

THE FINANCE BILL, 2015

(AS INTRODUCED IN LOK SABHA)

THE FINANCE BILL, 2015

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THE FINANCE BILL, 2015

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 2015-2016.

BE it enacted by Parliament in the Sixty-sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 2015.

Short title and
commencement.

5 (2) Save as otherwise provided in this Act, sections 2 to 79 shall be deemed to have come into force on the 1st day of April, 2015.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on Income-tax.
10 the 1st day of April, 2015, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to
15 total income, and the total income exceeds two lakh fifty thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

20 (b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

25 (ii) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

30 (iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “three lakh rupees” had been substituted:

35 Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “five lakh rupees” had been substituted.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be: 43 of 1961.

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,— 10

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm or local authority, at the rate of ten per cent. of such income-tax, where the total income exceeds one crore rupees; 15

(b) in the case of every domestic company,—

(i) at the rate of five per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of ten per cent. of such income-tax, where the total income exceeds ten crore rupees; 20

(c) in the case of every company, other than a domestic company,—

(i) at the rate of two per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such income-tax, where the total income exceeds ten crore rupees: 25

Provided also that in the case of persons mentioned in (a), having total income chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees: 30

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees: 35

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees. 40

(4) In cases in which tax has to be charged and paid under section 115-O or section 115QA or sub-section (2) of section 115R or section 115TA of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of twelve per cent. of such tax. 45

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D, 194LBA and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 192A, 194C, 194DA, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LC, 194LD, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union,— 50

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause 55

(vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(b) in the case of every company, other than a domestic company, calculated,—

5 (i) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

10 (7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

15 (8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for purposes of the Union,—

20 (a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

(b) in the case of every company, other than a domestic company, calculated—

25 (i) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds ten crore rupees.

30 (9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in such cases and in such manner as provided therein:

40 Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

45 Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB and 115JC of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,—

50 (a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm or local authority, calculated at the rate of twelve per cent. of such "advance tax", where the total income exceeds one crore rupees;

(b) in the case of every domestic company, calculated,—

55 (i) at the rate of seven per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of twelve per cent. of such "advance tax", where the total income exceeds ten crore rupees;

(c) in the case of every company, other than a domestic company, calculated,—

(i) at the rate of two per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

5

(ii) at the rate of five per cent. of such "advance tax", where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a) above, having total income chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

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Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

15

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

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(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

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(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

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(b) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

35

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

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(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

45

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted:

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Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted:

55

Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for purposes of the Union calculated in each case, in the manner provided therein.

(11) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(12) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(13) For the purposes of this section and the First Schedule,—

(a) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2015, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

3. In section 2 of the Income-tax Act, with effect from the 1st day of April, 2016,—

Amendment of section 2.

(a) for clause (13A), the following clause shall be substituted, namely:—

'(13A) "business trust" means a trust registered as,—

(i) an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992; or

(ii) a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992, and

the units of which are required to be listed on recognised stock exchange in accordance with the aforesaid regulations;";

(b) in clause (15),—

(i) after the word "education," the word "yoga," shall be inserted;

(ii) for the first and the second provisos, the following proviso shall be substituted, namely:—

"Provided that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce

or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity, unless—

(i) such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and 5

(ii) the aggregate receipts from such activity or activities during the previous year, do not exceed twenty per cent. of the total receipts, of the trust or institution undertaking such activity or activities, of that previous year;”;

(c) in clause (37A), in sub-clause (iii), after the words “for the purposes of deduction of tax under”, the words, figures and letters “section 194LBA or” shall be inserted; 10

(d) in clause (42A), in the *Explanation* 1, in clause (i), after sub-clause (hc), the following sub-clause shall be inserted, namely:—

“(hd) in the case of a capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, there shall be included the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee;” 15

Amendment
of section 6.

4. In section 6 of the Income-tax Act,—

(i) in clause (1), the *Explanation* shall be numbered as *Explanation* 1 thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation* 2.—For the purposes of this clause, in the case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed.”; 20

(ii) for clause (3), the following clause shall be substituted with effect from the 1st day of April, 2016, namely:— 25

‘(3) A company is said to be resident in India in any previous year, if,—

(i) it is an Indian company; or

(ii) its place of effective management, at any time in that year, is in India.

Explanation.—For the purposes of this clause “place of effective management” means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.’. 30

Amendment
of section 9.

5. In section 9 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2016,—

(A) in clause (i), after *Explanation* 5, the following *Explanations* shall be inserted, namely:—

‘*Explanation* 6.—For the purposes of this clause, it is hereby declared that—

(a) the share or interest, referred to in *Explanation* 5, shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if, on the specified date, the value of such assets— 35

(i) exceeds the amount of ten crore rupees; and

(ii) represents at least fifty per cent. of the value of all the assets owned by the company or entity, as the case may be; 40

(b) the value of an asset shall be the value as on the specified date, of such asset without reduction of liabilities, if any, in respect of the asset, determined in such manner as may be prescribed;

(c) “specified date” means the—

(i) date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or 45

(ii) date of transfer, if the book value of the assets of the company or, as the case may be, the entity on the date of transfer exceeds the book value of the assets as on the date referred to in sub-clause (i), by fifteen per cent.;

(d) "accounting period" means each period of twelve months ending with the 31st day of March:

Provided that where a company or an entity, referred to in *Explanation 5*, regularly adopts a period of twelve months ending on a day other than the 31st day of March for the purpose of—

5 (i) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or

(ii) reporting to persons holding the share or interest,

then, the period of twelve months ending with the other day shall be the accounting period of the company or, as the case may be, the entity:

10 Provided further that the first accounting period of the company or, as the case may be, the entity shall begin from the date of its registration or incorporation and end with the 31st day of March or such other day, as the case may be, following the date of such registration or incorporation, and the later accounting period shall be the successive periods of twelve months:

15 Provided also that if the company or the entity ceases to exist before the end of accounting period, as aforesaid, then, the accounting period shall end immediately before the company or, as the case may be, the entity, ceases to exist.

Explanation 7.— For the purposes of this clause,—

20 (a) no income shall be deemed to accrue or arise to a non-resident from transfer, outside India, of any share of, or interest in, a company or an entity, registered or incorporated outside India, referred to in the *Explanation 5*,—

25 (i) if such company or entity directly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds voting power or share capital or interest exceeding five per cent. of the total voting power or total share capital or total interest, as the case may be, of such company or entity; or

30 (ii) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer, neither holds the right of management or control in relation to such company or entity, nor holds any right in, or in relation to, such company or entity which would entitle him to the right of management or control in the company or entity that directly owns the assets situated in India, nor holds such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding five per cent. of the total voting power or total share capital or total interest, as the case may be, of the company or entity that directly owns the assets situated in India;

40 (b) in a case where all the assets owned, directly or indirectly, by a company or, as the case may be, an entity referred to in the *Explanation 5*, are not located in India, the income of the non-resident transferor, from transfer outside India of a share of, or interest in, such company or entity, deemed to accrue or arise in India under this clause, shall be only such part of the income as is reasonably attributable to assets located in India and determined in such manner as may be prescribed;

(c) "associated enterprise" shall have the meaning assigned to it in section 92A;'

45 (B) in clause (v), after sub-clause (c), the following *Explanation* shall be inserted, namely:—

'Explanation.—For the purposes of this clause,—

50 (a) it is hereby declared that in the case of a non-resident, being a person engaged in the business of banking, any interest payable by the permanent establishment in India of such non-resident to the head office or any permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the permanent establishment in India and the permanent establishment in India shall be deemed to be a person separate and independent of the non-resident person of which it is a permanent establishment and the provisions of the Act relating to computation of total income, determination of tax and collection and recovery shall apply accordingly;

55 (b) "permanent establishment" shall have the meaning assigned to it in clause (iiia) of section 92F.'

Insertion of
new section
9A.

Certain
activities not
to constitute
business
connection in
India.

6. After section 9 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:—

‘9A. (1) Notwithstanding anything contained in sub-section (1) of section 9 and subject to the provisions of this section, in the case of an eligible investment fund, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund. 5

(2) Notwithstanding anything contained in section 6, an eligible investment fund shall not be said to be resident in India for the purpose of that section merely because the eligible fund manager, undertaking fund management activities on its behalf, is situated in India.

(3) The eligible investment fund referred to in sub-section (1), means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions, namely:— 10

(a) the fund is not a person resident in India;

(b) the fund is a resident of a country or a specified territory with which an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A has been entered into; 15

(c) the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed five per cent. of the corpus of the fund;

(d) the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident;

(e) the fund has a minimum of twenty-five members who are, directly or indirectly, not connected persons; 20

(f) any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding ten per cent.;

(g) the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than fifty per cent.; 25

(h) the fund shall not invest more than twenty per cent. of its corpus in any entity;

(i) the fund shall not make any investment in its associate entity;

(j) the monthly average of the corpus of the fund shall not be less than one hundred crore rupees:

Provided that if the fund has been established or incorporated in the previous year, the corpus of fund shall not be less than one hundred crore rupees at the end of such previous year; 30

(k) the fund shall not carry on or control and manage, directly or indirectly, any business in India or from India;

(l) the fund is neither engaged in any activity which constitutes a business connection in India nor has any person acting on its behalf whose activities constitute a business connection in India other than the activities undertaken by the eligible fund manager on its behalf; 35

(m) the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the arm's length price of the said activity.

(4) The eligible fund manager, in respect of an eligible investment fund, means any person who is engaged in the activity of fund management and fulfils the following conditions, namely:—

(a) the person is not an employee of the eligible investment fund or a connected person of the fund; 40

(b) the person is registered as a fund manager or an investment advisor in accordance with the specified regulations;

(c) the person is acting in the ordinary course of his business as a fund manager;

(d) the person along with his connected persons shall not be entitled, directly or indirectly, to more than twenty per cent. of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through the fund manager; 45

(5) Every eligible investment fund shall, in respect of its activities in a financial year, furnish within ninety days from the end of the financial year, a statement in the prescribed form, to the prescribed income-tax authority containing information relating to the fulfilment of the conditions specified in this section and also provide such other relevant information or documents as may be prescribed. 50

(6) Nothing contained in this section shall apply to exclude any income from the total income of the eligible investment fund, which would have been so included irrespective of whether the activity of the eligible fund manager constituted the business connection in India of such fund or not.

5 (7) Nothing contained in this section shall have any effect on the scope of total income or determination of total income in the case of the eligible fund manager.

(8) For the purposes of this section,—

10 (a) “associate” means an entity in which a director or a trustee or a partner or a member or a fund manager of the investment fund or a director or a trustee or a partner or a member of the fund manager of such fund, holds, either individually or collectively, share or interest, being more than fifteen per cent. of its share capital or interest, as the case may be;

(b) “corpus” means the total amount of funds raised for the purpose of investment by the eligible investment fund as on a particular date;

(c) “connected person” shall have the meaning assigned to it in clause (4) of section 102;

(d) “entity” means any entity in which an eligible investment fund makes an investment;

15 (e) “specified regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 or the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, or such other regulations made under the Securities and Exchange Board of India Act, 1992 which may be notified by the Central Government under this clause.
15 of 1992.

7. In section 10 of the Income-tax Act,—

Amendment of section 10.

20 (I) after clause (11), the following clause shall be inserted, namely:—

5 of 1873. “(11A) any payment from an account, opened in accordance with the Sukanya Samriddhi Account Rules, 2014 made under the Government Savings Bank Act, 1873;”;

(II) in clause (23C), after sub-clause (iiia), the following sub-clauses shall be inserted, namely:—

“(iiiaa) the Swachh Bharat Kosh, set up by the Central Government; or

25 (iiiaaa) the Clean Ganga Fund, set up by the Central Government; or”;

(III) with effect from the 1st day of April, 2016—

(a) after clause (23ED), the following clause shall be inserted, namely:—

30 ‘(23EE) any specified income of such Core Settlement Guarantee Fund, set up by a recognised clearing corporation in accordance with the regulations, as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part with the specified person, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall, accordingly, be chargeable to income-tax.

35 *Explanation.*—For the purposes of this clause,—

15 of 1992. (i) “recognised clearing corporation” shall have the same meaning as assigned to it in clause (o) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992;

40 (ii) “regulations” means the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992;
15 of 1992.

(iii) “specified income” shall mean,—

(a) the income by way of contribution received from specified persons;

45 (b) the income by way of penalties imposed by the recognised clearing corporation and credited to the Core Settlement Guarantee Fund; or

(c) the income from investment made by the Fund;

(iv) “specified person” shall mean,—

50 (a) any recognised clearing corporation which establishes and maintains the Core Settlement Guarantee Fund; and

(b) any recognised stock exchange being shareholder in such recognised clearing corporation;”;

(b) in clause (23FB), before the *Explanation*, the following proviso shall be inserted, namely:—

“Provided that nothing contained in this clause shall apply in respect of any income of a venture capital company or venture capital fund, being an investment fund specified in clause (a) of the *Explanation* 1 to section 115UB, of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2016;”;

(c) after clause (23FB), the following clauses shall be inserted, namely:—

“(23FBA) any income of an investment fund other than the income chargeable under the head “Profits and gains of business or profession”;

(23FBB) any income referred to in section 115UB, accruing or arising to, or received by, a unit holder of an investment fund, being that proportion of income which is of the same nature as income chargeable under the head “Profits and gains of business or profession”.

Explanation.—For the purposes of clauses (23FBA) and (23FBB), the expression “investment fund” shall have the meaning assigned to it in clause (a) of the *Explanation* 1 to section 115UB;”;

(d) after clause (23FC), the following clause shall be inserted, namely:—

“(23FCA) any income of a business trust, being a real estate investment trust, by way of renting or leasing or letting out any real estate asset owned directly by such business trust.

Explanation.—For the purposes of this clause, the expression “real estate asset” shall have the same meaning as assigned to it in clause (zj) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992;”;

(e) in clause (23FD), after the word, brackets, figures and letters “clause (23FC)”, the words, brackets, figures and letters “or clause (23FCA)” shall be inserted;

(f) in clause (38), the second proviso shall be omitted.

Amendment
of section 11.

8. In section 11 of the Income-tax Act, with effect from the 1st day of April, 2016,—

(I) in sub-section (1), in *Explanation*, in clause (2), after sub-clause (b), in the long line, for the brackets and words “(such option to be exercised in writing before the expiry of the time allowed under sub-section (1) of section 139 for furnishing the return of income)”, the brackets and words “(such option to be exercised before the expiry of the time allowed under sub-section (1) of section 139 for furnishing the return of income, in such form and manner as may be prescribed)” shall be substituted;

(II) in sub-section (2), for clauses (a) and (b) and the first and second provisos, the following shall be substituted, namely:—

“(a) such person furnishes a statement in the prescribed form and in the prescribed manner to the Assessing Officer, stating the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed five years;

(b) the money so accumulated or set apart is invested or deposited in the forms or modes specified in sub-section (5);

(c) the statement referred to in clause (a) is furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year:

Provided that in computing the period of five years referred to in clause (a), the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.”.

Amendment
of section 13.

9. In section 13 of the Income-tax Act, after sub-section (8) and before *Explanation* 1, the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:—

“(9) Nothing contained in sub-section (2) of section 11 shall operate so as to exclude any income from the total income of the previous year of a person in receipt thereof, if—

(i) the statement referred to in clause (a) of the said sub-section in respect of such income is not furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year; or

(ii) the return of income for the previous year is not furnished by such person on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the said previous year.”.

10. In section 32 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2016,— Amendment of section 32.

(a) in clause (ii),—

5 (A) in the second proviso, after the words, brackets, figures and letter “asset referred to in clause (i) or clause (ii) or clause (iia)”, the words, brackets, figures and letter “or the first proviso to clause (iia)” shall be inserted;

(B) after the second proviso, the following proviso shall be inserted, namely:—

10 “Provided also that where an asset referred to in clause (iia) or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business for a period of less than one hundred and eighty days in that previous year, and the deduction under this sub-section in respect of such asset is restricted to fifty per cent. of the amount calculated at the percentage prescribed for an asset under clause (iia) for that previous year, then, the deduction for the balance fifty per cent. of the amount calculated at the percentage prescribed for such asset under clause (iia) shall be
15 allowed under this sub-section in the immediately succeeding previous year in respect of such asset.”;

(b) in clause (iia),—

(A) in the proviso, for the word “Provided”, the words “Provided further” shall be substituted;

(B) before the proviso, the following proviso shall be inserted, namely:—

20 “Provided that where an assessee, sets up an undertaking or enterprise for manufacture or production of any article or thing, on or after the 1st day of April, 2015 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or in the State of Telangana, and acquires and installs any new machinery or plant (other than ships and aircraft) for the purposes of the said undertaking or enterprise during the period beginning
25 on the 1st day of April, 2015 and ending before the 1st day of April, 2020 in the said backward area, then, the provisions of clause (iia) shall have effect, as if for the words “twenty per cent.”, the words “thirty-five per cent.” had been substituted.”.

11. After section 32AC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:— Insertion of new section 32AD.

30 ‘32AD. (1) Where an assessee, sets up an undertaking or enterprise for manufacture or production of any article or thing, on or after the 1st day of April, 2015 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or in the State of Telangana, and acquires and installs any new asset for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020 in the
35 said backward area, then, there shall be allowed a deduction of a sum equal to fifteen per cent. of the actual cost of such new asset for the assessment year relevant to the previous year in which such new asset is installed.

40 (2) If any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger or re-organisation of business referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (1) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head “Profits and gains of business or profession” of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.

45 (3) Where the new asset is sold or otherwise transferred in connection with the amalgamation or demerger or re-organisation of business referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47 within a period of five years from the date of its installation, the provisions of sub-section (2) shall apply to the amalgamated company or the resulting company or the successor referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47, as the case may be, as they would have
50 applied to the amalgamating company or the demerged company or the predecessor referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47.

(4) For the purposes of this section, “new asset” means any new plant or machinery (other than a ship or aircraft) but does not include—

55 (a) any plant or machinery, which before its installation by the assessee, was used either within or outside India by any other person;

(b) any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;

(c) any office appliances including computers or computer software;

(d) any vehicle; or

(e) any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any previous year.' 5

Amendment of section 35.

12. In section 35 of the Income-tax Act, with effect from the 1st day of April, 2016,—

(i) in sub-section (2AA), in the proviso, after the words "submit its report to the", the words "Principal Chief Commissioner or Chief Commissioner or" shall be inserted; 10

(ii) in sub-section (2AB),—

(a) in clause (3), for the words "for audit of accounts maintained for that facility", the words "fulfils such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed" shall be substituted;

(b) in clause (4), after the words "approval of the said facility to the", the words "Principal Chief Commissioner or Chief Commissioner or" shall be inserted. 15

Amendment of section 47.

13. In section 47 of the Income-tax Act, with effect from the 1st day of April, 2016,—

(a) after clause (viaa), the following clause shall be inserted, namely:—

"(viab) any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company, referred to in *Explanation 5* to clause (i) of sub-section (1) of section 9, which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, if— 20

(A) at least twenty-five per cent. of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company; and 25

(B) such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated;"

(b) after clause (vicb), the following clause shall be inserted, namely:—

"(vicc) any transfer in a demerger, of a capital asset, being a share of a foreign company, referred to in *Explanation 5* to clause (i) of sub-section (1) of section 9, which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the demerged foreign company to the resulting foreign company, if,— 30

(a) the shareholders, holding not less than three-fourths in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company; and 35

(b) such transfer does not attract tax on capital gains in the country in which the demerged foreign company is incorporated:

Provided that the provisions of sections 391 to 394 of the Companies Act, 1956 shall not apply in case of demergers referred to in this clause;" 1 of 1956.

(c) after clause (xvii), the following clause shall be inserted, namely:— 40

'(xviii) any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating scheme of a mutual fund, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated scheme of the mutual fund:

Provided that the consolidation is of two or more schemes of equity oriented fund or of two or more schemes of a fund other than equity oriented fund. 45

Explanation.— For the purposes of this clause,—

(a) "consolidating scheme" means the scheme of a mutual fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992; 50 15 of 1992.

(b) "consolidated scheme" means the scheme with which the consolidating scheme merges or which is formed as a result of such merger;

(c) "equity oriented fund" shall have the meaning assigned to it in clause (38) of section 10;

5 (d) "mutual fund" means a mutual fund specified under clause (23D) of clause 10.'

14. In section 49 of the Income-tax Act, with effect from the 1st day of April, 2016,—

Amendment
of section 49.

(I) in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets, figures and letters "or clause (viaa) or clause (vica) or clause (vicb)", the words, brackets, figures and letters "or clause (viaa) or clause (viab) or clause (vib) or clause (vica) or clause (vicb) or clause (vicc)" shall be substituted;

(II) after sub-section (2AC), the following sub-section shall be inserted, namely:—

15 "(2AD) Where the capital asset, being a unit or units in a consolidated scheme of a mutual fund, became the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the unit or units in the consolidating scheme of the mutual fund."

15. In section 80C of the Income-tax Act,—

Amendment of
section 80C.

(I) in sub-section (2), in clause (viii), for the words "as subscription to", the words, brackets and figure "as subscription, in the name of any person specified in sub-section (4), to" shall be substituted;

(II) in sub-section (4), after clause (b), the following clause shall be inserted, namely:—

20 "(ba) for the purposes of clause (viii) of that sub-section, in the case of an individual, the individual or any girl child of that individual, or any girl child for whom such person is the legal guardian, if the scheme so specifies;"

16. In section 80CCC of the Income-tax Act, in sub-section (1), for the words "one lakh rupees", the words "one hundred and fifty thousand rupees" shall be substituted with effect from the 1st day of April, 2016.

Amendment of
section
80CCC.

17. In section 80CCD of the Income-tax Act, with effect from the 1st day of April, 2016,—

Amendment of
section
80CCD.

(a) sub-section (1A) shall be omitted;

(b) after sub-section (1A), as so omitted the following sub-section shall be inserted, namely:—

30 "(1B) An assessee referred to in sub-section (1), shall be allowed a deduction in computation of his total income, [in addition to the deduction allowed under sub-section (1)], of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees:

Provided that no deduction under this sub-section shall be allowed in respect of the amount on which a deduction has been claimed and allowed under sub-section (1);

35 (c) in sub-section (3),—

(I) for the words, brackets and figure, "sub-section (1)", wherever they occur, the words, brackets, figures and letter "sub-section (1) or sub-section (1B)" shall be substituted;

(II) for the words "under that sub-section", the words "under those sub-sections" shall be substituted;

40 (d) in sub-section (4), for the words, brackets and figure, "sub-section (1)", the words, brackets, figures and letter "sub-section (1) or sub-section (1B)" shall be substituted.

18. In section 80D of the Income-tax Act, with effect from the 1st day of April 2016,—

Amendment of
section 80D.

(A) in sub-section (2), after clause (b), the following shall be inserted, namely:—

45 "(c) the whole of the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family as does not exceed in the aggregate thirty thousand rupees; and

(d) the whole of the amount paid on account of medical expenditure incurred on the health of any parent of the assessee, as does not exceed in the aggregate thirty thousand rupees:

Provided that the amount referred to in clause (c) or clause (d) is paid in respect of a very senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person:

5

Provided further that the aggregate of the sum specified under clause (a) and clause (c) or the aggregate of the sum specified under clause (b) and clause (d) shall not exceed thirty thousand rupees.”;

(B) for sub-section(3), the following sub-section shall be substituted, namely:—

“(3) Where the assessee is a Hindu undivided family, the sum referred to in sub-section (1), shall be the aggregate of the following, namely:—

10

(a) whole of the amount paid to effect or to keep in force an insurance on the health of any member of that Hindu undivided family as does not exceed in the aggregate twenty-five thousand rupees; and

(b) the whole of the amount paid on account of medical expenditure incurred on the health of any member of the Hindu undivided family as does not exceed in the aggregate thirty thousand rupees:

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Provided that the amount referred to in clause (b) is paid in respect of a very senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person:

Provided further that the aggregate of the sum specified under clause (a) and clause (b) shall not exceed thirty thousand rupees.”;

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(C) in sub-section(4), —

(i) for the words, brackets and figure “or in sub-section (3)”, the words, brackets, letter and figure “or clause (a) of sub-section (3)” shall be substituted;

(ii) after the words “senior citizen,”, the words “or a very senior citizen,” shall be inserted;

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(iii) for the words “fifteen thousand rupees”, the words “twenty-five thousand rupees” shall be substituted;

(iv) for the words “twenty thousand rupees”, the words “thirty thousand rupees” shall be substituted;

(v) the *Explanation* shall be omitted;

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(D) after sub-section (5), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of this section,—

(i) “senior citizen” means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year;

(ii) “very senior citizen” means an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.’.

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Amendment
of section
80DD.

19. In section 80DD of the Income-tax Act, with effect from the 1st day of April, 2016, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Where an assessee, being an individual or a Hindu undivided family, who is a resident in India, has, during the previous year,—

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(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or

(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability,

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the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of seventy-five thousand rupees from his gross total income in respect of the previous year:

Provided that where such dependant is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted."

20. In section 80DDB of the Income-tax Act, with effect from the 1st day of April, 2016, —

Amendment
of section
80DDB.

5 (i) for the first proviso, the following proviso shall be substituted, namely:—

"Provided that no such deduction shall be allowed unless the assessee obtains the prescription for such medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed."

(ii) after the third proviso, the following proviso shall be inserted, namely:—

10 'Provided also that where the amount actually paid is in respect of the assessee or his dependant or any member of a Hindu undivided family of the assessee and who is a very senior citizen, the provisions of this section shall have effect as if for the words "forty thousand rupees", the words "eighty thousand rupees" had been substituted.;

(iii) in the *Explanation*,—

15 (a) clause (ii) shall be omitted;

(b) after clause (iv), the following clause shall be inserted, namely:—

'(v) "very senior citizen" means an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.'

21. In section 80G of the Income-tax Act,—

Amendment of
section 80G.

20 (A) in sub-section (1), in clause (i),—

(i) after the words, brackets, figures and letters "sub-clause (iiijh) or", the words, brackets, figures and letters "sub-clause (iiijk) or sub-clause (iiijl) or" shall be inserted;

(ii) after the words, brackets, figures and letters "sub-clause (iiijl) or", as so inserted, the words, brackets, figures and letters "sub-clause (iiijm) or" shall be inserted with effect from the 1st day of April, 2016;

25 (B) in sub-section (2), in clause (a),—

(i) after sub-clause (iiijh), the following sub-clauses shall be inserted, namely:—

18 of 2013. 30 "(iiijk) the Swachh Bharat Kosh, set up by the Central Government, other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013; or

18 of 2013. (iiijl) the Clean Ganga Fund, set up by the Central Government, where such assessee is a resident and such sum is other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013; or";

35 (ii) the following sub-clause shall be inserted with effect from the 1st day of April, 2016, namely:—

61 of 1985. "(iiijm) the National Fund for Control of Drug Abuse constituted under section 7A of the Narcotic Drugs and Psychotropic Substances Act, 1985; or".

22. In section 80JJAA of the Income-tax Act, with effect from the 1st day of April, 2016,—

Amendment of
section
80JJAA.

(a) in sub-section (1), the words "being an Indian company," shall be omitted;

40 (b) in sub-section (2), for clause (a), the following clause shall be substituted, namely:—

"(a) if the factory is acquired by the assessee by way of transfer from any other person or as a result of any business re-organisation;"

(c) in the *Explanation*, in clause (i), for the words "one hundred workmen", the words "fifty workmen" shall be substituted.

45 **23.** In section 80U of the Income-tax Act, with effect from the 1st day of April, 2016, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of
section 80U.

"(1) In computing the total income of an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a person with disability, there shall be allowed a deduction of a sum of seventy-five thousand rupees:

Provided that where such individual is a person with severe disability, the provisions of this sub-section shall have effect as if for the words “seventy-five thousand rupees”, the words “one hundred and twenty-five thousand rupees” had been substituted.”.

Amendment of section 92BA. **24.** In section 92BA of the Income-tax Act, for the words “five crore rupees” occurring at the end, the words “twenty crore rupees” shall be substituted with effect from the 1st day of April, 2016. 5

Amendment of section 95. **25.** Section 95 of the Income-tax Act shall be numbered as sub-section (1) thereof, and after sub-section (1) as so numbered and before the *Explanation*, the following sub-section shall be inserted, namely:—

“(2) This Chapter shall apply in respect of any assessment year beginning on or after the 1st day of April, 2018.”. 10

Amendment of section 111A. **26.** In section 111A of the Income-tax Act, in sub-section (1), the second proviso shall be omitted with effect from the 1st day of April, 2016.

Amendment of section 115A. **27.** In section 115A of the Income-tax Act, in sub-section (1), in clause (b), with effect from the 1st day of April, 2016,—

(a) in sub-clause (A), for the words “twenty-five per cent.”, the words “ten per cent.” shall be substituted; 15

(b) in sub-clause (B), for the words “twenty-five per cent.”, the words “ten per cent.” shall be substituted.

Amendment of section 115ACA. **28.** In section 115ACA of the Income-tax Act, after sub-section (3), in the *Explanation*, in clause (a), with effect from the 1st day of April, 2016, for the words “issued to non-resident investors against the issue of ordinary shares or foreign currency convertible bonds of issuing company” occurring at the end, the following shall be substituted, namely:— 20

“issued to investors against the issue of,—

(i) ordinary shares of issuing company, being a company listed on a recognised stock exchange in India; or 25

(ii) foreign currency convertible bonds of issuing company;”.

Amendment of section 115JB. **29.** In section 115JB of the Income-tax Act, in the *Explanation* 1 below sub-section (2), with effect from the 1st day of April, 2016,—

(a) after clause (f), the following clauses shall be inserted, namely:—

“(fa) the amount or amounts of expenditure relatable to, income, being share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86; 30

(fb) the amount or amounts of expenditure relatable to income from capital gains arising on transactions in securities (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable), accruing or arising to an assessee being a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992;” 35 15 of 1992.

(b) after clause (iib), the following clauses shall be inserted, namely:—

“(iic) the amount of income, being the share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86, if any such amount is credited to the profit and loss account; or 40

(iid) the amount of income from capital gains arising on transactions in securities (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable), accruing or arising to an assessee being a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, if any such amount is credited to the profit and loss account; or” 45 15 of 1992.

(c) after *Explanation* 3, the following *Explanation* shall be inserted, namely:—

‘*Explanation* 4.—For the purposes of sub-section (2),—

(a) the expression “Foreign Institutional Investor” shall have the meaning assigned to it in clause (a) of the *Explanation* to section 115AD; 50

(b) the expression “securities” shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.’.

30. In section 115U of the Income-tax Act, after sub-section (5), before the *Explanation 1*, the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:— Amendment of section 115U.

- 5 “(6) Nothing contained in this Chapter shall apply in respect of any income, of a previous year relevant to the assessment year beginning on or after the 1st day of April, 2016, accruing or arising to, or received by, a person from investments made in a venture capital company or venture capital fund, being an investment fund specified in clause (a) of the *Explanation 1* to section 115UB.”.

31. In section 115UA of the Income-tax Act, in sub-section (3), after the words, brackets, figures and letters “in clause (23FC)”, the words, brackets, figures and letters “or clause (23FCA)” shall be inserted with effect from the 1st day of April, 2016. Amendment of section 115UA.

32. After Chapter XII-FA of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2016, namely:— Insertion of new Chapter XII-FB.

‘CHAPTER XII-FB

15 SPECIAL PROVISIONS RELATING TO TAX ON INCOME OF INVESTMENT FUNDS AND INCOME RECEIVED FROM SUCH FUNDS

115UB. (1) Notwithstanding anything contained in any other provisions of this Act and subject to the provisions of this Chapter, any income accruing or arising to, or received by, a person, being a unit holder of an investment fund, out of investments made in the investment fund, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person had the investments made by the investment fund been made directly by him. Tax on income of investment fund and its unit holders.

(2) Where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of clause (23FBA) of section 10] is a loss under any head of income and such loss cannot be or is not wholly set-off against income under any other head of income of the said previous year, then,—

(i) such loss shall be allowed to be carried forward and it shall be set-off by the investment fund in accordance with the provisions of Chapter VI; and

(ii) such loss shall be ignored for the purposes of sub-section (1).

(3) The income paid or credited by the investment fund shall be deemed to be of the same nature and in the same proportion in the hands of the person referred to in sub-section (1), as it had been received by, or had accrued or arisen to, the investment fund during the previous year subject to the provisions of sub-section (2).

