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EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on 1st February, 2020:—

BILL No. 26 OF 2020

### THE FINANCE BILL, 2020

*A Bill to give effect to the financial proposals of the Central Government for the financial year 2020-2021.*

BE it enacted by Parliament in the Seventy-first Year of the Republic of India as follows:--

#### CHAPTER I

##### PRELIMINARY

1. (1) This Act may be called the Finance Act, 2020.
- (2) Save as otherwise provided in this Act,—
  - (a) sections 2 to 104 shall come into force on the 1st day of April, 2020;
  - (b) sections 116 to 129 and section 132 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title and commencement.

#### CHAPTER II

##### RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2020, 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 the 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 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

(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;

(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;

(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:

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 Chapter XII-FB 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:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 or section 112A of the Income-tax Act shall be increased by a surcharge, for the 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, except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act:

Provided further that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBD, 115BBDA, 115BBF, 115BBG, 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 the purposes of the Union, calculated,—

(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, not having any income under section 115AD of the Income-tax Act,—

(i) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(ii) having a total income exceeding one crore rupees, but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(iii) having a total income exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax; and

(iv) having a total income exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax;

(aa) in the case of individual 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, having income under section 115AD of the Income-tax Act,—

(i) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(ii) having a total income exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(iii) having a total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax;

(iv) having a total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and

(v) having a total income [including the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeding two crore rupees but is not covered in sub-clauses (iii) and (iv), at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income chargeable under clause (b) of sub-section (1) of section 115AD of the Income-tax Act, the rate of surcharge on the income-tax calculated on that part of income shall not exceed fifteen per cent.;

(b) in the case of every co-operative society or firm or local authority, at the rate of twelve per cent. of such income-tax, where the total income exceeds one crore rupees;

(c) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

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

(d) 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:

Provided also that in the case of persons mentioned in (a) and (aa) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(iii) two crore rupees but does not exceed five crore rupees, the total amount payable as income tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(iv) five crore rupees, the total amount payable as income tax and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees:

Provided also that in the case of persons mentioned in (b) 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 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:

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:

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:

Provided also that in respect of any income chargeable to tax under clause (i) of sub-section (1) of section 115BBE of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such income-tax:

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax.

(4) In cases in which tax has to be charged and paid under sub-section (2A) of section 92CE or section 115-O or section 115QA or sub-section (2) of section 115R or section 115TA or section 115TD 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 the purposes of the Union, calculated at the rate of twelve per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194A, 194B, 194BB, 194D, 194LBA, 194LBB, 194LBC 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 the 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, 194, 194C, 194DA, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194-IB, 194-IC, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LBC, 194LC, 194LD, 194K, 194M, 194N, 194-O, 196A, 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 the purposes of the Union,—

(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, being a non-resident, calculated,—

(i) at the rate of ten 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 fifty lakh rupees but does not exceed one crore rupees;

(ii) at the rate of fifteen 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 two crore rupees;

(iii) at the rate of twenty-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 two crore rupees but does not exceed five crore rupees;

(iv) at the rate of thirty-seven 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 five crore rupees;

(b) in the case of every 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;

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

(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.

(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 the purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(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 the purposes of the Union,—

(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, being a non-resident, calculated,—

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

(ii) at the rate of fifteen 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 two crore rupees;

(iii) at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes collected or likely to be collected and subject to the collection exceeds two crore rupees but does not exceed five crore rupees;

(iv) at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes collected or likely to be collected and subject to the collection exceeds five crore rupees;

(b) in the case of every 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;

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

(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.

(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 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 the purposes of the Union, calculated in such cases and in such manner as provided therein:

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 or section 112A of the Income-tax Act shall be increased by a surcharge, for the 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, except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act or in case of a resident co-operative society whose income is chargeable to tax under section 115BAD of the Income-tax Act:

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

(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, not having any income under section 115AD of the Income-tax Act,—

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

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

(iii) at the rate of twenty-five per cent. of such "advance tax", where the total income exceeds two crore rupees but does not exceed five crore rupees;

(iv) at the rate of thirty-seven per cent. of such "advance tax", where the total income exceeds five crore rupees;

(aa) in the case of individual 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, having income under section 115AD of the Income-tax Act,—

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

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



(iii) at the rate of twenty-five per cent. of such “advance tax”, where the total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but does not exceed five crore rupees;

(iv) at the rate of thirty-seven per cent. of such “advance tax”, where the total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds five crore rupees;

(v) at the rate of fifteen per cent. of such “advance tax”, where the total income [including the income of the nature referred to in clause (b) of such-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but is not covered in sub-clauses (iii) and (iv):

Provided that in case where the total income includes any income chargeable under clause (b) of sub-section (1) of section 115AD of the Income-tax Act, the rate of surcharge on the advance tax calculated on that part of income shall not exceed fifteen per cent.;

(b) in the case of every co-operative society except such co-operative society whose income is chargeable to tax under section 115BAD of the Income-tax Act or firm or local authority at the rate of twelve per cent. of such “advance tax”, where the total income exceeds one crore rupees;

(c) in the case of every domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act,—

(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;

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

(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;

(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) and (aa) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(a) fifty lakh rupees but does not exceed 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 fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two 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;

(c) two crore rupees but does not exceed five 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 two crore rupees by more than the amount of income that exceeds two crore rupees;

(d) five 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 five crore rupees by more than the amount of income that exceeds five crore rupees:

Provided also that in the case of persons mentioned in (b) 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:

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:

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:

Provided also that in respect of any income chargeable to tax under clause (i) of sub-section (7) of section 115BBE of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such "advance tax":

Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the advance tax computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax":

Provided also that in case of every individual or Hindu undivided family, whose income is chargeable to tax under section 115BAC of the Income-tax Act, the advance tax computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A of Part III of the First Schedule.

Provided also that in case of every resident co-operative society whose income is chargeable to tax under section 115BAD of the Income-tax Act, the advance tax computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax":

(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,—

(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

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

(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;

(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:

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:

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:

Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for the 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 (3) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment

of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.

(12) The amount of income-tax as specified in sub-sections (4) to (10) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the “Health and Education Cess on income-tax”, calculated at the rate of four per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and 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, 2018, 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*

Amendment  
of section 2.

3. In section 2 of the Income-tax Act,—

(i) in clause (13A), with effect from the 1st day of April, 2021,—

(a) in sub-clause (ii), the word “and” occurring at the end shall be omitted;

(b) the long line shall be omitted;

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

“(hh) in the case of a capital asset, being a unit or units in a segregated portfolio referred to in sub-section (2AG) of section 49, there shall be included the period for which the original unit or units in the main portfolio were held by the assessee;”.

Amendment  
of section 6.

4. In section 6 of the Income-tax Act, with effect from the 1st day of April, 2021,—

(a) in clause (1), in *Explanation 1*, in clause (b), for the words “one hundred and eighty-two days”, the words “one hundred and twenty days” shall be substituted;

(b) after clause (1), the following clause shall be inserted, namely:—

“(1A) Notwithstanding anything contained in clause (1), an individual, being a citizen of India, shall be deemed to be resident in India in any previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.”;

(c) for clause (6), the following clause shall be substituted, namely:—

‘(6) A person is said to be “not ordinarily resident” in India in any previous year, if such person is—

(a) an individual who has been a non-resident in India in seven out of the ten previous years preceding that year; or

(b) a Hindu undivided family whose manager has been a non-resident in India in seven out of the ten previous years preceding that year.’

Amendment  
of section 9.

5. In section 9 of the Income-tax Act, in sub-section (1),—

(a) in clause (i),—



(i) in *Explanation 1*, in clause (a), for the words “in the case of a business”, the words “in the case of a business, other than the business having business connection in India on account of significant economic presence,” shall be substituted with effect from the 1st day of April, 2022;

(ii) *Explanation 2A* shall be omitted with effect from the 1st day of April, 2021 and the following *Explanation* shall be inserted with effect from the 1st day of April, 2022, namely:—

‘*Explanation 2A*.—For the removal of doubts, it is hereby declared that the significant economic presence of a non-resident in India shall constitute “business connection” in India and “significant economic presence” for this purpose, shall mean—

(a) transaction in respect of any goods, services or property carried out by a non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed; or

(b) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as may be prescribed:

Provided that the transactions or activities shall constitute significant economic presence in India, whether or not—

(i) the agreement for such transactions or activities is entered in India; or

(ii) the non-resident has a residence or place of business in India; or

(iii) the non-resident renders services in India:

Provided further that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) shall be deemed to accrue or arise in India.’;

(iii) after *Explanation 3*, the following *Explanation* shall be inserted with effect from the 1st day of April, 2021, namely:—

“*Explanation 3A*.—For the removal of doubts, it is hereby declared that the income attributable to the operations carried out in India, as referred to in *Explanation 1*, shall include income from—

(i) such advertisement which targets a customer who resides in India or a customer who accesses the advertisement through internet protocol address located in India;

(ii) sale of data collected from a person who resides in India or from a person who uses internet protocol address located in India; and

(iii) sale of goods or services using data collected from a person who resides in India or from a person who uses internet protocol address located in India.”;

(iv) after *Explanation 3A* as so inserted, the following proviso shall be inserted with effect from the 1st day of April, 2022, namely:—

“Provided that the provisions contained in this *Explanation* shall also apply to the income attributable to the transactions or activities referred to in *Explanation 2A*.”;

(v) in *Explanation 5*,—

(I) in the second proviso, after the words, brackets and figures “Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014”, the words “prior to their repeal” shall be inserted;

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

“Provided also that nothing contained in this *Explanation* shall apply to an asset or a capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992.”;

(b) in clause (vi), in *Explanation 2*, in clause (v), the words “, but not including consideration for the sale, distribution or exhibition of cinematographic films” shall be omitted with effect from the 1st day of April, 2021.

6. In section 9A of the Income-tax Act, in sub-section (3),—

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

Amendment of section 9A.

“Provided that for the purposes of calculation of the said aggregate participation or investment in the fund, any contribution made by the eligible fund manager during the first three years of operation of the fund, not exceeding twenty-five crore rupees, shall not be taken into account;”;

(b) in clause (j), in the first proviso, for the words “six months from the last day of the month of its establishment or incorporation, or at the end of such previous year, whichever is later”, the words “twelve months from the last day of the month of its establishment or incorporation” shall be substituted.

Amendment of section 10.

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

(f) in clause (23C),—

(A) with effect from the 1st day of June, 2020,—

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

“Provided that the exemption to the fund or trust or institution or university or other educational institution or hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) under the respective sub-clauses shall not be available to it unless such fund or trust or institution or university or other educational institution or hospital or other medical institution makes an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—

(i) where such fund or trust or institution or university or other educational institution or hospital or other medical institution is approved under the second proviso [as it stood immediately before its amendment by the Finance Act, 2020], within three months from the date on which this clause has come into force;

(ii) where such fund or trust or institution or university or other educational institution or hospital or other medical institution is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period;

(iii) where such fund or trust or institution or university or other educational institution or hospital or other medical institution has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier;

(iv) in any other case, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought,

and the said fund or trust or institution or university or other educational institution or hospital or other medical institution is approved under the second proviso:

Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,—

(i) where the application is made under clause (i) of the said proviso, pass an order in writing granting approval to it for a period of five years;

(ii) where the application is made under clause (ii) or clause (iii) of the said proviso,—

(a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—

(A) the genuineness of activities of such fund or trust or institution or university or other educational institution or hospital or other medical institution; and

(B) the compliance of such requirements of any other law for the time being in force by it as are material for the purpose of achieving its objects; and

(b) after satisfying himself about the objects and the genuineness of its activities under item (A), and compliance of the requirements under item (B), of sub-clause (a),—

(A) pass an order in writing granting approval to it for a period of five years;

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;

(iii) where the application is made under clause (iv) of the said proviso, pass an order in writing granting approval to it provisionally for a period of three years from the assessment year from which the registration is sought, and send a copy of such order to the fund or trust or institution or university or other educational institution or hospital or other medical institution.”;

(b) for the eighth and ninth provisos, the following provisos shall be substituted, namely:—

“Provided also that any approval granted under the second proviso shall apply in relation to the income of the fund or trust or institution or university or other educational institution or hospital or other medical institution,—

(i) where the application is made under clause (i) of the first proviso, from the assessment year from which approval was earlier granted to it;

(ii) where the application is made under clause (iii) of the first proviso, from the first of the assessment years for which it was provisionally approved;

(iii) in any other case, from the assessment year immediately following the financial year in which such application is made:

Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso shall be passed, in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.”;

(B) in the tenth proviso, for the words and figures “section 288 and furnish along with the return of income for the relevant assessment year”, the words, figures and letters “section 288 before the specified date referred to in section 44AB and furnish by that date” shall be substituted;

(C) with effect from the 1st day of June, 2020,—

(a) the sixteenth proviso shall be omitted;

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

“Provided also that all applications made under the first proviso [as it stood before its amendment by the Finance Act, 2020] pending before the Principal Commissioner or Commissioner, on which no order has been passed before the date on which the first proviso has come into force, shall be deemed to be an application made under clause (iv) of the first proviso on that date.”;

(II) with effect from the 1st day of April, 2021,—

(a) in clause (23D), in the opening portion, the words, figures and letter “subject to the provisions of Chapter XII-E,” shall be omitted;

(b) in clause (23FC), in sub-clause (b), for the words, brackets, figures and letter “referred to in sub-section (7) of section 115-O”, the words “received or receivable from a special purpose vehicle” shall be substituted;

(c) in clause (23FD), the words, brackets and letter “sub-clause (a) of” shall be omitted;

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

“(23FE) any income of a specified person in the nature of dividend, interest or long-term capital gains arising from an investment made by it in India, whether in the form of debt or equity, if the investment—

(i) is made on or before the 31st day of March, 2024;

(ii) is held for at least three years; and

(iii) is in a company or enterprise carrying on the business of developing, or operating and maintaining, or developing, operating and maintaining any infrastructure facility as defined in the *Explanation* to clause (i) of sub-section (4) of section 80-IA or such other business as the Central Government may, by notification in the Official Gazette, specify in this behalf.

