

Press Release

Govt Grants Section 54EC Tax Benefit Status to IREDA Bonds

New Delhi, July 10, 2025

Central Board of Direct Taxes (CBDT) under the Ministry of Finance has notified bonds issued by Indian Renewable Energy Development Agency Ltd. (IREDA) as 'long-term specified asset' under section 54EC of the Income-tax Act, 1961. The notification came into effect from July 9, 2025.

As per the notification, bonds redeemable after five years and issued by IREDA on or after the notification date will qualify for tax exemption benefits under section 54EC, of the Income Tax Act, 1961, which allows capital gains tax exemption on investments in specified bonds. The proceeds from these bonds will be utilised exclusively for renewable energy projects capable of servicing debt through their project revenues, without dependence on State Governments for debt servicing.

Eligible investors can save tax on Long Term Capital Gain (LTCG) up to Rs. 50 Lakhs by investing in these Bonds in a Financial Year. IREDA will get benefit in terms of lower cost of funds, which is a significant development for the renewable energy sector, in turn to support the expeditious development of RE sector.

Welcoming the notification, Shri Pradip Kumar Das, Chairman & Managing Director, IREDA, said, "We are deeply grateful to the Ministry of Finance, Ministry of New & Renewable Energy and Central Board of Direct Taxes for this valuable policy initiative. This recognition by the Government reinforces IREDA's pivotal role in accelerating renewable energy financing in the country. The tax-exempt status for our bonds will offer an attractive investment avenue while ensuring increased capital availability for green energy projects, contributing to India's 500 GW non-fossil fuel capacity target by 2030."

This move is expected to attract wider participation from investors seeking tax-saving instruments and strengthen the renewable energy financing ecosystem in the country.