(4) The total income of the investment fund shall be charged to tax—

(i) at the rate or rates as specified in the Finance Act of the relevant year, where such fund is a company or a firm; or

(ii) at maximum marginal rate in any other case.

(5) The provisions of Chapter XII-D or Chapter XII-E shall not apply to the income paid by an investment fund under this Chapter.

(6) The income accruing or arising to, or received by, the investment fund, during a previous year, if not paid or credited to the person referred to in sub-section (1), shall subject to the provisions of sub-section (2), be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

(7) The person responsible for crediting or making payment of the income on behalf of an investment fund and the investment fund shall furnish, within such time as may be prescribed, to the person who is liable to tax in respect of such income and to the prescribed income-tax authority, a statement in the prescribed form and verified in such manner, giving details of the nature of the income paid or credited during the previous year and such other relevant details, as may be prescribed.

Explanation 1.—For the purposes of this Chapter,—

(a) "investment fund" means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992; 5 15 of 1992.

(b) "trust" means a trust established under the Indian Trusts Act, 1882 or under any other law for the time being in force; 2 of 1882.

(c) "unit" means beneficial interest of an investor in the investment fund or a scheme of the investment fund and shall include shares or partnership interests.

Explanation 2.—For the removal of doubts, it is hereby declared that any income which has been included in total income of the person referred to in sub-section (1) in a previous year, on account of it having accrued or arisen in the said previous year, shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the investment fund.' 10

Amendment of section 132B. **33.** In section 132B of the Income-tax Act, in sub-section (1), in clause (i), with effect from the 1st day of June, 2015, for the words "deemed to be in default, may be recovered out of such assets" occurring at the end, the words, brackets, figures and letter "deemed to be in default, or the amount of liability arising on an application made before the Settlement Commission under sub-section (1) of section 245C, may be recovered out of such assets" shall be substituted. 15

Amendment of section 139. **34.** In section 139 of the Income-tax Act, with effect from the 1st day of April, 2016,— 20

(I) in sub-section (4C), in clause (e),—

(a) after the words "other educational institution referred to in", the words, brackets, figures and letters "sub-clause (iiiab) or" shall be inserted;

(b) after the words "other medical institution referred to in", the words, brackets, figures and letters "sub-clause (iiiac) or" shall be inserted; 25

(II) after sub-section (4E), the following sub-section shall be inserted, namely:—

"(4F) Every investment fund referred to in section 115UB, which is not required to furnish return of income or loss under any other provisions of this section, shall furnish the return of income in respect of its income or loss in every previous year and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).". 30

Substitution of new section for section 151. **35.** For section 151 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2015, namely:—

Sanction for issue of notice. "151. (1) No notice shall be issued under section 148 by an Assessing Officer, after the expiry of a period of four years from the end of the relevant assessment year, unless the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer, that it is a fit case for the issue of such notice. 35

(2) In a case other than a case falling under sub-section (1), no notice shall be issued under section 148 by an Assessing Officer, who is below the rank of Joint Commissioner, unless the Joint Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice. 40

(3) For the purposes of sub-section (1) and sub-section (2), the Principal Chief Commissioner or Chief Commissioner or the Principal Commissioner or Commissioner or the Joint Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself." 45

Amendment of section 153C. **36.** In section 153C of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2015 for the portion beginning with the words and figures "Notwithstanding anything contained in section 139" and ending with the words "the Assessing Officer having jurisdiction over such other person", the words, figures, brackets and letters "Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that,— 50

(a) any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to; or

(b) any books of account or documents, seized or requisitioned, pertains or pertain to, or any information contained therein, relates to,

- 5 a person other than the person referred to in section 153A, then, the books of account or documents or assets, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person" shall be inserted.

37. In section 154 of the Income-tax Act, with effect from the 1st day of June, 2015,—

Amendment
of section
154.

(i) in sub-section (1), after clause (c), the following clause shall be inserted, namely:—

- 10 "(d) amend any intimation under sub-section (1) of section 206CB.";

(ii) in sub-section (2), in clause (b), after the words "or by the deductor", the words "or by the collector" shall be inserted;

(iii) in sub-section (3), after the words "or the deductor" wherever they occur, the words "or the collector" shall be inserted;

- 15 (iv) in sub-section (5), after the words "or the deductor" at both the places where they occur, the words "or the collector" shall be inserted;

(v) in sub-section (6), after the words "or the deductor" at both the places where they occur, the words "or the collector" shall be inserted;

- 20 (vi) in sub-section (8), after the words "or by the deductor", the words "or by the collector" shall be inserted.

- 38.** In section 156 of the Income-tax Act, in the proviso, with effect from the 1st day of June, 2015, Amendment of
for the words, brackets, figures and letter "by the deductor under sub-section (1) of section 143 or section 156.
sub-section (1) of section 200A", the words, brackets, figures and letters "the deductor or the collector
under sub-section (1) of section 143 or sub-section (1) of section 200A or sub-section (1) of section
25 206CB" shall be substituted.

39. After section 158A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2015, namely:—

Insertion of
new section
158AA.

- 30 "158AA. (1) Notwithstanding anything contained in this Act, where the Commissioner or Principal Commissioner is of the opinion that any question of law arising in the case of an assessee for any assessment year (such case being herein referred to as relevant case) is identical with a question of law arising in his case for another assessment year which is pending before the Supreme Court, in an appeal under section 261 or in a special leave petition under article 136 of the Constitution, against the order of the High Court in favour of the assessee (such case being herein referred to as the other case), he may, instead of directing the Assessing Officer to appeal
35 to the Appellate Tribunal under sub-section (2) or sub-section (2A) of section 253, direct the Assessing Officer to make an application to the Appellate Tribunal in the prescribed form within sixty days from the date of receipt of order of the Commissioner (Appeals) stating that an appeal on the question of law arising in the relevant case may be filed when the decision on the question of law becomes final in the other case.

Procedure
when in an
appeal by
revenue an
identical
question of law
is pending
before
Supreme
Court.

- 40 (2) The Commissioner or Principal Commissioner shall direct the Assessing Officer to make an application under sub-section (1) only if an acceptance is received from the assessee to the effect that the question of law in the other case is identical to that arising in the relevant case; and in case no such acceptance is received, the Commissioner or Principal Commissioner shall proceed in accordance with the provisions contained in sub-section (2) or sub-section (2A) of section 253.

- 45 (3) Where the order of the Commissioner (Appeals) referred to in sub-section (1) is not in conformity with the final decision on the question of law in the other case, the Commissioner or Principal Commissioner may direct the Assessing Officer to appeal to the Appellate Tribunal against such order and save as otherwise provided in this section all other provisions of part B of Chapter XX shall apply accordingly.

- 50 (4) Every appeal under sub-section (3) shall be filed within sixty days from the date on which the order of the Supreme Court in the other case is communicated to the Commissioner or Principal Commissioner.

Amendment
of section
192.

40. In section 192 of the Income-tax Act, after sub-section (2C), the following sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

“(2D) The person responsible for making the payment referred to in sub-section (1) shall, for the purposes of estimating income of the assessee or computing tax deductible under sub-section (1), obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed.”.

Insertion of
new section
192A.

41. After section 192 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2015, namely:—

Payment of
accumulated
balance due
to an
employee.

“192A. Notwithstanding anything contained in this Act, the trustees of the Employees' Provident Fund Scheme, 1952, framed under section 5 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 or any person authorised under the scheme to make payment of accumulated balance due to employees, shall, in a case where the accumulated balance due to an employee participating in a recognised provident fund is includible in his total income owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable, at the time of payment of the accumulated balance due to the employee, deduct income-tax thereon at the rate of ten per cent.: 10 19 of 1952.

Provided that no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payment to the payee is less than thirty thousand rupees:

Provided further that any person entitled to receive any amount on which tax is deductible under this section shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the maximum marginal rate.”.

Amendment
of section
194A.

42. In section 194A of the Income-tax Act, in sub-section (3), with effect from the 1st day of June, 2015,—

(a) in clause (i), after the proviso, the following proviso shall be inserted, namely:—

“Provided further that the amount referred to in the first proviso shall be computed with reference to the income credited or paid by the banking company or the co-operative society or the public company, as the case may be, where such banking company or the co-operative society or the public company has adopted core banking solutions;”;

(b) in clause (v), for the words “paid by a co-operative society to a member thereof or”, the words and brackets “paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society” shall be substituted;

(c) after clause (v), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of this clause, “co-operative bank” shall have the same as meaning assigned to it in Part V of the Banking Regulation Act, 1949;’;

(d) for clause (ix), the following clauses shall be substituted, namely:—

“(ix) to such income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal;

(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;”;

(e) in *Explanation* 1 below clause (xi), for the word “excluding”, the word “including” shall be substituted.

Amendment
of section
194C.

43. In section 194C of the Income-tax Act, in sub-section (6), with effect from the 1st day of June, 2015, for the words “on furnishing of”, the words “where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with” shall be substituted.

Amendment
of section
194-I.

44. In section 194-I of the Income-tax Act, with effect from the 1st day of June, 2015, after the second proviso, the following proviso shall be inserted, namely:—

“Provided also that no deduction shall be made under this section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust.”.

- 45.** In section 194LBA of the Income-tax Act, with effect from the 1st day of June, 2015,—
 (a) in sub-section (1), after the words, brackets, figures and letters “in clause (23FC)” the words, brackets, figures and letters “or clause (23FCA)” shall be inserted;
 (b) in sub-section (2), for the words “being a non-resident, not being a company”, the words and brackets “being a non-resident (not being a company)” shall be substituted;
 (c) after sub-section (2), the following sub-section shall be inserted, namely:—
 “(3) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident (not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.”.
- 46.** After section 194LBA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2015, namely:—
 ‘194LBB. Where any income, other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the *Explanation 1* to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.
- Explanation.*—For the purposes of this section,—
 (a) “unit” shall have the meaning assigned to it in clause (c) of the *Explanation 1* to section 115UB;
 (b) where any income as aforesaid is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.’.
- 47.** In section 194LD of the Income-tax Act, in sub-section (2), with effect from the 1st day of June, 2015, for the figures, letters and words “1st day of June, 2015”, the figures, letters and words “1st day of July, 2017” shall be substituted.
- 48.** In section 195 of the Income-tax Act, for sub-section (6), the following sub-section shall be substituted with effect from the 1st day of June, 2015, namely:—
 “(6) The person responsible for paying to a non-resident, (not being a company), or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed.”.
- 49.** In section 197A of the Income-tax Act, with effect from the 1st day of June, 2015,—
 (i) in sub-section (1A), for the words, figures and letter “section 193 or section 194A” at both the places where they occur, the words, figures and letters “section 192A or section 193 or section 194A or section 194DA” shall respectively be substituted;
 (ii) in sub-section (1C), for the words, figures and letter “section 193 or section 194 or section 194A” at both the places where they occur, the words, figures and letters “section 192A or section 193 or section 194 or section 194A or section 194DA” shall respectively be substituted.
- 50.** In section 200 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—
 “(2A) In case of an office of the Government, where the sum deducted in accordance with the foregoing provisions of this Chapter or tax referred to in sub-section (1A) of section 192 has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such sum or tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.”.
- 51.** In section 200A of the Income-tax Act, in sub-section (1), for clauses (c) to (e), the following clauses shall be substituted with effect from the 1st day of June, 2015, namely:—
 “(c) the fee, if any, shall be computed in accordance with the provisions of section 234E;

Amendment
of section
194LBA.

Insertion of
new section
194LBB.

Income in
respect of
units of
investment
fund.

Amendment of
section 194LD.

Amendment of
section 195.

Amendment of
section 197A.

Amendment of
section 200.

Amendment of
section 200A.

(d) the sum payable by, or the amount of refund due to, the deductor shall be determined after adjustment of the amount computed under clause (b) and clause (c) against any amount paid under section 200 or section 201 or section 234E and any amount paid otherwise by way of tax or interest or fee;

(e) an intimation shall be prepared or generated and sent to the deductor specifying the sum determined to be payable by, or the amount of refund due to, him under clause (d); and 5

(f) the amount of refund due to the deductor in pursuance of the determination under clause (d) shall be granted to the deductor.”.

Amendment of section 203A. **52.** In section 203A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of June, 2015, namely:— 10

“(3) The provisions of this section shall not apply to such person, as may be notified by the Central Government in this behalf.”.

Amendment of section 206C. **53.** In section 206C of the Income-tax Act, after sub-section (3), the following sub-sections shall be inserted with effect from the 1st day of June, 2015, namely:—

“(3A) In case of an office of the Government, where the amount collected under sub-section (1) or sub-section (1C) or sub-section (1D) has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed. 15 20

(3B) The person referred to in the proviso to sub-section (3) may also deliver to the prescribed authority under the said proviso, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the said proviso in such form and verified in such manner, as may be specified by the authority.”. 25

Insertion of new section 206CB. **54.** After section 206CA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2015, namely:—

Processing of statements of tax collected at source. ‘206CB. (1) Where a statement of tax collection at source or a correction statement has been made by a person collecting any sum (herein referred to as collector) under section 206C, such statement shall be processed in the following manner, namely:— 30

(a) the sums collectible under this Chapter shall be computed after making the following adjustments, namely:—

(i) any arithmetical error in the statement;

(ii) an incorrect claim, apparent from any information in the statement; 35

(b) the interest, if any, shall be computed on the basis of the sums collectible as computed in the statement;

(c) the fee, if any, shall be computed in accordance with the provisions of section 234E;

(d) the sum payable by, or the amount of refund due to, the collector, shall be determined after adjustment of the amount computed under clause (b) and clause (c) against any amount paid under section 206C or section 234E and any amount paid otherwise by way of tax or interest or fee; 40

(e) an intimation shall be prepared or generated and sent to the collector specifying the sum determined to be payable by, or the amount of refund due to, him under clause (d); and

(f) the amount of refund due to the collector in pursuance of the determination under clause (d) shall be granted to the collector: 45

Provided that no intimation under this sub-section shall be sent after the expiry of the period of one year from the end of the financial year in which the statement is filed.

Explanation.—For the purposes of this sub-section, “an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement— 50

(i) of an item, which is inconsistent with another entry of the same or some other item in such statement;

(ii) in respect of rate of collection of tax at source, where such rate is not in accordance with the provisions of this Act.

(2) The Board may make a scheme for centralised processing of statements of tax collected at source to expeditiously determine the tax payable by, or the refund due to, the collector, as required under sub-section (1).’.

55. In section 220 of the Income-tax Act, after sub-section (2B), the following sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

Amendment
of section
220.

“(2C) Notwithstanding anything contained in sub-section (2), where interest is charged under sub-section (7) of section 206C on the amount of tax specified in the intimation issued under sub-section (1) of section 206CB for any period, then, no interest shall be charged under sub-section (2) on the same amount for the same period.”.

56. In section 234B of the Income-tax Act, with effect from the 1st day of June, 2015,—

Amendment
of section
234B.

(i) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) (a) Where an application under sub-section (1) of section 245C for any assessment year has been made, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of making such application, on the additional amount of income-tax referred to in that sub-section.

(b) Where as a result of an order of the Settlement Commission under sub-section (4) of section 245D for any assessment year, the amount of total income disclosed in the application under sub-section (1) of section 245C is increased, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of such order, on the amount by which the tax on the total income determined on the basis of such order exceeds the tax on the total income disclosed in the application filed under sub-section (1) of section 245C.”;

(ii) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Where, as a result of an order of reassessment or recomputation under section 147 or section 153A, the amount on which interest was payable in respect of shortfall in payment of advance tax for any financial year under sub-section (1) is increased, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April next following such financial year and ending on the date of the reassessment or recomputation under section 147 or section 153A, on the amount by which the tax on the total income determined on the basis of the reassessment or recomputation exceeds the tax on the total income determined under sub-section (1) of section 143 or on the basis of the regular assessment as referred to in sub-section (1), as the case may be.”;

(iii) in sub-section (4), the words, brackets, figures and letter “or an order of the Settlement Commission under sub-section (4) of section 245D” shall be omitted.

57. In section 245A of the Income-tax Act, in clause (b), in the *Explanation*, with effect from the 1st day of June, 2015,—

Amendment of
section 245A.

(A) for clause (i), the following clause shall be substituted, namely:—

“(i) a proceeding for assessment or reassessment or recomputation under section 147 shall be deemed to have commenced—

(a) from the date on which a notice under section 148 is issued for any assessment year;

(b) from the date of issuance of the notice referred to in sub-clause (a), for any other assessment year or assessment years for which a notice under section 148 has not been issued, but such notice could have been issued on such date, if the return of income for the other assessment year or assessment years has been furnished under section 139 or in response to a notice under section 142.”;

(B) in clause (iv), for the words, figure and letters “from the 1st day of the assessment year and concluded on the date on which the assessment is made” occurring at the end, the words and figures “from the date on which the return of income for that assessment year is furnished under section 139 or in response to a notice served under section 142 and concluded on the date on which the assessment is made; or on the expiry of two years from the end of relevant assessment year, in case where no assessment is made” shall be substituted.

Amendment
of section
245D.

58. In section 245D of the Income-tax Act, for sub-section (6B), with effect from the 1st day of June, 2015, the following sub-section shall be substituted, namely:—

“(6B) The Settlement Commission may, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (4)—

(a) at any time within a period of six months from the end of the month in which the order was passed; or 5

(b) at any time within the period of six months from the end of the month in which an application for rectification has been made by the Principal Commissioner or the Commissioner or the applicant, as the case may be:

Provided that no application for rectification shall be made by the Principal Commissioner or the Commissioner or the applicant after the expiry of six months from the end of the month in which an order under sub-section (4) is passed by the Settlement Commission: 10

Provided further that an amendment which has the effect of modifying the liability of the applicant shall not be made under this sub-section unless the Settlement Commission has given notice to the applicant and the Principal Commissioner or Commissioner of its intention to do so and has allowed the applicant and the Principal Commissioner or Commissioner an opportunity of being heard.”. 15

Amendment
of section
245H.

59. In section 245H of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2015, after the words “subject to such conditions as it may think fit to impose”, the words “for the reasons to be recorded in writing” shall be inserted. 20

Amendment
of section
245HA.

60. In section 245HA of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2015,—

(A) after clause (iii), the following clause shall be inserted, namely:—

“(iiia) in respect of any application made under section 245C, an order under sub-section (4) of section 245D has been passed not providing for the terms of settlement; or”; 25

(B) in the *Explanation*, after clause (c), the following clause shall be inserted, namely:—

“(ca) in respect of an application referred to clause (iiia), the day on which the order under sub-section (4) of section 245D was passed not providing for the terms of settlement;”.

Amendment
of section
245K.

61. In section 245K of the Income-tax Act, with effect from the 1st day of June, 2015,—

(A) in sub-section (1), for the words “he shall not be entitled to apply”, the words and brackets “he or any person related to such person (herein referred to as related person) shall not be entitled to apply” shall be substituted; 30

(B) in sub-section (2), for the words “shall not be subsequently entitled”, the words “or any related person shall not be subsequently entitled” shall be substituted;

(C) after sub-section (2), the following *Explanation* shall be inserted, namely:— 35

‘*Explanation.*—For the purposes of this section, “related person” with respect to a person means,—

(i) where such person is an individual, any company in which such person holds more than fifty per cent. of the shares or voting rights at any time, or any firm or association of persons or body of individuals in which such person is entitled to more than fifty per cent. of the profits at any time, or any Hindu undivided family in which such person is a *karta*; 40

(ii) where such person is a company, any individual who held more than fifty per cent. of the shares or voting rights in such company at any time before the date of application before the Settlement Commission by such person;

(iii) where such person is a firm or association of persons or body of individuals, any individual who was entitled to more than fifty per cent. of the profits in such firm, association of persons or body of individuals, at any time before the date of application before the Settlement Commission by such person; 45

(iv) where such person is a Hindu undivided family, the *karta* of that Hindu undivided family.’. 50

62. In section 246A of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2015,— Amendment of section 246A.

(a) in the opening portion, after the words “or any deductor”, the words “or any collector” shall be inserted;

- 5 (b) in clause (a), for the words, brackets, figures and letter “sub-section (1) of section 200A, where the assessee or the deductor”, the words, brackets, figures and letters “sub-section (1) of section 200A or sub-section (1) of section 206CB, where the assessee or the deductor or the collector” shall be substituted.

63. In section 253 of the Income-tax Act, in sub-section (1), after clause (e), the following clause shall be inserted with effect from the 1st day of June, 2015, namely:— Amendment of section 253.

“(f) an order passed by the prescribed authority under sub-clause (vi) or sub-clause (via) of clause (23C) of section 10.”.

64. In section 255 of the Income-tax Act, in sub-section (3), with effect from the 1st day of June, 2015, for the words “five hundred thousand rupees”, the words “fifteen lakh rupees” shall be substituted. Amendment of section 255.

15 **65.** In section 263 of the Income-tax Act, in sub-section (1), the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of June, 2015, namely:— Amendment of section 263.

20 “*Explanation 2.*—For the purposes of this section, it is hereby declared that an order passed by the Assessing Officer shall be deemed to be erroneous in so far as it is prejudicial to the interests of the revenue, if, in the opinion of the Principal Commissioner or Commissioner,—

(a) the order is passed without making inquiries or verification which should have been made;

(b) the order is passed allowing any relief without inquiring into the claim;

(c) the order has not been made in accordance with any order, direction or instruction issued by the Board under section 119; or

- 25 (d) the order has not been passed in accordance with any decision which is prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person.”.

66. For section 269SS of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2015, namely:— Substitution of new section for section 269SS.

30 ‘269SS. No person shall take or accept from any other person (herein referred to as the depositor), any loan or deposit or any specified sum, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, if,— Mode of taking or accepting certain loans, deposits and specified sum.

(a) the amount of such loan or deposit or specified sum or the aggregate amount of such loan, deposit and specified sum; or

- 35 (b) on the date of taking or accepting such loan or deposit or specified sum, any loan or deposit or specified sum taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid; or

40 (c) the amount or the aggregate amount referred to in clause (a) together with the amount or the aggregate amount referred to in clause (b),

is twenty thousand rupees or more:

Provided that the provisions of this section shall not apply to any loan or deposit or specified sum taken or accepted from, or any loan or deposit or specified sum taken or accepted by,—

(a) the Government;

- 45 (b) any banking company, post office savings bank or co-operative bank;

(c) any corporation established by a Central, State or Provincial Act;

(d) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013;

18 of 2013.

- 50 (e) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette:

Provided further that the provisions of this section shall not apply to any loan or deposit or specified sum, where the person from whom the loan or deposit or specified sum is taken or accepted and the person by whom the loan or deposit or specified sum is taken or accepted, are both having agricultural income and neither of them has any income chargeable to tax under this Act.

5

Explanation.— For the purposes of this section,—

(i) “banking company” means a company to which the provisions of the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act; 10 of 1949.

(ii) “co-operative bank” shall have the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949; 10 of 1949.

(iii) “loan or deposit” means loan or deposit of money;

(iv) “specified sum” means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place.’.

Amendment of section 269T.

67. In section 269T of the Income-tax Act, with effect from the 1st day of June, 2015,— 15

(A) in the opening portion—

(a) after the words “repay any loan or deposit made with it”, the words “or any specified advance received by it” shall be inserted;

(b) after the words “made the loan or deposit”, the words “or paid the specified advance,” shall be inserted; 20

(B) in clause (a), after the words “loan or deposit”, the words “or specified advance” shall be inserted;

(C) in clause (b), the word “or” shall be inserted at the end;

(D) after clause (b) and before the long line, the following clause shall be inserted, namely:—

“(c) the aggregate amount of the specified advances received by such person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such specified advances,”; 25

(E) in the second proviso, after the words “any loan or deposit”, the words “or specified advance” shall be inserted;

(F) in the *Explanation*, after clause (iii), the following clause shall be inserted, namely:— 30

‘(iv) “specified advance” means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.’.

Amendment of section 271.

68. In section 271 of the Income-tax Act, with effect from the 1st day of April, 2016, in sub-section (1), for *Explanation* 4, the following *Explanation* shall be substituted, namely:—

“*Explanation* 4.— For the purposes of clause (iii) of this sub-section,— 35

(a) the amount of tax sought to be evaded shall be determined in accordance with the following formula—

$$(A - B) + (C - D)$$

where,

A = amount of tax on the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (herein called general provisions); 40

B = amount of tax that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished;

C = amount of tax on the total income assessed as per the provisions contained in section 115JB or section 115JC; 45

D = amount of tax that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished:

5 Provided that where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished on any issue is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D:

Provided further that in a case where the provisions contained in section 115JB or section 115JC are not applicable, the item $(C - D)$ in the formula shall be ignored;

10 (b) where in any case the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished has the effect of reducing the loss declared in the return or converting that loss into income, the amount of tax sought to be evaded shall be determined in accordance with the formula specified in clause (a) with the modification that the amount to be determined for item $(A - B)$ in that formula shall be the amount of tax that would have been chargeable on the income in respect of which particulars have been concealed or inaccurate particulars have been furnished had such income been the total income;

15 (c) where in any case to which *Explanation 3* applies, the amount of tax sought to be evaded shall be the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self-assessment tax paid before the issue of notice under section 148.”.

20 **69.** In section 271D of the Income-tax Act, in sub-section (1), after the words “loan or deposit” occurring at both the places, the words “or specified sum” shall be inserted with effect from the 1st day of June, 2015. Amendment of section 271D.

70. In section 271E of the Income-tax Act, in sub-section (1), after the words “loan or deposit” occurring at both the places, the words “or specified advance” shall be inserted with effect from the 1st day of June, 2015. Amendment of section 271E.

71. After section 271FAA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:— Insertion of new section 271FAB.

30 “271FAB. If any eligible investment fund which is required to furnish a statement or any information or document, as required under sub-section (5) of section 9A fails to furnish such statement or information or document within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such fund shall pay, by way of penalty, a sum of five hundred thousand rupees.”. Penalty for failure to furnish statement or information or document by an eligible investment fund.

72. After section 271G of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:— Insertion of new section 271GA.

35 “271GA. If any Indian concern, which is required to furnish any information or document under section 285A, fails to do so, the income-tax authority, as may be prescribed under the said section, may direct that such Indian concern shall pay, by way of penalty,— Penalty for failure to furnish information or document under section 285A.

40 (i) a sum equal to two per cent. of the value of the transaction in respect of which such failure has taken place, if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern;

(ii) a sum of five hundred thousand rupees in any other case.”.

73. After section 271H of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2015, namely:— Insertion of new section 271-I.

45 “271-I. If a person, who is required to furnish information under sub-section (6) of section 195, fails to furnish such information; or furnishes inaccurate information, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one lakh rupees.”. Penalty for failure to furnish information or furnishing inaccurate information under section 195.

74. In section 272A of the Income-tax Act, in sub-section (2), with effect from the 1st day of June, 2015,— Amendment of section 272A.

(a) after clause (l), the following clause shall be inserted, namely:—

“(m) to deliver or cause to be delivered a statement within the time as may be prescribed under sub-section (2A) of section 200 or sub-section (3A) of section 206C,”;

(b) in the first proviso, for the words, brackets, figures and letter “statements under sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C”, the words, brackets, figures and letters “statements under sub-section (2A) or sub-section (3) of section 200 or the proviso to sub-section (3) or under sub-section (3A) of section 206C” shall be substituted. 5

Amendment of section 273B.

75. In section 273B of the Income-tax Act,—

(l) for the words, figures and letters “section 271FB, section 271G”, the words, figures and letters “section 271FAB, section 271FB, section 271G, section 271GA” shall be substituted with effect from the 1st day of April, 2016; 10

(ll) after the word, figures and letter “section 271H”, the word, figures and letter “section 271-I,” shall be inserted with effect from the 1st day of June, 2015.

Insertion of new section 285A.

76. After section 285 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:— 15

Furnishing of information or documents by an Indian concern in certain cases.

“285A. Where any share of, or interest in, a company or an entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India, as referred to in *Explanation 5* to clause (i) of sub-section (1) of section 9, and such company or, as the case may be, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern, then, such Indian concern shall, for the purposes of determination of any income accruing or arising in India under clause (i) of sub-section (1) of section 9, furnish within the prescribed period to the prescribed income-tax authority the information or documents, in such manner, as may be prescribed.”. 20

Amendment of section 288.

77. In section 288 of the Income-tax Act, with effect from the 1st day of June, 2015,— 25

(i) after sub-section (2), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

‘*Explanation.*—In this section, “accountant” means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 who holds a valid certificate of practice under sub-section (1) of section 6 of that Act, but does not include [except for the purposes of representing the assessee under sub-section (1)]— 38 of 1949. 30

(a) in case of an assessee, being a company, the person who is not eligible for appointment as an auditor of the said company in accordance with the provisions of sub-section (3) of section 141 of the Companies Act, 2013; or 18 of 2013.

(b) in any other case,— 35

(i) the assessee himself or in case of the assessee, being a firm or association of persons or Hindu undivided family, any partner of the firm, or member of the association or the family;

(ii) in case of the assessee, being a trust or institution, any person referred to in clauses (a), (b), (c) and (cc) of sub-section (3) of section 13; 40

(iii) in case of any person other than persons referred to in sub-clauses (i) and (ii), the person who is competent to verify the return under section 139 in accordance with the provisions of section 140;

(iv) any relative of any of the persons referred to in sub-clauses (i), (ii) and (iii);

(v) an officer or employee of the assessee; 45

(vi) an individual who is a partner, or who is in the employment, of an officer or employee of the assessee;

(vii) an individual who, or his relative or partner—

(I) is holding any security of, or interest in, the assessee:

Provided that the relative may hold security or interest in the assessee of the face value not exceeding one hundred thousand rupees;

5 (II) is indebted to the assessee:

Provided that the relative may be indebted to the assessee for an amount not exceeding one hundred thousand rupees;

(III) has given a guarantee or provided any security in connection with the indebtedness of any third person to the assessee:

10 Provided that the relative may give guarantee or provide any security in connection with the indebtedness of any third person to the assessee for an amount not exceeding one hundred thousand rupees;

(viii) a person who, whether directly or indirectly, has business relationship with the assessee of such nature as may be prescribed;

15 (ix) a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction.;

(ii) in sub-section (4), for the portion beginning with brackets, letter and words “(c) who has become an insolvent,” and ending with the words, brackets and letter “in the case of a person referred to in sub-clause (c)”, the following shall be substituted, namely:—

20 “(c) who has become an insolvent; or

(d) who has been convicted by a court for an offence involving fraud,

shall be qualified to represent an assessee under sub-section (1), for all times in the case of a person referred to in clause (a), for such time as the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may by order determine in the case of a person referred to in clause (b), for the period during which the insolvency continues in the case of a person referred to in clause (c), and for a period of ten years from the date of conviction in the case of person referred to in clause (d).”;
25

(iii) after sub-section (7), the following *Explanation* shall be inserted, namely:—

Explanation.—For the purposes of this section, “relative” in relation to an individual, means—

30 (a) spouse of the individual;

(b) brother or sister of the individual;

(c) brother or sister of the spouse of the individual;

(d) any lineal ascendant or descendant of the individual;

(e) any lineal ascendant or descendant of the spouse of the individual;

35 (f) spouse of a person referred to in clause (b), clause (c), clause (d) or clause (e);

(g) any lineal descendant of a brother or sister of either the individual or of the spouse of the individual.’.

78. In section 295 of the Income-tax Act, in sub-section (2), after clause (h), the following clause shall be inserted with effect from the 1st day of June, 2015, namely:— Amendment of section 295.

40 “(ha) the procedure for the granting of relief or deduction, as the case may be, of any income-tax paid in any country or specified territory outside India, under section 90 or section 90A or section 91, against the income-tax payable under this Act;”.

Wealth-tax

79. In section 3 of the Wealth-tax Act, 1957, in sub-section (2), with effect from the 1st day of April, 2016, after the words, figures and letters “from the 1st day of April, 1993”, the words, figures and letters “but before the 1st day of April, 2016” shall be inserted. Amendment of Act 27 of 1957.