*Explanation.*—For the purposes of this clause, “specified person” means—

(a) a wholly owned subsidiary of the Abu Dhabi Investment Authority which—

- (i) is a resident of the United Arab Emirates; and
- (ii) makes investment, directly or indirectly, out of the fund owned by the Government of the United Arab Emirates;
- (b) a sovereign wealth fund which satisfies the following conditions, namely:—
  - (i) it is wholly owned and controlled, directly or indirectly, by the Government of a foreign country;
  - (ii) it is set up and regulated under the law of such foreign country;
  - (iii) the earnings of the said fund are credited either to the account of the Government of that foreign country or to any other account designated by that Government so that no portion of the earnings inures any benefit to any private person;
  - (iv) the asset of the said fund vests in the Government of such foreign country upon dissolution;
  - (v) it does not undertake any commercial activity whether within or outside India; and
  - (vi) it is specified by the Central Government, by notification in the Official Gazette, for this purpose;'

(e) in clause (34), after the proviso, the following proviso shall be inserted, namely:—

“Provided further that nothing contained in this clause shall apply to any income by way of dividend received on or after the 1st day of April, 2020;”;

(f) in clause (35), after the proviso, the following proviso shall be inserted, namely:—

“Provided further that nothing contained in this clause shall apply to any income in respect of units received on or after the 1st day of April, 2020;”;

(g) clause (45) shall be omitted;

(III) after clause (48B), the following clause shall be inserted, namely:—

“(48C) any income accruing or arising to the Indian Strategic Petroleum Reserves Limited, being a wholly owned subsidiary of the Oil Industry Development Board under the Ministry of Petroleum and Natural Gas, as a result of arrangement for replenishment of crude oil stored in its storage facility in pursuance of directions of the Central Government in this behalf:

Provided that nothing contained in this clause shall apply to an arrangement, if the crude oil is not replenished in the storage facility within three years from the end of the financial year in which the crude oil was removed from the storage facility for the first time;”.

Amendment of section 10A.

**8.** In section 10A of the Income-tax Act, in sub-section (5),—

(i) the words “along with the return of income,” shall be omitted;

(ii) after the word and figures “section 288” , the words, figures and letters “before the specified date referred to in section 44AB” shall be inserted.

Amendment of section 11.

**9.** In section 11 of the Income-tax Act, in sub-section (7), with effect from the 1st day of June, 2020,—

(a) for the words, brackets, letters and figures “under clause (b) of sub-section (1) of section 12AA”, the words, figures and letters “under section 12AA or section 12AB” shall be substituted;

(b) for the words, brackets, figures and letter “clause (1) and clause (23C)”, the words, brackets, figures and letter “clause (1), clause (23C) and clause (46)” shall be substituted;

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

“Provided that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (46) of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later:

Provided further that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (46) of the said section, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.”.

10. In section 12A of the Income-tax Act,—

Amendment of section 12A.

(I) in sub-section (1),—

(A) after clause (ab), the following clause shall be inserted with effect from the 1st day of June, 2020, namely:—

“(ac) notwithstanding anything contained in clauses (a) to (ab), the person in receipt of the income has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution,—

(i) where the trust or institution is registered under section 12A [as it stood immediately before its amendment by the Finance (No. 2) Act, 1996] or under section 12AA, [as it stood immediately before its amendment by the Finance Act, 2020] within three months from the date on which this clause has come into force;

(ii) where the trust or institution is registered under section 12AB and the period of the said registration is due to expire, at least six months prior to expiry of the said period;

(iii) where the trust or institution has been provisionally registered under section 12AB, at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier;

(iv) where registration of the trust or institution has become inoperative due to the first proviso to sub-section (7) of section 11, at least six months prior to the commencement of the assessment year from which the said registration is sought to be made operative;

(v) where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of the said adoption or modification;

(vi) in any other case, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought,

and such trust or institution is registered under section 12AB;”;

(B) in clause (b), for the words “and the person in receipt of the income furnishes along with the return of income for the relevant assessment year”, the words, figures and letters “before the specified date referred to in section 44AB and the person in receipt of the income furnishes by that date” shall be substituted;

(II) in sub-section (2), with effect from the 1st day of June, 2020,—

(A) in the first proviso, for the words “Provided that”, the following shall be substituted, namely:—

“Provided that the provisions of sections 11 and 12 shall apply to a trust or institution, where the application is made under—

(a) sub-clause (i) of clause (ac) of sub-section (1), from the assessment year from which such trust or institution was earlier granted registration;

(b) sub-clause (iii) of clause (ac) of sub-section (1), from the first of the assessment years for which it was provisionally registered:

Provided further that”;

(B) in the second proviso, for the words “Provided further”, the words “Provided also” shall be substituted;

(C) in the first and third provisos, after the word, figures and letters “section 12AA”, the words, figures and letters “or section 12AB” shall be inserted.



Amendment of section 12AA. **11.** In section 12AA of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of June, 2020, namely:—

“(5) Nothing contained in this section shall apply on or after the 1st day of June, 2020.”.

Insertion of new section 12AB. **12.** After section 12AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2020, namely:—

Procedure for fresh registration. “12AB. (1) The Principal Commissioner or Commissioner, on receipt of an application made under clause (ac) of sub-section (1) of section 12A, shall,—

(a) where the application is made under sub-clause (i) of the said clause, pass an order in writing registering the trust or institution for a period of five years;

(b) where the application is made under sub-clause (ii) or sub-clause (iii) or sub-clause (iv) or sub-clause (v) of the said clause,—

(i) call for such documents or information from the trust or institution or make such inquiries as he thinks necessary in order to satisfy himself about—

(A) the genuineness of activities of the trust or institution; and

(B) the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its objects; and

(ii) after satisfying himself about the objects of the trust or institution and the genuineness of its activities under item (A), and compliance of the requirements under item (B), of sub-clause (i),—

(A) pass an order in writing registering the trust or institution for a period of five years;

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its registration after affording a reasonable opportunity of being heard;

(c) where the application is made under sub-clause (vi) of the said clause, pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought,

and send a copy of such order to the trust or institution.

(2) All applications, pending before the Principal Commissioner or Commissioner on which no order has been passed under clause (b) of sub-section (1) of section 12AA before the date on which this section has come into force, shall be deemed to be an application made under sub-clause (vi) of clause (ac) of sub-section (1) of section 12A on that date.

(3) The order under clause (a), sub-clause (ii) of clause (b) and clause (c), of sub-section (1) shall be passed, in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

(4) Where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, the Principal Commissioner or Commissioner is satisfied that the activities of such trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration of such trust or institution after affording a reasonable opportunity of being heard.

(5) Without prejudice to the provisions of sub-section (4), where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, it is noticed that—

(a) the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13; or

(b) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality,

then, the Principal Commissioner or the Commissioner may, by an order in writing, after affording a reasonable opportunity of being heard, cancel the registration of such trust or institution.”.

**13.** In section 17 of the Income-tax Act, in clause (2), for sub-clause (vii), the following sub-clauses shall be substituted with effect from the 1st day of April, 2021, namely:— Amendment of section 17.

“(vii) the amount or the aggregate of amounts of any contribution made to the account of the assessee by the employer—

- (a) in a recognised provident fund;
- (b) in the scheme referred to in sub-section (1) of section 80CCD; and
- (c) in an approved superannuation fund,

to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;

(viiia) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) to the extent it relates to the contribution referred to in the said sub-clause which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and”.

**14.** In section 32AB of the Income-tax Act, in sub-section (5), for the words “and the assessee furnishes, along with his return of income,”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes by that date” shall be substituted. Amendment of section 32AB.

**15.** In section 33AB of the Income-tax Act, in sub-section (2), for the words “and the assessee furnishes, along with his return of income,”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes by that date” shall be substituted. Amendment of section 33AB.

**16.** In section 33ABA of the Income-tax Act, in sub-section (2), for the words “and the assessee furnishes, along with his return of income,”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes by that date” shall be substituted. Amendment of section 33ABA.

**17.** In section 35 of the Income-tax Act, with effect from the 1st day of June, 2020,— Amendment of section 35.

(i) in sub-section (1),—

(a) after sub-clause (iii), in the *Explanation*, for the words, brackets and figures,—

(A) “to which clause (ii) or clause (iii)”, the words, brackets, figures and letter “to which clause (ii) or clause (iii) or to a company to which clause (iia)” shall be substituted;

(B) “clause (ii) or clause (iii)”, the words, brackets, figures and letter “clause (ii) or clause (iii) or to a company referred to in clause (iia)” shall be substituted;

(b) after the fourth proviso occurring after clause (iv), the following provisos shall be inserted, namely:—

“Provided also that every notification under clause (ii) or clause (iii) in respect of the research association, university, college or other institution or under clause (iia) in respect of the company issued on or before the date on which this sub-section has come into force, shall be deemed to have been withdrawn unless such research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) makes an intimation in such form and manner, as may be prescribed, to the prescribed income-tax authority within three months from the date on which this proviso has come into force, and subject to such intimation the notification shall be valid for a period of five consecutive assessment years beginning with the assessment year commencing on or after the 1st day of April, 2021:

Provided also that any notification issued by the Central Government under clause (ii) or clause (iia) or clause (iii), after the date on which the Finance Bill, 2020 receives the assent of the President, shall, at any one time, have effect for such assessment year or years, not exceeding five assessment years as may be specified in the notification.”;

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

“(1A) Notwithstanding anything contained in sub-section (1), the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (ia) of sub-section (1) shall not be entitled to deduction under the respective clauses of the said sub-section, unless such research association, university, college or other institution or company—

(i) prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the said prescribed income-tax authority or the person authorised by such authority such statement in such form, verified in such manner, setting forth such particulars and within such time, as may be prescribed:

Provided that such research association, university, college or other institution or the company may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be prescribed; and

(ii) furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of sum, as may be prescribed.”.

Amendment of section 135AD.

18. In section 35AD of the Income-tax Act,—

(i) in sub-section (1), for the words “An assessee shall”, the words “An assessee shall, if he opts,” shall be substituted;

(ii) in sub-section (4), after the words “in any other previous year”, the words “, if the deduction has been claimed or opted by the assessee and allowed to him under this section” shall be inserted.

Amendment of section 35D.

19. In section 35D of the Income-tax Act, in sub-section (4), for the words “and the assessee furnishes, along with his return of income for the first year in which the deduction under this section is claimed, the report of such audit”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes for the first year in which the deduction under this section is claimed, the report of such audit by that date” shall be substituted.

Amendment of section 35E.

20. In section 35E of the Income-tax Act, in sub-section (6), for the words “and the assessee furnishes, along with his return of income for the first year in which the deduction under this section is claimed, the report of such audit”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes for the first year in which the deduction under this section is claimed, the report of such audit by that date” shall be substituted.

Amendment of section 43.

21. In section 43 of the Income-tax Act, in clause (5),—

(a) for the words “recognised association” wherever they occur, the words “recognised stock exchange” shall be substituted;

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

‘(iii) “recognised stock exchange” means a recognised stock exchange as referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 and which fulfils such conditions as may be prescribed and notified by the Central Government for this purpose;’.

Amendment of section 43CA.

22. In section 43CA of the Income-tax Act, in sub-section (1), in the proviso, for the words “five per cent.”, the words “ten per cent.” shall be substituted with effect from the 1st day of April, 2021.

Amendment of section 44AB.

23. In section 44AB of the Income-tax Act,—

(A) in clause (a),—

(i) the word “or” occurring at the end shall be omitted;

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

‘Provided that in the case of a person whose—

(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent. of the said amount; and

(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent. of the said payment,

this clause shall have effect as if for the words “one crore rupees”, the words “five crore rupees” had been substituted; or’;

(B) in the *Explanation*, in clause (ii), after the word “means”, the words “date one month prior to” shall be inserted.

**24.** In section 44DA of the Income-tax Act, in sub-section (2), for the words “and furnish along with the return of income,”, the words, figures and letters “before the specified date referred to in section 44AB and furnish by that date” shall be substituted. Amendment of section 44DA.

**25.** In section 49 of the Income-tax Act, after sub-section (2AF), the following shall be inserted, namely:— Amendment of section 49.

‘(2AG) The cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears, to the cost of acquisition of a unit or units held by the assessee in the total portfolio, the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios.

