt waivers from tax liabilities, and ensuring clarity on treatment of brought-forward losses and minimum alternate tax provisions. In the sphere of Goods and Services Tax (GST), the Study Group recommends enabling seamless input tax credit transfer during corporate insolvency, exempting resolution applicants from legacy GST liabilities, and simplifying compliance requirements during the resolution process to encourage participation and revive stressed entities effectively. The Study Group, which recently submitted its report, comprised several prominent Insolvency Professional (IPs) of the country that conducted extensive research and discussions with stakeholders including IPs, domain specialists and legal experts.

“By identifying systemic gaps and proposing targeted reforms, this study helps create a more coherent and harmonized legal framework for insolvency to reduce delays and uncertainties that often hinder the resolution process. By addressing tax and procedural bottlenecks, the report also aims to enhance efficiency and value in the corporate resolution process,” said Dr. Ashok Kumar Mishra, Chairman, IIPI. The Report highlights systemic issues across five major regulatory domains—Corporate and Securities Law, Income Tax, GST and Customs, Labour Laws, and Audit & Accounting standards. It further outlines a set of actionable best practices for IPs, along with recommendations to bring legislative and regulatory changes to

Registered Office: ‘ICAI Bhawan’, Post Box No. 7100,
Indraprastha Marg, New Delhi-110022. Phone: +91-120-3045960
Email: ipa@icai.in

Admin Office: ‘ICAI Bhawan’, 8th Floor, Hostel Block,
A-29, Sector-62, Noida-201309, Phone: 0120-2975680/81/82/83
Website: www.iiipicai.in



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

इंडियन इन्स्टीट्यूट ऑफ इनसोल्वेंसी प्रोफेशनल्स ऑफ आई.सी.ए.आई.

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harmonize the IBC with other existing laws. The report has aptly considered international best practices in this domain and has drawn the practical lessons for India.

About IIPI

Indian Institute of Insolvency Professionals of ICAI (IIPI), promoted by the Institute of Chartered Accountants of India (ICAI) is the largest frontline regulator under IBC in India with about 63% of Insolvency Professionals as its Members. IIPI actively works under the aegis of Insolvency and Bankruptcy Board of India (IBBI) to build professionals' capacity and provide policy inputs to regulators.

Website: <https://www.iiipicai.in/>

For further details, please contact

Siddheshwar Shukla

Public Relations Officer (PRO)

Indian Institute of Insolvency Professionals of ICAI (IIPI)

8th Floor, Hostel Block,

ICAI Bhawan, A-29, Sector 62, Noida – 201309

Phone: 0120-2975680/81/82/83

Mobile: +91-8860782379

Registered Office: 'ICAI Bhawan', Post Box No. 7100,
Indraprastha Marg, New Delhi-110022. Phone: +91-120-3045960
Email: ipa@icai.in

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