CHAPTER IV

INDIRECT TAXES

Customs

Amendment of section 28.	80. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 28,— (a) in sub-section (2), the following proviso shall be inserted, namely:— “Provided that where notice under clause (a) of sub-section (1) has been served and the proper officer is of the opinion that the amount of duty along with interest payable thereon under section 28AA or the amount of interest, as the case may be, as specified in the notice, has been paid in full within thirty days from the date of receipt of the notice, no penalty shall be levied and the proceedings against such person or other persons to whom the said notice is served under clause (a) of sub-section (1) shall be deemed to be concluded.”; (b) in sub-section (5), for the words “twenty-five per cent.”, the words “fifteen per cent.” shall be substituted; (c) after <i>Explanation 2</i>, the following <i>Explanation</i> shall be inserted, namely:— “<i>Explanation 3.</i>— For the removal of doubts, it is hereby declared that the proceedings in respect of any case of non-levy, short-levy, non-payment, short-payment or erroneous refund where show cause notice has been issued under sub-section (1) or sub-section (4), as the case may be, but an order determining duty under sub-section (8) has not been passed before the date on which the Finance Bill, 2015 receives the assent of the President, shall, without prejudice to the provisions of sections 135, 135A and 140, as may be applicable, be deemed to be concluded, if the payment of duty, interest and penalty under the proviso to sub-section (2) or under sub-section (5), as the case may be, is made in full within thirty days from the date on which such assent is received.”.	52 of 1962. 5 15 20
Amendment of section 112.	81. In the Customs Act, in section 112, in clause (b), for sub-clause (ii), the following sub-clause shall be substituted, namely:— “(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher: Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;”.	25 30
Amendment of section 114.	82. In the Customs Act, in section 114, for clause (ii), the following clause shall be substituted, namely:— “(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher: Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;”.	35 40
Amendment of section 127A.	83. In the Customs Act, in section 127A, in clause (b), in the proviso, the words “in any appeal or revision, as the case may be,” shall be omitted.	
Amendment of section 127B.	84. In the Customs Act, in section 127B, sub-section (1A) shall be omitted.	
Amendment of section 127C.	85. In the Customs Act, in section 127C, sub-section (6) shall be omitted.	45
Omission of section 127E.	86. In the Customs Act, section 127E shall be omitted.	
Amendment of section 127H.	87. In the Customs Act, in section 127H, in sub-section (1), the <i>Explanation</i> shall be omitted.	
Amendment of section 127L.	88. In the Customs Act, in section 127L, in sub-section (1),—	

22 of 2007. (a) in clause (i), the words, brackets, figures and letters “passed under sub-section (7) of section 127C, as it stood immediately before the commencement of section 102 of the Finance Act, 2007 or sub-section (5) of section 127C” shall be omitted;

22 of 2007. 5 (b) in clause (ii), the words, brackets, figures and letter “under said sub-section (7), as it stood immediately before the commencement of section 102 of the Finance Act, 2007 or sub-section (5) of section 127C” shall be omitted.

Customs Tariff

51 of 1975. **89.** In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), the First Schedule shall be amended in the manner specified in the Second Schedule. Amendment of First Schedule.

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Central Excise

1 of 1944. **90.** In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in section 3A, after *Explanation 2*, the following *Explanation* shall be inserted, namely:— Amendment of section 3A.

‘*Explanation 3.*— For the purposes of sub-sections (2) and (3), the word “factor” includes “factors”.’.

91. In the Central Excise Act, in section 11A,—

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(i) sub-sections (5), (6) and (7) shall be omitted;

Amendment of section 11A.

(ii) in sub-sections (7A), (8) and clause (b) of sub-section (11), the words, brackets and figure “or sub-section (5)”, wherever they occur, shall be omitted;

(iii) in *Explanation 1*,—

(A) in clause (b), in sub-clause (ii), the words “on due date” shall be omitted;

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(B) after sub-clause (v), the following sub-clause shall be inserted, namely :—

“(vi) in the case where only interest is to be recovered, the date of payment of duty to which such interest relates.”;

(C) clause (c) shall be omitted;

(iv) after sub-section (15), the following sub-section shall be inserted, namely :—

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“(16) The provisions of this section shall not apply to a case where the liability of duty not paid or short-paid is self-assessed and declared as duty payable by the assessee in the periodic returns filed by him, and in such case, recovery of non-payment or short-payment of duty shall be made in such manner as may be prescribed.”.

(v) for *Explanation 2*, the following *Explanation* shall be substituted, namely :—

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“*Explanation 2.*— For the removal of doubts, it is hereby declared that any non-levy, short-levy, non-payment, short-payment or erroneous refund where no show cause notice has been issued before the date on which the Finance Bill, 2015 receives the assent of the President, shall be governed by the provisions of section 11A as amended by the Finance Act, 2015.”;

92. In the Central Excise Act, for section 11AC, the following section shall be substituted, namely:—

Substitution of new section for section 11AC. Penalty for short-levy or non-levy of duty in certain cases.

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“11AC. (1) The amount of penalty for non-levy or short-levy or non-payment or short-payment or erroneous refund shall be as follows:—

(a) where any duty of excise has not been levied or paid or has been short-levied or short-paid or erroneously refunded, for any reason other than the reason of fraud or collusion or any wilful mis-statement or suppression of facts or contravention of any of the provisions of this Act or of the rules made thereunder with intent to evade payment of duty, the person who is liable to pay duty as determined under sub-section (10) of section 11A shall also be liable to pay a penalty not exceeding ten per cent. of the duty so determined or rupees five thousand, whichever is higher:

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Provided that where such duty and interest payable under section 11AA is paid either before the issue of show cause notice or within thirty days of issue of show cause notice, no penalty shall be payable by the person liable to pay duty or the person who has paid the duty and all proceedings in respect of said duty and interest shall be deemed to be concluded;

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(b) where any duty as determined under sub-section (10) of section 11A and the interest payable thereon under section 11AA in respect of transactions referred to in clause (a) is paid within thirty days of the date of communication of the order of the Central Excise Officer who has

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determined such duty, the amount of penalty liable to be paid by such person shall be twenty-five per cent. of the penalty imposed, subject to the condition that such reduced penalty is also paid within the period so specified;

(c) where any duty of excise has not been levied or paid or has been short-levied or short-paid or erroneously refunded, by reason of fraud or collusion or any wilful mis-statement or suppression of facts, or contravention of any of the provisions of this Act or of the rules made thereunder with intent to evade payment of duty, the person who is liable to pay duty as determined under sub-section (10) of section 11A shall also be liable to pay a penalty equal to the duty so determined:

Provided that in respect of the cases where the details relating to such transactions are recorded in the specified record for the period beginning with 8th April, 2011 up to the date on which the Finance Bill, 2015 receives the assent of the President (both days inclusive), the penalty shall be fifty per cent. of the duty so determined;

(d) where any duty demanded in a show cause notice and the interest payable thereon under section 11AA, issued in respect of transactions referred to in clause (c), is paid within thirty days of the communication of show cause notice, the amount of penalty liable to be paid by such person shall be fifteen per cent. of the duty demanded, subject to the condition that such reduced penalty is also paid within the period so specified and all proceedings in respect of the said duty, interest and penalty shall be deemed to be concluded;

(e) where any duty as determined under sub-section (10) of section 11A and the interest payable thereon under section 11AA in respect of transactions referred to in clause (c) is paid within thirty days of the date of communication of the order of the Central Excise Officer who has determined such duty, the amount of penalty liable to be paid by such person shall be twenty-five per cent. of the duty so determined, subject to the condition that such reduced penalty is also paid within the period so specified.

(2) Where the appellate authority or tribunal or court modifies the amount of duty of excise determined by the Central Excise Officer under sub-section (10) of section 11A, then, the amount of penalty payable under clause (c) of sub-section (1) and the interest payable under section 11AA shall stand modified accordingly and after taking into account the amount of duty of excise so modified, the person who is liable to pay duty as determined under sub-section (10) of section 11A shall also be liable to pay such amount of penalty and interest so modified.

(3) Where the amount of duty or penalty is increased by the appellate authority or tribunal or court over the amount determined under sub-section (10) of section 11A by the Central Excise Officer, the time within which the interest and the reduced penalty is payable under clause (b) or clause (e) of sub-section (1) in relation to such increased amount of duty shall be counted from the date of the order of the appellate authority or tribunal or court.

Explanation 1.— For the removal of doubts, it is hereby declared that—

(i) any case of non-levy, short-levy, non-payment, short-payment or erroneous refund where no show cause notice has been issued before the date on which the Finance Bill, 2015 receives the assent of the President shall be governed by the provisions of section 11AC as amended by the Finance Act, 2015;

(ii) any case of non-levy, short-levy, non-payment, short-payment or erroneous refund where show cause notice has been issued but an order determining duty under sub-section (10) of section 11A has not been passed before the date on which the Finance Bill, 2015 receives the assent of the President, shall be eligible to closure of proceedings on payment of duty and interest under the proviso to clause (a) of sub-section (1) or on payment of duty, interest and penalty under clause (d) of sub-section (1), subject to the condition that the payment of duty, interest and penalty, as the case may be, is made within thirty days from the date on which the Finance Bill, 2015 receives the assent of the President;

(iii) any case of non-levy, short-levy, non-payment, short-payment or erroneous refund where an order determining duty under sub-section (10) of section 11A is passed after the date on which the Finance Bill, 2015 receives the assent of the President shall be eligible to payment of reduced penalty under clause (b) or clause (e) of sub-section (1), subject to the condition that the payment of duty, interest and penalty is made within thirty days of the communication of the order.

Explanation 2.— For the purposes of this section, the expression “specified records” means records maintained by the person chargeable with the duty in accordance with any law for the time being in force and includes computerised records.”

	94. In the Central Excise Act, in section 32, in sub-section (3), the proviso shall be omitted.	Amendment of section 32.
	95. In the Central Excise Act, in section 32B, for the words ", as the case may be, such one of the Vice-Chairmen", at both the places where they occur, the words "the Member" shall be substituted.	Amendment of section 32B.
	96. In the Central Excise Act, in section 32E, sub-section (1A) shall be omitted.	Amendment of section 32E.
5	97. In the Central Excise Act, in section 32F, in sub-section (6), for the words, figures and letters "on or before the 31st day of May, 2007, later than the 29th day of February, 2008 and in respect of an application made on or after the 1st day of June, 2007," shall be omitted.	Amendment of section 32F.
	98. In the Central Excise Act, section 32H shall be omitted.	Omission of section 32H.
10	99. In the Central Excise Act, in section 32K, in sub-section (1), the <i>Explanation</i> shall be omitted.	Amendment of section 32K.
	100. In the Central Excise Act, in section 32-O, in sub-section (1),—	Amendment of section 32-O.
22 of 2007.	(a) in clause (i), the words, brackets, figures and letters "passed under sub-section (7) of section 32F, as it stood immediately before the commencement of section 122 of the Finance Act, 2007 or sub-section (5) of section 32F" shall be omitted;	
22 of 2007.	15 (b) in clause (ii), the words, brackets, figures and letter "under the said sub-section (7), as it stood immediately before the commencement of section 122 of the Finance Act, 2007 or sub-section (5) of section 32F" shall be omitted.	
	101. In the Central Excise Act, in section 37, in sub-sections (4) and (5), for the words "two thousand rupees", the words "five thousand rupees" shall be substituted.	Amendment of section 37.
1 of 1944.	20 102. (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 163 (E), dated the 17th March, 2012, issued under sub-section (1) of section 5A of the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), shall stand amended and shall be deemed to have been amended, retrospectively, in the manner specified in column (2) of the Third Schedule, on and from and up to the date specified in column (3) of that Schedule.	Amendment of notification issued under section 5A of the Central Excise Act.
	25 (2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the notification with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 5A of the Central Excise Act, retrospectively, at all material times.	
	30 (3) Refund shall be made of all such duty of excise which has been collected but which would not have been so collected, had the notification referred to in sub-section (1), been in force at all material times, subject to the provisions of section 11B of the Central Excise Act.	
	(4) Notwithstanding anything contained in section 11B of the Central Excise Act, an application for the claim of refund of duty of excise under sub-section (3) shall be made within a period of six months from the date on which the Finance Bill, 2015 receives the assent of the President.	
	35 103. In the Central Excise Act, the Third Schedule shall be amended in the manner specified in the Fourth Schedule.	Amendment of Third Schedule.
<i>Central Excise Tariff</i>		
5 of 1986.	104. In the Central Excise Tariff Act, 1985 (hereinafter referred to as Central Excise Tariff Act), the First Schedule shall be amended in the manner specified in the Fifth Schedule.	Amendment of First Schedule.
40	CHAPTER V	
	SERVICE TAX	
32 of 1994.	105. In the Finance Act, 1994 (hereinafter referred to as the 1994 Act), save as otherwise provided, in section 65B,—	Amendment of section 65B.
	(a) clause (9) shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint;	
	(b) after clause (23), the following clause shall be inserted, namely:—	
40 of 1982.	'(23A) "foreman of chit fund" shall have the same meaning as is assigned to the term "foreman" in clause (j) of section 2 of the Chit Funds Act, 1982;'	
	(c) clause (24) shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint;	
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(d) after clause (26), the following clause shall be inserted, namely:—

‘(26A) “Government” means the Departments of the Central Government, a State Government and its Departments and a Union territory and its Departments, but shall not include any entity, whether created by a statute or otherwise, the accounts of which are not required to be kept in accordance with article 150 of the Constitution or the rules made thereunder;’;

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(e) after clause (31), the following clause shall be inserted, namely:—

‘(31A) “lottery distributor or selling agent” means a person appointed or authorised by a State for the purposes of promoting, marketing, selling or facilitating in organising lottery of any kind, in any manner, organised by such State in accordance with the provisions of the Lotteries (Regulation) Act, 1998’;

10 17 of 1998.

(f) in clause (40), the words “alcoholic liquors for human consumption,” shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint;

(g) in clause (44), for *Explanation 2*, the following *Explanation* shall be substituted, namely:—

‘*Explanation 2.* – For the purposes of this clause, the expression “transaction in money or actionable claim” shall not include—

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(i) any activity relating to use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

(ii) any activity carried out, for a consideration, in relation to, or for facilitation of, a transaction in money or actionable claim, including the activity carried out—

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(a) by a lottery distributor or selling agent in relation to promotion, marketing, organising, selling of lottery or facilitating in organising lottery of any kind, in any other manner;

(b) by a foreman of chit fund for conducting or organising a chit in any manner.’;

(h) clause (49) shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

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Amendment
of section
66B.

106. In section 66B of the 1994 Act, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, for the words “twelve per cent.”, the words “fourteen per cent.” shall be substituted.

Amendment
of section
66D.

107. In section 66D of the 1994 Act, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

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(1) in clause (a), in sub-clause (iv), for the words “support services”, the words “any service” shall be substituted;

(2) for clause (f), the following clause shall be substituted, namely:—

“(f) services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption;”;

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(3) in clause (i), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*— For the purposes of this clause, the expression “betting, gambling or lottery” shall not include the activity specified in *Explanation 2* to clause (44) of section 65B;’;

(4) clause (j) shall be omitted.

Amendment
of section
66F.

108. In section 66F of the 1994 Act, in sub-section (1), the following *Illustration* shall be inserted, namely:—

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‘Illustration

The services by the Reserve Bank of India, being the main service within the meaning of clause (b) of section 66D, does not include any agency service provided or agreed to be provided by any bank to the Reserve Bank of India. Such agency service, being input service, used by the Reserve Bank of India for providing the main service, for which the consideration by way of fee or commission or any other amount is received by the agent bank, does not get excluded from the levy of service tax by virtue of inclusion of the main service in clause (b) of the negative list in section 66D and hence, such service is leviable to service tax.’

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109. In section 67 of the 1994 Act, in the *Explanation*, for clause (a), the following clause shall be substituted, namely:— Amendment of section 67.

‘(a) “consideration” includes—

(i) any amount that is payable for the taxable services provided or to be provided;

5 (ii) any reimbursable expenditure or cost incurred by the service provider and charged, in the course of providing or agreeing to provide a taxable service, except in such circumstances, and subject to such conditions, as may be prescribed;

10 (iii) any amount retained by the lottery distributor or selling agent from gross sale amount of lottery ticket in addition to the fee or commission, if any, or, as the case may be, the discount received, that is to say, the difference in the face value of lottery ticket and the price at which the distributor or selling agent gets such ticket.’

110. In section 73 of the 1994 Act,—

Amendment of section 73.

(i) after sub-section (1A), the following sub-section shall be inserted, namely:—

15 “(1B) Notwithstanding anything contained in sub-section (1), in a case where the amount of service tax payable has been self-assessed in the return furnished under sub-section (1) of section 70, but not paid either in full or in part, the same shall be recovered along with interest thereon in any of the modes specified in section 87, without service of notice under sub-section (1).”;

(ii) sub-section (4A) shall be omitted.

20 **111.** For section 76 of the 1994 Act, the following section shall be substituted, namely:—

Substitution of new section for section 76.

25 “76. (1) Where service tax has not been levied or paid, or has been short-levied or short-paid, or erroneously refunded, for any reason, other than the reason of fraud or collusion or wilful mis-statement or suppression of facts or contravention of any of the provisions of this Chapter or of the rules made thereunder with the intent to evade payment of service tax, the person who has been served notice under sub-section (1) of section 73 shall, in addition to the service tax and interest specified in the notice, be also liable to pay a penalty not exceeding ten per cent. of the amount of such service tax:

Penalty for failure to pay service tax.

Provided that where such service tax and interest is paid within a period of thirty days of—

(i) the date of service of notice under sub-section (1) of section 73, no penalty shall be payable;

30 (ii) the date of receipt of the order of the Central Excise Officer determining the amount of service tax under sub-section (2) of section 73, the penalty payable shall be twenty-five per cent. of the penalty imposed in that order, only if such reduced penalty is also paid within such period.

35 (2) Where the Commissioner (Appeals), the Appellate Tribunal or, the court, as the case may be, modifies the service tax determined under sub-section (2) of section 73, then, the amount of penalty payable thereon, shall also stand modified accordingly, and the benefit of reduced penalty under the proviso to sub-section (1) shall be available if such service tax, interest and reduced penalty so payable, is paid within a period of thirty days from the date of receipt of the order by which such modification is made.”.

112. For section 78 of the 1994 Act, the following section shall be substituted, namely:—

Substitution of new section for section 78.

40 “78. (1) Where any service tax has not been levied or paid, or has been short-levied or short-paid, or erroneously refunded, by reason of fraud or collusion or wilful mis-statement or suppression of facts or contravention of any of the provisions of this Chapter or of the rules made thereunder with the intent to evade payment of service tax, the person who has been served notice under the proviso to sub-section (1) of section 73 shall, in addition to the service tax and interest specified in the notice, be also liable to pay a penalty which shall be equal to hundred per cent. of the amount of such service tax:

Penalty for failure to pay service tax for reasons of fraud, etc.

Provided that where such service tax and interest is paid within a period of thirty days of —

(i) the date of service of notice under the proviso to sub-section (1) of section 73, the penalty payable shall be fifteen per cent. of such service tax;

50 (ii) the date of receipt of the order of the Central Excise Officer determining the amount of service tax under sub-section (2) of section 73, the penalty payable shall be twenty-five per cent. of the service tax so determined:

Provided further that the benefit of reduced penalty under the first proviso shall be available

only if the amount of such reduced penalty is also paid within such period.

(2) Where the Commissioner (Appeals), the Appellate Tribunal or the court, as the case may be, modifies the service tax determined under sub-section (2) of section 73, then, the amount of penalty payable thereon, shall also stand modified accordingly, and the benefit of reduced penalty under the first proviso to sub-section (1) shall be available if such service tax, interest and reduced penalty so payable, is paid within a period of thirty days from the date of receipt of the order by which such modification is made.”.

Insertion of new section 78B.

113. After section 78A of the 1994 Act, the following section shall be inserted, namely:—

Transitory provisions.

“78B. (1) Where, in any case,—

(a) service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded and no notice has been served under sub-section (1) of section 73 or under the proviso thereto, before the date on which the Finance Bill, 2015 receives the assent of the President; or

(b) service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded and a notice has been served under sub-section (1) of section 73 or under the proviso thereto, but no order has been passed under sub-section (2) of section 73, before the date on which the Finance Bill, 2015 receives the assent of the President,

then, in respect of such cases, the provisions of section 76 or section 78, as the case may be, as amended by the Finance Act, 2015 shall be applicable.

(2) Notwithstanding anything contained in sub-section (1), in respect of cases falling under the provisions of sub-section (4A) of section 73 as was in force prior to the date of coming into force of the Finance Act, 2015, where no notice under the proviso to sub-section (1) of section 73 has been served on any person or, where so served, no order has been passed under sub-section (2) of section 73, before such date, the penalty leviable shall not exceed fifty per cent. of the service tax.”.

Omission of section 80.

114. Section 80 of the 1994 Act shall be omitted.

1 of 1944.

Amendment of section 86.

115. In section 86 of the 1994 Act, in sub-section (1), —

25 23 of 2012.

(a) for the words “Any assessee”, the words “Save as otherwise provided herein, an assessee” shall be substituted;

1 of 1944.

(b) the following provisos shall be inserted, namely:—

“Provided that where an order, relating to a service which is exported, has been passed under section 85 and the matter relates to grant of rebate of service tax on input services, or rebate of duty paid on inputs, used in providing such service, such order shall be dealt with in accordance with the provisions of section 35EE of the Central Excise Act, 1944:

Provided further that all appeals filed before the Appellate Tribunal in respect of matters covered under the first proviso, after the coming into force of the Finance Act, 2012, and pending before it up to the date on which the Finance Bill, 2015 receives the assent of the President, shall be transferred and dealt with in accordance with the provisions of section 35EE of the Central Excise Act, 1944.”.

Amendment of section 94.

116. In section 94 of the 1994 Act, in sub-section (2), for clause (aa), the following clause shall be substituted, namely:—

‘(aa) determination of the amount and value of taxable service, the manner thereof, and the circumstances and conditions under which an amount shall not be a consideration, under section 67;’.

CHAPTER VI

SWACHH BHARAT CESS

Swachh Bharat Cess.

117. (1) This Chapter shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

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(2) There shall be levied and collected in accordance with the provisions of this Chapter, a cess to be called the Swachh Bharat Cess, as service tax on all or any of the taxable services at the rate of two per cent. on the value of such services for the purposes of financing and promoting Swachh Bharat initiatives or for any other purpose relating thereto.

(3) The Swachh Bharat Cess leviable under sub-section (2) shall be in addition to any cess or service tax leviable on such taxable services under Chapter V of the Finance Act, 1994, or under any other law for the time being in force.

32 of 1944.

(4) The proceeds of the Swachh Bharat Cess levied under sub-section (2) shall first be credited to the Consolidated Fund of India and the Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Swachh Bharat Cess for such purposes specified in sub-section (2), as it may consider necessary.

- 5 (5) The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax, interest and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Swachh Bharat Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994 or the rules made thereunder, as the case may be.

32 of 1944

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CHAPTER VII

PUBLIC DEBT MANAGEMENT AGENCY

PART I

PRELIMINARY

118. (1) This Chapter extends to the whole of India:

- 15 Provided that the provisions of this Chapter shall not apply to the State of Jammu and Kashmir, unless that State adopts the provisions of this Chapter by passing a resolution in that behalf under clause (1) of article 252 of the Constitution of India.

Extent and
commencement
of this
Chapter.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Chapter.

- 20 **119.** In this Chapter, unless the context otherwise requires,—

Definitions.

(1) "Agency" means the Public Debt Management Agency established under section 120;

(2) "Board" means the Board of the Agency;

(3) "Chief Executive Officer" means the Chief Executive Officer of the Agency;

- 25 (4) "executive member" means a member of the Board, not being a nominee member, who is responsible for the day-to-day management and functioning of the Agency;

(5) "Government security" means a security that is created and issued by the Central Government;

(6) "nominee member" means a member of the Board, nominated under sub-section (3) of section 123;

- 30 (7) "notification" means the notification published in the Official Gazette and the expression "notify" shall be construed accordingly;

(8) "prescribed" means prescribed by rules made by the Central Government under this Chapter;

(9) "public debt" means the obligation arising from borrowings, whether internal or external, upon the Central Government;

- 35 (10) "register of holders" means the register of holders of Government securities maintained by the Agency under section 127;

(11) "Reserve Bank" means the Reserve Bank of India established under section 3 of the Reserve Bank of India Act, 1934.

2 of 1934.

PART II

ESTABLISHMENT OF PUBLIC DEBT MANAGEMENT AGENCY

- 40 **120.** (1) With effect from such date as the Central Government may, by notification, appoint, there shall be established for the purposes of this Chapter, a body to be called the Public Debt Management Agency.

Establishment
and
incorporation
of Public Debt
Management
Agency.

- 45 (2) The Agency shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Chapter, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

(3) The head office of the Agency shall be at such place as the Central Government may, by notification, specify.

(4) The Agency may, by notification, establish its offices or branches at any other place in or outside India.

FUNCTIONS AND POWERS OF PUBLIC DEBT MANAGEMENT AGENCY

Debt, cash and contingent liability management. **124.** (1) The Agency shall issue Government securities, maintain and manage the register of holders in accordance with the provisions of this Part and the rules made thereunder.

(2) The functions of the Agency shall include—

(a) collecting and publishing information about public debt, including borrowing by the Central Government otherwise than under this Chapter;

(b) purchasing, re-issuing and trading in Government securities; and

(c) carrying out such other transactions as may be required for management of public debt.

(3) The Agency shall manage the contingent liabilities of the Central Government, including—

(a) developing ways to calculate the total contingent liability of the Central Government;

(b) advising the Central Government on its contingent liabilities ; and

5 (c) carrying out such other transactions as may be necessary to reduce the contingent liabilities of the Central Government or reduce the cost of such contingent liabilities.

(4) The Agency shall undertake cash management for the Central Government, including—

(a) collecting information about the cash assets of the Central Government;

(b) developing systems to calculate and predict cash requirements of the Central Government;

10 (c) issuing and redeeming such short-term securities as may be required to meet the cash requirements of the Central Government;

(d) advising the Central Government on management of cash of the Central Government; and

(e) carrying out such other transactions as may be necessary to manage the cash of the Central Government.

15 (5) For the purpose of sub-section (4), the word “cash” means monies held by the Central Government or any of its departments in the form of cash or bank deposits including deposits held with the Reserve Bank.

(6) The Central Government shall provide all information that the Agency may reasonably require to discharge its duties.

20 (7) If the Central Government provides any confidential information to the Agency, then, the Agency shall ensure that such confidentiality is maintained.

125. (1) The Central Government shall entrust the Agency with the issue of Government securities. Issue of Government Securities.

(2) The Agency shall issue Government securities in accordance with the provisions of this Chapter and rules made thereunder.

25 (3) The terms and conditions of Government securities shall, be such as may be prescribed.

(4) All Government securities shall be issued in dematerialised form.

126. (1) The Agency shall be responsible for making payments to holders of Government securities, Payment on Government Securities.
in accordance with the terms of such Government securities.

(2) The Central Government may prescribe rules on how such payments shall be claimed or made.

30 **127. (1)** The Agency shall maintain a register of holders in such manner, as may be prescribed. Register of holders of Government Securities.

(2) Every register of holders shall include an index of the names included therein.

22 of 1996. (3) The register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and index for the purposes of this Chapter.

35 **128. (1)** Every holder of Government securities may, at any time, nominate in the prescribed manner, Nomination.
any person in whom his securities shall vest, in the event of his death.

(2) Where any Government security is held by more than one person jointly, the joint holders may together nominate in the prescribed manner, any person in whom all the rights in such Government security shall vest, in the event of the death of all the joint holders.

40 (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of Government securities, where a nomination made in the prescribed manner purports to confer on any person the right to vest Government securities, the nominee shall, on the death of the holder of such Government securities or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Government securities, of the holder
45 or, as the case may be, of all the joint holders, in relation to such securities, to the exclusion of all other persons, unless the nomination is varied or cancelled, in such manner, as may be prescribed.

(4) Where the nominee is a minor, it shall be lawful for the holder of the Government securities making the nomination, to appoint in the prescribed manner, any person to become entitled to the Government securities, in the event of the death of the nominee during his minority.

Transfer of Government Securities.	129. (1) The Agency shall not register a transfer of Government securities, unless such transfer is made in such manner, as may be prescribed. (2) Nothing contained in this section shall affect any order made by a court upon the Agency.	
Fungibility and Transferability.	130. All Government securities, of a class or type, shall be fungible and freely transferable.	
Certificate of Government Securities.	131. (1) A certificate, issued under the common seal of the Agency, specifying the Government securities held by any person, shall be <i>prima facie</i> evidence of the title of the person to such Government securities. (2) The manner of issue of a certificate of Government securities or the duplicate thereof, the form of such certificate, the particulars to be entered in the register of holders and other matters shall be such, as may be prescribed. (3) Where a Government security is held in depository form, the record of the depository is the <i>prima facie</i> evidence of the interest of the holder.	5 10
Liability for financial transactions.	132. The Central Government is liable to meet the obligations arising from any financial transaction authorised by it, which is undertaken by the Agency or any funds that are raised on behalf of the Central Government by the Agency.	15
PART IV		
FINANCE, ACCOUNTS AND AUDIT		
Fees.	133. (1) The Agency shall, in consultation with the Central Government, make bye-laws to provide for fees payable in respect of its services rendered under this Chapter. (2) The Central Government shall pay such fees to the Agency, as may be mentioned in the bye-laws.	20
Grants and loans.	134. The Central Government may make to the Agency grants or loans of such sums of money as it thinks fit for being utilised for the purposes of carrying out its functions.	
Fund.	135. (1) There shall be constituted a Fund, established and maintained by the Agency, to which the following shall be credited— (a) all grants, loans, and fees received by the Agency; and (b) all sums received by the Agency from such other sources, as may be prescribed by the Central Government. (2) The Fund shall be applied for meeting the expenses on objects and for the purposes authorised by this Chapter.	25 30
Accounts, audit and reports.	136. (1) The Agency shall maintain accounts and other relevant records and prepare an annual statement of accounts, in such form, as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India. (2) The accounts of the Agency shall be audited annually by the Comptroller and Auditor-General of India. (3) The Board must prepare and submit to the Central Government an annual report within a period of ninety days from the end of a financial year, and such other reports, in such form and manner, as may be prescribed by the Central Government. (4) The accounts of the Agency as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf, and the audit report thereon shall be forwarded annually to the Central Government. (5) The Central Government shall cause the accounts as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf, the audit report thereon and the annual report, to be laid before each House of Parliament.	35 40
Power of Central Government to issue directions.	137. (1) The Central Government may issue to the Agency, by an order in writing, directions on policy from time to time. (2) The decision of the Central Government as to whether a direction is one of policy or not is final. (3) Before issuing any direction under this section, the Agency must be given a reasonable opportunity of being heard to express its views. (4) The Agency is bound by the directions issued under this section in the exercise of its powers or	45 50

the discharge of its functions, under this Chapter.

138. (1) The Central Government may, by notification, make rules for carrying out the purposes of this Chapter.

Power of
Central
Government
to make
rules.

(2) Without prejudice to the generality of the foregoing provision, the Central Government may prescribe—

(a) the terms and other conditions of office of the Chairperson and other Members of the Board under sub-section (4) of section 123;

(b) the terms and conditions of Government securities under sub-section (3) of section 125;

(c) the manner of making payments to and claims by, holders of Government securities under sub-section (2) of section 126;

(d) the manner of maintenance of register of holders under sub-section (1) of section 127;

(e) the manner of making and cancelling nomination under sub-sections (1) and (3) of section 128;

(f) the manner of transfer of Government securities under sub-section (1) of section 129;

(g) the manner of issue of certificate of Government securities under sub-section (2) of section 131;

(h) the sources of funds for the Agency under clause (b) of sub-section (1) of section 135;

(i) the manner of maintenance of accounts and form of annual report of the Agency under sub-sections (1) and (3) of section 136.

(3) Every rule made under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree to make any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

PART V

MISCELLANEOUS

139. The Members and employees of the Agency, or any other person who has been delegated any function by the Agency, shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Chapter, to be public servants within the meaning of section 21 of the Indian Penal Code.

Members and
employees of
Agency to be
public
servants.

140. No suit, prosecution or other legal proceedings shall lie against the Central Government or the Agency or their Members or employees, for anything which is done, or intended to be done, in good faith under this Chapter.

Protection of
action taken in
good faith.

141. Notwithstanding anything contained in the Indian Stamp Act, 1899, the Wealth-tax Act, 1957, the Income-tax Act, 1961, the Finance Act, 1994, the Finance (No.2) Act, 2004 or any other enactment for the time being in force, relating to tax or duty on wealth, income, profits, gains, securities transactions, stamp duty or services, the Agency shall not be liable to pay wealth-tax, income-tax, securities transaction tax, stamp duty, service tax or any other tax in respect of its wealth, income, profits, gains, transactions undertaken or services rendered.