(2AH) The cost of the acquisition of the original units held by the unit holder in the main portfolio shall be deemed to have been reduced by the amount as so arrived at under sub-section (2AG).

*Explanation.*—For the purposes of sub-section (2AG) and sub-section (2AH), the expressions “main portfolio”, “segregated portfolio” and “total portfolio” shall have the meanings respectively assigned to them in the circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160, dated the 28th December, 2018, issued by the Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992.’

15 of 1992.

**26.** In section 50B of the Income-tax Act, in sub-section (3), for the words, brackets and figures “along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288,”, the words, brackets, figures and letters “a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB” shall be substituted. Amendment of section 50B.

**27.** In section 50C of the Income-tax Act, in sub-section (1), in the third proviso, for the words “five per cent.”, the words “ten per cent.” shall be substituted with effect from the 1st day of April, 2021. Amendment of section 50C.

**28.** In section 55 of the Income-tax Act, in sub-section (2), in clause (b), after sub-clause (ii), the following shall be inserted with effect from the 1st day of April, 2021, namely:— Amendment of section 55.

‘Provided that in case of a capital asset referred to in sub-clauses (i) and (ii), being land or building or both, the fair market value of such asset on the 1st day of April, 2001 for the purposes of the said sub-clauses shall not exceed the stamp duty value, wherever available, of such asset as on the 1st day of April, 2001.

*Explanation.*—For the purposes of this proviso, “stamp duty value” means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.’

**29.** In section 56 of the Income-tax Act, in sub-section (2),— Amendment of section 56.

(A) with effect from the 1st day of June, 2020,—

(i) in clause (v), in the proviso, in clause (g), for the word, figures and letters “section 12AA”, the words, figures and letters “section 12AA or section 12AB” shall be substituted;

(ii) in clause (vi), in the proviso, in clause (g), for the word, figures and letters “section 12AA”, the words, figures and letters “section 12AA or section 12AB” shall be substituted;

(iii) in clause (vii), in the second proviso, in clause (g), for the word, figures and letters “section 12AA”, the words, figures and letters “section 12AA or section 12AB” shall be substituted;

(B) in clause (x),—

(i) in sub-clause (b), in item (B), in sub-item (ii), for the words “five per cent.”, the words “ten per cent.” shall be substituted with effect from the 1st day of April, 2021;

(ii) in the proviso, in clause (VII), for the words, letters and figures “section 12A or section 12AA”, the words, figures and letters “section 12A or section 12AA or section 12AB” shall be substituted with effect from the 1st day of June, 2020.

Amendment of section 57.

**30.** In section 57 of the Income-tax Act, with effect from the 1st day of April, 2021,—

(a) in clause (i), for the words, figures and letter “dividends, other than dividends referred to in section 115-O”, the word “dividends” shall be substituted;

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

“Provided that no deduction shall be allowed from the dividend income, or income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or income in respect of units from a specified company defined in the *Explanation* to clause (35) of section 10, other than deduction on account of interest expense, and in any previous year such deduction shall not exceed twenty per cent. of the dividend income, or income in respect of such units, included in the total income for that year, without deduction under this section.”.

Substitution of new section for section 72AA.

**31.** For section 72AA of the Income-tax Act, the following section shall be substituted, namely:—

Carry forward and set off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases.

‘72AA. Notwithstanding anything contained in sub-clauses (i) to (iii) of clause (1B) of section 2 or section 72A, where there has been an amalgamation of—

(i) one or more banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or

10 of 1949.

(ii) one or more corresponding new bank or banks with any other corresponding new bank under a scheme brought into force by the Central Government under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 or both, as the case may be; or

5 of 1970.  
45 of 1980.

(iii) one or more Government company or companies with any other Government company under a scheme sanctioned and brought into force by the Central Government under section 16 of the General Insurance Business (Nationalisation) Act, 1972,

57 of 1972.

the accumulated loss and the unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

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

(i) “accumulated loss” means so much of the loss of the amalgamating banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies under the head “Profits and gains of business or profession” (not being a loss sustained in a speculation business) which such amalgamating banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies, would have been entitled to carry forward and set off under the provisions of section 72, if the amalgamation had not taken place;

(ii) “banking company” shall have the meaning assigned to it in clause (c) of section 5 of the Banking Regulation Act, 1949;

10 of 1949.



10 of 1949. (iii) "banking institution" shall have the meaning assigned to it in sub-section (15) of section 45 of the Banking Regulation Act, 1949;

5 of 1970. (iv) "corresponding new bank" shall have the meaning assigned to it in clause (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or, as the case may be, clause (b) of section (2) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980;

45 of 1980. (v) "general insurance business" shall have the meaning assigned to it in clause (g) of section 3 of the General Insurance Business (Nationalisation) Act, 1972;

57 of 1972. (vi) "Government company" means a Government company as defined in clause (45) of section 2 of the Companies Act, 2013, which is engaged in the general insurance business and which has come into existence by operation of section 4 or section 5 or section 16 of the General Insurance Business (Nationalisation) Act, 1972;

18 of 2013. (vii) "unabsorbed depreciation" means so much of the allowance for depreciation of the amalgamating banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies which remains to be allowed and which would have been allowed to such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies, if the amalgamation had not taken place.¹.

57 of 1972. 32. In section 80EEA of the Income-tax Act, in sub-section (3), in clause (i), for the figures "2020", the figures "2021" shall be substituted with effect from the 1st day of April, 2021.

Amendment of section 80EEA.

33. In section 80G of the Income-tax Act, with effect from the 1st day of June, 2020,—  
(i) in sub-section (5),—

Amendment of section 80G.

(a) in clause (vi), for the words "approved by the Commissioner in accordance with the rules made in this behalf; and", the words "approved by the Principal Commissioner or Commissioner;" shall be substituted;

(b) after sub-clause (vii), the following shall be inserted, namely:—

"(viii) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or 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:

Provided that the institution or fund may also deliver to the said prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be prescribed; and

(ix) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed:

Provided that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—

(i) where the institution or fund is approved under clause (vi) [as it stood immediately before its amendment by the Finance Act, 2020], within three months from the date on which this proviso has come into force;

(ii) where the institution or fund is approved and the period of such approval is due to expire, at least six months prior to expiry of the said period;

(iii) where the institution or fund has been provisionally approved, at least six months prior to expiry of the period of the provisional approval or within six months of commencement of its activities, whichever is earlier;

(iv) in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which the said approval is sought:

Provided further that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall,—

(i) where the application is made under clause (i) of the said proviso, pass an order in writing granting it approval for a period of five years;

(ii) where the application is made under clause (ii) or clause (iii) of the said proviso,—

(a) call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about—

(A) the genuineness of activities of such institution or fund; and

(B) the fulfilment of all the conditions laid down in clauses (i) to (v); and

(b) after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),—

(A) pass an order in writing granting it approval for a period of five years;

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;

(iii) where the application is made under clause (iv) of the said proviso, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the registration is sought, and send a copy of such order to the institution or fund:

Provided also that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the first proviso shall be passed in such form and manner as may be prescribed, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received:

Provided also that the approval granted under the second proviso shall apply to an institution or fund, where the application is made under—

(a) clause (i) of the first proviso, from the assessment year from which approval was earlier granted to such institution or fund;

(b) clause (iii) of the first proviso, from the first of the assessment years for which such institution or fund was provisionally approved;

(c) in any other case, from the assessment year immediately following the financial year in which such application is made.”;

(ii) in sub-section (5D), after *Explanation 2*, the following *Explanation* shall be inserted, namely:—

“*Explanation 2A.*— For the removal of doubts, it is hereby declared that claim of the assessee for a deduction in respect of any donation made to an institution or fund to which the provisions of sub-section (5) applies, in the return of income for any assessment year filed by him, shall be allowed on the basis of information relating to said donation furnished by the institution or fund to the prescribed income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.”;

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

“(5E) All applications, pending before the Commissioner on which no order has been passed under clause (vi) of sub-section (5) before the date on which this sub-section has come into force, shall be deemed to be applications made under clause (iv) of the first proviso to sub-section (5) on that date.”.

Amendment of section 80GGA.

**34.** In section 80GGA of the Income-tax Act, with effect from the 1st day of June, 2020,—

(i) in sub-section (2A), for the words “ten thousand rupees”, the words “two thousand rupees” shall be substituted;

(ii) after sub-section (4), the following *Explanation* shall be inserted, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that the claim of the assessee for a deduction in respect of any sum referred to in sub-section (2) in the return of income for any assessment year filed by him, shall be allowed on

the basis of information relating to such sum furnished by the payee to the prescribed income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.”.

- 35.** In section 80-IA of the Income-tax Act, in sub-section (7), for the words “and the assessee furnishes, along with his return of income”, the words, figures and letters “before the specified date referred to in section 44AB and the assessee furnishes by that date” shall be substituted. Amendment of section 80-IA.
- 36.** In section 80-IAC of the Income-tax Act, with effect from the 1st day of April, 2021,—  
 (i) in sub-section (2), for the word “seven”, the word “ten” shall be substituted;  
 (ii) in the *Explanation*, in clause (ii), in sub-clause (b), for the word “twenty-five”, the words “one hundred” shall be substituted. Amendment of section 80-IAC.
- 37.** In section 80-IB of the Income-tax Act,—  
 (a) in sub-section (7A), in clause (b), for sub-clause (iii), the following sub-clause shall be substituted, namely:—  
 “(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.”;  
 (b) in sub-section (7B), in clause (b), for sub-clause (iii), the following sub-clause shall be substituted, namely:—  
 “(iii) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.”;  
 (c) in sub-section (11B), for clause (iv), the following clause shall be substituted, namely:—  
 “(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.”;  
 (d) in sub-section (11C), for clause (iv), the following clause shall be substituted, namely:—  
 “(iv) the assessee furnishes the report of audit in such form and containing such particulars, as may be prescribed, duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed.”. Amendment of section 80-IB.
- 38.** In section 80-IBA of the Income-tax Act, in sub-section (2), in clause (a), for the figures “2020”, the figures “2021” shall be substituted with effect from the 1st day of April, 2021. Amendment of section 80-IBA.
- 39.** In section 80JJAA of the Income-tax Act, in sub-section (2), in clause (c), for the words, brackets and figures “alongwith the return of income the report of the accountant as defined in the *Explanation* below sub-section (2) of section 288”, the words, brackets, figures and letters “the report of the accountant, as defined in the *Explanation* below sub-section (2) of section 288, before the specified date referred to in section 44AB” shall be substituted. Amendment of section 80JJAA.
- 40.** After section 80LA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2021, namely:—  
 ‘80M. (1) Where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company as does not exceed the amount of dividend distributed by the first mentioned domestic company on or before the due date. Insertion of new section 80M.  
Deduction in respect of certain inter-corporate dividends.

(2) Where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

*Explanation.*—For the purposes of this section, the expression “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

Amendment of section 90.

**41.** In section 90 of the Income-tax Act, in sub-section (1), in clause (b), after the words “as the case may be,”, the words and brackets “without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory),” shall be inserted with effect from the 1st day of April, 2021.

Amendment of section 90A.

**42.** In section 90A of the Income-tax Act, in sub-section (1), in clause (b), after the words “specified territory outside India,”, the words and brackets “without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory),” shall be inserted with effect from the 1st day of April, 2021.

Amendment of section 92CB.

**43.** In section 92CB of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The determination of—

- (a) income referred to in clause (i) of sub-section (1) of section 9; or
- (b) arm’s length price under section 92C or section 92CA,

shall be subject to safe harbour rules.”.

Amendment of section 92CC.

**44.** In section 92CC of the Income-tax Act,—

(a) for sub-section (1), sub-section (2) and sub-section (3), the following sub-sections shall be substituted, namely:—

“(1) The Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the—

(a) arm’s length price or specifying the manner in which the arm’s length price is to be determined, in relation to an international transaction to be entered into by that person;

(b) income referred to in clause (i) of sub-section (1) of section 9, or specifying the manner in which said income is to be determined, as is reasonably attributable to the operations carried out in India by or on behalf of that person, being a non-resident.

(2) The manner of determination of the arm’s length price referred to in clause (a) or the income referred to in clause (b) of sub-section (1), may include the methods referred to in sub-section (1) of section 92C or the methods provided by rules made under this Act, respectively, with such adjustments or variations, as may be necessary or expedient so to do.