Exemption
from taxes.

142. Notwithstanding anything contained in any other law for the time being in force, the Reserve Bank shall provide all information and render all assistance as the Agency may require it to provide and render, so that the Agency is able to discharge its functions, with minimal interruption.

Obligation of
Reserve Bank
to provide
information.

CHAPTER VIII

SENIOR CITIZENS' WELFARE FUND

PART I

PRELIMINARY

143. (1) This Chapter extends to the whole of India.

Extent and
commencement.

(2) This Chapter shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Definitions. **144.** In this Chapter, unless the context otherwise requires,—

- (1) "Institution" means any bank, Post Office or any other institution notified by the Central Government which is holding the inoperative accounts having unclaimed amounts;
- (2) "Committee" means the Inter-Ministerial Committee constituted under section 146;
- (3) "eligible interest" means an interest on the principal transferred to the Fund at the rate notified by the Central Government;
- (4) "Financial Year" means the period commencing on the 1st day of April and ending on the 31st day of March every year;
- (5) "Fund" means the Fund established under section 145;
- (6) "inoperative account" means an account under any of the schemes specified by or under sub-section (2) of section 145 and not operated upon for a period of three years if operable on regular basis, or if there is a date of maturity, from the date of maturity, as the case may be;
- (7) "notification" means a notification published in the Official Gazette;
- (8) "prescribed" means prescribed by rules made by the Central Government under this Chapter;
- (9) "senior citizen" means a citizen of India who has attained the age of sixty years or above;
- (10) "unclaimed amount" means the amount as referred to in sub-section (2) of section 145.

PART II

ESTABLISHMENT AND ADMINISTRATION OF THE FUND

Establishment of Fund **145.** (1) The Central Government shall establish a Fund to be called the "Senior Citizens' Welfare Fund". 20

(2) Any credit balance in any of the accounts under the following schemes remaining unclaimed for a period of seven years from the date of its declaration as an inoperative account shall be transferred by the respective Institutions holding them to the Fund:

- (a) Small Savings and other Savings Schemes of the Central Government with Post Offices and Banks authorised to operate such Schemes; 25
- (b) Accounts of Public Provident Fund under the Public Provident Fund Scheme, 1968 maintained by Institution; and
- (c) such other amounts, in any accounts or schemes as may be prescribed.

(3) The Fund shall be utilised for promoting welfare of senior citizens and for such other purposes as may be prescribed. 30

(4) The Central Government shall, from time to time, notify the eligible rate of interest for money lying in the Fund.

Constitution of a Committee for administration of Fund. **146.** (1) The Central Government shall constitute, by notification, an Inter-Ministerial Committee for administration of the Fund consisting of a Chairperson and such other number of Members as the Central Government may appoint. 35

(2) The manner of administration of the Fund, holding of meetings of the Committee, shall be in accordance with such rules as may be prescribed.

(3) It shall be competent for the Committee to spend money out of the Fund for carrying out the objects specified in sub section (3) of section 145.

Payment of claims. **147.** (1) Any person claiming to be entitled to the unclaimed amount transferred to the Fund may apply to the respective Institution with which the amount due was originally lying or deposited, at any time before the right to the amount is extinguished as provided in section 149. 40

(2) The person making the application shall bear the onus of establishing his right to receive the amount to which the application relates.

(3) The Institution shall consider the application as expeditiously as possible, and make payment along with the eligible interest, in any case, within sixty days of the receipt of the application. 45

(4) Any payment under this section shall discharge the Institution from liability in respect of the amount credited to the Fund.

(5) The interest payable, if any, on the money transferred to the Fund shall be determined and notified by the Central Government. 50

148. (1) The Institution shall publish such information as is necessary and sufficient to give reasonable notice of the existence of the unclaimed amounts, before crediting the unclaimed amount to the Fund. Publication of information.

(2) The Central Government may prescribe the method by which such information shall be published.

149. (1) Where no request or claim as specified in section 147 of this Chapter is made within a period of twenty-five years from the date of the credit of the unclaimed amount into the Fund, then, notwithstanding anything contrary contained in any other law for the time being in force, unless a Court otherwise orders, it shall escheat to the Central Government. Escheat to the Central Government.

(2) The right of any person claiming to have an entitlement to the unclaimed amount shall subsist till the period specified under sub-sections (1), and shall extinguish thereafter.

(3) Notwithstanding anything contained in sub-section (2), if, in any case, the Central Government is satisfied that there were genuine reasons which precluded a person from making a claim for refund in time, it may, on the recommendation of the Committee based on examination of facts, refund the money escheated to him.

(4) The Central Government may keep such escheated amount with the Fund for the purposes of the Fund.

PART III

ACCOUNTS AND AUDIT

150. (1) The Fund shall prepare, in such form and at such time for each financial year as may be prescribed, its annual report giving a full account of its activities during the financial year and forward a copy thereof to the Central Government. Reporting of accounts and audit.

(2) The accounts of the Fund shall be audited by the Comptroller and Auditor General of India at such intervals as may be specified by him and such audited accounts together with the audit report thereon shall be forwarded annually by the Institution to the Central Government.

(3) The Central Government shall cause the annual report and the audit report given by the Comptroller and Auditor General of India to be laid before each House of Parliament.

PART IV

MISCELLANEOUS

151. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Chapter. Power of Central Government to make rules.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), such rules may provide for—

- (a) such other amounts referred to in clause (c) of sub-section (2) of section 145;
- (b) the utilisation of the Fund for the purposes under sub-section (3) of section 145;
- (c) the composition of the Committee for managing the Fund under sub-section (2) of section 146;
- (d) the manner of administration of the Fund and the procedure relating to holding of the meetings of the Committee under sub-section (2) of section 146;
- (e) the manner of giving notice to the public about the existence of the unclaimed amounts under sub-section (2) of section 148;
- (f) any other matter which is required to be, or may be, prescribed.

(3) Every rule made under this section, shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

152. The Central Government may, for reasons to be recorded in writing, exempt any unclaimed amount or institution or class of unclaimed amounts or institutions from any or all of the provisions of this Chapter, either generally or for such period as may be specified. Power to exempt in certain cases.

153. (1) If any difficulty arises in giving effect to the provisions of this Chapter, the Central Government may by order, do anything not in consistant with the provisions of this Chapter for the purpose of removing such difficulty. Power to remove difficulties.

Provided that no such order shall be made under this section after the expiry two years from the commencement of this Chapter.

(2) Every order under this section shall be laid, as soon as may be after it is made, before each house of Parliament.

CHAPTER IX

MISCELLANEOUS

PART I

5

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

- Commencement and amendment of Act 2 of 1934. 154. [A] The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Part.
- Amendment of section 17. [B] In the Reserve Bank of India Act, 1934 (herein referred to as the Reserve Bank Act), in section 10 2 of 1934. 17, in sub-section (11), the following proviso shall be inserted, namely:—
- “Provided that the Bank may exercise the functions specified in clauses (e) and (f) of this sub-section for the Central Government, if the Central Government issues a notification under sub-section (2) of section 21, entrusting the Bank with the function of managing public debt and issuing and managing bonds and debentures of the Central Government.”. 15
- Amendment of section 21. 155. In section 21 of the Reserve Bank Act, for sub-section (2), the following sub-section shall be substituted, namely:—
- “(2) The Central Government shall, by notification in the Official Gazette, entrust the Bank or the Public Debt Management Agency, established under section 120 of the Finance Act, 2015, on such conditions as may be agreed upon, with the management of the public debt, issue and management 20 of bonds and debentures of the Central Government and issue of any new loans.”.
- Amendment of section 45U. 156. In section 45U of the Reserve Bank Act,—
- (I) in clause (a),—
- (i) the words and brackets ‘price of securities (also called “underlying”)’ shall be omitted;
- (ii) after the words “such other instruments”, the words “not being a security” shall be inserted; 25
- (II) in clause (b), after the words “such other debt instrument”, the words “which is not a security” shall be inserted;
- (III) in clause (c), for the words “securities”, the words “corporate bonds and debentures” shall be substituted;
- (IV) in clause (d), for the words “securities”, the words “corporate bonds and debentures” shall be 30 substituted;
- (V) in clause (e), the words ‘and, for the purposes of “repo” or “reverse repo” including corporate bonds and debentures’ shall be omitted.
- Amendment of section 45W. 157. In section 45W of the Reserve Bank Act, in sub-section (1), —
- (I) the word “securities” shall be omitted; 35
- (II) after the proviso, the following proviso shall be inserted, namely:—
- “ Provided further that, on the date on which this proviso is notified by the Central Government—
- (a) any direction issued by the Reserve Bank, in respect of a security, under Chapter IIID of the Reserve Bank of India Act, shall stand repealed;
- (b) any action taken by any person in respect of any security, in pursuance of such direction 40 shall be deemed and continued to be valid.”.

PART II

AMENDMENTS TO THE FORWARD CONTRACTS (REGULATION) ACT, 1952

- Commencement and amendment of Act 74 of 1952. 158. [A] The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this 45 Part.
- Insertion of new section 28A. [B] In the Forward Contracts (Regulation) Act, 1952, (herein referred to as the Forward Contracts 74 of 1952. Act), after section 28, the following section shall be inserted, namely:—

42 of 1956.	“28A.(1) All recognised associations under the Forward Contracts Regulation Act, shall be deemed to be recognised stock exchanges under the Securities Contracts (Regulation) Act, 1956 (herein referred to as Securities Contracts Act). (2) The Securities and Exchange Board of India (herein referred to as the Security Board) may provide such deemed exchanges, adequate time to comply with the Securities Contracts Act and any regulations, rules, guidelines or like instruments made under the said Act. (3) The bye-laws, circulars, or any like instrument made by a recognised association under the Forward Contracts Act shall continue to be applicable for a period of one year from the date on which that Act is repealed, or till such time as notified by the Security Board, as if the Forward Contracts Act had not been repealed, whichever is earlier. (4) All rules, directions, guidelines, instructions, circulars, or any like instruments, made by the Commission or the Central Government applicable to recognised associations under the Forward Contracts Act shall continue to remain in force for a period of one year from the date on which that Act is repealed, or till such time as notified by the Security Board, whichever is earlier, as if the Forward Contracts Act had not been repealed. (5) In addition to the powers under the Securities Contracts Regulation Act, the Security Board and the Central Government shall exercise all powers of the Commission and the Central Government with respect to recognised associations, respectively, on such deemed exchanges, for a period of one year as if the Forward Contracts Act had not been repealed.”.	Savings of recognised associations.
74 of 1952.	159. After section 29 of the Forward Contracts Act, the following sections shall be inserted, namely:— “29A.(1) The Forward Contracts (Regulation) Act, 1952 is hereby repealed. (2) On and from the date of repeal of Forward Contracts Act— (a) the rules and regulations framed by the Central Government and the Commission under the Forward Contracts Act, shall stand repealed; (b) all authorities and entities established by the Central Government under the Forward Contracts Act, including the Commission and the Advisory Council established under section 25 of that Act, shall stand dissolved; (c) anything done or any action taken or purported to have been done or taken including any inspection, order, penalty, proceeding or notice made, initiated or issued or any confirmation or declaration made or any licence, permission, authorisation or exemption granted, modified or revoked, or any document or instrument executed, or any direction given under the Act repealed in sub-section (1), shall be continued or enforced by the Security Board, as if that Act had not been repealed; (d) all offences committed, and existing proceedings with respect to offences which may have been committed under the Forward Contracts Act, shall continue to be governed by the provisions of that Act, as if that Act had not been repealed; (e) a fresh proceeding related to an offence under the Forward Contracts Act, may be initiated by the Security Board under that Act within a period of three years from the date on which that Act is repealed and be proceeded with as if that Act had not been repealed; (f) no court shall take cognizance of any offence under the Forward Contracts Act from the date on which that Act is repealed, except as provided in clauses (d) and (e); (g) clauses (d), (e) and (f) shall not be held to or affect the general application of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal to matters not covered under these sub-sections.	Insertion of new sections 29A and 29B. Repeal and savings.
10 of 1897.	29B. (1) On the date on which the Forward Contracts Act is repealed, the undertaking shall be transferred, and vest with the Securities and Exchange Board of India. (2) If there is any existing proceeding or cause of action against the Commission in relation to the undertaking on the date on which the Forward Contracts Act is repealed, such proceeding or cause of action may be continued and enforced by or against the Security Board. (3) The concessions, privileges, benefits and exemptions including any benefits and exemptions with regard to the payment of any tax, duty and cess granted to the Commission with respect to its undertaking shall be transferred to the Security Board on the date on which the Forward Contracts Act is repealed. (4) Every employee holding any office (excluding members of the Commission) under the Commission immediately before the date on which the Forward Contracts Act is repealed, will hold office in the Central Government or the Security Board, as the Central Government may notify in the Official Gazette, for the same tenure and on the same terms and conditions of service as such employee would have held such office if the Commission had not been dissolved:	Transfer and vesting of undertaking of Commission.

Provided that where the Central Government notifies that an employee of the Commission shall continue as an employee of the Central Government under the foregoing provision, the Central Government may, at the request of the Security Board, depute such employee to the Security Board, for a period not exceeding two years from the date on which the Forward Contracts Act is repealed.

(5) Within six months from the date on which the Forward Contracts Act is repealed, an employee of the Commission opting not to be an employee of the Central Government or the Security Board, as the case may be, shall communicate such decision to the Central Government or Security Board, as applicable. 5

(6) Nothing contained in any other law in force will entitle any employee to any compensation for the loss of office due to the repeal of the Forward Contracts Act and the consequent dissolution of the Commission, and no such claim shall be entertained by any court, tribunal or other authority. 10

(7) The members of the Commission appointed by the Central Government under section 3 of the Forward Contracts Act, shall cease to hold office from the date the Forward Contracts Act is repealed.

(8) The members of the Commission shall not be entitled to any compensation for the loss of office due to the repeal of the Forward Contracts Act and the consequent dissolution of the Commission or for the premature termination of any contract of management entered into by such member with the Commission, and no such claim shall be entertained by any court, tribunal or other authority. 15

(9) The transfer and vesting of the undertaking shall not be liable to the payment of any stamp duty under the Indian Stamp Act, 1899 or any applicable stamp duties under state laws.". 2 of 1899.

PART III 20

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

Commencement and amendment of Act 42 of 1956.

160. [A] The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Part.

Amendment of section 2.

[B] In the Securities Contracts (Regulation) Act, 1956 (herein referred to as Securities Contracts Act), in section 2,— 25 42 of 1956.

(i) in clause (ac), after sub-clause (B), the following sub-clauses shall be inserted, namely:—

“(C) repo and reverse repo;

(D) commodity derivatives; and

(E) such other instruments as may be declared by the Central Government to be derivatives;” 30

(ii) in clause (b), the words, brackets, and figures “and having one of the forms specified in clause (2) of section 2 of the Public Debt Act, 1944” shall be omitted; 18 of 1944.

(iii) after clause (b), the following clauses shall be inserted, namely:—

“(bb) “goods” mean every kind of movable property other than actionable claims, money and securities;

(bc) “commodity derivative” means a contract – 35

(i) for the delivery of such goods, as may be notified by the Central Government in the Official Gazette, and which is not a ready delivery contract; or

(ii) for differences, which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified by the Central Government, in consultation with the Board, but does not include securities;” 40

(iv) after clause (c), the following clause shall be inserted, namely:—

“(ca) “non-transferable specific delivery contract” means a specific delivery contract, the rights or liabilities under which or under any delivery order, railway receipt, bill of lading, warehouse receipt or any other documents of title relating thereto are not transferable;”;

(v) after clause (e), the following clause shall be inserted, namely:— 45

“(ea) “ready delivery contract” means a contract which provides for the delivery of goods and the payment of a price therefor, either immediately, or within such period not exceeding eleven days after the date of the contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise: 50

Provided that where any such contract is performed either wholly or in part;

(i) by realisation of any sum of money being the difference between the contract rate and

the settlement rate or clearing rate or the rate of any offsetting contract; or

(II) by any other means whatsoever, and as a result of which the actual tendering of the goods covered by the contract or payment of the full price therefor is dispensed with, then such contract shall not be deemed to be a ready delivery contract;”;

5 (vi) after clause (f), the following clauses shall be inserted, namely:—

‘(fa) “repo” means an instrument for borrowing funds by selling Government securities with an agreement to repurchase the Government securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed;

10 (fb) “reverse repo” means an instrument for lending funds by purchasing Government securities with an agreement to resell the Government securities on a mutually agreed future date at an agreed price which includes interest for the funds lent;”;

(vii) after clause (h), the following clause shall be inserted, namely:—

15 ‘(ha) “specific delivery contract” means a commodity derivative which provides for the actual delivery of specific qualities or types of goods during a specified future period at a price fixed thereby or to be fixed in the manner thereby agreed and in which the names of both the buyer and the seller are mentioned;”;

(viii) after clause (j), the following clause shall be inserted, namely:—

20 ‘(k) “transferable specific delivery contract” means a specific delivery contract which is not a non-transferable specific delivery contract and which is subject to such conditions relating to its transferability as the Central Government may by notification in the Official Gazette, specify in this behalf.’.

161. Section 18A of the Securities Contracts Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

Amendment of section 18A.

“(2) The contracts in derivative shall, subject to sub-section (1), be notified by the Central Government.”.

25 **162.** After section 30 of the Securities Contracts Act, the following section shall be inserted, namely:—

Insertion of new section 30A.

“30A. (1) Nothing contained in this Act shall apply to non-transferable specific delivery contracts:

Special provisions related to commodity derivatives.

30 Provided that no person shall organise or assist in organising or be a member of any association in any area to which the provisions of section 13 have been made applicable (other than a stock exchange) which provides facilities for the performance of any non-transferable specific delivery contract by any party thereto without having to make or receive actual delivery to or from the other party to the contract or to or from any other party named in the contract.

35 (2) Where in respect of any area, the provisions of section 13 have been made applicable in relation to commodity derivatives for the sale or purchase of any goods or class of goods, the Central Government may, by notification, declare that in the said area or any part thereof as may be specified in the notification all or any of the provisions of this Act shall not apply to transferable specific delivery contracts for the sale or purchase of the said goods or class of goods either generally, or to any class of such contracts in particular.

40 (3) Notwithstanding anything contained in sub-section (1), if the Central Government is of the opinion that in the interest of the trade or in the public interest it is expedient to regulate and control non-transferable specific delivery contracts in any area, it may, by notification in the official Gazette, declare that all or any of the provisions of this Act shall apply to such class or classes of non-transferable specific delivery contracts in such area in respect of such goods or class of goods as may be specified in the notification, and may also specify the manner in which and the extent to which all or any of the said provisions shall so apply.”.

45 PART IV

AMENDMENT TO THE FINANCE (No.2) ACT, 1998

21 of 1988. **163.** In the Finance (No.2) Act, 1998, in the Second Schedule, for the entry in column (3), the entry “Rupees eight per litre” shall be substituted.

Amendment of Second Schedule.

PART V

AMENDMENT TO THE FINANCE ACT, 1999

27 of 1999. **164.** In the Finance Act, 1999, in the Second Schedule, for the entry in column (3), the entry “Rupees eight per litre” shall be substituted.

Amendment of Second Schedule.

PART VI

AMENDMENTS TO THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999

55 **165.** [A] The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Part.

Commencement and amendment of Act 42 of 1999.

42 of 1999. [B] In the Foreign Exchange Management Act, 1999 (herein referred to as the Foreign Exchange Act), in section 2,—

Amendment of section 2.

(i) after clause (c), the following clause shall be inserted, namely:—

‘(cc) “Authorised Officer” means an officer of the Directorate of Enforcement authorised by the Central Government under section 37A;’;

(ii) after clause (g), the following clause shall be inserted, namely:—

‘(gg) “Competent Authority” means the Authority appointed by the Central Government under sub-section (2) of section 37A;’.

Amendment
of section 6.

166. In section 6 of the Foreign Exchange Act,—

(A) in sub-section (2),—

(i) for clause (a), the following clause shall be substituted, namely:—

“(a) any class or classes of capital account transactions, involving debt instruments, which are permissible;”;

(ii) after clause (b), the following clause shall be inserted, namely:—

“(c) any conditions which may be placed on such transactions;”;

(iii) for the proviso, the following proviso shall be substituted, namely:—

“Provided that the Reserve Bank or the Central Government shall not impose any restrictions on the drawal of foreign exchange for payment due on account of amortisation of loans or for depreciation of direct investments in the ordinary course of business.”;

(B) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) The Central Government may, in consultation with the Reserve Bank, prescribe—

(a) any class or classes of capital account transactions, not involving debt instruments, which are permissible;

(b) the limit up to which foreign exchange shall be admissible for such transactions; and

(c) any conditions which may be placed on such transactions.”;

(C) sub-section (3) shall be omitted;

(D) after sub-section (6), the following sub-section shall be inserted, namely:—

‘(7) For the purposes of this section, the term “debt instruments” shall mean, such instruments as may be determined by the Central Government in consultation with the Reserve Bank.’.

Amendment
of section 18.

167. In section 18 of the Foreign Exchange Act, after the words “Adjudicating Authorities”, the words “Competent Authorities” shall be inserted.

Insertion of new
section 37A.

168. After section 37 of the Foreign Exchange Act, the following section shall be inserted, namely:—

Special
provisions
relating to
assets held
outside India
in
contravention
of section 4.

“37A. (1) Upon receipt of any information or otherwise, if the Authorised Officer prescribed by the Central Government has reason to believe that any foreign exchange, foreign security, or any immovable property, situated outside India, is suspected to have been held in contravention of section 4, he may after recording the reasons in writing, by an order, seize value equivalent, situated within India, of such foreign exchange, foreign security or immovable property:

Provided that no such seizure shall be made in case where the aggregate value of such foreign exchange, foreign security or any immovable property, situated outside India, is less than the value as may be prescribed.

(2) The order of seizure along with relevant material shall be placed before the Competent Authority, appointed by the Central Government, who shall be an officer not below the rank of Joint Secretary to the Government of India by the Authorised Officer within a period of thirty days from the date of such seizure.

(3) The Competent Authority shall dispose of the petition within a period of one hundred eighty days from the date of seizure by either confirming or by setting aside such order, after giving an opportunity of being heard to the representatives of the Directorate of Enforcement and the aggrieved person.

Explanation.— While computing the period of one hundred eighty days, the period of stay granted by court shall be excluded and a further period of at least thirty days shall be granted from the date of communication of vacation of such stay order.”.

169. In section 46 of the Foreign Exchange Act, in sub-section (2),—

Amendment
of section 46.

(i) after clause (a), the following clauses shall be inserted, namely:—

“(aa) the instruments which are determined to be debt instruments under sub-section (7) of section 6;

5 “(ab) the permissible classes of capital account transactions in accordance with sub-section (2A) of section 6, the limits of admissibility of foreign exchange, and the prohibition, restriction or regulation of such transactions;”;

(ii) after clause (g), the following clause shall be inserted, namely:—

“(gg) the aggregate value of foreign exchange referred to in sub-section (1) of section 37A;”.

10 **170.** In section 47 of the Foreign Exchange Act,—

Amendment
of section 47.

(A) in sub-section (2),—

(i) for clause (a), the following clause shall be substituted, namely:—

15 “(a) the permissible classes of capital account transactions involving debt instruments determined under sub-section (7) of section 6, the limits of admissibility of foreign exchange for such transactions, and the prohibition, restriction or regulation of such capital account transactions under section 6;”;

(ii) after clause (g), the following clause shall be inserted, namely:—

“(ga) export, import or holding of currency or currency notes;”;

(B) after sub-section (2), the following sub-section shall be inserted, namely:—

20 “(3) All regulations made by the Reserve Bank before the date on which the provisions of this section are notified under section 6 and section 47 of this Act on capital account transactions, the regulation making power in respect of which now vests with the Central Government, shall continue to be valid, until amended or rescinded by the Central Government.”.

25

PART VII

AMENDMENTS TO THE PREVENTION OF MONEY-LAUNDERING ACT, 2002

15 of 2003.

171. In the Prevention of Money-laundering Act, 2002 (herein referred to as the Money-laundering Act), in section 2, in sub-section (1),—

Amendment
of section 2.

30 (i) in clause (u), after the words “or the value of any such property”, the words “or where such property is taken or held outside the country, then the property equivalent in value held within the country” shall be inserted;

(ii) in clause (y), in sub-clause (ii), for the words “thirty lakh rupees”, the words “one crore rupees” shall be substituted.

35 **172.** In section 5 of the Money-laundering Act, in sub-section (1), in the second proviso, for the word, brackets and letter “clause (b)”, the words “first proviso” shall be substituted.

Amendment of
section 5.

173. In section 8 of the Money-laundering Act,—

Amendment of
section 8.

(i) in sub-section (3), in clause (b), for the words “Adjudicating Authority”, the words “Special Court” shall be substituted;

(ii) after sub-section (7), the following sub-section shall be inserted, namely:—

40 “(8) Where a property stands confiscated to the Central Government under sub-section (5), the Special Court, in such manner as may be prescribed, may also direct the Central Government to restore such confiscated property or part thereof of a claimant with a legitimate interest in the property, who may have suffered a quantifiable loss as a result of the offence of money laundering:

45 Provided that the Special Court shall not consider such claim unless it is satisfied that the claimant has acted in good faith and has suffered the loss despite having taken all reasonable precautions and is not involved in the offence of money laundering.”.

174. In section 20 of the Money-laundering Act,—

Amendment of
section 20.

(i) in sub-section (5), for the words “the Court or the Adjudicating Authority, as the case may be”, the words “Special Court” shall be substituted;

50 (ii) in sub-section (6),—

(a) for the word “Court”, the words “Special Court” shall be substituted;

(b) after the words “ninety days from the date of”, the words “receipt of” shall be inserted.

Amendment
of section 21.

175. In section 21 of the Money-laundering Act,—

(i) in sub-section (5), for the words, brackets and figures “under sub-section (5) or sub-section (7) of section 8”, the words, brackets, figures and letters “or release under sub-section (5) or sub-section (6) or sub-section (7) of section 8 or section 58B or sub-section (2A) of section 60” shall be substituted;

(ii) in sub-section (6), —

(a) for the words, brackets, figures and letters “under sub-section (6) of section 8 or by the Adjudicating Authority under section 58B or sub-section (2A) of section 60”, the words, brackets and figures “Adjudicating Authority under sub-section (5) of section 21” shall be substituted;

(b) after the words “ninety days from the date of”, the words “receipt of” shall be inserted.

Amendment
of section 60.

176. In section 60 of the Money-laundering Act, in sub-section (2A), for the words “Adjudicating Authority”, the words “Special Court” shall be substituted.

Amendment
of Schedule.

177. In the Schedule to the Money-laundering Act, after Part A, the following Part shall be inserted, namely:—

“PART B

OFFENCE UNDER THE CUSTOMS ACT, 1962

Section	Description of offence	
132	False declaration, false documents, etc.”.	20

PART VIII

AMENDMENTS TO THE FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2003

Amendment
of section 4.

178. In the Fiscal Responsibility and Budget Management Act, 2003, in section 4, for the figures, letters and word “31st March, 2015”, wherever they occur, the figures, letters and word “31st March, 2018” shall be substituted.

PART IX

AMENDMENT TO THE FINANCE (No.2) ACT, 2004

Omission of
section 95.

179. In the Finance (No. 2) Act, 2004 (herein referred to as 2004 Act), in Chapter VI, section 95 shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

Amendment
of section 97.

180. In section 97 of the 2004 Act, with effect from the 1st day of June, 2015,—

(i) after clause (5A), the following clause shall be inserted, namely:—

“(5AA) “initial offer” shall have the meaning assigned to it in,—

(i) clause (q) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992, in case of a business trust being a real estate investment trust;

(ii) clause (v) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992, in case of a business trust being an infrastructure investment trust;”; 40 15 of 1992.

(ii) in clause (13), after sub-clause (aa), the following sub-clause shall be inserted, namely:—

“(ab) sale of unlisted units of a business trust by any holder of such units which were acquired in consideration of a transfer referred to in clause (xvii) of section 47 of the Income-tax Act, 1961 under an offer for sale to the public included in an initial offer and where such units are subsequently listed on a recognised stock exchange; or”.

Amendment
of section 98.

181. In section 98 of the 2004 Act, in the Table, after serial number 6 and entries relating thereto, the following serial number and entries shall be inserted, namely:—

Sl. No.	Taxable Securities transaction	Rate	Payable by
1	2	3	4
5	"7 Sale of unlisted units of a business trust under an offer for sale referred to in sub-clause (ab) of clause (13) of section 97.	0.2 per cent.	Seller";
182. In section 100 of the 2004 Act,—			
	(i) after sub-section (2A), the following sub-section shall be inserted, namely:—		Amendment of section 100.
10	"(2B) The lead merchant banker appointed by the business trust in respect of an initial offer shall collect the securities transaction tax from every person who enters into a taxable securities transaction referred to in sub-clause (ab) of clause (13) of section 97 at the rates specified in section 98.";		
	(ii) in sub-section (3),—		
15	(A) after the word, brackets, figure and letter "sub-section (2A)", the words, brackets, figure and letter "or sub-section (2B)" shall be inserted;		
	(B) after the words "an initial public offer", the words "or an initial offer" shall be inserted;		
	(iii) in sub-section (4), after the words "an initial public offer", the words "or an initial offer" shall be inserted.		
183. In section 101 of the 2004 Act, in sub-section (1),—			
20	(A) after the words "an initial public offer", the words "or an initial offer" shall be inserted;		Amendment of section 101.
	(B) for the words "being sale of units to such Mutual Fund during such financial year" occurring at the end, the words "during such financial year, being sale of units to such Mutual Fund or sale of unlisted shares under an initial public offer or sale of unlisted units of business trust under an initial offer, in respect of which such lead merchant banker is appointed" shall be substituted.		
25	PART X		
	AMENDMENT TO THE FINANCE ACT, 2005		
18 of 2005.	184. In the Finance Act, 2005, in the Seventh Schedule, the sub-heading 2202 10 and the entries relating thereto shall be omitted.		Amendment of Seventh Schedule.
	PART XI		
30	AMENDMENTS TO THE GOVERNMENT SECURITIES ACT, 2006		
	185. [A] The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Part.		Commencement and amendment of Act 38 of 2006.
38 of 2006.	[B] In the Government Securities Act, 2006 (herein referred to as the Securities Act), after section 34, the following section shall be inserted, namely:—		Insertion of new section 34A.
	"34A. All references to the Bank in this Act shall be construed as references to the Public Debt Management Agency established under sub-section (1) of section 120 of the Finance Act, 2015:		Power of the Bank transitioned to Public Debt Management Agency.
	Provided that on and from the date on which the provisions of this section come into force—		
	(a) all directions issued by the Bank under this Act, shall stand repealed;		
40	(b) all actions taken by any person under any direction issued by the Bank under this Act, shall be deemed and continued to be valid."		
186. After section 35 of the Securities Act, the following section shall be inserted, namely:—			
38 of 2006.	"35A. The Government Securities Act, 2006 is hereby repealed:		Insertion of new section 35A. Repeal and saving.
	Provided that—		
45	(a) all Government securities issued prior to the date of such repeal shall be deemed to have been issued under Chapter VII of the Finance Act, 2015;		
38 of 2006.	(b) anything done or any action taken, before the date of such repeal, in exercise of any power conferred by or under the Government Securities Act, 2006 shall be deemed to have been done or taken in exercise of the powers conferred under Chapter VII of the Finance Act, 2015 as if the said Chapter was in force at all material times."		
50			

PART XII

AMENDMENT TO THE FINANCE ACT, 2007

Omission of section 140.	187. In the Finance Act, 2007, in Chapter VI, section 140 shall be omitted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.	22 of 2007.
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PART XIII

5

AMENDMENT TO THE FINANCE ACT, 2010

Amendment of Tenth Schedule.	188. In the Finance Act, 2010, in the Tenth Schedule, for the entry in column (4) occurring against all the headings, the entry "Rs. 300 per tonne" shall be substituted.	14 of 2010.
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Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 89, 90, 103, 104, 163, 164 and 188 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.	16 of 1931.
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THE FIRST SCHEDULE
(See section 2)

PART I

INCOME-TAX

5 *Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

10 *Rates of income-tax*

	(1) where the total income does not exceed Rs. 2,50,000	<i>Nil</i> ;
	(2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
15	(3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 25,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
	(4) where the total income exceeds Rs. 10,00,000	Rs. 1,25,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

20 *Rates of income-tax*

	(1) where the total income does not exceed Rs. 3,00,000	<i>Nil</i> ;
	(2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
25	(3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 20,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
	(4) where the total income exceeds Rs. 10,00,000	Rs. 1,20,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

30 *Rates of income-tax*

	(1) where the total income does not exceed Rs. 5,00,000	<i>Nil</i> ;
	(2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
35	(3) where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

40 The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

- | | | | |
|-----|---|--|---|
| (1) | where the total income does not exceed Rs.10,000 | 10 per cent. of the total income; | |
| (2) | where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000 | Rs.1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs.10,000; | 5 |
| (3) | where the total income exceeds Rs. 20,000 | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000. | |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax: 10

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 15

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income 30 per cent.