(3) Notwithstanding anything contained in section 92C or section 92CA or the methods provided by rules made under this Act, the arm’s length price of any international transaction or the income referred to in clause (b) of sub-section (1), in respect of which the advance pricing agreement has been entered into, shall be determined in accordance with the advance pricing agreement so entered.”;

(b) for sub-section (9A), the following sub-section shall be substituted, namely:—

“(9A) The agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the—

(a) arm’s length price or specify the manner in which the arm’s length price shall be determined in relation to the international transaction entered into by the person;

(b) income referred to in clause (i) of sub-section (1) of section 9, or specifying the manner in which the said income is to be determined, as is reasonably attributable to the operations carried out in India by or on behalf of that person, being a non-resident,

- during any period not exceeding four previous years preceding the first of the previous years referred to in sub-section (4), and the arm's length price of such international transaction or the income of such person shall be determined in accordance with the said agreement.”.
- 45.** In section 92F of the Income-tax Act, for clause (iv), the following clause shall be substituted, namely:—
- ‘(iv) “specified date” means the date one month prior to the due date for furnishing the return of income under sub-section (1) of section 139 for the relevant assessment year.’.
- Amendment of section 92F.
- 46.** In section 94B of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 2021, namely:—
- “(1A) Nothing contained in sub-section (1) shall apply to interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident, being a person engaged in the business of banking.”.
- Amendment of section 94B.
- 47.** In section 115A of the Income-tax Act,—
- (I) in sub-section (1), in clause (a), the words, figures and letter “other than dividends referred to in section 115-O” at both the places where they occur, shall be omitted with effect from the 1st day of April, 2021;
- (II) in sub-section (5),—
- (i) in clause (a), for the word, brackets and letter “clause (a)”, the words, brackets and letters “clause (a) or clause (b)” shall be substituted;
- (ii) for clause (b), the following clause shall be substituted, namely:—
- “(b) the tax deductible at source under the provisions of Part B of Chapter XVII has been deducted from such income and the rate of such deduction is not less than the rate specified under clause (a) or, as the case may be, clause (b) of sub-section (1).”.
- Amendment of section 115A.
- 48.** In section 115AC of the Income-tax Act, for the words, figures and letter “dividends, other than dividends referred to in section 115-O” wherever they occur, the word “dividends” shall be substituted with effect from the 1st day of April, 2021.
- Amendment of section 115AC.
- 49.** In section 115ACA of the Income-tax Act, for the words, figures and letter “dividends, other than dividends referred to in section 115-O” wherever they occur, the word “dividends” shall be substituted with effect from the 1st day of April, 2021.
- Amendment of section 115ACA.
- 50.** In section 115AD of the Income-tax Act, in sub-section (1), in clause (a), the words, figures and letter “other than income by way of dividends referred to in section 115-O” shall be omitted with effect from the 1st day of April, 2021.
- Amendment of section 115AD.
- 51.** In section 115BAA of the Income-tax Act, in sub-section (2), in clause (i), for the words, figures and letters ‘Chapter VI-A under the heading “C.—Deductions in respect of certain incomes” other than the provisions of section 80JJAA’, the words, figures and letters “Chapter VI-A other than the provisions of section 80JJAA or section 80M” shall be substituted.
- Amendment of section 115BAA.
- 52.** In section 115BAB of the Income-tax Act, in sub-section (2),—
- (i) in clause (c), in sub-clause (i), for the words, figures and letters ‘Chapter VI-A under the heading “C.—Deductions in respect of certain incomes” other than the provisions of section 80JJAA’, the words, figures and letters “Chapter VI-A other than the provisions of section 80JJAA or section 80M” shall be substituted;
- (ii) after clause (c), the following *Explanation* shall be inserted, namely:—
- ‘*Explanation.*—For the purposes of clause (b), the “business of manufacture or production of any article or thing” shall include the business of generation of electricity.’.
- Amendment of section 115BAB.
- 53.** After section 115BAB of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2021, namely:—
- ‘115BAC. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely:—
- Insertion of new sections 115BAC and 115BAD.
- Tax on income of individuals and Hindu undivided family.



TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs 2,50,000	<i>Nil</i>
2.	From Rs 2,50,001 to Rs 5,00,000	5 per cent.
3.	From Rs 5,00,001 to Rs 7,50,000	10 per cent.
4.	From Rs 7,50,001 to Rs 10,00,000	15 per cent.
5.	From Rs 10,00,001 to Rs 12,50,000	20 per cent.
6.	From Rs 12,50,001 to Rs 15,00,000	25 per cent.
7.	Above Rs 15,00,000	30 per cent.:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of this Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Provided further that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of this Act shall apply for those years accordingly.

(2) For the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii), of sub-section (1) or sub-section (2AA), of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,—

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head "Income from house property" with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfillment of the conditions contained in the said section.

*Explanation.*—For the purposes of this sub-section, the term "Unit" shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

(5) Nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,—

(i) having business income, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years;

(ii) having no business income, alongwith the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year:

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under clause (ii) shall be available.

115BAD. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of twenty-two per cent., if the conditions contained in sub-section (2) are satisfied:

Tax on income of certain resident co-operative societies.

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in computing its income in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

(2) For the purposes of sub-section (1), the total income of the co-operative society shall be computed,—

(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA;

(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and

(iii) by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in such manner as may be prescribed, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under the said section shall be available to such Unit subject to fulfilment of the conditions contained in that section.

*Explanation.*—For the purposes of this sub-section, the term “Unit” shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

(5) Nothing contained in this section shall apply unless option is exercised by the person in such manner as may be prescribed on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021 and such option once exercised shall apply to subsequent assessment years:

Provided that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.’

54. In section 115BBDA of the Income-tax Act,—

Amendment of section 115BBDA.

- (a) in sub-section (1), for the words “or companies”, the words, figures and letters “or companies on or before the 31st day of March, 2020” shall be substituted with effect from the 1st day of April, 2021;
- (b) in the *Explanation*, in clause (b), in sub-clause (iii), for the words, figures and letters “under section 12A or section 12AA”, the words, figures and letters “under section 12A or section 12AA or section 12AB” shall be substituted with effect from the 1st day of June, 2020.
- Amendment of section 115C.** **55.** In section 115C of the Income-tax Act, in clause (c), the words, figures and letter “other than dividends referred to in section 115-O” shall be omitted with effect from the 1st day of April, 2021.
- Amendment of section 115JB.** **56.** In section 115JB of the Income-tax Act, in sub-section (4), for the words, brackets and figures “along with the return of income filed under sub-section (1) of section 139”, the words, figures and letters “before the specified date referred to in section 44AB” shall be substituted.
- Amendment of section 115JC.** **57.** In section 115JC of the Income-tax Act,—
- (i) in sub-section (3), for the portion beginning with the words “in such form” and ending with the word and figures “section 139”, the words, figures and letters “before the specified date referred to in section 44AB, in such form as may be prescribed, from an accountant referred to in the *Explanation* below sub-section (2) of section 288, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report by that date” shall be substituted;
- (ii) after sub-section (4), the following sub-section shall be inserted, with effect from the 1st day of April, 2021, namely:—
- “(5) The provisions of this section shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.”.
- Amendment of section 115JD.** **58.** In section 115JD of the Income-tax Act, after sub-section (6), the following sub-section shall be inserted, with effect from the 1st day of April, 2021, namely:—
- “(7) The provisions of this section shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.”.
- Amendment of section 115-O.** **59.** In section 115-O of the Income-tax Act, in sub-section (1), after the words, figures and letters “on or after the 1st day of April, 2003”, the words, figures and letters “but on or before the 31st day of March, 2020” shall be inserted with effect from the 1st day of April, 2021.
- Amendment of section 115R.** **60.** In section 115R of the Income-tax Act, in sub-section (2), after the words “or a Mutual Fund to its unit holders”, the words, figures and letters “on or before the 31st day of March, 2020” shall be inserted with effect from the 1st day of April, 2021.
- Amendment of section 115TD.** **61.** In section 115TD of the Income-tax Act, for the words, figures and letters “under section 12AA” wherever they occur, the words, figures and letters “under section 12AA or section 12AB” shall be substituted with effect from the 1st day of June, 2020.
- Amendment of section 115UA.** **62.** In section 115UA of the Income-tax Act, in sub-section (3), the words, brackets and letter “sub-clause (a) of” shall be omitted with effect from the 1st day of April, 2021.
- Amendment of section 115VW.** **63.** In section 115VW of the Income-tax Act, in clause (ii), for the words “along with the return of income for that previous year”, the words, figures and letters “before the specified date referred to in section 44AB” shall be substituted.
- Insertion of new section 119A.** **64.** After section 119 of the Income-tax Act, the following section shall be inserted, namely:—
- “119A. The Board shall adopt and declare a Taxpayer’s Charter and issue such orders, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of such Charter.”.
- Taxpayer’s Charter.**
- Amendment of section 133A.** **65.** In section 133A of the Income-tax Act, after sub-section (6), for the proviso, the following proviso shall be substituted, namely:—
- “Provided that—
- (a) in a case where the information has been received from such authority, as may be prescribed, no action under sub-section (1) shall be taken by an Assistant Director or a Deputy Director or an Assessing Officer or a Tax Recovery Officer or an Inspector of Income-tax without obtaining the approval of the Joint Director or the Joint Commissioner, as the case may be;
- (b) in any other case, no action under sub-section (1) shall be taken by a Joint Director or a Joint Commissioner or an Assistant Director or a Deputy Director or

an Assessing Officer or a Tax Recovery Officer or an Inspector of Income-tax without obtaining the approval of the Director or the Commissioner, as the case may be.”.

- 66.** In section 139 of the Income-tax Act, in sub-section (1), in *Explanation 2*, in clause (a),—
- (a) in sub-clause (iii), the word “working” shall be omitted;
- (b) in the long line, for the figures, letters and words “30th day of September”, the figures, letters and words “31st day of October” shall be substituted.
- 67.** In section 140 of the Income-tax Act,—
- (i) in clause (c), after the words “by any director thereof”, the words “or any other person, as may be prescribed for this purpose” shall be inserted;
- (ii) in clause (cd), after the words “by any partner thereof”, the words “or any other person, as may be prescribed for this purpose” shall be inserted.
- 68.** In section 140A of the Income-tax Act, in sub-section (1),—
- (a) in clause (iv), the word “and” occurring at the end shall be omitted;
- (b) in clause (v), for the word, figures and letters “section 115JD,”, the words, figures and letters “section 115JD; and” shall be substituted;
- (c) after clause (v), the following clause shall be inserted, namely:—
- “(vi) any tax or interest payable according to the provisions of sub-section (2) of section 191.”.
- 69.** In section 143 of the Income-tax Act,—
- (a) in sub-section (3A), after the word, brackets and figure “sub-section (3)”, the words and figures “or section 144” shall be inserted;
- (b) in sub-section (3B), in the proviso, for the figures, letters and words “31st day of March, 2020”, the figures, letters and words “31st day of March, 2022” shall be substituted.
- 70.** In section 144C of the Income-tax Act,—
- (a) in sub-section (1), the words “in the income or loss returned” shall be omitted;
- (b) in sub-section (15), in clause (b), for sub-clause (ii), the following sub-clause shall be substituted, namely:—
- “(ii) any non-resident not being a company, or any foreign company.”.
- 71.** Section 156 of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—
- “(2) Where the income of the assessee of any assessment year, beginning on or after the 1st day of April, 2021, includes income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares referred to in the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the tax or interest on such income included in the notice of demand referred to in sub-section (1) shall be payable by the assessee within fourteen days—
- (i) after the expiry of forty-eight months from the end of the relevant assessment year; or
- (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or
- (iii) from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is the earliest.”.
- 72.** Section 191 of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—
- “(2) For the purposes of paying income-tax directly by the assessee under sub-section (1), if the income of the assessee in any assessment year, beginning on or after the 1st day of April, 2021, includes income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat

Amendment of section 139.

Amendment of section 140.

Amendment of section 140A.

Amendment of section 143.

Amendment of section 144C.

Amendment of section 156.

Amendment of section 191.

equity shares referred to in the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the income-tax on such income shall be payable by the assessee within fourteen days—

(i) after the expiry of forty-eight months from the end of the relevant assessment year; or

(ii) from the date of the sale of such specified security or sweat equity share by the assessee; or

(iii) from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is the earliest.”.

Amendment of section 192.

**73.** In section 192 of the Income-tax Act, after sub-section (1B), the following sub-section shall be inserted, namely:—

“(1C) For the purposes of deducting or paying tax under sub-section (1) or sub-section (1A), as the case may be, a person, being an eligible start-up referred to in section 80-IAC, responsible for paying any income to the assessee being perquisite of the nature specified in clause (vi) of sub-section (2) of section 17 in any previous year relevant to the assessment year, beginning on or after the 1st day of April, 2021, shall deduct or pay, as the case may be, tax on such income within fourteen days—

(i) after the expiry of forty-eight months from the end of the relevant assessment year; or

(ii) from the date of the sale of such specified security or sweat equity share by the assessee; or

(iii) from the date of the assessee ceasing to be the employee of the person, whichever is the earliest, on the basis of rates in force for the financial year in which the said specified security or sweat equity share is allotted or transferred.”.

Amendment of section 194.

**74.** In section 194 of the Income-tax Act,—

(A) for the words “in cash or before issuing any cheque or warrant”, the words “by any mode” shall be substituted;

(B) for the words “at the rates in force”, the words “at the rate of ten per cent.” shall be substituted;

(C) in the first proviso,—

(i) in clause (a), for the words “an account payee cheque”, the words “any mode other than cash” shall be substituted;

(ii) in clause (b), for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted;

(D) the third proviso shall be omitted.

Amendment of section 194A.