Surcharge on income-tax

20

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 25

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 30 per cent. 30

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 35

Paragraph E

In the case of a company,—

Rates of income-tax

40

I. In the case of a domestic company 30 per cent. of the total income;

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of,—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every company, be increased by a surcharge for the purposes of the Union calculated,—

(i) in the case of every domestic company—

(a) having a total income exceeding one crore rupees, but not exceeding ten crore rupees, at the rate of five per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of ten per cent. of such income-tax;

(ii) in the case of every company other than a domestic company—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D, 194LBA and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	<i>Rate of income-tax</i>
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than "Interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(iii) on income by way of winnings from horse races	30 per cent.;
(iv) on income by way of insurance commission	10 per cent.;
(v) on income by way of interest payable on—	10 per cent.;
(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	

	Rate of income-tax	
(C) any security of the Central or State Government;		
(vi) on any other income	10 per cent.;	
(b) where the person is not resident in India—		
(i) in the case of a non-resident Indian—		5
(A) on any investment income	20 per cent.;	
(B) on income by way of long-term capital gains referred to in section 115E or sub-clause (iii) of clause (c) of sub-section (1) of section 112	10 per cent.;	
(C) on income by way of short-term capital gains referred to in section 111A	15 per cent.;	
(D) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;	10
(E) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;	15
(F) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India	10 per cent.;	20
(G) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(F)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;	25
(H) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;	30
(I) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;	35
(I) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;	
(J) on income by way of winnings from horse races	30 per cent.;	
(K) on the whole of the other income	30 per cent.;	40
(ii) in the case of any other person—		
(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;	45
(B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India	10 per cent.;	50

		<i>Rate of income-tax</i>
5	(C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;
10	(D) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;
15	(E) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
	(F) on income by way of winnings from horse races	30 per cent.;
	(G) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
20	(H) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112	10 per cent.;
	(I) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;
	(J) on the whole of the other income	30 per cent.
25	2. In the case of a company—	
	(a) where the company is a domestic company—	
	(i) on income by way of interest other than “Interest on securities”	10 per cent.;
	(ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
30	(iii) on income by way of winnings from horse races	30 per cent.;
	(iv) on any other income	10 per cent.;
	(b) where the company is not a domestic company—	
	(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
35	(ii) on income by way of winnings from horse races	30 per cent.;
	(iii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;
40	(iv) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India	10 per cent.;
45		
50	(v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	

	Rate of income-tax	
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;	
(B) where the agreement is made after the 31st day of March, 1976	10 per cent.;	
(vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—		5 10
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;	
(B) where the agreement is made after the 31st day of March, 1976	10 per cent.;	
(vii) on income by way of short-term capital gains referred to in section 111A	15 per cent.;	
(viii) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112	10 per cent.;	15
(ix) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;	
(x) on any other income	40 per cent.	
<i>Explanation.</i> — For the purpose of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.		20

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

- (i) item 1 of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act or co-operative society or firm or local authority, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees; 25
- (ii) item 2 of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every company other than a domestic company, calculated,— 30
- (a) at the rate of two per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees; and
- (b) at the rate of five per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

PART III

35

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD “SALARIES” AND COMPUTING “ADVANCE TAX”

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, income chargeable under the head “Salaries” under section 192 of the said Act or in which the “advance tax” payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, “advance tax” [not being “advance tax” in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such “advance tax” in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115BBD or section 115BBE or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:— 40
45

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,— 50

Rates of income-tax

- | | | |
|---|---|--|
| 5 | (1) where the total income does not exceed Rs. 2,50,000 | <i>Nil</i> ; |
| | (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000 | 10 per cent. of the amount by which the total income exceeds Rs. 2,50,000; |
| | (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 25,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| | (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,25,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

- | | | |
|----|---|--|
| 15 | (1) where the total income does not exceed Rs. 3,00,000 | <i>Nil</i> ; |
| | (2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000 | 10 per cent. of the amount by which the total income exceeds Rs. 3,00,000; |
| | (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 20,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| | (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,20,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

- | | | |
|----|---|--|
| 25 | (1) where the total income does not exceed Rs. 5,00,000 | <i>Nil</i> ; |
| | (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| | (3) where the total income exceeds Rs. 10,00,000 | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

- | | | |
|----|--|--|
| 40 | (1) where the total income does not exceed Rs. 10,000 | 10 per cent. of the total income; |
| | (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| | (3) where the total income exceeds Rs. 20,000 | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provision of section 111A or section 112 of the Income-tax Act, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph C

In the case of every firm,—

5

Rate of income-tax

On the whole of the total income

30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax: 10

Provided that in the case of firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

15

In the case of every local authority,—

Rate of income-tax

On the whole of the total income

30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax: 20

Provided that in the case of local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 25

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company

30 per cent. of the total income;

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II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of,—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

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(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

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and where such agreement has, in either case, been approved by the Central Government

50 per cent.;

(ii) on the balance, if any, of the total income

40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union calculated,— 45

(i) in the case of every domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax;

(ii) in the case of every company other than a domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

5 (b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

10 Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART IV

[See section 2(13)(c)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

15 *Rule 1.*—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from other sources” and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

20 *Rule 2.*—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head “Profits and gains of business or profession” and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax
25 Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from house property” and the provisions of sections 23 to 27 of that Act shall, so far as may be,
30 apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case—

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

35 (b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

40 (c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has
45 total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss,
50 such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2015, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013 or the 1st day of April, 2014,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2014,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2014,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2015.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2016, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015, is a loss, then, for the purposes of sub-section (10) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 ,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015,

5 (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2014 or the 1st day of April, 2015,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2014, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2015,

10 (viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2015, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2016.

15 (3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2007 (22 of 2007) or of the First Schedule to the Finance Act, 2008 (18 of 2008) or of the First Schedule to the Finance (No.2) Act, 2009 (33 of 2009) or of the First Schedule to the Finance Act, 2010 (14 of 2010) or of the First Schedule to the Finance Act, 2011 (8 of 2011) or of the First Schedule to the Finance Act, 2012 (23 of 2012) or of the First Schedule to the Finance Act, 2013 (17 of 2013) or of the First Schedule of the Finance (No.2) Act, 2014 (25 of 2014) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

25 *Rule 10.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE
(See section 89)

In the First Schedule to the Customs Tariff Act,—

- (1) in Chapter 27, for the entry in column (4), occurring against tariff item 2701 12 00, the entry “10%” shall be substituted;
- (2) in Chapter 72, for the entry in column (4) occurring against all the tariff items, the entry “15%” shall be substituted; 5
- (3) in Chapter 73, for the entry in column (4) occurring against all the tariff items, the entry “15%” shall be substituted;
- (4) in Chapter 87, for the entry in column (4) occurring against all the tariff items of headings 8702 and 8704, the entry “40%” shall be substituted.

THE THIRD SCHEDULE
(See section 102)

	Notification No. and date	Amendment					Period of effect of amendment
5	(1)	(2)					(3)
	G.S.R.163(E), dated the 17th March, 2012[12/2012-Central Excise, dated the 17th March, 2012] as amended <i>vide</i> G.S.R.75(E), dated the 3rd February, 2014 [03/2014-Central Excise, dated the 3rd February, 2014]	In the said notification, in the Table, after serial number 205 and the entries relating thereto, the following serial number and entries shall be inserted, namely:—					17th day of March, 2012 to 2nd February, 2014 (both days inclusive)
10		(1)	(2)	(3)	(4)	(5)	
15		"205A	7302 or 8530	Railway or tramway track construction material of iron and steel.	12%	49";	
		<i>Explanation.</i> —For the purposes of this exemption, the value of the goods shall be the value of goods excluding the value of rails.					
20							

THE FOURTH SCHEDULE
(See section 103)

In the Third Schedule to the Central Excise Act,–

(i) after serial number 15 and the entries relating thereto, the following serial number and entries shall be inserted, namely:–

S.No.	Heading, sub-heading or tariff item	Description of goods	5
(1)	(2)	(3)	
"15A.	2101 20	Extracts, essences and concentrates, of tea or mate, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate";	

(ii) after serial number 23 and the entries relating thereto, the following serial number and entries shall be inserted, namely:– 10

(1)	(2)	(3)	
"23A.	2202	All goods";	

(iii) against serial number 94,–

(a) for the entry in column (2), the entry "Chapter 85 or Chapter 94" shall be substituted;

(b) in column (3), for the words "except lamps for automobiles", the words, figures, brackets and letters "falling under heading 8539 (except lamps for automobiles), LED lights or fixtures including LED lamps falling under Chapter 85 or heading 9405" shall be substituted. 15

THE FIFTH SCHEDULE
(See section 104)

In the First Schedule to the Central Excise Tariff Act,—

- 5 (i) in Chapter 4, for the entry in column (4) occurring against tariff items 0402 91 10 and 0402 99 20, the entry “12.5%” shall be substituted;
- (ii) in Chapter 11,—
- (a) for the entry in column (4) occurring against all the tariff items of heading 1107, the entry “12.5%” shall be substituted;
- (b) for the entry in column (4) occurring against all the tariff items of heading 1108 (except tariff item 1108 20 00), the entry “12.5%” shall be substituted;
- 10 (iii) in Chapter 13, for the entry in column (4) occurring against all the tariff items (except tariff item 1302 11 00), the entry “12.5%” shall be substituted;
- (iv) in Chapter 15,—
- (a) for the entry in column (4) occurring against tariff item 1517 10 22, the entry “12.5%” shall be substituted;
- (b) for the entry in column (4) occurring against tariff item 1520 00 00, the entry “12.5%” shall be substituted;
- 15 (c) for the entry in column (4) occurring against all the tariff items of headings 1521 and 1522, the entry “12.5%” shall be substituted;
- (v) in Chapter 17, for the entry in column (4) occurring against all the tariff items of headings 1701 (except tariff items 1701 13 20 and 1701 14 20), 1702 (except tariff item 1702 90 10) and 1704, the entry “12.5%” shall be substituted;
- (vi) in Chapter 18, for the entry in column (4) occurring against all the tariff items, the entry “12.5%” shall be substituted;
- 20 (vii) in Chapter 19,—
- (a) for the entry in column (4) occurring against tariff items 1901 20 00, 1901 90 10 and 1901 90 90, the entry “12.5%” shall be substituted;
- (b) for the entry in column (4) occurring against tariff items 1902 40 10 and 1902 40 90, the entry “12.5%” shall be substituted;
- 25 (c) for the entry in column (4) occurring against all the tariff items of heading 1904, the entry “12.5%” shall be substituted;
- (d) for the entry in column (4) occurring against tariff items 1905 32 11, 1905 32 19 and 1905 32 90, the entry “12.5%” shall be substituted;
- (viii) in Chapter 21,—
- 30 (a) for the entry in column (4) occurring against all the tariff items of heading 2101 (except tariff items 2101 30 10, 2101 30 20 and 2101 30 90), the entry “12.5%” shall be substituted;
- (b) for the entry in column (4) occurring against all the tariff items of headings 2102, 2103 and 2104, the entry “12.5%” shall be substituted;
- (c) for the entry in column (4) occurring against all the tariff items of heading 2106 (except tariff items 2106 90 20 and 2106 90 92), the entry “12.5%” shall be substituted;
- 35 (ix) in Chapter 22,—
- (a) for the entry in column (4) occurring against all the tariff items of heading 2201 (except tariff item 2201 90 10), the entry “12.5%” shall be substituted;
- (b) for the entry in column (4) occurring against tariff items 2202 10 10, 2202 10 20 and 2202 10 90, the entry “18%” shall be substituted;
- 40 (c) for the entry in column (4) occurring against tariff items 2202 90 30 and 2202 90 90, the entry “12.5%” shall be substituted;
- (d) for the entry in column (4) occurring against tariff item 2207 20 00, the entry “12.5%” shall be substituted;
- (e) for the entry in column (4) occurring against all the tariff items of heading 2209, the entry “12.5%” shall be substituted;
- (x) in Chapter 24,—

- (a) for the entry in column (4) occurring against tariff items 2402 10 10 and 2402 10 20, the entry "12.5% or Rs.3375 per thousand, whichever is higher" shall be substituted;
- (b) for the entry in column (4) occurring against tariff item 2402 20 10, the entry "Rs. 1280 per thousand" shall be substituted;
- (c) for the entry in column (4) occurring against tariff item 2402 20 20, the entry "Rs. 2335 per thousand" shall be substituted; 5
- (d) for the entry in column (4) occurring against tariff item 2402 20 30, the entry "Rs. 1280 per thousand" shall be substituted;
- (e) for the entry in column (4) occurring against tariff item 2402 20 40, the entry "Rs.1740 per thousand" shall be substituted; 10
- (f) for the entry in column (4) occurring against tariff item 2402 20 50, the entry "Rs. 2335 per thousand" shall be substituted;
- (g) for the entry in column (4) occurring against tariff item 2402 20 90, the entry "Rs. 3375 per thousand" shall be substituted;
- (h) for the entry in column (4) occurring against tariff item 2402 90 10, the entry "Rs. 3375 per thousand" shall be substituted; 15
- (i) for the entry in column (4) occurring against tariff items 2402 90 20 and 2402 90 90, the entry "12.5% or Rs. 3375 per thousand, whichever is higher" shall be substituted;
- (j) for the entry in column (4) occurring against tariff item 2403 99 70, the entry "Rs.70 per kg." shall be substituted;
- (xi) in Chapter 25,— 20
- (a) for the entry in column (4) occurring against tariff item 2503 00 10, the entry "12.5%" shall be substituted;
- (b) for the entry in column (4) occurring against tariff items 2515 12 20 and 2515 12 90, the entry "12.5%" shall be substituted;
- (c) for the entry in column (4) occurring against tariff item 2523 10 00, the entry "12.5%" shall be substituted;
- (d) for the entry in column (4) occurring against tariff item 2523 21 00, the entry "12.5%" shall be substituted; 25
- (e) for the entry in column (4) occurring against all the tariff items of sub-heading 2523 29, the entry "Rs.1000 per tonne" shall be substituted;
- (f) for the entry in column (4) occurring against tariff items 2523 30 00, 2523 90 10, 2523 90 20 and 2523 90 90, the entry "12.5%" shall be substituted;
- (xii) in Chapter 26, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted; 30
- (xiii) in Chapter 27, for the entry in column (4) occurring against tariff item 2710 19 30, the entry "14% + Rs. 15 per litre" shall be substituted;
- (xiv) in Chapter 28, for the entry in column (4) occurring against all the tariff items (except tariff items 2804 40 10, 2844 30 22, 2845 10 00, 2845 90 10 and 2853 00 30), the entry "12.5%" shall be substituted;
- (xv) in Chapter 29, for the entry in column (4) occurring against all the tariff items (except tariff item 2933 41 00), the entry "12.5%" shall be substituted; 35
- (xvi) in Chapter 31, for the entry in column (4) occurring against all the tariff items of headings 3102, 3103, 3104 and 3105, the entry "12.5%" shall be substituted;
- (xvii) in Chapter 32, for the entry in column (4) occurring against all the tariff items (except tariff items 3215 90 10 and 3215 90 20), the entry "12.5%" shall be substituted; 40
- (xviii) in Chapter 33, for the entry in column (4) occurring against all the tariff items (except tariff item 3307 41 00), the entry "12.5%" shall be substituted;
- (xix) in Chapter 34, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xx) in Chapter 35, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xxi) in Chapter 36, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted; 45
- (xxii) in Chapter 37, for the entry in column (4) occurring against all the tariff items of headings 3701, 3702, 3703, 3704 and 3707, the entry "12.5%" shall be substituted;

(xxiii) in Chapter 38, for the entry in column (4) occurring against all the tariff items (except tariff items 3824 50 10, 3825 10 00, 3825 20 00 and 3825 30 00), the entry "12.5%" shall be substituted;

(xxiv) in Chapter 39,–

5 (a) for the entry in column (4) occurring against all the tariff items (except tariff items 3916 10 20, 3916 20 11, 3916 20 91, 3916 90 10, 3923 21 00, 3923 29 10 and 3923 29 90), the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against the tariff items 3923 21 00, 3923 29 10 and 3923 29 90, the entry "18% shall be substituted;

(xxv) in Chapter 40,–

10 (a) for the entry in column (4) occurring against all the tariff items of heading 4002, the entry "12.5%" shall be substituted;
(b) for the entry in column (4) occurring against tariff items 4003 00 00 and 4004 00 00, the entry "12.5%" shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 4005 to 4007, 4008 (except tariff items 4008 19 10, 4008 21 10 and 4008 29 20) and 4009 to 4011, the entry "12.5%" shall be substituted;

15 (d) for the entry in column (4) occurring against tariff items 4012 90 10 to 4012 90 90, the entry "12.5%" shall be substituted;

(e) for the entry in column (4) occurring against all the tariff items of headings 4013, 4014 (except tariff items 4014 10 10 and 4014 10 20), 4015, 4016 and 4017, the entry "12.5%" shall be substituted;

(xxvi) in Chapter 42, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(xxvii) in Chapter 43, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

20 (xxviii) in Chapter 44,–

(a) for the entry in column (4) occurring against all the tariff items of headings 4401, 4403, 4404, 4406, 4408 (except tariff items 4408 10 30, 4408 31 30, 4408 39 30 and 4408 90 20) and 4409 to 4412, the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against tariff items 4413 00 00 and 4414 00 00, the entry "12.5%" shall be substituted;

25 (c) for the entry in column (4) occurring against all the tariff items of headings 4415 and 4416, the entry "12.5%" shall be substituted;

(d) for the entry in column (4) occurring against tariff item 4417 00 00, the entry "12.5%" shall be substituted;

(e) for the entry in column (4) occurring against all the tariff items of headings 4418 to 4421, the entry "12.5%" shall be substituted;

30 (xxix) in Chapter 45, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(xxx) in Chapter 47, for the entry in column (4) occurring against all the tariff items of heading 4707, the entry "12.5%" shall be substituted;

(xxxi) in Chapter 48,–

35 (a) for the entry in column (4) occurring against all the tariff items of headings 4803, 4806 (except tariff items 4806 20 00 and 4806 40 10), 4809 and 4811, the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against tariff item 4812 00 00, the entry "12.5%" shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 4813, 4814, 4816, 4818, 4819 (except tariff item 4819 20 10), 4820 to 4822 and 4823 (except tariff item 4823 90 11), the entry "12.5%" shall be substituted;

40 (xxxii) in Chapter 49, for the entry in column (4) occurring against all the tariff items of heading 4908, the entry "12.5%" shall be substituted;

(xxxiii) in Chapter 50, for the entry in column (4) occurring against all the tariff items of headings 5004 to 5007, the entry "12.5%" shall be substituted;

(xxxiv) in Chapter 51, for the entry in column (4) occurring against all the tariff items of headings 5105 to 5113, the entry "12.5%" shall be substituted;

45 (xxxv) in Chapter 52, for the entry in column (4) occurring against all the tariff items of headings 5204 to 5212, the entry "12.5%" shall be substituted;

(xxxvi) in Chapter 53, for the entry in column (4) occurring against all the tariff items of headings 5302, 5305, 5306, 5307 (except tariff item 5307 10 90), 5308 (except tariff items 5308 10 10, 5308 10 20 and 5308 10 90), 5309, 5310 and 5311, the entry "12.5%" shall be substituted;

- (xxxvii) in Chapter 54, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xxxviii) in Chapter 55, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xxxix) in Chapter 56, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xl) in Chapter 57, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xli) in Chapter 58, for the entry in column (4) occurring against all the tariff items of headings 5801, 5802, 5803, 5804 (except tariff item 5804 30 00), 5806 and 5808 to 5811, the entry "12.5%" shall be substituted; 5
- (xlii) in Chapter 59, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xliii) in Chapter 60, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xliv) in Chapter 61, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (xlv) in Chapter 62, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted; 10
- (xlv) in Chapter 63,—
- (a) for the entry in column (4) occurring against all the tariff items of headings 6301 to 6307, the entry "12.5%" shall be substituted;
- (b) for the entry in column (4) occurring against tariff item 6308 00 00, the entry "12.5%" shall be substituted;
- (xlvii) in Chapter 64, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted; 15
- (xlviii) in Chapter 65, for the entry in column (4) occurring against all the tariff items (except tariff item 6503 00 00), the entry "12.5%" shall be substituted;
- (xlix) in Chapter 66, for the entry in column (4) occurring against all the tariff items of heading 6603, the entry "12.5%" shall be substituted;
- (l) in Chapter 67, for the entry in column (4) occurring against all the tariff items of headings 6702 to 6704, the entry "12.5%" shall be substituted; 20
- (li) in Chapter 68, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (lii) in Chapter 69, for the entry in column (4) occurring against all the tariff items (except tariff items 6901 00 10 and 6904 10 00), the entry "12.5%" shall be substituted;
- (liii) in Chapter 70, for the entry in column (4) occurring against all the tariff items (except tariff items 7012 00 00, 7018 10 10, 25 7018 10 20, 7020 00 11, 7020 00 12 and 7020 00 21), the entry "12.5%" shall be substituted;
- (liv) in Chapter 71,—
- (a) for the entry in column (4) occurring against all the tariff items of headings 7101, 7103, 7104 (except tariff item 7104 10 00), 7105 and 7106, the entry "12.5%" shall be substituted;
- (b) for the entry in column (4) occurring against tariff item 7107 00 00, the entry "12.5%" shall be substituted; 30
- (c) for the entry in column (4) occurring against all the tariff items of heading 7108, the entry "12.5%" shall be substituted;
- (d) for the entry in column (4) occurring against tariff item 7109 00 00, the entry "12.5%" shall be substituted;
- (e) for the entry in column (4) occurring against all the tariff items of heading 7110, the entry "12.5%" shall be substituted;
- (f) for the entry in column (4), occurring against tariff item 7111 00 00, the entry "12.5%" shall be substituted;
- (g) for the entry in column (4) occurring against all the tariff items of headings 7112 to 7116 and 7118, the entry "12.5%" shall be substituted; 35
- (lv) in Chapter 72, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (lvi) in Chapter 73, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;
- (lvii) in Chapter 74,—
- (a) for the entry in column (4) occurring against all the tariff items of headings 7401 to 7404, the entry "12.5%" shall be substituted; 40
- (b) for the entry in column (4) occurring against tariff item 7405 00 00, the entry "12.5%" shall be substituted;
- (c) for the entry in column (4) occurring against all the tariff items of headings 7406 to 7412, the entry "12.5%" shall be substituted;

(d) for the entry in column (4) occurring against tariff item 7413 00 00, the entry "12.5%" shall be substituted;

(e) for the entry in column (4) occurring against all the tariff items of headings 7415, 7418 and 7419, the entry "12.5%" shall be substituted;

(lviii) in Chapter 75, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(lix) in Chapter 76, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(lx) in Chapter 78, for the entry in column (4) occurring against all the tariff items of headings 7801, 7802, 7804 and 7806, the entry "12.5%" shall be substituted;

(lxi) in Chapter 79, for the entry in column (4) occurring against all the tariff items of headings 7901 to 7905 and 7907, the entry "12.5%" shall be substituted;

(lxii) in Chapter 80, for the entry in column (4) occurring against all the tariff items of headings 8001, 8002, 8003 and 8007, the entry "12.5%" shall be substituted;

(lxiii) in Chapter 81, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(lxiv) in Chapter 82, for the entry in column (4) occurring against all the tariff items (except tariff items 8215 10 00, 8215 20 00, 8215 91 00 and 8215 99 00), the entry "12.5%" shall be substituted;

(lxv) in Chapter 83, for the entry in column (4) occurring against all the tariff items, the entry "12.5%" shall be substituted;

(lxvi) in Chapter 84, for the entry in column (4) occurring against all the tariff items of headings 8401 to 8423, 8424 (except tariff item 8424 81 00), 8425 to 8431, 8434, 8435, 8438 to 8451, 8452 (except tariff items 8452 10 12, 8452 10 22, 8452 30 10, 8452 30 90, 8452 90 11, 8452 90 19, 8452 90 91 and 8452 90 99), 8453 to 8468, 8469 (except tariff items 8469 00 30 and 8469 00 40), 8470 to 8478, 8479 (except tariff item 8479 89 92), 8480 to 8484, 8486 and 8487, the entry "12.5%" shall be substituted;

(lxvii) in Chapter 85,–

(a) for the entry in column (4) occurring against all the tariff items of headings 8501 to 8519, 8521, 8522, 8523, 8525 to 8533, the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against tariff item 8534 00 00, the entry "12.5%" shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 8535 to 8547, the entry "12.5%" shall be substituted;

(d) for the entry in column (4) occurring against tariff item 8548 90 00, the entry "12.5%" shall be substituted;

(lxviii) in Chapter 86,–

(a) for the entry in column (4) occurring against tariff item 8604 00 00, the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against all the tariff items of headings 8607 and 8608, the entry "12.5%" shall be substituted;

(c) for the entry in column (4) occurring against tariff item 8609 00 00, the entry "12.5%" shall be substituted;

(lxix) in Chapter 87,–

(a) for the entry in column (4) occurring against all the tariff items of headings 8701, 8702 (except tariff items 8702 10 11, 8702 10 12, 8702 10 19, 8702 90 11, 8702 90 12 and 8702 90 19), the entry "12.5%" shall be substituted;

(b) for the entry in column (4) occurring against tariff items 8703 10 10 and 8703 90 10, the entry "12.5%" shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 8704 (except tariff items 8704 10 90, 8704 31 90, 8704 32 19, 8704 32 90, 8704 90 19 and 8704 90 90) and 8705, the entry "12.5%" shall be substituted;

(d) for the entry in column (4) occurring against tariff items 8706 00 11, 8706 00 19, 8706 00 31, 8706 00 41 and 8706 00 50, the entry "12.5%" shall be substituted;

(e) for the entry in column (4) occurring against all the tariff items of headings 8707, 8708 and 8709, the entry "12.5%" shall be substituted;

(f) for the entry in column (4) occurring against tariff item 8710 00 00, the entry "12.5%" shall be substituted;

(g) for the entry in column (4) occurring against all the tariff items of headings 8711, 8712 and 8714 to 8716, the entry "12.5%" shall be substituted;

(lxx) in Chapter 88, for the entry in column (4) occurring against all the tariff items of headings 8802 (except tariff item 8802 60 00) and 8803, the entry "12.5%" shall be substituted;

(lxxi) in Chapter 89,—

(a) for the entry in column (4) occurring against all the tariff items of headings 8903 and 8907, the entry “12.5%” shall be substituted;

(b) for the entry in column (4) occurring against tariff item 8908 00 00, the entry “12.5%” shall be substituted;

(lxxii) in Chapter 90,—

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(a) for the entry in column (4) occurring against all the tariff items of headings 9001 (except tariff items 9001 40 10, 9001 40 90 and 9001 50 00), 9002 to 9008, 9010 to 9016, 9017 (except tariff items 9017 20 10, 9017 20 20, 9017 20 30 and 9017 20 90), 9018 and 9019, the entry “12.5%” shall be substituted;

(b) for the entry in column (4) occurring against tariff item 9020 00 00, the entry “12.5%” shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 9022 to 9032, the entry “12.5%” shall be substituted; 10

(d) for the entry in column (4) occurring against tariff item 9033 00 00, the entry “12.5%” shall be substituted;

(lxxiii) in Chapter 91, for the entry in column (4) occurring against all the tariff items, the entry “12.5%” shall be substituted;

(lxxiv) in Chapter 92,—

(a) for the entry in column (4) occurring against all the tariff items of headings 9201, 9202 and 9205, the entry “12.5%” shall be substituted; 15

(b) for the entry in column (4) occurring against tariff item 9206 00 00, the entry “12.5%” shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 9207 to 9209, the entry “12.5%” shall be substituted;

(lxxv) in Chapter 93,—

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(a) for the entry in column (4) occurring against tariff item 9302 00 00, the entry “12.5%” shall be substituted;

(b) for the entry in column (4) occurring against all the tariff items of heading 9303, the entry “12.5%” shall be substituted;

(c) for the entry in column (4) occurring against tariff item 9304 00 00, the entry “12.5%” shall be substituted;

(d) for the entry in column (4) occurring against all the tariff items of headings 9305 and 9306, the entry “12.5%” shall be substituted; 25

(e) for the entry in column (4) occurring against tariff item 9307 00 00, the entry “12.5%” shall be substituted;

(lxxvi) in Chapter 94, for the entry in column (4) occurring against all the tariff items (except tariff item 9405 50 10), the entry “12.5%” shall be substituted;

(lxxvii) in Chapter 95, for the entry in column (4) occurring against all the tariff items of headings 9503 to 9508 (except tariff item 9508 10 00), the entry “12.5%” shall be substituted; 30

(lxxviii) in Chapter 96,—

(a) for the entry in column (4) occurring against all the tariff items of headings 9601 to 9603, the entry “12.5%” shall be substituted;

(b) for the entry in column (4) occurring against tariff item 9604 00 00, the entry “12.5%” shall be substituted;

(c) for the entry in column (4) occurring against all the tariff items of headings 9605, 9606 (except tariff items 9606 21 00, 9606 22 00, 9606 29 10, 9606 29 90 and 9606 30 10) and 9607 to 9608, the entry “12.5%” shall be substituted; 35

(d) for the entry in column (4) occurring against tariff item 9611 00 00, the entry “12.5%” shall be substituted;

(e) for the entry in column (4) occurring against all the tariff items of headings 9612 and 9613, the entry “12.5%” shall be substituted;

(f) for the entry in column (4) occurring against tariff item 9614 00 00, the entry “12.5%” shall be substituted; 40

(g) for the entry in column (4) occurring against all the tariff items of headings 9616 and 9617, the entry “12.5%” shall be substituted;

(h) for the entry in column (4) occurring against tariff item 9618 00 00, the entry “12.5%” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2015-2016. The notes on clauses explain the various provisions contained in the Bill.

ARUN JAITLEY.

NEW DELHI;
The 24th February, 2015.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No.F.2(6)-B(D)/2015, dated the 24th February, 2015 from Shri Arun Jaitley, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends, under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2015 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 2015.

Notes on clauses

Income-tax

Clause 2, read with the First Schedule to the Bill, specifies the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2015-16. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2015-16 from income other than "Salaries" subject to such deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2015-16.

Rates of income-tax for the assessment year 2015-16

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2015-16. These rates are the same as those specified in Part III of the First Schedule to the Finance (No.2) Act, 2014, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2014-15.

Rates for deduction of tax at source during the financial year 2015-16 from income other than "Salaries"

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2015-16 from income other than "Salaries". The rates are the same, as those specified in Part II of the First Schedule to the Finance (No.2) Act, 2014 for the purposes of deduction of income-tax at source during the financial year 2014-15 except that in case of payment of royalty and fees for technical services in case of agreements made on or after the 1st day of March, 1976, tax shall now be deducted at source at the rate of ten per cent. as against the earlier rate of twenty-five per cent.

The amount of tax so deducted shall be increased by a surcharge in the case of—

(i) every non-resident (other than a company) at the rate of twelve per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(ii) every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees;

(iii) every company other than a domestic company at the rate of five per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds ten crore rupees.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2015-16.

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on, income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 2015-16.

Paragraph A of this Part specifies the rates of income-tax as under:—

(i) in the case of every individual [other than those specifically mentioned in sub-paras (ii) and (iii)] or Hindu undivided family

or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

Up to Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than the age of eighty years at any time during the previous year:—

Up to Rs.3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(iii) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year :—

Up to Rs.5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

The surcharge in cases of persons referred to in this paragraph, having income above one crore rupees, shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for assessment year 2015-16. The surcharge in cases of co-operative societies, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for assessment year 2015-16. The surcharge in cases of firms, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2015-16. The surcharge in cases of local authorities, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In the case of companies, the rate of tax will continue to be the same as that specified for assessment year 2015-16.

Surcharge in the case of domestic companies having total income above one crore rupees but not above ten crore rupees shall be levied at the rate of seven per cent. In the case of domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of twelve per cent. In the case of companies other than domestic companies having income above one crore rupees but not above ten crore rupees surcharge shall

be levied at the rate of two per cent. In the case of companies other than domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of five per cent. Marginal relief will be provided.

In all other cases (including sections 115JB, 115-O, 115QA, 115R, 115TA, etc.) the surcharge will be applicable at the rate of twelve per cent.

“Education Cess” at the rate of two per cent. and “Secondary and Higher Education Cess” at the rate of one per cent. shall continue to be levied in all cases covered under Part III of the First Schedule. In the cases covered under Part II of the First Schedule, there will be no levy of the Education Cess and Secondary and Higher Education Cess on tax deducted or collected at source in the case of domestic company and any other person who is resident in India. Both the cesses would continue to apply on tax deducted at source in the case of salary payments. These would also continue to be levied in the cases of persons not resident in India and companies other than domestic company.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

It is proposed to substitute clause (13A) of the said section in order to define a “business trust” to mean a trust registered as,—

(i) an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992; or

(ii) a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992, and

the units of which are required to be listed on a recognised stock exchange in accordance with the aforesaid regulations.

It is proposed to amend clause (15) of the aforesaid section to provide that the definition of charitable purpose shall include “yoga” as a separate category on the lines of education and medical relief.

It is further proposed to amend the said clause (15) to provide that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity, unless—

(i) such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and

(ii) the aggregate receipts from such activity or activities during the previous year, do not exceed twenty per cent. of the total receipts, of the trust or institution undertaking such activity or activities, of that previous year.

It is also proposed to amend clause (37A) of the said section to provide that for the purposes of deduction of tax under section 194LBA, the “rates in force”, in relation to an assessment year or financial year shall mean the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year.

The existing provisions contained in clause (42A) of the said section provides the definition of the term “short-term capital asset”. *Explanation 1* of the said clause provides for determining the period for which the capital asset is held by the assessee.

It is proposed to amend the clause (i) of the said *Explanation* to provide that in the case of a capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, there shall be included the period for which the unit or units in the consolidating scheme of the mutual fund were held by the assessee.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

Clause 4 of the Bill seeks to amend section 6 of the Income-tax Act relating to residence in India.

The existing provisions contained in sub-clause (c) of clause (1) of the aforesaid section provide that an individual is said to be resident in India in any previous year if he, having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year. Clause (a) of *Explanation* to clause (1) of the said section provides that in the case of an individual, being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship, the above mentioned condition of sixty days is extended to one hundred and eighty-two days.

It is proposed to amend the said clause by insertion of a new *Explanation 2* so as to provide that in the case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed.

This amendment will take effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.

Under the existing provisions contained in clause (3) of the aforesaid section, a company is said to be resident in India in any previous year, if—

(i) it is an Indian company; or

(ii) during that year, the control and management of its affairs is situated wholly in India.

It is proposed to amend the said clause (3) to provide that a company shall be said to be resident in India, in any previous year, if—

(a) it is an Indian company; or

(b) its place of effective management, at any time in that year, is in India.

It is also proposed to insert an *Explanation* to clarify the expression “place of effective management” to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

Clause 5 of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

Clause (i) of sub-section (1) of the aforesaid section provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India. *Explanation 5* to the said clause provides that an asset or capital asset, being any share or interest in a company or entity registered or incorporated outside India, shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

It is proposed to amend the said clause (i) by insertion of *Explanation 6* to provide that the share or interest shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if, on the specified date, the value of such assets is more than ten crore rupees and represents at least fifty per cent. of the value of all the assets owned by the company or entity, as the case may be. The definition of value of assets and the specified date is also proposed to be provided in the said *Explanation*.

It is further proposed to insert *Explanation 7* in the said clause (i) so as to provide that the income shall not accrue or arise to a non-resident in case of transfer of any share or interest referred to in *Explanation 5*, unless—

(a) he along with its associate enterprises,—

(i) neither holds the right of management or control;

(ii) nor holds voting power or share capital or interest exceeding five per cent. of the total voting power or total share capital, in the foreign company or entity directly holding the Indian assets (direct holding company);

(b) he along with its associate enterprises, in case of the transfer of shares or interest in a foreign entity which does not hold the Indian assets directly,—

(i) neither holds the right of management or control in relation to such company, as the case may be, or the entity;

(ii) nor holds any rights in such company which would entitle it to either exercise control and management of the direct holding company or entitle it to voting power exceeding five per cent. in the direct holding company or entity .

Clause (v) of sub-section (1) of section 9 relates to the interest income and provides that the income by way of interest, if payable by persons specified in the said clause, shall be deemed to accrue or arise in India.

It is proposed to amend the said clause in order to provide that in the case of a non-resident, being a person engaged in the business of banking, any interest payable by the permanent establishment in India of such non-resident to the head office or any permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the permanent establishment in India and the permanent establishment in India shall be deemed to be a person separate and independent of the non-resident person of which it is a permanent establishment and the provisions of the Act relating to computation of total income, determination of tax and collection and recovery shall apply accordingly.

It is further proposed to provide that “permanent establishment” shall have the same meaning assigned to it in clause (iiia) of section 92F.

These amendments will take effect from 1st April, 2016 and accordingly apply in relation to the assessment year 2016-17 and subsequent years.

Clause 6 of the Bill seeks to insert a new section 9A in the Income-tax Act relating to certain activities not to constitute business connection in India.

Clause (i) of sub-section (1) of section 9 provides a set of circumstances in which income is deemed to accrue or arise in India, directly or indirectly, and is taxable in India.

Sub-section (1) of the proposed new section 9A seeks to provide that in the case of an eligible investment fund, any fund management activity carried through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund.

Sub-section (2) of the proposed new section seeks to provide that an eligible investment fund shall not be said to be resident for the purposes of section 6, merely because the eligible fund manager undertaking fund management activities on its behalf, is situated in India.

Sub-section (3) of the proposed new section seeks to provide that the eligible investment fund shall mean a fund, established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and certain conditions specified in the said sub-section.

Sub-section (4) of the proposed new section seeks to provide that the eligible fund manager in respect of an eligible investment fund shall mean any person who is engaged in the activity of fund management and fulfil certain conditions specified in the said sub-section.

Sub-section (5) of the proposed new section seeks to provide that every eligible investment fund shall furnish a statement in respect of its activities during a financial year in the prescribed form, to the prescribed income-tax authority within ninety days from the end of the financial year.

Sub-section (6) of the proposed new section seeks to provide that no such income shall be excluded from the total income which would have been so included irrespective of whether the activity or the eligible fund manager constituted the business connection in India of such fund or not.

Sub-section (7) of the proposed new section seeks to provide that the scope of total income or determination of total income in the case of the eligible fund manager shall not be affected by anything contained in this section.

Sub-section (8) of the proposed new section seeks to define certain terms such as “associate”, “connected person”, “corpus”, “entity” and “specified regulations”.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 7 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

It is proposed to amend the aforesaid section by inserting a new clause (11A) so as to provide that any payment from an account opened in accordance with the Sukanya Samridhi Account Rules, 2014 made under the Government Savings Bank Act, 1873, shall not be included in the total income of the assessee.

The existing provisions of clause (23C) of the said section provide for exemption from tax in respect of the income of certain charitable funds or institutions like the Prime Minister's National Relief Fund; the Prime Minister's Fund (Promotion of Folk Art); the Prime Minister's Aid to Students Fund; the National Foundation for Communal Harmony etc.

It is proposed to amend the aforesaid clause by inserting two new sub-clauses (iiiaa) and (iiiaaa) so as to exempt income received by any person on behalf of the Swachh Bharat Kosh, set up by the Central Government and to exempt income received by any person on behalf of the Clean Ganga Fund, set up by the Central Government.

These amendments will take effect retrospectively from 1st of April, 2015 and accordingly apply in relation to assessment year 2015-16 and subsequent assessment years.

It is also proposed to insert a new clause (23EE) in the aforesaid section so as to provide for exemption in respect of any specified income of such Core Settlement Guarantee Fund, set up by a recognised clearing corporation in accordance with the regulations, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Clause (23FB) of said section provides that any income of a venture capital company or venture capital fund from investment in a venture capital undertaking shall not be included in total income.

It is proposed to insert a proviso to the said clause to provide that the said clause shall not apply to a venture capital company or venture capital fund, being an investment fund specified in clause (a) of the *Explanation 1* to section 115 UB, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2016.

It is further proposed to insert a new clause (23FBA) to provide that any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" shall not be included in the total income of such fund.

It is also proposed to insert a new clause (23FBB) to provide that any income of a person accruing or arising to, or received by, a unit holder of an investment fund, being that proportion of income which is of the same nature as income chargeable under the head "Profits and gains of business or profession" shall not be included in total income of such person.

It is proposed to insert a new clause (23FCA) so as to provide that any income of a business trust, being a real estate investment trust, by way of renting or leasing or letting out any real estate asset owned directly by such business trust, shall not be included in the total income.

It is further proposed to amend (23FD) of the said section to provide that any distributed income, referred to in section 115UA, received by a unit holder from the business trust, being that proportion of the income which is of the same nature as income by way of renting or leasing or letting out any real estate asset owned directly by the business trust, shall be included in total income and not be exempted.

It is also proposed to amend clause (38) of the said section to provide that any income in the nature of long term capital gain arising from transfer of units of a business trust which were acquired in consideration of exchange of shares of a special purpose vehicle and on which securities transaction tax has been paid shall not be included in the total income of the sponsor.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 8 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

Sub-section (2) of the aforesaid section provides that where eighty-five per cent. of the income is not applied, or is not deemed to have been applied, to charitable or religious purposes in India during the previous year but is accumulated or set apart, for application to such purposes in India, then, such income accumulated or set apart shall not be included in the total income of the previous year of the person in receipt of the income. However, the said exemption is subject to fulfilment of the following conditions that :

(i) such person specifies by notice in writing in Form 10, prescribed for such purpose, providing details of the purpose for which the income is being accumulated or set apart and that the period for which the income is to be accumulated or set apart does not exceed five years; and

(ii) the money so accumulated or set apart is invested or deposited in the forms or modes specified in sub-section (5) of section 11.

With a view to amend the conditions specified in sub-section (2) of the aforesaid section, it is proposed to insert a new clause to provide that the statement referred to in the said clause (a) is required to be furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year. It is also proposed to substitute the existing first and second provisos with a new proviso to provide that in computing the period of five years referred to in the said clause (a), the period during which the income could not be applied for the purpose for which it is so accumulated or set apart, due to an order or injunction of any court, shall be excluded.

This amendment will take effect from 1st April, 2016 and accordingly apply in relation to the assessment year 2016-17 and subsequent years.

Clause 9 of the Bill seeks to amend section 13 of the Income-tax Act relating to section 11 not to apply in certain cases.

It is proposed to insert a new sub-section to provide that nothing contained in sub-section (2) of section 11 shall operate so as to exclude any income from the total income of the previous year of a person in receipt thereof, if—

(i) the statement referred to in clause (a) of the said sub-section in respect of such income, is not furnished on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year; or

(ii) the return of income for the previous year is not furnished by such person on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the said previous year.

This amendment will take effect from 1st April, 2016 and accordingly apply in relation to the assessment year 2016-17 and subsequent years.

Clause 10 of the Bill seeks to amend section 32 of the Income-tax Act relating to depreciation.

Under the existing provisions contained in clause (iia) of sub-section (1) of the aforesaid section, a further sum equal to twenty per cent. of the actual cost of new machinery or plant (other than ships and aircraft) acquired and installed after the 31st day of March, 2005 by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation or generation and distribution of power, is allowed as deduction as further depreciation.

It is proposed to insert a proviso in clause (iia) of sub-section (1) of the aforesaid section to provide that where an assessee, sets up an undertaking or enterprise for manufacture or production of any article or thing, on or after the 1st day of April, 2015 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or in the State of Telangana, and acquires and installs any new machinery or plant (other than ships and aircraft) for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020 in the said backward area, then, the provisions of clause (iia) shall have effect as if for the words "twenty per cent.", the words "thirty-five per cent." had been substituted:

Consequently, it is proposed to insert the reference of newly inserted proviso in clause (iia) in the second proviso to sub-section (1) of the aforesaid section 32.

The existing provisions contained in the second proviso to sub-section (1) of the aforesaid section 32 provide that where an asset referred to in clause (i) or clause (ii) or clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under sub-section (1) in respect of such asset shall be restricted to fifty per cent. of the amount calculated at the percentage prescribed for an asset under clause (i) or clause (ii) or clause (iia), as the case may be.

It is proposed to insert a proviso after the second proviso to sub-section (1) of section 32 so as to provide that where an asset referred to in clause (iia) or the first proviso to clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business for a period of less than one hundred and eighty days in that previous year and the deduction under sub-section (1) in respect of such asset is restricted to fifty per cent. of the amount calculated at the percentage prescribed for an asset under clause (iia) for that previous year, then, the deduction for the balance fifty per cent. of the amount calculated at the percentage prescribed for such asset under clause (iia) shall be allowed under sub-section (1) in the immediately succeeding previous year in respect of such asset.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 11 of the Bill seeks to insert a new section 32AD in the Income-tax Act relating to investment in new plant or machinery in notified backward areas in certain States.

The proposed sub-section (1) of the aforesaid section seeks to provide that where an assessee, sets up an undertaking or enterprise for manufacture or production of any article or thing, on or after the 1st day of April, 2015 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or in the State of Telangana, and acquires and installs

any new asset for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020 in the said backward area, then, there shall be allowed a deduction of a sum equal to fifteen per cent. of the actual cost of such new asset for the assessment year relevant to the previous year in which such new asset is installed.

The proposed sub-section (2) of the aforesaid section provides that if any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger or re-organisation of business referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (1) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.

The proposed sub-section (3) of the aforesaid section provides that in case the new asset is sold or otherwise transferred in connection with the amalgamation or demerger or reorganisation of business referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47, within a period of five years from the date of its installation, the provision of sub-section (2) shall apply to the amalgamated company or the resulting company or the successor referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47, as the case may be, as they would have applied to the amalgamating company or the demerged company or the predecessor referred to in clause (xiii) or clause (xiib) or clause (xiv) of section 47.

The proposed sub-section (4) of the aforesaid section provides that for the purposes of this section, "new asset" means any new plant or machinery (other than a ship or aircraft) but does not include—

- (a) any plant or machinery which before its installation by the assessee, was used either within or outside India by any other person;
- (b) any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;
- (c) any office appliances including computers or computer software;
- (d) any vehicle; or
- (e) any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any previous year.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 12 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

The existing proviso to sub-section (2AA) of the said section 35, *inter alia*, provides that the prescribed authority shall submit its report to Principal Director General or Director General. It is

proposed to insert the reference of Principal Chief Commissioner or Chief Commissioner in the said proviso so as to enable the prescribed authority to submit its report to the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General.

The existing provision contained in clause (3) of sub-section (2AB) of the said section provides that no company shall be entitled for deduction under clause (1) of the said sub-section (2AB) unless it enters into an agreement with the prescribed authority for cooperation in such research and development facility and for audit of the accounts maintained for that facility.

It is proposed to amend clause (3) of sub-section (2AB) of the said section to provide that no company shall be entitled for deduction under clause (1) of the said sub-section (2AB) unless it enters into an agreement with the prescribed authority for cooperation in such research and development facility and fulfils conditions with regard to maintenance and audit of accounts and furnishing of report, as may be prescribed.

The existing provisions contained in clause (4) of sub-section (2AB) of the said section 35 further provides that the prescribed authority shall submit its report in relation to the approval of the research and development facility to the Principal Director General or Director General. It is proposed to insert the reference of Principal Chief Commissioner or Chief Commissioner in the said clause so as to enable the prescribed authority to submit its report to the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 13 of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The existing provisions contained in section 47 of the Act provide that capital gains are not applicable to the transfers specified in the said section.

Clause (via) of the said section provides that transfer of capital asset being shares of an Indian company by a foreign company to another foreign company under scheme of amalgamation shall not be treated as transfer subject to conditions provided in the said clause. *Clause (vic)* of the said section provides that transfer of capital asset being shares of an Indian company by a foreign company to another foreign company under a demerger shall not be treated as transfer subject to conditions provided in the said clause.

It is proposed to amend the said section in order to provide that the following transfers shall not be regarded as transfer under said section, namely:—

(i) any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company, referred to in *Explanation 5* to clause(i) of sub-section (1) of section 9, which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, subject to conditions provided therein;

(ii) any transfer in a demerger, of a capital asset, being a share of a foreign company, referred to in *Explanation 5* to clause(i) of sub-section (1) of section 9, which derives, directly or indirectly, its value substantially from the share or shares of

an Indian company, held by the demerged foreign company to the resulting foreign company, subject to conditions provided therein.

It is further proposed to amend section 47 so as to provide that capital gains shall not apply to any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating scheme of a mutual fund, if the transfer is made in consideration of the allotment to him of any unit or units in the consolidated scheme of the mutual fund under the process of consolidation of the schemes of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992. Provided, the consolidation is of two or more schemes of equity oriented fund or of two or more schemes of a fund other than equity oriented fund.

It is further proposed to define the terms “consolidating scheme”, “consolidated scheme”, “equity oriented fund” and “mutual fund”.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 14 of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

The existing provisions contained in sub-section (1) of the aforesaid section provide that where the capital asset became the property of the assessee under certain situations the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it, as increased by the cost of any improvement of the assets incurred or borne by the previous owner or the assessee, as the case may be.

It is proposed to amend sub-clause (e) of clause (iii) of said sub-section (1) so as to include the transfer referred to in clause (vib) of section 47.

It is proposed to amend the aforesaid sub-clause (e) to provide for determination of cost of acquisition in respect of shares or interest of foreign company or entity in certain cases.

It is also proposed to amend the said section so as to provide that where the capital asset, being a unit or units in a consolidated scheme of a mutual fund, became the property of the assessee in consideration of a transfer referred to in clause (xviii) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the unit or units in the consolidating scheme of the mutual fund.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 15 of the Bill seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, etc.

It is proposed to amend sub-section (2) and sub-section (4) of the aforesaid section so as to provide that a sum paid or deposited during the year as a subscription in the name of any girl child of the individual or in the name of any girl child for whom such individual is the legal guardian, would be eligible for deduction, if the scheme so specifies.

This amendment will take effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

Clause 16 of the Bill seeks to amend section 80CCC of the Income-tax Act relating to deduction in respect of contribution to certain pension funds.

Under the existing provisions contained in sub-section (1) of the aforesaid section, an assessee, being an individual is allowed a deduction up to one lakh rupees in the computation of his total income, of an amount paid or deposited by him to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from a fund set up under a pension scheme.

It is proposed to amend sub-section (1) of the said section so as to raise the limit of deduction from one lakh rupees to one hundred and fifty thousand rupees.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 17 of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction in respect of contribution to pension scheme of Central Government.

The existing provisions contained in sub-section (1) of section 80CCD, *inter alia*, provides that in the case of an individual, employed by the Central Government on or after 1st January, 2004, or being an individual employed by any other employer or any other assessee being an individual who has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, a deduction of such amount not exceeding ten per cent. of his salary is allowed.

It is proposed to omit sub-section (1A) and insert a new sub-section (1B) so as to provide that an assessee referred to in sub-section (1), shall, be allowed an additional deduction in computation of his total income, of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees. It is also propose to provide that no deduction under this sub-section shall be allowed in respect of the amount on which deduction has been claimed and allowed under sub-section (1).

Consequential amendments have been proposed in sub-section (3) and sub-section (4) of section 80CCD.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 18 of the Bill seeks to amend section 80D of the Income-tax Act relating to deduction in respect of health insurance premia.

The existing provisions contained in the aforesaid section *inter alia* provide for deduction of up to fifteen thousand rupees to an assessee, being an individual or a Hindu undivided family in respect of health insurance premia, paid by any mode, other than cash, to effect or to keep in force an insurance on the health of the assessee or his family or any contribution made to the Central Government Health Scheme or any other notified scheme or any payment made on account of preventive health check up of the assessee or his family. An additional deduction of fifteen thousand rupees is provided to an individual assessee to effect or to keep

in force insurance on the health of the parent or parents of the assessee. The deduction is enhanced to twenty thousand rupees in both cases if the person insured is a senior citizen of age sixty years or above.

It is proposed to amend the said section so as to raise the limit of deduction from fifteen thousand rupees to twenty-five thousand rupees.

It is also proposed to define a 'very senior citizen' to mean an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.

It is further proposed to raise the limit of deduction in respect of senior citizens or very senior citizens from twenty thousand rupees to thirty thousand rupees.

It is also proposed to provide that any payment made on account of medical expenditure in respect of a very senior citizen, if no payment has been made to keep in force an insurance on the health of such person, as does not exceed thirty thousand rupees shall be allowed as deduction under section 80D.

It is also proposed to provide that the aggregate of the deduction on account of health insurance premium and the medical expenditure in respect of the assessee or his family would not be more than thirty thousand rupees. Similarly, such aggregate deduction in respect of the parents is also proposed to be not more than thirty thousand rupees.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 19 of the Bill seeks to amend section 80DD of the Income-tax Act relating to deduction in respect of maintenance including medical treatment of a dependant who is a person with disability.

The existing provisions of section 80DD, *inter alia*, provide for a deduction to an individual or HUF, who is a resident in India, who has incurred only (a) expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or (b) any amount paid to LIC or any other insurer in respect of a scheme for the maintenance of a disabled dependant.

The aforesaid section provides for a deduction of fifty thousand rupees if the dependant is suffering from disability and one lakh rupees if the dependant is suffering from severe disability.

It is proposed to amend said section so as to raise the limit of deduction in respect of a dependant with disability from fifty thousand rupees to seventy-five thousand rupees.

It is further proposed to amend the said section so as to raise the limit of deduction in respect of a dependant with severe disability from one lakh rupees to one hundred and twenty-five thousand rupees.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 20 of the Bill seeks to amend section 80DDB of the Income-tax Act relating to deduction in respect of medical treatment, etc.

The existing provisions contained in section 80DDB provide for a deduction to an assessee, being an individual or Hindu undivided family of an amount actually paid, for expenditure

incurred for the medical treatment of the individual himself or a dependent or any member of a Hindu undivided family in respect of disease or ailment as specified in the rules. The deduction is limited to forty thousand rupees. The deduction in respect of a senior citizen is allowable up to sixty thousand rupees. The deduction is allowed only if the assessee furnishes with the return of income, a certificate in the prescribed form, from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist working in a Government hospital.

It is proposed to substitute first proviso to section 80DDB so as to provide that no such deduction shall be allowed unless the assessee obtains, a copy of the prescription for such medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist as may be prescribed.

It is further proposed to provide that where the aforesaid amount actually paid is in respect of the assessee or his dependant or any member of a Hindu undivided family of the assessee, who is a very senior citizen, a deduction up to eighty thousand rupees would be allowed.

It is also proposed to omit the definition of the term "Government hospital" from the *Explanation* to the aforesaid section.

It is also proposed to insert a new clause in the *Explanation* of the aforesaid section so as to define the term 'very senior citizen' to mean an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 21 of the Bill, seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Under the existing provisions of the aforesaid section, an assessee is allowed a deduction from his total income in respect of donations made by him to certain funds and charitable institutions. The deduction is allowed at the rate of hundred per cent. of the amount of donations made to certain funds and institutions formed for a social purpose of national importance, like the Prime Ministers' National Relief Fund, National Foundation for Communal Harmony etc.

It is proposed to amend sub-section (1) and sub-section (2) of the said section so as to provide for a deduction of hundred per cent. in respect of the sum donated by an assessee to the Swachh Bharat Kosh set up by the Central Government, other than the sum spent by such assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013.

It is further proposed to amend sub-section (1) and sub-section (2) of the said section so as to provide for a deduction of hundred per cent. in respect of the sum donated by a resident assessee to the Clean Ganga Fund set up by the Central Government, other than the sum spent by such assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013.

These amendments will take effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

It is further proposed to amend sub-section (1) and sub-section (2) of the said section so as to provide hundred per cent. deduction in respect of donations made to the National Fund for Control of Drug Abuse constituted under section 7A the Narcotics Drugs and Psychotropic Substances Act, 1985.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 22 of the Bill seeks to amend section 80JJAA of the Income-tax Act relating to deduction in respect of employment of new workmen.

The existing provisions contained in sub-section (1) of the aforesaid section, *inter alia*, provide for deduction to an Indian Company, deriving profits from manufacture of goods in a factory. The quantum of deduction allowed is equal to thirty per cent. of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Clause (a) of sub-section (2), *inter alia*, provides that no deduction under sub-section (1) shall be available if the factory is hived off or transferred from another existing entity or acquired by the assessee company as a result of amalgamation with another company.

The *Explanation* to the said section defines "additional wages" to mean the wages paid to the new regular workmen in excess of one hundred workmen employed during the previous year.

It is proposed to amend sub-section (1) of the said section so as to provide that where the gross total income of any assessee includes any profits and gains derived from the manufacture of goods in a factory, the assessee shall be allowed a deduction equal to thirty per cent. of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

It is further proposed to amend clause (a) of sub-section (2) so as to provide that no deduction under sub-section (1) shall be allowed, if the factory is acquired by the assessee by way of transfer from any other person or as a result of any business re-organisation.

It is also proposed to amend clause (i) of the said *Explanation* so as to provide "additional wages" to mean the wages paid to the new regular workmen in excess of fifty workmen employed during the previous year.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 23 of the Bill, seeks to amend section 80U of the Income-tax Act relating to deduction in case of a person with disability.

The existing provisions of section 80U, *inter alia*, provide for a deduction to an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a person with disability.

The section provides for a deduction of fifty thousand rupees if the person is suffering from disability and one lakh rupees if the person is suffering from severe disability.

It is proposed to amend the said section so as to raise the limit of deduction for a person with disability from fifty thousand rupees to seventy-five thousand rupees.

It is further proposed to amend the said section so as to raise the limit of deduction for a person with severe disability from one lakh rupees to one hundred and twenty-five thousand rupees.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 24 seeks to amend section 92BA of the Income-tax Act relating to meaning of specified domestic transaction.

The existing provisions of the said section define "specified domestic transaction" in case of an assessee to mean any of the specified transactions, not being an international transaction, where the aggregate of such transactions entered into by the assessee in the previous year exceeds a sum of five crore rupees.

It is proposed to amend the said section in order to provide that the aggregate of specified transactions entered into by the assessee in the previous year should exceed a sum of twenty crore rupees for such transaction to be treated as 'specified domestic transaction'.

The amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

Clause 25 of the Bill seeks to amend section 95 of the Income-tax Act relating to applicability of General Anti Avoidance Rule.

The said section provides that an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising therefrom may be determined subject to the provisions of Chapter X-A.

It is proposed to renumber the said section as sub-section (1).

It is also proposed to insert a new sub-section (2) so as to provide that the provisions of Chapter X-A shall apply in respect of any assessment year beginning on or after the 1st day of April, 2018.

This amendment will take effect from 1st April, 2015.

Clause 26 of the Bill seeks to amend section 111A of the Income-tax Act relating to tax on short-term capital gains in certain cases.

The second proviso to sub-section (1) of the said section provides that the provisions of the aforesaid section shall not be applicable in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in exchange of the shares of a special purpose vehicle.

It is proposed to omit the said second proviso to provide that the provisions of the said section shall now be applicable in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in exchange of the shares of a special purpose vehicle.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 27 of the Bill seeks to amend section 115A of the Income-tax Act relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

The existing provisions of the aforesaid section provide for determination of tax in case of a non-resident taxpayer where the total income includes any income by way of Royalty and Fees for technical services received by such non-resident from Government or an Indian concern after the 31st March, 1976, and which is not effectively connected with permanent establishment, if any, of the non-resident in India. The rate of tax currently provided is twenty-five per cent. and is applicable on the gross amount of such income.

It is proposed to amend the said section to provide that in case of a non-resident taxpayer, where the total income includes any income by way of Royalty and Fees for technical Services received under an agreement entered after the 31st March, 1976, and which are not effectively connected with permanent establishment, if any, of the non-resident in India, the rate of tax on the gross amount of such income shall be ten per cent.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

Clause 28 of the Bill seeks to amend section 115ACA of the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

Clause (a) of the *Explanation* to the aforesaid section defines the expression "Global Depository Receipts" for the purposes of the section to mean an instrument in the form of a depository receipt or certificate created by the Overseas Depository Bank outside India and issued to non-resident investors against the issue of ordinary shares or foreign currency convertible bonds of issuing company.

It is proposed to amend the definition of "Global Depository Receipts" provided in the said clause to mean an instrument in the form of a depository receipt or certificate created by the Overseas Depository Bank outside India and issued to investors against the issue of,—

(i) ordinary shares of issuing company, being a company listed on a recognised stock exchange in India; or

(ii) foreign currency convertible bonds of issuing company.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.

Clause 29 of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

Under the existing provisions contained in sub-section (1) of the aforesaid section, in case of a company, if the tax payable on the total income as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the 1st April, 2012, is less than eighteen and one-half per cent. of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee for the relevant previous year shall be eighteen and one-half per cent. of its book profit.

It is proposed to insert new clause (fa) in *Explanation 1* so as to provide that the book profit shall be increased by the amount or amounts of expenditure relatable to, income, being share of income of an assessee on which no tax is payable in accordance with the provisions of section 86.

It is further proposed to insert new clause (iic) in *Explanation 1* so as to provide that the amount of income, being the share of income of an assessee on which no income-tax is payable in accordance with the provisions of section 86, if any such amount is credited to the profit and loss account, shall be reduced from the book profit.

It is also proposed to insert a new clause (fb) in *Explanation 1* so as to provide that the book profit shall be increased by the amount or amounts of expenditure relatable to income from transactions in securities, (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable), accrued or arising to an assessee being a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992.

It is also proposed to insert a new clause (iid) in *Explanation 1* so as to provide that the amount of income from transactions in securities, (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable), accrued or arising to an assessee being a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, if any such amount is credited to the profit and loss account, shall be reduced from the book profit.

It is also proposed to provide that the expression "Foreign Institutional Investor" shall have the meaning assigned to it in clause (a) of the *Explanation* to section 115AD and the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulations) Act, 1956.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-2017 and subsequent assessment years.

Clause 30 of the Bill seeks to amend section 115U of the Income-tax Act relating to tax on income in certain cases.

Section 115U of the Act provides that income accruing or arising or received by a person out of investment made in venture capital company or venture capital fund shall be taxable in the same manner, on current year basis, as if the person had made direct investment in the venture capital undertaking. The section further exempts the distribution by Venture capital company and the Venture capital fund to its investors from dividend distribution tax and tax deduction at source requirement.

It is proposed to amend the said section so as to provide that the existing pass through scheme contained in the provisions of section 10 (23FB) and section 115U shall not apply to such investment fund to which the new regime provided in section 10(23FBA) and section 115UB applies.

The amendment will take effect from 1st April, 2016 and accordingly apply in relation to the assessment year 2016-17 and subsequent years.

Clause 31 of the Bill seeks to amend section 115UA of the Income-tax Act relating to tax on income of unit holder and business trust.

It is proposed to amend the aforesaid section to provide that the distributed income or any part thereof, received by a unit holder from the business trust, being a real estate investment trust, which is in the nature of income by way of renting or leasing or letting out any real estate asset owned directly by such business trust,

shall be deemed to be income of such unit holder and shall be charged to tax.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 32 of the Bill seeks to insert a new Chapter XII-FB consisting of a new section 115UB in the Income-tax Act relating to tax on income of investment funds and income received from such funds.

Sub-section (1) of the proposed new section seeks to provide that any income accruing or arising to, or received by, a person, being a unit holder of an investment fund, out of investments made in the investment fund shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person had the investment made by the investment fund been made directly by him.

Sub-section (2) of the proposed new section seeks to provide that where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of clause (23FBA) of section 10] is a loss, such loss shall be allowed to be carried forward and it shall be set-off by the investment fund in accordance with the provisions of Chapter VI and such loss shall not be allowed to be passed through to the investors.