**75.** In section 194A of the Income-tax Act,—

(I) in sub-section (1), in the proviso, for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted;

(II) in sub-section (3),—

(A) in clause (i), the *Explanation* shall be omitted;

(B) after clause (xi) and before *Explanation 1*, the following proviso shall be inserted, namely:—

“Provided that a co-operative society referred to in clause (v) or clause (vii) shall be liable to deduct income-tax in accordance with the provisions of sub-section (1), if—

(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and

(b) the amount of interest, or the aggregate of the amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is



more than fifty thousand rupees in case of payee being a senior citizen and forty thousand rupees in any other case.”;

(C) after *Explanation 1*, the following *Explanation* shall be inserted, namely:—

‘*Explanation 2*.— For the purposes of this sub-section, “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.’.

**76.** In section 194C of the Income-tax Act, in the *Explanation*,—

Amendment of section 194C.

(I) in clause (i), in sub-clause (I), in item (B), for the words, brackets, letters and figures “is liable to audit of accounts under clause (a) or clause (b) of section 44AB”, the words “has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted;

(II) in clause (iv),—

(i) for sub-clause (e), the following sub-clause shall be substituted, namely:—

“(e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A,”;

(ii) in the long line, after the words “other than such customer”, the words “or associate of such customer” shall be inserted.

**77.** In section 194H of the Income-tax Act, in the second proviso, for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted.

Amendment of section 194H.

**78.** In section 194-I of the Income-tax Act, in the second proviso, for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted.

Amendment of section 194-I.

**79.** In section 194J of the Income-tax Act, in sub-section (1),—

(a) in the long line, for the words “ten per cent. of such sum”, the words and brackets “two per cent. of such sum in case of fees for technical services (not being a professional service) and ten per cent. of such sum in other cases,” shall be substituted;

Amendment of section 194J.

(b) in the second proviso, for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted.

**80.** After section 194J of the Income-tax Act, the following section shall be inserted, namely:—

Insertion of new section 194K.

‘194K. Any person responsible for paying to a resident any income in respect of—

Income in respect of units.

- (a) units of a Mutual Fund specified under clause (23D) of section 10; or
- (b) units from the Administrator of the specified undertaking; or
- (c) units from the specified company,

shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.:

Provided that the provisions of this section shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees.

*Explanation 1*.—For the purposes of this section,—

(a) “Administrator” means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(b) “specified company” means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(c) “specified undertaking” shall have the meaning assigned to it in clause (i) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

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*Explanation 2.*—For the removal of doubts, it is hereby clarified that where any income referred to in this section 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.’.

Amendment of section 194LBA.

**81.** In section 194LBA of the Income-tax Act,—

(a) the words, brackets and letter “sub-clause (a) of” at both the places where they occur shall be omitted;

(b) in sub-section (2), for the words “five per cent.”, the words, brackets and letters “five per cent. in case of income of the nature referred to in sub-clause (a) and ten per cent. in case of income of the nature referred to in sub-clause (b), of the said clause” shall be substituted.

Amendment of section 194LC.

**82.** In section 194LC of the Income-tax Act,—

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

“Provided that in case of income by way of interest referred to clause (ib) of sub-section (2), the income-tax shall be deducted at the rate of four per cent.”;

(ii) in sub-section (2),—

(a) in clause (i), in sub-clause (a) and sub-clause (c), for the figures “2020”, the figures “2023” shall be substituted;

(b) in clause (ia), for the figures and word “2020, and”, the figures and word “2023, or” shall be substituted;

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

“(ib) in respect of monies borrowed by it from a source outside India by way of issue of any long-term bond or rupee denominated bond on or after the 1st day of April, 2020 but before the 1st day of July, 2023, which is listed only on a recognised stock exchange located in any International Financial Services Centre, and”;

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

‘(c) “International Financial Services Centre” shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005;

(d) “recognised stock exchange” shall have the meaning assigned to it in clause (ii) of *Explanation 1* to clause (5) of section 43.’.

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Amendment of section 194LD.

**83.** In section 194LD of the Income-tax Act,—

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

“(2) The income by way of interest referred to in sub-section (1) shall be the interest payable,—

(a) on or after the 1st day of June, 2013 but before the 1st day of July, 2023 in respect of the investment made by the payee in —

(i) a rupee denominated bond of an Indian company; or

(ii) a Government security;

(b) on or after the 1st day of April, 2020 but before the 1st day of July, 2023 in respect of the investment made by the payee in municipal debt securities:

Provided that the rate of interest in respect of bond referred to in sub-clause (i) of clause (a) shall not exceed the rate as the Central Government may, by notification in the Official Gazette, specify.”;

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

‘(ba) “municipal debt securities” shall have the meaning assigned to it in clause (m) of sub-regulation (1) of regulation 2 of the Securities and Exchange

15 of 1992

Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015 made under the Securities and Exchange Board of India Act, 1992;'

**84.** After section 194N of the Income-tax Act, the following section shall be inserted, namely:—

Insertion of new section 194-O.

'194-O. (1) Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent. of the gross amount of such sales or services or both.

Payment of certain sums by e-commerce operator to e-commerce participant.

*Explanation.*—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this sub-section.

(2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.

(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:

Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).

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

(a) "electronic commerce" means the supply of goods or services or both, including digital products, over digital or electronic network;

(b) "e-commerce operator" means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce and is responsible for paying to e-commerce participant;

(c) "e-commerce participant" means a person resident in India selling goods or providing services or both, including digital products, through digital or electronic facility or platform for electronic commerce;

(d) "services" includes 'fees for technical services' and fees for 'professional services', as defined in the *Explanation* to section 194J.'

**85.** In section 195 of the Income-tax Act, in sub-section (1), the second proviso shall be omitted.

Amendment of section 195.

**86.** In section 196A of the Income-tax Act, in sub-section (1),—

Amendment of section 196A.

(a) for the words "of the Unit Trust of India", the words, brackets and figures "from the specified company referred to in the *Explanation* to clause (35) of section 10" shall be substituted;

(b) for the words "in cash or by the issue of a cheque or draft or by any other mode", the words "by any mode" shall be substituted;

(c) the proviso shall be omitted.

**87.** In section 196C of the Income-tax Act,—

Amendment of section 196C.

(a) for the words "in cash or by the issue of a cheque or draft or by any other mode", the words "by any mode" shall be substituted;

(b) the proviso shall be omitted.

**88.** In section 196D of the Income-tax Act, in sub-section (1),—

Amendment of section 196D.

(a) for the words “in cash or by the issue of a cheque or draft or by any other mode”, the words “by any mode” shall be substituted;

(b) the proviso shall be omitted.

Amendment of section 197. **89.** In section 197 of the Income-tax Act, in sub-section (1), for the figures and letter “194M”, the figures and letters “194M, 194-O” shall be substituted.

Amendment of section 203AA. **90.** Section 203AA of the Income-tax Act shall be omitted with effect from the 1st day of June, 2020.

Amendment of section 204. **91.** In section 204 of the Income-tax Act, after clause (iv) and before the *Explanation*, the following clause shall be inserted, namely:—

“(v) in the case of a person not resident in India, the person himself or any person authorised by such person or the agent of such person in India including any person treated as an agent under section 163.”.

Amendment of section 206AA. **92.** In section 206AA of the Income-tax Act, in sub-section (1), the following proviso shall be inserted, namely:—

‘Provided that where the tax is required to be deducted under section 194-O, the provisions of clause (iii) shall apply as if for the words “twenty per cent.”, the words “five per cent.” had been substituted.’.

Amendment of section 206C. **93.** In section 206C of the Income-tax Act,—

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

‘(1G) Every person,—

(a) being an authorised dealer, who receives an amount, or an aggregate of amounts, of seven lakh rupees or more in a financial year for remittance out of India from a buyer, being a person remitting such amount out of India under the Liberalised Remittance Scheme of the Reserve Bank of India;

(b) being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package,

shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the buyer, a sum equal to five per cent. of such amount as income-tax:

Provided that the provisions of this sub-section shall not apply, if the buyer is,—

(i) liable to deduct tax at source under any other provision of this Act and has deducted such amount;

(ii) the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the *Explanation* to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

*Explanation.*—For the purposes of this sub-section,—

(i) “authorised dealer” means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 to deal in foreign exchange or foreign security;

(ii) “overseas tour program package” means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent. of the sale consideration exceeding fifty lakh rupees as income-tax:

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words “five per cent.”, the words “one per cent.” had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act and has deducted such amount.

*Explanation.*—For the purposes of this sub-section,—

(a) “buyer” means a person who purchases any goods, but does not include,—

(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(B) a local authority as defined in the *Explanation* to clause (20) of section 10; or

(C) any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;

(b) “seller” means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.;

(II) in sub-section (2), for the words, brackets, figures and letter “sub-section (1) or sub-section (1C)”, the words “this section” shall be substituted;

(III) in sub-section (3), for the words, brackets, figures and letter “sub-section (1) or sub-section (1C)”, the words “this section” shall be substituted;

(IV) in sub-section (6A), in the first proviso, for the words “in accordance with the provisions of this section”, the words, brackets, figures and letter “in accordance with the provisions of sub-section (1) and sub-section (1C)” shall be substituted;

(V) in the *Explanation*, in clause (c),—

(i) for the word “means”, the words, brackets, figures and letter “with respect to sub-section (1) and sub-section (1F) means” shall be substituted;

(ii) for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted.

**94.** After section 234F of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2020, namely:—

Insertion of new section 234G.

“234G. (1) Without prejudice to the provisions of this Act, where,—

(a) the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35 fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of that section; or

(b) the institution or fund fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5) of section 80G, or furnish a certificate prescribed under clause (ix) of the said sub-section,

it shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.

(2) The amount of fee referred to in sub-section (1) shall,—

(a) not exceed the amount in respect of which the failure referred to therein has occurred;

(b) be paid before delivering or causing to be delivered the statement or before furnishing the certificate referred to in sub-section (1).”.

Fee for default relating to statement or certificate.

**95.** In section 250 of the Income-tax Act, after sub-section (6A), the following sub-sections shall be inserted, namely:—

Amendment of section 250.

“(6B) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of disposal of appeal by Commissioner (Appeals), so as to impart greater efficiency, transparency and accountability by—



(a) eliminating the interface between the Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioner (Appeals).

(6C) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (6B), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure for disposal of appeals by Commissioner (Appeals) shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.

(6D) Every notification issued under sub-section (6B) and sub-section (6C) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.”.

Amendment of section 253.

**96.** In section 253 of the Income-tax Act, in sub-section (1), in clause (c), for the words, figures and letters “under section 12AA”, the words, figures and letters “under section 12AA or section 12AB” shall be substituted with effect from the 1st day of June, 2020.

Amendment of section 254.

**97.** In section 254 of the Income-tax Act, in sub-section (2A),—

(a) in the first proviso, after the words “from the date of such order”, the words “subject to the condition that the assessee deposits not less than twenty per cent. of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnishes security of equal amount in respect thereof” shall be inserted;

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

“Provided further that no extension of stay shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay, unless the assessee makes an application and has complied with the condition referred to in the first proviso and the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed.”.

Amendment of section 271AAD.

**98.** After section 271AAC of the Income-tax Act, the following section shall be inserted, namely:—

Penalty for false entry, etc. in books of account.

‘271AAD. (1) Without prejudice to any other provisions of this Act, if during any proceeding under this Act, it is found that in the books of account maintained by any person there is—

(i) a false entry; or

(ii) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability,

the Assessing Officer may direct that such person shall pay by way of penalty a sum equal to the aggregate amount of such false or omitted entry.

(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may direct that any other person, who causes the person referred to in sub-section (1) in any manner to make a false entry or omits or causes to omit any entry referred to in that sub-section, shall pay by way of penalty a sum equal to the aggregate amount of such false or omitted entry.

*Explanation.*—For the purposes of this section, “false entry” includes use or intention to use—

(a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or

(b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or

(c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.’.

Amendment of section 271K.

**99.** After section 271J of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2020, namely:—

<p>“271K. Without prejudice to the provisions of this Act, the Assessing Officer may direct that a sum not less than ten thousand rupees but which may extend to one lakh rupees shall be paid by way of penalty by—</p>	<p>Penalty for failure to furnish statements, etc.</p>
<p>(i) the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia), of sub-section (1) of section 35, if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of that section; or</p> <p>(ii) the institution or fund, if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5) of section 80G, or furnish a certificate prescribed under clause (ix) of the said sub-section.”.</p>	
<p><b>100.</b> In section 274 of the Income-tax Act, after sub-section (2), the following sub-sections shall be inserted, namely:—</p>	<p>Amendment of section 274.</p>
<p>“(2A) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of imposing penalty under this Chapter so as to impart greater efficiency, transparency and accountability by—</p> <p>(a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;</p> <p>(b) optimising utilisation of the resources through economies of scale and functional specialisation;</p> <p>(c) introducing a mechanism for imposing of penalty with dynamic jurisdiction in which penalty shall be imposed by one or more income-tax authorities.</p> <p>(2B) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (2A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure for imposing penalty shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:</p> <p>Provided that no direction shall be issued after the 31st day of March, 2022.</p> <p>(2C) Every notification issued under sub-section (2A) and sub-section (2B) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.”.</p>	
<p><b>101.</b> After section 285BA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2020, namely:—</p>	<p>Insertion of new section 285BB.</p>
<p>‘285BB. The prescribed income-tax authority or the person authorised by such authority shall upload in the registered account of the assessee an annual information statement in such form and manner, within such time and alongwith such information, which is in the possession of an income-tax authority, as may be prescribed.</p> <p><i>Explanation.</i>—For the purposes of this section, “registered account” means the electronic filing account registered by the assessee in designated portal, that is, the web portal designated as such by the prescribed income-tax authority or the person authorised by such authority.’.</p>	
<p><b>102.</b> In section 288 of the Income-tax Act, in sub-section (2), after clause (vii), the following clause shall be inserted, namely:—</p>	<p>Amendment of section 288.</p>
<p>“(viii) any other person as may be prescribed.”.</p>	
<p><b>103.</b> In section 295 of the Income-tax Act, in sub-section (2), in clause (b),—</p>	<p>Amendment of section 295.</p>
<p>(a) after sub-clause (ii), the following sub-clause shall be inserted with effect from the 1st day of April, 2021, namely:—</p>	
<p>“(iia) operations carried out in India by a non-resident;”;</p>	
<p>(b) after sub-clause (iia) as so inserted, the following sub-clause shall be inserted with effect from the 1st day of April, 2022, namely:—</p>	<p>Amendment of First Schedule.</p>
<p>“(iib) transactions or activities of a non-resident;”.</p>	
<p><b>104.</b> In the First Schedule to the Income-tax Act, in rule 5, after clause (c), the following proviso shall be inserted, namely:—</p>	
<p>“Provided that any sum payable by the assessee under section 43B, which is added back in accordance with clause (a) of this rule, shall be allowed as deduction in computing the income under the said rule in the previous year in which such sum is actually paid.”.</p>	

## CHAPTER IV

## INDIRECT TAXES

*Customs*

Amendment of section 11. **105.** In section 11 of the Customs Act, 1962 (hereinafter referred to as the Customs Act), in sub-section (2), in clause (f), for the words “gold or silver”, the words “gold, silver or any other goods” shall be substituted. 52 of 1962.

Amendment of section 28. **106.** In section 28 of the Customs Act, for *Explanation* 4, the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 29th day of March, 2018, namely:—  
*Explanation* 4.—For the removal of doubts, it is hereby declared that notwithstanding anything to the contrary contained in any judgment, decree or order of the Appellate Tribunal or any Court or in any other provision of this Act or the rules or regulations made thereunder, or in any other law for the time being in force, in cases where notice has been issued for non-levy, short-levy, non-payment, short-payment or erroneous refund, prior to the 29th day of March, 2018, being the date of commencement of the Finance Act, 2018, such notice shall continue to be governed by the provisions of section 28 as it stood immediately before such date.”. 13 of 2018.

Amendment of section 28AAA. **107.** In section 28AAA of the Customs Act, in sub-section (1),—  
 (a) for the words “by such person”, the words “or any other law, or any scheme of the Central Government, for the time being in force, by such person” shall be substituted;  
 (b) after the words “the rules”, the words “or regulations” shall be inserted;  
 (c) in *Explanation* 1, for the words “with respect to”, the words, figures and letter “or duty credit issued under section 51B, with respect to” shall be substituted.

Insertion of new Chapter VAA. **108.** After Chapter VA of the Customs Act, the following Chapter shall be inserted, namely:—

## ‘CHAPTER VAA

## ADMINISTRATION OF RULES OF ORIGIN UNDER TRADE AGREEMENT

Procedure regarding claim of preferential rate of duty. **28DA.** (1) An importer making claim for preferential rate of duty, in terms of any trade agreement, shall,—  
 (i) make a declaration that goods qualify as originating goods for preferential rate of duty under such agreement;

(ii) possess sufficient information as regards the manner in which country of origin criteria, including the regional value content and product specific criteria, specified in the rules of origin in the trade agreement, are satisfied;

(iii) furnish such information in such manner as may be provided by rules;

(iv) exercise reasonable care as to the accuracy and truthfulness of the information furnished.

(2) The fact that the importer has submitted a certificate of origin issued by an Issuing Authority shall not absolve the importer of the responsibility to exercise reasonable care.

(3) Where the proper officer has reasons to believe that country of origin criteria has not been met, he may require the importer to furnish further information, consistent with the trade agreement, in such manner as may be provided by rules.

(4) Where importer fails to provide the requisite information for any reason, the proper officer may,—

(i) cause further verification consistent with the trade agreement in such manner as may be provided by rules;

(ii) pending verification, temporarily suspend the preferential tariff treatment to such goods:

Provided that on the basis of the information furnished by the importer or the information available with him or on the relinquishment of the claim for preferential

rate of duty by the importer, the Principal Commissioner of Customs or the Commissioner of Customs may, for reasons to be recorded in writing, disallow the claim for preferential rate of duty, without further verification.

(5) Where the preferential rate of duty is suspended under sub-section (4), the proper officer may, on the request of the importer, release the goods subject to furnishing by the importer a security amount equal to the difference between the duty provisionally assessed under section 18 and the preferential duty claimed:

Provided that the Principal Commissioner of Customs or the Commissioner of Customs may, instead of security, require the importer to deposit the differential duty amount in the ledger maintained under section 51A.

(6) Upon temporary suspension of preferential tariff treatment, the proper officer shall inform the Issuing Authority of reasons for suspension of preferential tariff treatment, and seek specific information as may be necessary to determine the origin of goods within such time and in such manner as may be provided by rules.

(7) Where, subsequently, the Issuing Authority or exporter or producer, as the case may be, furnishes the specific information within the specified time, the proper officer may, on being satisfied with the information furnished, restore the preferential tariff treatment.

(8) Where the Issuing Authority or exporter or producer, as the case may be, does not furnish information within the specified time or the information furnished by him is not found satisfactory, the proper officer shall disallow the preferential tariff treatment for reasons to be recorded in writing:

Provided that in case of receipt of incomplete or non-specific information, the proper officer may send another request to the Issuing Authority stating specifically the shortcoming in the information furnished by such authority, in such circumstances and in such manner as may be provided by rules.

(9) Unless otherwise specified in the trade agreement, any request for verification shall be sent within a period of five years from the date of claim of preferential rate of duty by an importer.

(10) Notwithstanding anything contained in this section, the preferential tariff treatment may be refused without verification in the following circumstances, namely:—

- (i) the tariff item is not eligible for preferential tariff treatment;
- (ii) Complete description of goods is not contained in the certificate of origin;
- (iii) Any alteration in the certificate of origin is not authenticated by the Issuing Authority;
- (iv) the certificate of origin is produced after the period of its expiry,

and in all such cases, the certificate of origin shall be marked as "INAPPLICABLE".

(11) Where the verification under this section establishes non-compliance of the imported goods with the country of origin criteria, the proper officer may reject the preferential tariff treatment to the imports of identical goods from the same producer or exporter, unless sufficient information is furnished to show that identical goods meet the country of origin criteria.

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

(a) "certificate of origin" means a certificate issued in accordance with a trade agreement certifying that the goods fulfill the country of origin criteria and other requirements specified in the said agreement;

(b) "identical goods" means goods that are same in all respects with reference to the country of origin criteria under the trade agreement;

(c) "Issuing Authority" means any authority designated for the purposes of issuing certificate of origin under a trade agreement;

(d) "trade agreement" means an agreement for trade in goods between the Government of India and the Government of a foreign country or territory or economic union.'

Amendment of heading of Chapter VIIA.	<p><b>109.</b> In Chapter VIIA of the Customs Act, in the heading, after the word “LEDGER”, the words “AND ELECTRONIC DUTY CREDIT LEDGER” shall be inserted.</p>	
Insertion of new section 51B.	<p><b>110.</b> After section 51A of the Customs Act, the following section shall be inserted, namely:—</p>	
Ledger for duty credit.	<p>“51B. (1) The Central Government may, by notification in the Official Gazette, specify the manner in which it shall issue duty credit,—</p> <p style="padding-left: 40px;">(a) in lieu of remission of any duty or tax or levy, chargeable on any material used in the manufacture or processing of goods or for carrying out any operation on such goods in India that are exported; or</p> <p style="padding-left: 40px;">(b) in lieu of such other financial benefit subject to such conditions and restrictions as may be specified therein.</p> <p>(2) The duty credit issued under sub-section (1) shall be maintained in the customs automated system in the form of an electronic duty credit ledger of the person who is the recipient of such duty credit, in such manner as may be prescribed.</p> <p>(3) The duty credit available in the electronic duty credit ledger may be used by the person to whom it is issued or the person to whom it is transferred, towards making payment of duties payable under this Act or under the Customs Tariff Act, 1975 in such manner and subject to such conditions and restrictions and within such time as may be prescribed.”.</p>	51 of 1975.
Amendment of section 111.	<p><b>111.</b> In section 111 of the Customs Act, after clause (p), the following clause shall be inserted, namely:—</p> <p style="padding-left: 40px;">“(q) any goods imported on a claim of preferential rate of duty which contravenes any provision of Chapter VAA or any rule made thereunder.”.</p>	
Amendment of section 156.	<p><b>112.</b> In section 156 of the Customs Act, in sub-section (2), after clause (h), the following clause shall be inserted, namely:—</p> <p style="padding-left: 40px;">“(i) the form, time limit, manner, circumstances, conditions, restrictions and such other matters for carrying out the provisions of Chapter VAA.”.</p>	
Amendment of section 157.	<p><b>113.</b> In section 157 of the Customs Act, in sub-section (2), after clause (j), the following clause shall be inserted, namely:—</p> <p style="padding-left: 40px;">”(ja) the manner of maintaining electronic duty credit ledger, making payment from such ledger, transfer of duty credit from ledger of one person to the ledger of another and the conditions, restrictions and time limit relating thereto;”.</p>	
<i>Customs Tariff</i>		
Substitution of new section for section 8B.	<p><b>114.</b> For section 8B of the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), the following section shall be substituted, namely:—</p>	51 of 1975.
Power of Central Government to apply safeguard measures.	<p>‘8B. (1) If the Central Government, after conducting such enquiry as it deems fit, is satisfied that any article is imported into India in such increased quantity and under such conditions so as to cause or threaten to cause serious injury to domestic industry, it may, by notification in the Official Gazette, apply such safeguard measures on that article, as it deems appropriate.</p> <p>(2) The safeguard measures referred to in sub-section (1) shall include imposition of safeguard duty, application of tariff-rate quota or such other measure, as the Central Government may consider appropriate, to curb the increased quantity of imports of an article to prevent serious injury to domestic industry:</p> <p>Provided that no such measure shall be applied on an article originating from a developing country so long as the share of imports of that article from that country does not exceed three per cent. or where the article is originating from more than one developing country, then, so long as the aggregate of the imports from each of such developing countries with less than three per cent. import share taken together, does not exceed nine per cent. of the total imports of that article into India:</p> <p>Provided further that the Central Government may, by notification in the Official Gazette, exempt such quantity of any article as it may specify in the notification, when imported from any country or territory into India, from payment of the whole or part of the safeguard duty leviable thereon.</p>	



(3) Where tariff-rate quota is used as a safeguard measure, the Central Government shall not fix such quota lower than the average level of imports in the last three representative years for which statistics are available, unless a different level is deemed necessary to prevent or remedy serious injury.

(4) The Central Government may allocate such tariff-rate quota to supplying countries having a substantial interest in supplying the article concerned, in such manner as may be provided by rules.

(5) The Central Government may, pending the determination under sub-section (1), apply provisional safeguard measures under this sub-section on the basis of a preliminary determination that increased imports have caused or threatened to cause serious injury to a domestic industry:

Provided that where, on final determination, the Central Government is of the opinion that increased imports have not caused or threatened to cause serious injury to a domestic industry, it shall refund the safeguard duty so collected:

Provided further that any provisional safeguard measure shall not remain in force for more than two hundred days from the date on which it was applied.

(6) Notwithstanding anything contained in the foregoing sub-sections, a notification issued under sub-section (1) or any safeguard measures applied under sub-sections (2), (3), (4) and (5), shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless—

(i) it is specifically made applicable in such notification or to such undertaking or unit;

(ii) such article is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, in which case, safeguard measures shall be applied on the portion of the article so cleared or used, as was applicable when it was imported into India.

*Explanation.*—For the purposes of this section, the expressions “hundred per cent. export-oriented undertaking”, and “special economic zone” shall have the same meaning as assigned to them in *Explanation 2* to sub-section (1) of section 3 of the Central Excise Act, 1944.

1 of 1944.

(7) The safeguard duty imposed under this section shall be in addition to any other duty imposed under this Act or under any other law for the time being in force.

(8) The safeguard measures applied under this section shall, unless revoked earlier, cease to have effect on the expiry of four years from the date of such application:

Provided that if the Central Government is of the opinion that the domestic industry has taken measures to adjust to such injury or threat thereof and it is necessary that the safeguard measures should continue to be applied, it may extend the period of such application:

Provided further that in no case the safeguard measures shall continue to be applied beyond a period of ten years from the date on which such measures were first applied.

52 of 1962.

(9) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to the date for determination of rate of duty, assessment, non-levy, short-levy, refunds, interest, appeals, offences and penalties shall, as far as may be, apply to the duty chargeable under this section as they apply in relation to duties leviable under that Act.