Sub-section (3) of the proposed new section seeks to provide that the income paid or credited by the investment fund shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or had accrued or arisen to, the investment fund during the previous year subject to the provisions of sub-section (2).

Sub-section (4) of the proposed new section seeks to provide that the total income of the investment fund shall be charged to tax—

- (i) at the rate or rates as specified in the Finance Act of the relevant year, where such fund is a company or a firm; or
- (ii) at maximum marginal rate in any other case.

Sub-section (5) of the proposed new section seeks to provide that the provisions of Chapter XIID or Chapter XIIE shall not apply to the income paid by an investment fund under this Chapter.

Sub-section (6) of the proposed new section seeks to provide that the income accruing or arising to, or received by, the investment fund, during a previous year, if not paid or credited to the investor, shall subject to the provisions of the proposed sub-section (2), be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

Sub-section (7) of the proposed new section seeks to provide that the person responsible for crediting or making payment of income on behalf of an investment fund and the investment fund shall furnish within such time as may be prescribed, to the person who is liable to tax in respect of such income and to the prescribed income-tax authority, a statement in the prescribed form and verified in such manner, giving details of the nature of the income paid or credited during the previous year and such other relevant details as may be prescribed.

Explanation 1 to the proposed new section seeks to define certain terms such as “investment fund”, “trust” and “unit”.

Further, *Explanation 2* to the proposed new section clarifies that if any income has been included in total income on accrual basis in case of a person, the same shall not be included in total income when such income is actually received by the person.

This amendment will take effect from 1st April, 2016 and accordingly apply in relation to the assessment year 2016-17 and subsequent years.

Clause 33 of the Bill seeks to amend section 132B of the Income-tax Act relating to application of seized or requisitioned assets.

The existing provisions contained in the aforesaid section provides that the assets seized under section 132 or requisitioned under section 132A may be adjusted against the amount of existing liability under the Income-tax Act, the Wealth-tax Act, etc., and the amount of liability determined on completion of assessment.

It is proposed to amend the said section to provide that the asset seized under section 132 or requisitioned under section 132A may be adjusted against the amount of liability arising on an application made before the Settlement Commission under sub-section (1) of section 245C.

This amendment will take effect from 1st June, 2015.

Clause 34 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Section 139, *inter alia*, specifies certain persons which are required to file return of income.

The existing provisions contained in sub-section (4C) of the aforesaid section, *inter alia*, provide for filing return of income by certain entities where income is exempt under section 10 of the Act.

It is proposed to amend the said sub-section (4C) so as to provide that a university, hospital or other institution referred to in sub-clauses (iiiab) and (iiiac) of clause (23C) of section 10 shall be required to furnish a return of income if the total income of such university, hospital or other institution without giving effect to provisions of section 10, exceeds the maximum amount which is not chargeable to income-tax.

It is proposed to amend the said section to provide that every investment fund referred to in section 115UB, which is not required furnish return of income or loss under any other provisions of this section, shall furnish the return of its income in respect of its income or loss in every previous year and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1) of section 139.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent years.

Clause 35 of the Bill seeks to amend section 151 of the Income-tax Act relating to sanction for issue of notice.

The existing provisions contained in section 151 of the Act provides for sanction from certain authorities before issue of notice under section 148. The section specifies different sanctioning authorities for the cases where earlier assessment has been made under sub-section (3) of section 143 or section 147 and other

cases (where no assessment has been so made). Requirement of sanction are also dependent on whether notice is proposed to be issued within or after four years from the end of relevant assessment year. The rank of the Assessing Officer proposing to issue such notice is also relevant to decide whose sanction is required.

It is proposed to amend the said section so as to provide that no notice shall be issued under section 148 by an Assessing Officer, after the expiry of a period of four years from the end of the relevant assessment year, unless the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer, that it is a fit case for the issue of such notice. It is further proposed that in any other case, no notice shall be issued under section 148 by an Assessing Officer, who is below the rank of Joint Commissioner, unless the Joint Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for the issue of such notice.

This amendment will take effect from 1st day of June, 2015.

Clause 36 of the Bill seeks to amend section 153C of the Income-tax Act relating to assessment of income of any other person.

The existing provisions contained in section 153C provide that in the course of an assessment proceeding, in the case of a person in whose case search action under section 132 or action under section 132A have been conducted, and whether the Assessing Officer is satisfied that the assets or books of account or documents seized belong to another person, then, the assets or books of account or documents seized shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against such other person, if he is satisfied that the books of accounts or documents or assets seized have a bearing on determination on the total income of such other person.

It is proposed to amend sub-section (1) of the said section so as to provide that where the Assessing Officer is satisfied that,

(a) any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to; or

(b) any books of account or documents, seized or requisitioned, pertains or pertain to, or any information contained therein, relates to,

a person other than the person referred to in section 153A, then, the books of account or documents or assets, seized or requisitioned, shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if that Assessing Officer is satisfied that the books of account or documents or assets, seized or requisitioned, have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in sub-section (1) of section 153A.

This amendment will take effect from 1st June, 2015.

Clause 37 of the Bill seeks to amend section 154 of the Income-tax Act relating to rectification of mistake.

It is proposed to insert a new clause (d) in sub-section (1) of the aforesaid section so as to provide that an income-tax authority may amend an intimation issued under sub-section (1) of section 206CB.

It is further proposed to amend sub-section (2) of the aforesaid section to insert the reference of "collector" in addition to assessee or deductor, so as to enable him to file an application under the said section.

It is also proposed to amend sub-section (3) of the aforesaid section to insert the reference of "collector" in addition to assessee or deductor, so as to provide a reasonable opportunity of being heard to collector in accordance with the provision of said sub-section.

It is also proposed to amend sub-section (5) of the aforesaid section to insert the reference of "collector" in addition to assessee or deductor, so as to enable issue of refund to the collector in accordance with the provisions of said sub-section.

It is also proposed to amend sub-section (6) of the aforesaid section to insert the reference of "collector" in addition to assessee or deductor, so as to enable service of notice of demand on the collector in accordance with the provisions of said sub-section.

It is also proposed to amend sub-section (8) of the aforesaid section to insert the reference of "collector" in addition to assessee or deductor so as to provide that where an application for amendment under the aforesaid section is filed by the collector, the income-tax authority shall pass an order within the time specified therein.

These amendments will take effect from 1st June, 2015.

Clause 38 of the Bill seeks to amend section 156 of the Income-tax Act relating to notice of demand.

The existing provisions contained in the proviso to the aforesaid section provide that where any sum is determined to be payable by the assessee or by the deductor under sub-section (1) of section 143 or sub-section (1) of section 200A, the intimation under those sub-sections shall be deemed to be a notice of demand for the purposes of this section.

It is proposed to amend the aforesaid proviso to section 156 so as to provide that where any sum is determined to be payable by the assessee or the deductor or the collector under sub-section (1) of section 143 or sub-section (1) of section 200A or sub-section (1) of section 206CB, the intimation under those sub-sections shall be deemed to be a notice of demand for the purposes of this section.

This amendment will take effect from 1st June, 2015.

Clause 39 of the Bill seeks to insert a new section 158AA in the Income-tax Act relating to procedure when in an appeal by revenue an identical question of law is pending before Supreme Court.

Sub-section (1) of the proposed new section seeks to provide that where the Commissioner or Principal Commissioner is of the opinion that any question of law arising in the case of an assessee for any assessment year is identical with a question of law arising in his case for another assessment year which is pending before the Supreme Court in an appeal under section 261 or in a special leave petition under article 136 of the Constitution against the order of the High Court in favour of the assessee, he may, instead of directing the Assessing Officer to file appeal to the Appellate Tribunal, direct the Assessing Officer to make an application to the Appellate Tribunal in the prescribed form within sixty days from the date of receipt of order of the Commissioner (Appeals) stating that an appeal on the question of law arising in the relevant case may be filed when the decision on the question of law becomes final in the other case.

Sub-section (2) of the proposed new section, *inter alia*, seeks to provide that the Commissioner or Principal Commissioner shall direct the Assessing Officer to make an application under sub-section (1) only if an acceptance is received from the assessee to the effect that the question of law in the other case is identical to that arising in the relevant case; and in case no such acceptance is received, the Commissioner or Principal Commissioner shall proceed in accordance with the provisions contained in sub-section (2) or sub-section (2A) of section 253.

Sub-section (3) of the proposed new section seeks to provide that where the order of the Commissioner (Appeals) referred to in sub-section (1) is not in conformity with the final decision on the question of law in the other case, the Commissioner or Principal Commissioner may direct the Assessing Officer to appeal to the Appellate Tribunal against such order and, save as otherwise provided in this section, all other provisions of Part B of chapter XX shall apply accordingly.

Sub-section (4) of the proposed new section seeks to provide that every appeal under sub-section (3) shall be filed within sixty days of the date on which the order of the Supreme Court in the other case is communicated to the Commissioner or Principal Commissioner.

This amendment will take effect from 1st June, 2015.

Clause 40 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary.

Under the existing provisions contained in sub-section (1) of the aforesaid section, any person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made on the estimated income of the assessee under the head "Salaries" for that financial year.

It is proposed to insert sub-section (2D) in the said section to provide that the person responsible for making the payment referred to in sub-section (1) of the said section shall, for the purposes of estimating income of the assessee or computing tax deductible under sub-section (1), obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed.

This amendment will take effect from 1st June, 2015.

Clause 41 of the Bill seeks to insert a new section 192A in the Income-tax Act relating to payment of accumulated balance due to an employee.

It is proposed to insert a new section 192A so as to provide that notwithstanding anything contained in any other provisions of this Act, the trustees of the Employees' Provident Fund Scheme, 1952 framed under section 5 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, or any person authorised under the scheme to make payment of accumulated balance due to employees, shall, in a case where the accumulated balance due to an employee participating in a recognised provident fund is includible in his total income owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable, at the time of payment of accumulated balance due to the employee, deduct income-tax thereon at the rate of ten per cent.

It is further proposed to provide that no deduction under the aforesaid section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payment to the payee is less than thirty thousand rupees.

It is further proposed to provide that any person entitled to receive any amount on which tax is deductible under this section shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the maximum marginal rate.

This amendment will take effect from 1st June, 2015.

Clause 42 of the Bill seeks to amend section 194A of the Income-tax Act relating to interest other than interest on securities.

Under the existing provisions contained in the proviso to clause (i) of sub-section (3) of the aforesaid section, income credited or paid in respect of time deposits with a banking company or co-operative society or deposits with a public company, as the case may be, shall be computed with reference to the branch of the banking company or co-operative society or public company, as the case may be.

It is proposed to insert a proviso after the existing proviso to the said clause (i) of sub-section (3) of the aforesaid section so as to provide that the amount referred to in the first proviso shall be computed with reference to the income credited or paid by the banking company or the co-operative society or the public company, as the case may be, where such banking company or the co-operative society or the public company has adopted core banking solutions.

The existing provisions of clause (v) of sub-section (3) of the aforesaid section provide that the provisions of sub-section (1) of the aforesaid section shall not apply to income credited or paid by a co-operative society to a member thereof or to any other co-operative society.

It is proposed to amend the said sub-clause so as to provide that the provisions of sub-section (1) of section 194A shall not apply to income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.

It is further proposed to provide an *Explanation* below clause (v) of sub-section (3) of aforesaid section 194A to define the expression "co-operative bank".

The existing provisions of clause (ix) of sub-section (3) of section 194A provides that the provisions of sub-section (1) of section 194A shall not apply to income credited or paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees.

It is proposed to substitute the aforesaid clause so as to provide that the provisions of sub-section (1) of section 194A shall not apply to income credited by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal.

It is also proposed to insert a new clause (ixa) in sub-section (3) of section 194A to provide that the provisions of sub-section (1) of section 194A shall not apply to income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case

may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees.

Explanation 1 to sub-section (3) of the aforesaid section defines the expression 'time deposits' for the purposes of clauses (i), (vii) and (viiia) of the said sub-section (3) as deposits (excluding recurring deposits) repayable on the expiry of fixed periods. It is proposed to amend the said definition of 'time deposits' so as to provide that for the purposes of said clauses the expression 'time deposits' shall not exclude but include recurring deposits.

These amendments will take effect from 1st June, 2015.

Clause 43 of the Bill seeks to amend section 194C of the Income-tax Act relating to payments to contractors.

Under the existing provisions contained in sub-section (6) of the aforesaid section, no deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, on furnishing of his Permanent Account Number, to the person paying or crediting such sum.

It is proposed to amend sub-section (6) of the said section so as to provide that no deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less than ten goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum.

This amendment will take effect from 1st June, 2015.

Clause 44 of the Bill seeks to amend section 194-I of the Income-tax Act relating to rent.

The aforesaid section provides for deduction of tax at source on payment of any income by way of rent to a resident.

It is proposed to amend the said section by inserting a proviso that no deduction shall be made under the section where the income by way of rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust.

This amendment will take effect from 1st June, 2015.

Clause 45 of the Bill seeks to amend section 194LBA of the Income-tax Act relating to certain income from units of a business trust.

It is proposed to amend the sub-section (1) of the aforesaid section to provide that where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates of ten per cent.

It is further proposed to amend the said section to provide that where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FCA) of section 10, is payable by a business trust to its unit holder, being a non-resident

(not being a company), or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.

These amendments will take effect from 1st June, 2015.

Clause 46 of the Bill seeks to insert a new section 194LBB in the Income-tax Act relating to income in respect of units of investment fund.

The proposed new section seeks to provide that where any income other than that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10, is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the *Explanation 1* to section 115UB, the person responsible for making the payment shall, at the time of credit of such income to the account of payee, or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

This amendment will take effect from 1st June, 2015.

Clause 47 of the Bill, seeks to amend section 194LD of the Income-tax Act relating to Income by way of interest on certain bonds and Government securities.

Under the existing provisions contained in sub-section (2) of the aforesaid section, the interest income eligible for lower withholding tax rate of five per cent. as provided in sub-section (1) has been specified to be the interest payable on or after the 1st day of June, 2013 but before the 1st day of June, 2015.

It is proposed to amend aforesaid sub-section (2) to provide that the concessional rate of five per cent. withholding tax on interest payment in respect of investments in Government securities and rupee denominated corporate bonds shall now be available on interest payable before the 1st day of July, 2017.

This amendment will take effect from 1st June, 2015.

Clause 48 of the Bill seeks to amend section 195 of the Income-tax Act relating to other sums.

The existing provisions contained in sub-section (6) of the aforesaid section provide that the person referred to in sub-section (1) shall furnish the information relating to payment of any sum in such form and manner as may be prescribed by the Board.

It is proposed to substitute sub-section (6) of the aforesaid section so as to provide that the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed.

This amendment will take effect from 1st June, 2015.

Clause 49 of the Bill seeks to amend section 197A of the Income-tax Act relating to no deduction to be made in certain cases.

The existing provisions contained in sub-sections (1A) and (1C) of the aforesaid section provide that no deduction of tax shall be made under the sections referred to in the said sub-sections in the case of a person specified therein, if such person furnishes

to the persons responsible for paying any income of the nature referred to in specified sections, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.

It is proposed to amend the sub-section (1A) and sub-section (1C) of the said section so as to give the reference of section 192A and section 194DA also in the said sub-sections.

These amendments will take effect from 1st June, 2015.

Clause 50 of the Bill seeks to amend section 200 of the Income-tax Act relating to duty of the person deducting tax.

The existing provisions contained in sub-section (1) of the aforesaid section provide that any person deducting any sum in accordance with the provisions of Chapter XVII shall pay within the prescribed time the sum so deducted to the credit of the Central Government or as the Board directs. The existing provisions contained in sub-section (2) of the said section provide that the employer referred to in sub-section (1A) of section 192 shall pay within the prescribed time, the tax to the credit of the Central Government or as the Board directs.

It is proposed to insert sub-section (2A) in the said section to provide that in case of an office of the Government, where the sum deducted in accordance with the foregoing provisions of this Chapter or tax referred to in sub-section (1A) of section 192 has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called, who is responsible for crediting such sum or tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.

This amendment will take effect from 1st June, 2015.

Clause 51 of the Bill seeks to amend section 200A of the Income-tax Act relating to processing of statements of tax deducted at source.

The existing provisions contained in sub-section (1) of the aforesaid section provide that statement of tax deduction at source or a correction statement made under section 200 shall be processed in the manner specified therein.

It is proposed to amend sub-section (1) of the said section to provide that statement of tax deduction at source or correction statement made under section 200 shall be processed and sum deductible under Chapter XVII shall be computed after also taking into account the fee, if any, payable in accordance with the provisions of section 234E. The sum payable or refundable shall be determined after adjusting the aforesaid computed sum against any amount paid under section 200 or section 201 or section 234E and any amount paid otherwise by way of tax or interest or fee.

This amendment will take effect from 1st June, 2015.

Clause 52 of the Bill seeks to amend section 203A of the Income-tax Act relating to tax deduction and collection account number.

Under the existing provisions contained in sub-section (1) of the aforesaid section, every person deducting or collecting tax in accordance with Chapter XVII, who has not been allotted a "tax deduction account number" or, as the case may be, a "tax collection account number", is required to apply for "tax deduction and collection account number". Sub-section (2) of the said section provides that a person, to whom "tax deduction account number" or, as the case may be, "tax collection account number" or "tax deduction and collection account number" is allotted, is required to quote such number in the challans, certificates, statements, returns or documents as specified in clauses (a) to (d) of the said sub-section.

It is proposed to insert sub-section (3) in the said section so as to provide that the provisions of the said section shall not apply to a person notified by the Central Government in this behalf.

This amendment will take effect from 1st June, 2015.

Clause 53 of the Bill seeks to amend section 206C of the Income-tax Act relating to profit and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

The existing provisions contained in sub-section (3) of the aforesaid section provide that any person collecting any amount under sub-section (1) or sub-section (1C) or sub-section (1D) shall pay within the prescribed time, the amount so collected to the credit of the Central Government or as the Board directs.

It is proposed to insert sub-section (3A) in the said section to provide that in case of an office of the Government, where the amount collected under sub-section (1) or sub-section (1C) or sub-section (1D) has been paid to the credit of the Central Government without the production of a challan by the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.

The existing provisions contained in the proviso to sub-section (3) of the said section provide that any person collecting tax on or after 1st April, 2005 in accordance with the provisions of the said section shall, after paying the tax collected to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed authority, or to the person authorised by such authority, such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed.

It is proposed to insert sub-section (3B) in the said section so as to provide that the person referred to in proviso to sub-section (3) may also deliver to the prescribed authority under the said proviso, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the said proviso in such form and verified in such manner, as may be specified by the authority.

This amendment will take effect from 1st June, 2015.

Clause 54 of the Bill seeks to insert a new section 206CB of the Income-tax Act relating to processing of statements of tax collected at source.

The existing provisions contained in the Income-tax Act provide the method of processing of statements of tax deducted at source. Since there is no procedure specified with respect to the processing of tax collected at source, it is proposed to insert a new section 206CB relating to processing of statements of tax collected at source and the said section provide that statement of tax collection at source or a correction statement made under section 206C shall be processed in the manner specified therein.

This amendment will take effect from 1st June, 2015.

Clause 55 of the Bill seeks to amend section 220 of the Income-tax Act relating to when tax payable and when assessee deemed in default.

It is proposed to insert sub-section (2C) in the aforesaid section so as to provide that notwithstanding anything contained in sub-section (2) of section 220, where interest is charged under sub-section (7) of section 206C on the amount of tax specified in the intimation issued under sub-section (1) of section 206CB for any period, then, no interest shall be charged under the said sub-section (2) on the same amount for the same period.

This amendment will take effect from 1st June, 2015.

Clause 56 of the Bill seeks to amend section 234B of the Income-tax Act relating to interest for defaults in payment of advance tax.

It is proposed to insert a new sub-section (2A) in the aforesaid section so as to provide that,—

(a) where an assessee has made an application under sub-section (1) of section 245C for any assessment year, he shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of making such application, on the additional amount of income-tax referred to in that sub-section;

(b) where as a result of an order of the Settlement Commission under sub-section (4) of section 245D for any assessment year, the amount of total income disclosed in the application under sub-section (1) of section 245C is increased, the assessee shall be liable to pay simple interest at the rate of one per cent. for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of such order, on the amount by which the tax on the total income determined on the basis of such order exceeds the tax on the total income disclosed in the application filed under sub-section (1) of section 245C.

The existing provisions contained in sub-section (3) of the said section provides that where the total income is increased on reassessment under section 147 or section 153A, the assessee shall be liable for interest at the rate of one per cent. on the amount of the increase in total income for the period commencing from the date of determination of total income under sub-section (1) of section 143 or on regular assessment and ending on the date of reassessment under section 147 or section 153A.

It is proposed to amend sub-section (3) of the said section so as to provide that the period for which the interest is to be computed will begin from the 1st day of April next following the financial year and end on the date of determination of total income under section 147 or section 153A.

These amendments will take effect from 1st day of June, 2015.

Clause 57 of the Bill seeks to amend section 245A of the Income-tax Act relating to definitions in respect of settlement of cases.

The existing provision contained in clause (b) of the aforesaid section defines a case for the purpose of Chapter XIX-A as any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 245C is made. The *Explanation* to the said clause provides for deemed commencement of proceedings under different situations.

It is proposed to amend clause (i) of the *Explanation* to clause (b) of the said section to provide that a proceeding for assessment or reassessment or recomputation under section 147 shall be deemed to have commenced—

(a) from the date on which a notice under section 148 is issued for any assessment year;

(b) from the date of issuance of such notice referred to in sub-clause (a), for any other assessment year or assessment years for which a notice under section 148 has not been issued but such notice could have been issued on such date, if the return of income for the other assessment year or assessment years has been furnished under section 139 or in response to a notice under section 142.

The existing provisions contained in clause (iv) of the *Explanation* to clause (b) of section 245A provide that a proceeding for assessment for any assessment year, other than the proceedings of assessment or reassessment referred to in clause (i) or clause (iii) or clause (iiia) of the *Explanation*, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made.

It is proposed to amend clause (iv) of the said *Explanation* to provide that the proceeding for assessment shall be deemed to have commenced from the date on which a return of income for that assessment year is furnished under section 139 or in response to notice under section 142 and concluded on the date on which the assessment is made, or on the expiry of two years from the end of relevant assessment year in case where no assessment is made.

This amendment will take effect from 1st June, 2015.

Clause 58 of the Bill seeks to amend section 245D of the Income-tax Act relating to procedure on receipt of an application under section 245C.

The existing provision contained in sub-section (6B) of section 245D of the Income-tax Act provides that the Settlement Commission may, at any time within a period of six months from the date of the order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (4).

It is proposed to amend the said sub-section (6B) to provide that the Settlement Commission may, with a view to rectify any mistake apparent from the record, amend any order passed by it under sub-section (4)—

(a) at any time within a period of six months from the end of month in which the order was passed;

(b) on an application made by the Principal Commissioner or Commissioner before the end of the period of six months from the end of the month in which such application was made.

This amendment will take effect from 1st June, 2015.

Clause 59 of the Bill seeks to amend section 245H of the Income-tax Act relating to power of Settlement Commission to grant immunity from prosecution and penalty.

The existing provision contained in sub-section (1) of section 245H of the Income-tax Act provides that the Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 245C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his income and the manner in which such income has been derived, grant to such person, immunity from prosecution.

It is proposed to amend the said sub-section to provide that the Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 245C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his income and the manner in which such income has been derived, grant to such person, for the reasons to be recorded in writing, immunity from prosecution.

This amendment will take effect from 1st June, 2015.

Clause 60 of the Bill seeks to amend section 245HA of the Income-tax Act relating to abatement of proceeding before Settlement Commission.

The existing provision contained in sub-section (1) of section 245HA of the Income-tax Act provides for abatement of proceedings in different situations.

It is proposed to amend sub-section (1) of section 245HA of the Income-tax Act to provide that where in respect of any application made under section 245C, an order under sub-section (4) of section 245D has been passed not providing for the terms of settlement then, the proceedings before the Settlement Commission shall abate on the day on which the order under sub-section (4) of section 245D was passed not providing for the terms of settlement.

This amendment will take effect from 1st June, 2015.

Clause 61 of the Bill seeks to amend section 245K of the Income-tax Act relating to bar on subsequent application for settlement.

The existing provisions contained in the aforesaid section provides that where an application of a person has been allowed to be proceeded with under sub-section (1) of section 245D, then, such person shall not be subsequently entitled to make an application before the Settlement Commission. It further provides that in certain situations the person shall not be entitled to apply for settlement before the Settlement Commission.

It is proposed to amend section 245K of the Income-tax Act to provide that any person related to the person who is barred on subsequent application for settlement also cannot make any application subsequently before the Settlement Commission. The expression "related person" with respect to a person has also been clarified to mean, —

(i) where such person is an individual, any company in which such person holds more than fifty per cent. of the shares or voting power at any time, or any firm or association of person or body of individual in which such person is entitled to more than fifty per cent. of the profits at any time, or any Hindu undivided family in which such person is a *karta*;

(ii) where such person is a company, any individual who held more than fifty per cent. of the shares or voting power in such company at any time before the date of application before the Settlement Commission by such person;

(iii) where such person is a firm or association of person or body of individual, any individual who was entitled to more than fifty per cent. of the profits in such firm, association of persons or body of individuals, at any time before the date of application before the Settlement Commission by such person;

(iv) where such person is an undivided Hindu family, the *karta* of that Hindu undivided family.

This amendment will take effect from 1st June, 2015.

Clause 62 of the Bill seeks to amend section 246A of the Income-tax Act relating to appealable order before Commissioner (Appeals).

The existing provisions of aforesaid section, *inter alia*, provide for appeal to be preferred by any assessee or deductor to the Commissioner (Appeals) as against the orders passed under various provisions of the Income-tax Act as specified in sub-section (1) thereof. It is proposed to include the reference of "any collector", in addition to any assessee or any deductor, in sub-section (1) of the said sub-section so as to enable such collector also to prefer an appeal under the said section.

It is further proposed to amend clause (a) of sub-section (1) of the said section so as to provide that the collector may prefer an appeal to the Commissioner (Appeals) against an intimation issued under sub-section (1) of section 206CB.

This amendment will take effect from 1st June, 2015.

Clause 63 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

The existing provision contained in sub-section (1) of section 253 specifies the orders appealable before the Income-Tax Appellate Tribunal.

It is proposed to amend sub-section (1) of the said section by insertion of a new clause (f) so as to provide that an assessee aggrieved by the order passed by the prescribed authority under sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 may prefer an appeal to the Appellate Tribunal.

This amendment will take effect from 1st June, 2015.

Clause 64 of the Bill seeks to amend section 255 of the Income-tax Act relating to the procedure of Appellate Tribunal.

The existing provision contained in sub-section (3) of section 255 of the Income-tax Act provides for constitution of a single member Bench and a Special Bench. It provides that the single member Bench may dispose of any case which pertains to an assessee whose total income as computed by the Assessing Officer does not exceed five hundred thousand rupees.

It is proposed to amend sub-section (3) of the said section so as to provide that a single member Bench may dispose of a case where the total income as computed by the Assessing Officer does not exceed fifteen lakh rupees.

This amendment will take effect from 1st June, 2015.

Clause 65 of the Bill seeks to amend section 263 of the Income-tax Act relating to revision of orders prejudicial to revenue.

The existing provisions contained in sub-section (1) of section 263 provide that if the Principal Commissioner or Commissioner considers that any order passed by the assessing officer is erroneous in so far as it is prejudicial to the interest of revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made an enquiry, as he deems necessary, pass an order modifying the assessment made by the assessing officer or cancelling the assessment and directing fresh assessment.

It is proposed to amend sub-section (1) of the aforesaid section to insert an *Explanation* so as to provide that an order passed by the Assessing Officer shall be deemed to be erroneous in so far as it is prejudicial to the interests of the revenue, if, in the opinion of the Principal Commissioner or Commissioner,—

(a) the order is passed without making inquiries or verification which, should have been made;

(b) the order is passed allowing any relief without inquiring into the claim;

(c) the order has not been made in accordance with any order, direction or instruction issued by the Board under section 119; or

(d) the order has not been passed in accordance with any decision which is prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person.

This amendment will take effect from 1st June, 2015.

Clause 66 of the Bill seeks to substitute section 269SS of the Income-tax Act relating to mode of taking or accepting certain loans and deposits.

The existing provision contained in section 269SS provides that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is twenty thousand rupees or more.

It is proposed to substitute the said section so as to provide that no person shall take from any person, any loan or deposit or specified sum, otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit or specified sum is twenty thousand rupees or more.

It is also proposed to define "specified sum" as any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property whether or not the transfer materialises.

These amendments will take effect from 1st June, 2015.

Clause 67 of the Bill seeks to amend section 269T of the Income-tax Act relating to mode of repayment of certain loans and deposits.

The existing provision contained in section 269T provides that any loan or deposit shall not be repaid, otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, by the persons specified in the said section, if the amount of such loan or deposit is twenty thousand rupees or more.

It is proposed to amend the said section so as to provide that any loan or deposit or specified advance shall not be repaid,

otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, by the person specified in the said section, if the amount of such loan or deposit or specified advance is twenty thousand rupees or more.

It is further proposed to define "specified advance" as any sum of money received, as an advance or otherwise, in relation to transfer of an immovable property and becomes repayable if the negotiations do not result in transfer of such immovable property.

These amendments will take effect from 1st June, 2015.

Clause 68 of the Bill seeks to amend section 271 of the Income-tax Act relating to failure to furnish returns, comply with notices, concealment of income, etc.

The existing provisions contained in clause (iii) of sub-section (1) of the aforesaid section provide that if a person has concealed the particulars of his income or furnished inaccurate particulars of such income such person shall pay by way of penalty a sum of one hundred per cent. to three hundred per cent. of tax sought to be evaded. *Explanation 4* to aforesaid sub-section provides for the meaning of the expression amount of tax sought to be evaded.

It is proposed to provide that the amount of tax sought to be evaded shall be determined in accordance with the following formula—

$$(A - B) + (C - D)$$

where

A = amount of tax on the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (hereinafter called general provisions);

B = amount of tax that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished;

C = amount of tax on the total income assessed as per the provisions contained in section 115JB or section 115JC;

D = amount of tax that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished:

Provided that where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished on any issue is considered both under general provisions and under the provisions contained in section 115JB or section 115JC, such amount shall not be reduced from total income assessed while determining the amount under item D:

Provided further that where the provisions contained in section 115JB or section 115JC are not applicable, the item (C - D) in the formula shall be ignored.

It is further proposed to provide that where in any case the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished has the effect of reducing the loss declared in the return or converting that loss into income, the amount of tax sought to be evaded shall be determined in accordance with the formula contained in clause (a) with the modification that the amount to be determined for item (A - B) in that formula shall be the amount of tax that would have been chargeable on the income in respect of which

particulars have been concealed or inaccurate particulars have been furnished had such income been the total income.

It is also proposed to provide that where in any case to which *Explanation 3* applies, the amount of tax sought to be evaded shall be the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self-assessment tax paid before the issue of notice under section 148.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent years.

Clause 69 of the Bill seeks to amend section 271D of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269SS.

The existing provision contained in section 271D of the Income-tax Act provides that if a person accepts any loan or deposit in contravention of the provisions of section 269SS, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit so accepted.

It is proposed to amend section 271D of the Income-tax Act to provide that if a person accepts any loan or deposit or specified sum referred to in section 269SS in contravention of the provisions of that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified sum so accepted.

This amendment will take effect from 1st June, 2015.

Clause 70 of the Bill seeks to amend section 271E of the Income-tax Act relating to penalty for failure to comply with the provisions of section 269T.

The existing provision contained in section 271E of the Income-tax Act provides that if a person repays any loan or deposit referred to in section 269T otherwise than in accordance with the provisions of that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit so repaid.

It is proposed to amend section 271E of the Income-tax Act to provide that if a person repays any loan or deposit or specified advance referred to in section 269T otherwise than in accordance with the provisions of that section, he shall be liable to pay, by way of penalty, a sum equal to the amount of the loan or deposit or specified advance so repaid.

This amendment will take effect from 1st June, 2015.

Clause 71 seeks to insert a new section 271FAB of the Income-tax Act relating to penalty for failure to furnish statement or information or document by an eligible investment fund.