(10) The Central Government may, by notification in the Official Gazette, make rules for the purposes of this section, and without prejudice to the generality of the foregoing power, such rules may provide for—

(i) the manner in which articles liable for safeguard measures may be identified;

(ii) the manner in which the causes of serious injury or causes of threat of serious injury in relation to identified article may be determined;

(iii) the manner of assessment and collection of safeguard duty;

(iv) the manner in which tariff-rate quota on identified article may be allocated among supplying countries;

- (v) the manner of implementing tariff-rate quota as a safeguard measure;
- (vi) any other safeguard measure and the manner of its application.

(11) For the purposes of this section,—

(a) “developing country” means a country notified by the Central Government in the Official Gazette;

(b) “domestic industry” means the producers—

(i) as a whole of the like article or a directly competitive article in India; or

(ii) whose collective output of the like article or a directly competitive article in India constitutes a major share of the total production of the said article in India;

(c) “serious injury” means an injury causing significant overall impairment in the position of a domestic industry;

(d) “threat of serious injury” means a clear and imminent danger of serious injury.

(12) Every notification issued under this section shall be laid, as soon as may be after it is issued, 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 notification or both Houses agree that the notification should not be issued, the notification 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 notification.’

Amendment  
of First  
Schedule.

**115.** In the Customs Tariff Act, the First Schedule shall—

(a) be amended in the manner specified in the Second Schedule; and

(b) be also amended in the manner specified in the Third Schedule.

*Central Goods and Services Tax*

Amendment  
of section 2.

**116.** In section 2 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Central Goods and Services Tax Act), in clause (114), for clauses (c) and (d), the following clauses shall be substituted, namely:—

12 of 2017.

“(c) Dadra and Nagar Haveli and Daman and Diu;

(d) Ladakh;”.

Amendment  
of section 10.

**117.** In section 10 of the Central Goods and Services Tax Act, in sub-section (2), in clauses (b), (c) and (d), after the words “of goods”, the words “or services” shall be inserted.

Amendment  
of section 16.

**118.** In section 16 of the Central Goods and Services Tax Act, in sub-section (4), the words “invoice relating to such” shall be omitted.

Amendment  
of section 29.

**119.** In section 29 of the Central Goods and Services Tax Act, in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

“(c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25:”.

Amendment  
of section 30.

**120.** In section 30 of the Central Goods and Services Tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

“Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended,—

(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;

(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a).”.

Amendment  
of section 31.

**121.** In section 31 of the Central Goods and Services Tax Act, in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

“Provided that the Government may, on the recommendations of the Council, by notification,—

(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;

(b) subject to the condition mentioned therein, specify the categories of services in respect of which—

(i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or

(ii) tax invoice may not be issued.”.

- 122.** In section 51 of the Central Goods and Services Tax Act,—  
 (a) for sub-section (3), the following sub-section shall be substituted, namely:—  
 “(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.”.  
 (b) sub-section (4) shall be omitted.”.
- Amendment of section 51.
- 123.** In section 109 of the Central Goods and Services Tax Act, in sub-section (6),—  
 (a) the words “except for the State of Jammu and Kashmir” shall be omitted;  
 (b) the first proviso shall be omitted.
- Amendment of section 109.
- 124.** In section 122 of the Central Goods and Services Tax Act, after sub-section (1), the following sub-section shall be inserted, namely:—  
 “(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.”.
- Amendment of section 122.
- 125.** In section 132 of the Central Goods and Services Tax Act, in sub-section (1),—  
 (i) for the words “Whoever commits any of the following offences”, the words “Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences” shall be substituted;  
 (ii) for clause (c), the following clause shall be substituted, namely:—  
 “(c) avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill;”;  
 (iii) in sub-clause (e), the words “, fraudulently avails input tax credit” shall be omitted.
- Amendment of section 132.
- 126.** In section 140 of the Central Goods and Services Tax Act, with effect from the 1st day of July, 2017,—  
 (a) in sub-section (1), after the words “existing law”, the words “within such time and” shall be inserted and shall be deemed to have been inserted;  
 (b) in sub-section (2), after the words “appointed day”, the words “within such time and” shall be inserted and shall be deemed to have been inserted;  
 (c) in sub-section (3), for the words “goods held in stock on the appointed day subject to”, the words “goods held in stock on the appointed day, within such time and in such manner as may be prescribed, subject to” shall be substituted and shall be deemed to have been substituted;  
 (d) in sub-section (5), for the words “existing law”, the words “existing law, within such time and in such manner as may be prescribed” shall be substituted and shall be deemed to have been substituted;  
 (e) in sub-section (6), for the words “goods held in stock on the appointed day subject to”, the words “goods held in stock on the appointed day, within such time and in such manner as may be prescribed, subject to” shall be substituted and shall be deemed to have been substituted;  
 (f) in sub-section (7), for the words “credit under this Act even if”, the words “credit under this Act, within such time and in such manner as may be prescribed, even if” shall be substituted and shall be deemed to have been substituted;  
 (g) in sub-section (8), for the words “in such manner”, the words “within such time and in such manner” shall be substituted and shall be deemed to have been substituted;  
 (h) in sub-section (9), for the words “credit can be reclaimed subject to”, the words “credit can be reclaimed within such time and in such manner as may be prescribed, subject to” shall be substituted and shall be deemed to have been substituted.
- Amendment of section 140.
- 127.** In section 168 of the Central Goods and Services Tax Act, in sub-section (2), for the words, brackets and figures “sub-section (5) of section 66, sub-section (1) of section 143”, the words, brackets and figures “sub-section (1) of section 143, except the second proviso thereof” shall be substituted.
- Amendment of section 168.
- 128.** In section 172 of the Central Goods and Services Tax Act, in sub-section (1), in the proviso, for the words “three years”, the words “five years” shall be substituted.
- Amendment of section 172.

Amendment to Schedule II.	<b>129.</b> In Schedule II to the Central Goods and Services Tax Act, in paragraph 4, the words “whether or not for a consideration,” at both the places where they occur, shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.	
Retrospective exemption from, or levy or collection of, central tax in certain cases.	<b>130.</b> (1) Notwithstanding anything contained in the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 673(E), dated the 28th June, 2017, issued by the Central Government, on the recommendations of the Council, in exercise of the powers under sub-section (1) of section 9 of the Central Goods and Services Tax Act, 2017,—  (i) no central tax shall be levied or collected in respect of supply of fishmeal (falling under heading 2301), during the period commencing from the 1st day of July, 2017 and ending with the 30th day of September, 2019 (both days inclusive);  (ii) central tax at the rate of six per cent. shall be levied or collected in respect of supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery (falling under headings 8432, 8433 and 8436), during the period commencing from the 1st day of July, 2017 and ending with the 31st day of December, 2018 (both days inclusive).  (2) No refund shall be made of all such tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times.	12 of 2017.
Retrospective effect to notification issued under clause (ii) of proviso to sub-section (3) of section 54 of Central Goods and Services Tax Act.	<b>131.</b> The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 708(E), dated the 30th September, 2019, issued by the Central Government, on the recommendations of the Council, in exercise of the powers under clause (ii) of the proviso to sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017, read with sub-section (2) of section 9 of the Goods and Services Tax (Compensation to States) Act, 2017, shall be deemed to have, and always to have, for all purposes, come into force on and from the 1st day of July, 2017.	12 of 2017. 15 of 2017.
<i>Integrated Goods and Services Tax</i>		
Amendment of section 25.	<b>132.</b> In section 25 of the Integrated Goods and Services Tax Act, 2017, in sub-section (1), in the proviso, for the words “three years”, the words “five years” shall be substituted.	13 of 2017.
Retrospective exemption from, or levy or collection of, integrated tax in certain cases.	<b>133.</b> (1) Notwithstanding anything contained in the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 666(E), dated the 28th June, 2017, issued by the Central Government, on the recommendations of the Council, in exercise of the power under sub-section (1) of section 5 of the Integrated Goods and Services Tax Act, 2017,—  (i) no integrated tax shall be levied or collected in respect of supply of fishmeal (falling under heading 2301), during the period commencing from the 1st day of July, 2017 and ending with the 30th day of September, 2019 (both days inclusive);  (ii) integrated tax at the rate of twelve per cent. shall be levied or collected in respect of supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery (falling under headings 8432, 8433 and 8436), during the period commencing from the 1st day of July, 2017 and ending with the 31st day of December, 2018 (both days inclusive).  (2) No refund shall be made of all such tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times.	13 of 2017.
<i>Union Territory Goods and Services Tax</i>		
Amendment of section 1.	<b>134.</b> In section 1 of the Union Territory Goods and Services Tax Act, 2017 (hereinafter referred as the Union Territory Goods and Services Tax Act), in sub-section (2), for the words “Dadra and Nagar Haveli, Daman and Diu”, the words “Dadra and Nagar Haveli and Daman and Diu, Ladakh” shall be substituted.	14 of 2017.
Amendment of section 2.	<b>135.</b> In section 2 of the Union Territory Goods and Services Tax Act, in clause (8), for sub-clauses (iii) and (iv), the following sub-clauses shall be substituted, namely:—  “(iii) Dadra and Nagar Haveli and Daman and Diu;  (iv) Ladakh;”.	
Amendment of section 26.	<b>136.</b> In section 26 of the Union Territory Goods and Services Tax Act, in sub-section (1), in the proviso, for the words “three years”, the words “five years” shall be substituted.	

14 of 2017.	<p><b>137.</b> (1) Notwithstanding anything contained in the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 710(E), dated the 28th June, 2017, issued by the Central Government, on the recommendations of the Council, in exercise of the powers under sub-section (1) of section 7 of the Union Territory Goods and Services Tax Act, 2017, —</p> <p>(i) no Union territory tax shall be levied or collected in respect of supply of fishmeal (falling under heading 2301), during the period commencing from the 1st day of July, 2017 and ending with the 30th day of September, 2019 (both days inclusive);</p> <p>(ii) Union territory tax at the rate of six per cent. shall be levied or collected in respect of supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery (falling under headings 8432, 8433 and 8436), during the period commencing from the 1st day of July, 2017 and ending with the 31st day of December, 2018 (both days inclusive).</p> <p>(2) No refund shall be made of all such tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times.</p> <p style="text-align: center;"><i>Goods and Services Tax (Compensation to States)</i></p>	Retrospective exemption from, or levy or collection of, Union territory tax in certain cases.
15 of 2017.	<p><b>138.</b> In section 14 of the Goods and Services Tax (Compensation to States) Act, 2017, in sub-section (1), in the proviso, for the words “three years”, the words “five years” shall be substituted.</p> <p style="text-align: center;">CHAPTER V HEALTH CESS</p>	Amendment of section 14.
52 of 1962.	<p><b>139.</b> (1) In the case of goods specified in the Fourth Schedule being goods imported into India, there shall be levied and collected for the purposes of the Union, a duty of customs, to be called the Health Cess, at the rates specified in the said Schedule, for the purposes of financing the health infrastructure and services.</p> <p>(2) The Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Health Cess levied under this Chapter for the purposes specified in sub-section (1), as it may consider necessary.</p> <p>(3) For the purposes of calculating the Health Cess under this Chapter on the goods specified in the Fourth Schedule, where such duty is leviable at any percentage of its value, the value of such goods shall be calculated in the same manner as the value of goods is calculated for the purpose of customs duty under the provisions of section 14 of the Customs Act, 1962 (hereafter in this Chapter referred to as the Customs Act).</p> <p>(4) The Health Cess leviable under sub-section (1), chargeable on the goods specified in the Fourth Schedule, shall be in addition to any other duties of customs chargeable on such goods under the Customs Act or any other law for the time being in force.</p> <p>(5) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, offences and imposition of penalty, shall, as far as may be, apply in relation to the levy and collection of the Health Cess leviable under this Chapter in respect of the goods specified in the Fourth Schedule as they apply in relation to the levy and collection of duties of customs on such goods under the said Act or the rules or the regulations made thereunder, as the case may be.</p> <p style="text-align: center;">CHAPTER VI MISCELLANEOUS PART I AMENDMENTS TO THE INDIAN STAMP ACT, 1899</p>	Health Cess on imported medical devices.
2 of 1899.	<p><b>140.</b> The provisions of this Part shall come into force on the 1st day of April, 2020.</p> <p><b>141.</b> In section 9A of the Indian Stamp Act, 1899 (hereafter in this Part referred to as the Stamp Act), in sub-section (2), the following proviso shall be inserted, namely:—</p> <p>“Provided that no such duty shall be chargeable in respect of the instruments of transaction in stock exchanges and depositories established in any International Financial Services Centre set up under section 18 of the Special Economic Zones Act, 2005.”</p>	Commencement of this Part. Amendment of section 9A.
28 of 2005.	<p>“Provided that no such duty shall be chargeable in respect of the instruments of transaction in stock exchanges and depositories established in any International Financial Services Centre set up under section 18 of the Special Economic Zones Act, 2005.”</p>	