It is proposed to provide that if any eligible investment fund which is required to furnish a statement or any information and document under sub-section (5) of section 9A fails to furnish such statement or information and the document within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such fund shall pay, by way of penalty, a sum equal to five hundred thousand rupees.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 72 of the Bill seeks to insert a new section 271GA relating to penalty for failure to furnish information or document under section 285A.

It is proposed to provide that if any Indian concern which is required to furnish any information or document under the proposed section 285A, fails to do so, the Income-tax authority as may be prescribed in the said section 285A, may direct that such Indian concern shall pay, by way of penalty,—

(i) a sum equal to two per cent. of the value of the transaction, in respect of which such failure has taken place, if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern;

(ii) a sum of five hundred thousand rupees in any other case.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 73 of the Bill seeks to insert a new section 271-I in the Income-tax Act relating to penalty for failure to furnish information or for furnishing inaccurate information under section 195.

It is proposed to insert a new section 271-I so as to provide that if a person, who is required to furnish information under sub-section (6) of section 195, fails to furnish such information; or furnishes inaccurate information, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one lakh rupees.

This amendment will take effect from 1st June, 2015.

Clause 74 of the Bill seeks to amend section 272A of the Income-tax Act relating to penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.

The proposed amendment seeks to insert a new clause (m) in sub-section (2) of the aforesaid section to provide that if any person fails to deliver or cause to be delivered a statement within the time as may be prescribed under sub-section (2A) of section 200 or sub-section (3A) of section 206C, then, such person shall pay, by way of penalty, a sum of one hundred rupees for every day of such default.

It is also proposed to amend first proviso to sub-section (2) of the said section so as to provide that the amount of penalty for failure to file statements under sub-section (2A) of section 200 or under sub-section (3A) of section 206C shall not exceed the amount of tax deductible or tax collectible, as the case may be.

These amendments will take effect from 1st June, 2015.

Clause 75 of the Bill seeks to amend section 273B of the Income-tax Act relating to penalty not to be imposed in certain cases.

The section provides for non-levy of penalty under various sections of the Income-tax Act enumerated in the said section, if the assessee is able to show existence of reasonable cause for the failure for which penalty is leviable.

It is proposed to amend the aforesaid section so as to include the proposed new section 271FAB relating to penalty for failure to furnish statement or information or document by an eligible investment fund.

It is further proposed to amend the said section to include the reference of the proposed new section 271 GA relating to penalty for failure to furnish information or document under section 285A.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

It is also proposed to amend the aforesaid section so as to include the reference of new section 271-I.

This amendment will take effect from 1st June, 2015.

Clause 76 of the Bill seeks to insert a new section 285A relating to furnishing of information by an Indian concern in certain cases.

It is proposed to provide that where any share or interest in a company or entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India as referred to in the *Explanation 5* to clause (i) of sub-section (1) of section 9, and such company or, as the case may be, entity holds such assets in India through or in an Indian concern, then, any such Indian concern shall, for the purposes of determination of income accruing or arising in India, under the clause (i) of sub-section (1) of section 9, furnish within the prescribed period to the prescribed income-tax authority the relevant information or document, in such manner and form as is prescribed in this behalf.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Clause 77 of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

The existing *Explanation* below sub-section (2) of aforesaid section provides that in the aforesaid section, "accountant" means a chartered accountant within the meaning of the Chartered Accountants Act, 1949, and includes, in relation to any State, any person who by virtue of the provisions of sub-section (2) of section 226 of the Companies Act, 1956, is entitled to be appointed to act as an auditor of companies registered in that State.

It is proposed to substitute the said *Explanation* so as to provide that the expression "accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 who holds a valid certificate of practice under sub-section (1) of section 6 of that Act. It is further proposed to provide that the accountant shall not include the following persons (except for the purposes of representing an assessee under sub-section (1))—

(a) in case of an assessee, being a company, the person who is not eligible for appointment as an auditor of the said company in accordance with the provisions of sub-section (3) of section 141 of the Companies Act, 2013; or

(b) in any other case, (i) the assessee himself or in case of the assessee, being a firm or association of persons or Hindu undivided family, any partner of the firm, or member of the association or the family; (ii) in case of the assessee, being a trust or institution, any persons referred to in clauses (a), (b), (c) and (cc) of sub-section (3) of section 13; (iii) in case of a person other than persons referred to in sub-clause (i) and (ii), the person who is competent to verify the return under section 139 in accordance with the provisions of the section 140; (iv) any relative of any of the persons referred to in sub-clauses (i), (ii)

and (iii); (v) an officer or employee of the assessee; (vi) an individual who is a partner, or who is in the employment, of an officer or employee of the assessee; (vii) an individual who, or his relative or partner is holding any security of or interest in the assessee. It is also provided that the relative may hold security or interest in the assessee of the face value not exceeding one hundred thousand rupees; an individual who, or his relative or partner is indebted to the assessee. It is also provided that the relative may be indebted to the assessee for an amount not exceeding one hundred thousand rupees; an individual who, or his relative or partner has given a guarantee or provided any security in connection with the indebtedness of any third person to the assessee. It is also provided that the relative may give guarantee or provide any security in connection with the indebtedness of any third person to the assessee for an amount not exceeding one hundred thousand rupees; (viii) a person who, whether directly or indirectly, has business relationship with the assessee of such nature as may be prescribed; (ix) a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction.

It is further proposed to amend sub-section (4) of the said section so as to provide that a person who has been convicted by a court of an offence involving fraud shall not be qualified to represent an assessee under sub-section (1) of the said section for a period of ten years from the date of conviction.

It is also proposed to insert an *Explanation* at the end of the said section so as to provide that the expression "relative" in relation to an individual means (a) spouse of the individual; (b) brother or sister of the individual; (c) brother or sister of the spouse of the individual; (d) any lineal ascendant or descendant of the individual; (e) any lineal ascendant or descendant of the spouse of the individual; (f) spouse of a person referred to in clause (b), clause (c), clause (d) or clause (e); (g) any lineal descendant of a brother or sister of either the individual or of the spouse of the individual.

These amendments will take effect from 1st June, 2015.

Clause 78 of the Bill seeks to amend section 295 of the Income-tax Act relating to power to make rules.

The existing provisions contained in sub-section (1) of the aforesaid section provide that the Board may make rules for the whole or any part of India for carrying out the purposes of this Act. Sub-section (2) of the said section specifies the matters in respect of which such rules may be provided.

It is proposed to amend the said sub-section (2) so as to provide that the Board may, by rules, provide the procedures for the granting of relief or deduction, as the case may be, of any income-tax paid in any country or specified territory outside India, under section 90 or section 90A or section 91, against the income-tax payable under this Act.

This amendment will take effect from 1st June, 2015.

Clause 79 of the Bill seeks to amend section 3 of the Wealth-tax Act relating to charge of wealth-tax.

The existing provisions contained in sub-section (2) of the aforesaid section provides that wealth-tax in respect of net wealth of every individual, Hindu undivided family and company is charged at the rate of one per cent. of the amount of taxable net wealth for the assessment year commencing on 1st day of April, 1993 and subsequent assessment years.

It is proposed to amend the said sub-section (2) so as to provide that wealth-tax shall not be charged in respect of assessment year commencing on or after 1st day of April, 2016.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Customs

Clause 80 of the Bill seeks to amend section 28 of the Customs Act, so as to—

(i) insert a proviso in sub-section (2) thereof to provide that where notice under clause (a) has been served and the proper officer is of the opinion that the amount of duty with interest leviable under section 28AA or the amount of interest, as the case may be, as specified in the notice, has been paid in full within thirty days from the date of receipt of the notice, no penalty shall be levied and the proceedings in respect of such person or other persons to whom the said notice is served under clause (a) of sub-section (1) shall be deemed to be concluded;

(ii) impose a penalty of "fifteen per cent." in place of "twenty-five per cent." of the duty referred to in sub-section (5) thereof;

(iii) insert an *Explanation* after *Explanation 2* thereof to declare that the proceedings in respect of any case of non-levy, short-levy, non-payment, short-payment or erroneous refund where show cause notice has been issued under sub-section (1) or sub-section (4), as the case may be, but an order determining duty under sub-section (8) has not been passed before the date on which the Finance Bill, 2015 receives the assent of the President, shall, without prejudice to the provisions of sections 135, 135A and 140, as may be applicable, be deemed to be concluded, if the payment of duty, interest and penalty under the proviso to sub-section (2) or under sub-section (5), as the case may be, is made in full within thirty days from the date on which such assent is received.

Clause 81 of the Bill seeks to amend section 112 of the Customs Act, so as to substitute sub-clause (ii) of clause (b) thereof to specify a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher. The clause further seeks to provide that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA, is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined.

Clause 82 of the Bill seeks to amend section 114 of the Customs Act, so as to substitute clause (ii) thereof to specify a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher. The clause further seeks to provide that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA, is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined.

Clause 83 of the Bill seeks to amend section 127A of the Customs Act, so as to omit the words "in any appeal or revision, as the case may be," occurring in the proviso to clause (b) thereof.

Clause 84 of the Bill seeks to amend section 127B of the Customs Act, so as to omit sub-section (1A) thereof.

Clause 85 of the Bill seeks to amend section 127C of the Customs Act, so as to omit sub-section (6) thereof.

Clause 86 of the Bill seeks to omit section 127E of the Customs Act.

Clause 87 of the Bill seeks to amend section 127H of the Customs Act, so as to omit the *Explanation* thereto.

Clause 88 of the Bill seeks to amend sub-section (1) of section 127L of the Customs Act, so as to omit certain words.

Customs Tariff

Clause 89 of the Bill seeks to amend Chapters 27, 72, 73 and 87 of the First Schedule to the Customs Tariff Act in the manner specified in the Second Schedule so as to revise tariff rates in respect of the tariff items specified therein.

Central Excise

Clause 90 of the Bill seeks to amend section 3A of the Central Excise Act with a view to insert *Explanation 3* therein, so as to explain that, for the purposes of sections (2) and (3) of section 3A of the Central Excise Act, the word “factor” includes “factors”.

Clause 91 of the Bill seeks to amend section 11A of the Central Excise Act, so as to—

- (i) omit sub-sections (5), (6) and (7) thereof;
- (ii) omit the words “or sub-section (5)” occurring in sub-sections (7A), (8) and clause (b) of sub-section (11);
- (iii) amend *Explanation* thereof;
- (iv) insert a new sub-section (16) therein to provide that the provisions of this section shall not apply to cases where the liability of duty not paid or short-paid is self-assessed and declared as duty payable by the assessee in the periodic returns filed by him, and in such case, recovery of non-payment or short-payment of duty shall be made in such manner as may be prescribed.
- (v) substitute *Explanation 2* thereof to provide that any non-levy, short-levy, non-payment, short-payment or erroneous refund where no show cause notice has been issued before the date on which the Finance Bill, 2015 receives the assent of the President, shall be governed by the provisions of section 11A as amended by the Finance Act, 2015;

Clause 92 of the Bill seeks to substitute a new section for section 11AC of the Central Excise Act so as to rationalise the penalty provisions contained therein.

Clause 93 of the Bill seeks to amend section 31 of the Central Excise Act, so as to omit the words “in any appeal or revision, as the case may be,” occurring in the proviso in clause (c) thereof.

Clause 94 of the Bill seeks to amend section 32 of the Central Excise Act, so as to omit the proviso to sub-section (3) thereof.

Clause 95 of the Bill seeks to amend section 32B of the Central Excise Act, so as to substitute the words “the Member” for the words “, as the case may be, such one of the Vice-Chairmen”.

Clause 96 of the Bill seeks to amend section 32E of the Central Excise Act, so as to omit sub-section (1A) thereof.

Clause 97 of the Bill seeks to amend section 32F of the Central Excise Act so as to omit certain words therefrom.

Clause 98 of the Bill seeks to omit section 32H of the Central Excise Act.

Clause 99 of the Bill seeks to omit the *Explanation* to sub-section (1), of section 32K of the Central Excise Act.

Clause 100 of the Bill seeks to amend sub-section (1) of section 32-O of the Central Excise Act, so as to omit certain words therefrom.

Clause 101 of the Bill seeks to amend sub-sections (4) and (5) of section 37 of the Central Excise Act so as to substitute the words “two thousand rupees” with the words “five thousand rupees”.

Clause 102 of the Bill seeks to amend the notification of the Government of India in the Ministry of Finance issued under sub-section (1) of section 5A of the Central Excise Act bearing number G.S.R. 163 (E), dated the 17th March, 2012 in the manner specified in the Third Schedule so as to amend the said notification retrospectively for the period as specified in the said Schedule.

Clause 103 of the Bill seeks to amend the Third Schedule to the Central Excise Act in the manner specified in the Fourth Schedule, so as to insert and amend certain entries therein.

Central Excise Tariff

Clause 104 of the Bill seeks to amend the First Schedule to the Central Excise Tariff Act in the manner specified in the Fifth Schedule so as to revise tariff rates in respect of certain tariff items.

Service Tax

Clause 105 of the Bill seeks to amend section 65B of 1994 Act so as to insert certain clauses, modify or clarify the scope of certain definitions and

- (a) to omit clauses (9), (24), and (49);
- (b) to omit certain words in clause (40),

with effect from such date as the Central Government may, by notification, appoint.

Clause 106 of the Bill seeks to amend section 66B of 1994 Act so as to increase the service tax rate from twelve to fourteen per cent.

Clause 107 of the Bill seeks to amend section 66D of 1994 Act so as to modify the scope of the services specified in negative list.

Clause 108 of the Bill seeks to insert an illustration in sub-section (1) of section 66F of 1994 Act, so as to clarify the scope of that sub-section by means of an illustration.

Clause 109 of the Bill seeks to amend section 67 of 1994 Act so as to substitute clause (a) of the *Explanation* to amplify the scope of the term “consideration”.

Clause 110 of the Bill seeks to amend section 73 of 1994 Act so as to—

- (a) insert a new sub-section (1B) to provide that the recovery may be made under section 87 of the self-assessed service tax, declared in the return but not paid, without service of any notice under sub-section (1);
- (b) omit sub-section (4A).

Clause 111 of the Bill seeks to substitute a new section for section 76 of 1994 Act relating to penalty for failure to pay service tax in cases other than by reason of fraud, collusion, willful mis-statement, suppression of facts or contravention of the provisions of the Act or the rules made thereunder with the intent to evade payment of service tax.

Clause 112 of the Bill seeks to substitute a new section for section 78 of 1994 Act relating to penalty for failure to pay service tax by reason of fraud, collusion, willful mis-statement, suppression of facts or contravention of the provisions of the Act or the rules made thereunder with the intent to evade payment of service tax.

Clause 113 of the Bill seeks to insert a new section 78B so as to provide transitional provisions with respect to the amended sections 76 and 78 of 1994 Act.

Clause 114 of the Bill seeks to omit section 80 of 1994 Act.

Clause 115 of the Bill seeks to amend section 86 of 1994 Act so as to insert a proviso therein to provide that the cases specified thereunder shall be dealt in accordance with the provisions of section 35EE of Central Excise Act.

Clause 116 of the Bill seeks to amend section 94 of 1994 Act relating to power to make rules so as to substitute clause (aa) therein.

Swachh Bharat Cess

Clause 117 of the Bill seeks to insert a new Chapter VI so as to levy a cess to be called the Swachh Bharat Cess, as service tax on all or any of the taxable services for the purposes of the Union for financing and promoting Swachh Bharat initiatives and any other purpose relating thereto.

Clauses 118 to 142 of the Bill seeks to insert a new Chapter VII in the Finance Bill, 2015 which deals with the Public Debt Management Agency.

The said Chapter proposes—

(a) to empower the Central Government to establish an Agency called Public Debt Management Agency with a view to minimising the cost of raising and servicing public debt over the long-term within an acceptable level of risk at all times under the general superintendence of the Central Government;

(b) to provide that the general superintendence, direction and management of the affairs and business of the Agency shall vest in the Board which shall consist of such number of executive and nominee Members as may be notified by the Central Government;

(c) to specify the functions of the Agency which shall include—

(i) collecting and publishing information about public debt, including borrowing by the Central Government otherwise than under this Chapter;

(ii) purchasing, re-issuing and trading in Government securities; and

(iii) carrying out such other transactions as may be required for management of public debt;

(d) to provide that the Central Government shall entrust the Agency with the issue of Government securities;

(e) to provide that the Agency shall be responsible for making the payment to holders of Government securities in accordance with the terms of such Government securities;

(f) to empower the Central Government to issue directions to the Agency from time to time; and

(g) to exempt the Agency from payment of taxes.

Clauses 143 to 150 of the Bill seek to insert a new Chapter VIII relating to Senior Citizens' Welfare Fund.

Clause 143 of the Bill provides for the extent and commencement of the said Chapter.

Clause 144 of the Bill defines certain terms and expressions.

Clause 145 of the Bill provides for the establishment of a Fund known as "the Senior Citizens' Welfare Fund".

Clause 146 of the Bill provides for the constitution of a Committee for administration of the said Fund.

Clause 147 of the Bill deals with the payment of claims in respect of the unclaimed amount.

Clause 148 of the Bill relates to publication of information with respect to the unclaimed amount by the Institutions.

Clause 149 of the Bill provides that if no request is made with respect to such unclaimed amount within a period of twenty-five years, the same escheat to the Central Government.

Clause 150 of the Bill deals with accounts and audit of the Fund.

Clause 151 of the Bill empowers the Central Government to make rules and laying of the same before both Houses of Parliament.

Clauses 152 to 153 of the Bill deal with power of the Central Government to exempt in certain cases and power of the Central Government to issue an order for removing the difficulties with respect to the implementation of the said chapter.

Clause 154 of the Bill seeks to amend certain provisions of the Reserve Bank of India Act, 1934. It is proposed to amend section 17 of the said Act so as to insert a proviso providing that the Reserve Bank may exercise the functions specified in clauses (e) and (f) of sub-section (11) of said section, if the Central Government issues a notification under sub-section (2) of section 21 of the said Act entrusting the Bank with the functions of the managing public debt and issuing managing bonds and debentures of the Central Government.

Clauses 155 to 157 of the Bill seeks to make further amendments in sections 21, 45U and 45W of the Reserve Bank of India Act, 1934.

Clause 158 of the Bill seeks to amend certain provisions of the Forward Contracts (Regulation) Act, 1952. It is proposed to amend the said Act so as to insert a new section 28A which relates to saving of recognised associations.

Clause 159 of the Bill seeks to insert a new section 29A which relating to repeal of the Forward Contracts (Regulation) Act and saving of certain provisions. It is also proposed to insert a new section 29B which relates to transfer and vesting of undertaking of the Commission with the Securities and Exchange Board of India. The said amendments are consequential in the light of insertion of the new Chapter "Public Debt Management Agency".

Clause 160 of the Bill seeks to amend certain provisions of the Securities Contracts (Regulation) Act, 1956. It is proposed to amend section 2 of the said Act so as to amend certain definitions and to insert new definitions like “goods”, “commodity derivative”, “non-transferrable specific delivery contract”, “specific delivery contract”, etc., in the said section.

Clause 161 of the Bill seeks to amend section 18-A of the securities contracts (Regulation) Act, 1952 relating to contracts in derivatives so as to empower the central Government to notify such contracts in derivatives.

Clause 162 of the Bill seeks to insert a new section 30A which relates to special provisions in respect of commodity derivatives. These amendments relate to the Securities Contracts (Regulation) Act, 1956 providing for merger of the Forward Market Commission and the Securities Exchange Board of India and are consequential in view of new Chapter VII “Public Management Agency”.

Clause 163 seeks to amend the Second Schedule to the Finance (No. 2) Act, 1998, so as to increase the rates of additional duty of customs and additional duty of excise on motor spirit commonly known as petrol from rupees two per litre to rupees eight per litre.

Clause 164 seeks to amend the Second Schedule to the Finance Act, 1999, so as to increase the rates of additional duty of customs and additional duty of excise on high speed diesel oil from rupees two per litre to rupees eight per litre.

Clause 165 of the Bill seeks to amend certain provisions of the Foreign Exchange and Management Act, 1999. It is proposed to amend section 6 of the Act so as to provide that the Central Government may, in consultation with the Reserve Bank, prescribe any class or classes of capital account transactions, not involving debt instruments, which are permissible; the limit up to which foreign exchange shall be admissible for such transactions; and any conditions which may be placed on such transactions. It is further proposed to insert a new sub-section (7) in the said section which provides that the term “debt instruments” shall mean such instruments as may be determined by the Central Government in consultation with the Reserve Bank.

Clauses 166 and 170 of the Bill seek to amend sections 18, 34, 46 and 47 of the Foreign Exchange and Management Act, 1999. The said amendments are consequential to the Part VII providing for the amendments to the Prevention of Money-laundering Act, 2002.

Clause 171 of the Bill seeks to amend sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 (2002 Act) relating to definitions. Sub-clause (i) seeks to insert in clause (u), after the words, “or the value of any such property”, the words “or where such property is taken or held outside the country, then the property equivalent in value held within the country”. Sub-clause (ii) seeks to substitute in clause (y), the words “thirty lakh rupees” by “one crore rupees”.

Clause 172 of the Bill seeks to amend the second proviso to sub-section (1) of section 5 of the 2002 Act so as to substitute the reference of clause (b) with the reference of “first proviso” and the said amendment is clarificatory in nature.

Clause 173 of the Bill seeks to amend section 8 of the 2002 Act relating to Adjudication. Sub-clause (i) seeks to substitute the words “Adjudicating Authority” occurring in clause (b) of sub-section (3) of said section with the words “Special Court”. Sub-clause (ii) seeks to amend section 8 of the Act by inserting sub-

section (8) so as to provide for restoring confiscated property, on the directions of Special Court, to claimants with legitimate legal interest who may have suffered a quantified loss as a result of the offences of money laundering.

Clause 174 of the Bill seeks to amend section 20 of the 2002 Act. This clause seeks to amend sub-section (5) of the said section so as to substitute the words “the Court or the Adjudicating Authority as the case may be”, with the words “Special Court”. Sub-clause (ii) seeks to make modifications in sub-section (6) wherein reference to “Special Court” has been made instead of “Court” and to insert the expression “receipt of” in sub-section (6) to clearly specify the date from which the period of 90 days for which Enforcement Directorate can withhold release of property or record under section 20, shall be counted.

Clause 175 of the Bill seeks to amend section 21 of the 2002 Act. Sub-section (5) of section 21 deals with the order of confiscation under sub-section (5) or sub-section (7) of section 8, but does not deal with cases where the order of release is made by the Special Court under sub-section (6) of section 8 or under section 58B or order of confiscation under sub-section (2A) of section 60. Thus, sub-clause (i) seeks to substitute “or release under sub-section (5) or sub-section (6) or sub-section (7) of section 8 or section 58B or sub-section (2A) of section 60” for “under sub-section (5) or sub-section (7) of section 8”. Sub-clause (ii) seeks to substitute the words “Adjudicating Authority” with the word “Court” and seeks to insert the expression “receipt of” in sub-section (6) to clearly specify the date from which period of 90 days for which Enforcement Directorate can withhold release of property or record under section 21 shall be counted.

Clause 176 of the Bill seeks to amend section 60 of the 2002 Act relating to attachment, seizure and confiscation, etc., of property in a contracting State or India. The power of confiscation vests with Special Court and not the Adjudicating Authority as mentioned in sub-section (2A) of section 60. Thus, this clause seeks to substitute the words “Adjudicating Authority” with the “Special Court”.

Clause 177 of the Bill seeks to amend the Schedule to the 2002 Act. It seeks to insert section 132 of the Customs Act, 1962 as predicate offence in paragraph 1 to Part B.

Clause 178 of the Bill seeks to amend section 4 of the fiscal responsibility and Budget Management Act, 2003 so as to enhance the period specified in the said section from 2015 to 2018.

Clause 179 of the Bill seeks to omit section 95 of the Finance (No. 2) Act, 2004 with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 180 of the Bill seeks to insert a new clause (5AA) in section 97 of the 2004 Act. It is also proposed to provide that taxable securities transaction shall also include sale of unlisted units of a business trust by any holder of such units which were acquired in consideration of a transfer referred to in clause (xvii) of section 47 of the Income-tax Act, 1961 under an offer for sale to the public included in an initial offer and where such units are subsequently listed on a recognised stock exchange.

Clause 181 of the Bill seeks to amend the Table given under section 98 of the 2004 Act which specifies the rates at which the securities transaction tax shall be charged to provide for securities transaction tax at the rate of 0.2 per cent. to be payable by the seller on sale of unlisted units of a business trust under an initial offer.

Clause 182 of the Bill seeks to amend section 100 of the 2004 Act to provide that—

(a) the lead merchant banker appointed by the business trust in respect of an initial offer shall collect the securities transaction tax from every person who enters into a taxable securities transaction referred to in sub-clause (ab) of clause (13) of section 97 at the rate specified in section 98; and

(b) the securities transaction tax collected during any calendar month from every person who enters into a taxable securities transaction referred to in sub-clause (ab) of clause (13) of section 97 at the rate specified in section 98 shall be paid by every recognised stock exchange or the lead merchant banker in the case of an initial offer to the credit of the Central Government by the seventh day of the month immediately following the said calendar month.

Clause 183 of the Bill seeks to amend section 101 of the 2004 Act to provide that every stock exchange or the lead merchant banker in the case of an initial offer shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered to the Assessing Officer or to any other authority or agency authorised by the Board on this behalf, a return in such form and setting forth such particular as may be prescribed, in respect of all taxable securities transaction entered into during such financial year in that stock exchange.

These amendments will take effect from 1st June, 2015.

Clause 184 seeks to amend the Seventh Schedule to the Finance Act, 2005 so as to omit the sub-heading 2202 10 and the entries relating thereto.

Clause 185 of the Bill seeks to amend certain provisions of the Government Securities Act, 2006. It is proposed to amend the said Act so as to insert a new section 34A relating to power of the Bank transitioned to the Public Debt Management Agency.

Clause 186 of the Bill seeks to insert a new section 35A which relates to repeal of the 2006 Act on the date notified by the Central Government and saving of certain provisions. The said amendments are consequential in view of insertion of the new Chapter "Public Debt Management Agency".

Clause 187 of the Bill seeks to omit section 140 of the Finance Act, 2007 so as to withdraw levy of Secondary and Higher Education Cess on taxable services with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 188 of the Bill seeks to amend the Tenth Schedule to the Finance Act, 2010, so as to increase the rate of Clean Energy Cess on coal, lignite and peat from "Rs. 100 per tonne" to "Rs. 300 per tonne".

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill seeks to amend section 6 of the Income-tax Act relating to residence in India.

The proposed amendment seeks to insert a new Explanation 2 in sub-section (1) of said section 6 so as to provide that in the case of an individual being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India, shall in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed.

Clause 5 of the Bill seeks to amend section 9 of the Income-tax Act relating to Income deemed to accrue or arise in India.

The proposed amendment seeks to provide that in a case where all assets owned by the company or entity referred to in *Explanation 5* of the said section are not located in India only such part of Income shall accrue or arise in India as is reasonably attributable to assets located in India and determined in such manner as may be prescribed.

Clause 6 of the Bill seeks to insert a new section 9A in the Income-tax Act relating to certain activities not to constitute business connection in India.

Sub section (5) of the proposed new section 9A provides for furnishing of statement in prescribed form to the prescribed Income-tax authority containing information regarding fulfilment of conditions specified therein and also to provide such other relevant information or document as may be prescribed.

Clause 8 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

The proposed amendment seeks to provide that trust or institution shall exercise its option under Explanation to sub-section (1) of said section in such form and manner as may be prescribed.

The proposed amendment further seeks to provide that the trust or institutions shall for the purpose of sub-section (2) of section 11, furnish the statement in the prescribed form and manner.

Clause 12 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

It is proposed to amend clause (3) of sub-section (2AB) of the said section to provide that no company

shall be entitled for deduction under clause (1) of the said sub-section (2AB) unless it enters into an agreement with the prescribed authority for co-operation in such research and development facility and fulfils such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed.

Clause 20 of the Bill seeks to amend section 80DDB of the Income-tax Act relating to deduction in respect of medical treatment, etc.

It is proposed to substitute the first proviso to section 80DDB so as to provide that no such deduction shall be allowed unless the assessee obtains, a copy of the prescription for such medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist as may be prescribed.

Clause 32 of the Bill seeks to insert a new section 115UB in the Income-tax Act relating to tax on income in certain cases.

Sub-section (7) of the proposed section provides that the person referred to therein shall within such time as may be prescribed furnish to the prescribed income-tax authority a statement in the prescribed form, verified in such manner and giving such other relevant details as may be prescribed.

Clause 40 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary.

It is proposed to insert sub-section (2D) in the said section to provide that the person responsible for making the payment referred to in sub-section (1) of the said section shall, for the purposes of estimating income of the assessee or computing tax deductible under sub-section (1) therein, obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed.

Clause 48 of the Bill seeks to amend section 195 of the Income-tax Act relating to other sums.

It is proposed to substitute sub-section (6) of the aforesaid section so as to provide that the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall furnish the information relating to payment of such sum in such form and manner as may be prescribed.

Clause 50 of the Bill seeks to amend section 200 of the Income-tax Act relating to duty of person deducting tax.

It is proposed to insert sub-section (2A) in the said section to provide that in case of an office of the Government, where the sum deducted in accordance with the provisions of Chapter XVII or tax referred to in sub-section (1A) of section 192 has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called, who is responsible for crediting such sum or tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.

Clause 53 of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

It is proposed to insert sub-section (3A) in the said section to provide that in case of an office of the Government, where the amount collected under sub-section (1) or sub-section (1C) or sub-section (1D) has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.

Clause 76 of the Bill seeks to insert a new section 285A in the Income-tax Act relating to furnishing of information or document by an Indian concern in certain cases.

It is proposed to provide that where any share or interest in a company or entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India as referred to in the *Explanation* 5 to clause (i) of sub-section (1) of section 9, and such company or, as the case may be, entity holds such assets in India through or in an Indian concern, then, such Indian concern shall, for the purposes of determination of income accruing

or arising in India, furnish within the prescribed period to the prescribed income-tax authority the relevant information and document in such manner and form as may be prescribed.

Clause 77 of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

It is proposed to substitute the *Explanation* after sub-section (2) of the said section so as to define the expression "accountant". The proposed definition, *inter alia*, provide vide sub-clause (viii) of clause (b) of the said *Explanation* that in case of an assessee, not being a company, a person who whether directly or indirectly, has business relationship with the assessee of such nature as may be prescribed shall not be qualified to be an "accountant" except for the purposes of representing an assessee under sub-section (1) of section 288.

Clause 78 of the Bill seeks to amend section 295 of the Income-tax Act relating to power to make rules.

It is proposed to amend said sub-section (2) so as to provide that the Board may, by rules, provide the procedures for granting of relief or deduction, as the case may be, of any income-tax paid in any country or specified territory outside India under section 90 or section 90A or section 91, against the income-tax payable under this Act.

Indirect-tax

Clause 91 of the Bill seeks to amend section 11A of the Central Excise Act, *inter alia*, to insert a new sub-section (16) therein. The said sub-section (16) empowers the Central Government to make rules to provide for the manner of recovery of non-payment or short-payment of duty.

Clause 109 of the Bill seeks to amend section 67 of the 1994 Act to substitute clause (a) of the *Explanation* thereto, so as to enlarge the scope of the term "consideration". Sub-clause (ii) of said clause (a) empowers the Central Government to make rules to provide for circumstances and conditions in which the expression "consideration" shall not include any reimbursable expenditure or cost incurred by the service provider and charged.

Clause 118 of the Bill seeks to insert a new Chapter VII with respect to the establishment of Public Debt Management Agency.

Clause 138 of the Bill empowers the Central Government, by notification make rules for carrying out the purposes of the said Chapter.

Clause 143 of the Bill seeks to insert a new Chapter VIII with respect to the establishment of the Senior Citizen's Welfare Fund.

Clause 151 of the Bill empowers the Central Government to make rules for carrying out the provisions of the said Chapter.

2. The matters in respect of which rules may be made or notification or order may be issued in accordance with the provisions of the Bill are matters of procedure and detail and it is not practicable to provide for them in the Bill itself.

3. The delegation of legislative power is, therefore, of a normal character.

LOK SABHA

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BILL

to give effect to the financial proposals of the Central Government
for the financial year 2015-2016.

*(Shri Arun Jaitley,
Minister of Finance.)*