Insertion of new section 73B. Power to issue directions and to authorise certain authorities to issue instructions, etc.	<p><b>142.</b> In the Stamp Act, after section 73A, the following section shall be inserted, namely:—</p> <p>“73B. The Central Government may,—</p> <p style="padding-left: 40px;">(a) issue directions relating to such matters and subject to such conditions, as it deems necessary;</p> <p style="padding-left: 40px;">(b) in writing, authorise the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 or the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934 to issue instructions, circulars or guidelines, for carrying out the provisions of Part AA of Chapter II and the rules made thereunder”.</p>	15 of 1992. 2 of 1934.
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## PART II

AMENDMENT TO THE PROHIBITION OF *BENAMI* PROPERTY TRANSACTIONS ACT, 1988

Amendment of Act 45 of 1988.	<p><b>143.</b> In the Prohibition of <i>Benami</i> Property Transactions Act, 1988, in section 9, in sub-section (1), for clause (b), the following clause shall be substituted with effect from the 1st day of April, 2020, namely:—</p> <p>“(b)(i) has been a member of the Indian Legal Service and has held the post of Joint Secretary or equivalent post in that Service; or</p> <p style="padding-left: 40px;">(ii) is qualified for appointment as District Judge.”.</p>	
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## PART III

## AMENDMENT TO THE ELECTION COMMISSION (CONDITIONS OF SERVICE OF ELECTION COMMISSIONERS AND TRANSACTION OF BUSINESS) ACT, 1991

Amendment of Act 11 of 1991.	<p><b>144.</b> In the Election Commission (Conditions of Service of Election Commissioners and Transaction of Business) Act, 1991, in section 8, for the words “allowance, provision of rent-free residence and exemption from payment of income-tax on the values of such rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and such other conditions of service”, the words “allowance and provision of rent-free residence” shall be substituted with effect from the 1st day of April, 2021.</p>	
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## PART IV

## AMENDMENT TO THE FINANCE ACT, 2001

Substitution of new Schedule for Seventh Schedule to Act 14 of 2001.	<p><b>145.</b> For the Seventh Schedule to the Finance Act, 2001, the Schedule specified in the Fifth Schedule shall be substituted.</p>	
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## PART V

## AMENDMENTS TO THE FINANCE ACT, 2013

Amendment of section 116.	<p><b>146.</b> In the Finance Act, 2013 (hereafter in this Part referred to as the principal Act), in section 116, with effect from the 1st day of April, 2020,—</p> <p style="padding-left: 40px;">(a) in clause (7), for the words “sale of commodity derivatives or option on commodity derivatives in respect of commodities, other than agricultural commodities, traded in recognised associations”, the words “sale of commodity derivatives or sale of commodity derivatives based on prices or indices of prices of commodity derivatives or option on commodity derivatives or option in goods in respect of commodities, other than agricultural commodities, traded in recognised stock exchange” shall be substituted;</p> <p style="padding-left: 40px;">(b) in clause (8),—</p> <p style="padding-left: 80px;">(A) for the words, brackets and figures “Forward Contracts (Regulation) Act, 1952”, the words, brackets and figures “Securities Contracts(Regulation) Act, 1956” shall be substituted;</p> <p style="padding-left: 80px;">(B) after the words “or the rules made”, the words “or the notifications issued” shall be inserted.</p>	17 of 2013. 74 of 1952. 42 of 1956.
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**147.** In section 117 of the principal Act, for the Table, the following Table shall be substituted with effect from the 1st day of April, 2020, namely:—

Amendment of section 117.

“TABLE

SI. No.	Taxable commodities transaction	Rate	Payable by
(1)	(2)	(3)	(4)
1.	Sale of commodity derivative	0.01 per cent.	seller
2.	Sale of commodity derivatives based on prices or indices of prices of commodity derivatives	0.01 per cent.	seller
3.	Sale of option on commodity derivative	0.05 per cent.	seller
4.	Sale of option in goods	0.05 per cent.	seller
5.	Sale of option on commodity derivative, where option is exercised	0.0001 per cent.	purchaser
6.	Sale of option in goods, where option is exercised resulting in actual delivery of goods	0.0001 per cent.	purchaser
7.	Sale of option in goods, where option is exercised resulting in a settlement otherwise than by the actual delivery of goods	0.125 per cent.	purchaser.”.

**148.** In section 118 of the principal Act, with effect from the 1st day of April, 2020,—

Amendment of section 118.

(i) in clause (a), for the words “commodity derivative” at both the places where they occur, the words “commodity derivative or commodity derivative based on prices or indices of prices of commodity derivatives” shall be substituted;

(ii) in clause (b),—

(A) after the words “an option on commodity derivative”, the words “or option in goods” shall be inserted;

(B) in sub-clause (i), for the words and figure “serial number 2”, the words and figures “serial numbers 3 and 4” shall be substituted;

(C) in sub-clause (ii), for the words and figure “serial number 3”, the words and figures “serial numbers 5 and 6” shall be substituted;

(D) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

“(iii) the difference between the settlement price and the strike price, in respect of transaction at serial number 7 of the Table in section 117.”.

**149.** In sections 119, 120 and 132A of the principal Act, for the words “recognised association” wherever they occur, the words “recognised stock exchange” shall be substituted with effect from the 1st day of April, 2020.

Amendment of sections 119, 120 and 132A.

#### 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 115 (a), 115 (b), 139 and 145 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931

## THE FIRST SCHEDULE

(See section 2)

## PART I

## INCOME-TAX

## 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,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 2,50,000	Nil;
(2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5 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. 12,500 plus 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. 1,12,500 plus 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*

(1) where the total income does not exceed Rs. 3,00,000	Nil;
(2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	5 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. 10,000 plus 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. 1,10,000 plus 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*

(1) where the total income does not exceed Rs. 5,00,000	Nil;
(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 plus 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 or section 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, 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,—

(a) having a total income (including the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(b) having a total income (including the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding one crore rupees, but not exceeding two crore rupees at the rate of fifteen per cent. of such income-tax;

(c) having a total income (excluding the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax;

(d) having a total income (excluding the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and

(e) having a total income (including income under the provisions of section 111A and section 112A) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income chargeable under section 111A and section 112A of the Income-tax Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed fifteen per cent:

Provided further that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not 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 fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two 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 one crore rupees by more than the amount of income that exceeds one crore rupees;

(c) two crore rupees but does not exceed five 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 two crore rupees by more than the amount of income that exceeds two crore rupees;

(d) five 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 five crore rupees by more than the amount of income that exceeds five 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;
(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 or section 112A 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,—

##### *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 or section 112A 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:

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.

#### *Paragraph D*

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 or section 112A 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:

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.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(i) where its total turnover or the gross receipt in the previous year 2017-2018 does not exceed four hundred crore rupees; 25 per cent. of the total income;

(ii) other than that referred to in item (i) 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,— 50 per cent.;

(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

(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 or section 112A of the Income-tax Act, shall, 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 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

(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, 194A, 194B, 194BB, 194D, 194LBA, 194LBB, 194LBC 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:—

	Rate of income-tax
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	5 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 India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	
(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—	
(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 long-term capital gains referred to in section 112A	10 per cent.;
(D) on other income by way of long-term capital gains [not being capital gains referred to in clauses (33) and (36) of section 10] referred to in section 112A exceeding one lakh rupees	20 per cent.;
(E) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
(F) 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.;
(G) 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.;
(H) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(G)] 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.;
(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.;

(J) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(K) on income by way of winnings from horse races	30 per cent.;
(L) on the whole of the other income	30 per cent.;
(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.;
(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.;
(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.;
(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.;
(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.;
(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 long-term capital gains referred to in section 112A exceeding one lakh rupees	10 per cent.;
(J) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]	20 per cent.;
(K) on the whole of the other income	30 per cent.
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.;

(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.;
(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.;
(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.;
(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—	
(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 the 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—	
(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.;
(ix) on income by way of long-term capital gains referred to in section 112A exceeding one lakh rupees	10 per cent.;
(x) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10]	20 per cent.;
(xi) on any other income	40 per cent..

*Explanation.*—For the purposes of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the respective meanings assigned to them in Chapter XII-A of the Income-tax Act.

*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 the purposes of the Union,—

(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, being a non-resident, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes (including the income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes (including the income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees;

III. at the rate of twenty-five per cent. of such tax, where the income or the aggregate of such incomes (excluding the income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees but does not exceed five crore rupees; and

IV. at the rate of thirty-seven per cent. of such tax, where the income or the aggregate of such incomes (excluding the income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds five crore rupees;

V. at the rate of fifteen per cent. of such tax, where the income or aggregate of such incomes (including income under the provisions of section 111A and section 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees, but is not covered under sub-clauses III and IV:

Provided that in case where the total income includes any income chargeable under section 111A and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax deducted in respect of that part of income shall not exceed fifteen per cent.;

(b) in the case of every co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent., where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(ii) Item 2 of this Part shall be increased by a surcharge, for the purposes of the Union, in the case of every company other than a domestic company, calculated,—

(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

#### 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, from 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 115BA or section 115BAA or section 115BAB or section 115BAD or section 115BB or section 115BBA or section 115BBC or section 115BBD or section 115BBDA or section 115BBE or section 115BBF or section 115BBG or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:—

#### 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,—

#### Rates of income-tax

(1) where the total income does not exceed Rs. 2,50,000	Nil;
(2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5 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. 12,500 plus 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. 1,12,500 plus 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*

(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	5 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. 10,000 <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. 1,10,000 <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*

(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 or section 112A or the provisions of section 115BAC, of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, 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,—

(a) having a total income (including the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(b) having a total income (including the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(c) having a total income (excluding the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax; and

(d) having a total income (excluding the income under the provisions of section 111A and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax;

(e) having a total income (including income under the provisions of section 111A and section 112A) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax:

Provided that in case where the total income includes any income chargeable under section 111A and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed fifteen per cent.:

Provided further that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not 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 fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two 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 one crore rupees by more than the amount of income that exceeds one crore rupees;

(c) two crore rupees but does not exceed five 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 two crore rupees by more than the amount of income that exceeds two crore rupees;



(d) five 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 five crore rupees by more than the amount of income that exceeds five 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; |
| (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 or section 112A 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,—

*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 or section 112A 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:

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.

*Paragraph D*

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 or section 112A 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:

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.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

- |   |                                   |
|---|-----------------------------------|
| (i) where its total turnover or the gross receipt in the previous year 2018-2019 does not exceed four hundred crore rupees; | 25 per cent. of the total income; |
| (ii) other than that referred to in item (i)  | 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,— 50 per cent.;

(a) royalties received from the 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 or section 112A of the Income-tax Act, shall, 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 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

(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 IV

[See section 2 (13)(c)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

*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), (3A) and (4) of section 40A.

*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), (3A) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax 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, 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;

(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;

(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 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, 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, 2020, 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, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019, 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, 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 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019,

(ii) 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 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019,

(iii) 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 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2015, 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, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2016, 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, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2017, 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, 2018 or the 1st day of April, 2019,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2018, 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, 2019,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2019,

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, 2020.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2021, 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, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020, 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, 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 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020,

(ii) 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 or the 1st day of April, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2015, 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, 2016 or the 1st day of April, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2016, 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, 2017 or the 1st day of April, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2017, 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, 2018 or the 1st day of April, 2019 or the 1st day of April, 2020,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2018, 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, 2019 or the 1st day of April, 2020,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2019, 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, 2020,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2020,

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, 2021.

(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, 2012 (23 of 2012) or the First Schedule to the Finance Act, 2013 (17 of 2013) or the First Schedule to the Finance (No. 2) Act, 2014 (25 of 2014) or the First Schedule to the Finance Act, 2015 (20 of 2015) or the First Schedule to the Finance Act, 2016 (28 of 2016) or the First Schedule to the Finance Act, 2017 (7 of 2017) or the First Schedule to the Finance Act, 2018 (13 of 2018) or the First Schedule of the Finance (No. 2) Act, 2019 (23 of 2019) 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*.

*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 115 (a)]

In the Customs Tariff Act, in the First Schedule,—

- (1) in Chapter 8, for the entry in column (4) occurring against tariff item 0802 32 00, the entry “100%” shall be substituted;
- (2) in Chapter 38, for the entry in column (4) occurring against tariff item 3824 99 00, the entry “17.5%” shall be substituted;
- (3) in Chapter 64,—
- (i) for the entry in column (4) occurring against all the tariff items of headings 6401, 6402, 6403, 6404 and 6405, the entry “35%” shall be substituted;
- (ii) for the entry in column (4) occurring against all the tariff items of heading 6406, the entry “20%” shall be substituted;
- (4) in Chapter 67, for the entry in column (4) occurring against all the tariff items of heading 6702, the entry “20%” shall be substituted;
- (5) in Chapter 69, for the entry in column (4) occurring against tariff items 6911 10 11, 6911 10 19, 6911 10 21, 6911 10 29, 6911 90 20, 6911 90 90, 6912 00 10, 6912 00 20, 6912 00 40 and 6912 00 90, the entry “20%” shall be substituted;
- (6) in Chapter 70,—
- (i) for the entry in column (4) occurring against all the tariff items of heading 7013, the entry “20%” shall be substituted;
- (ii) for the entry in column (4) occurring against tariff item 7018 10 20, the entry “20%” shall be substituted;
- (7) in Chapter 71, for the entry in column (4) occurring against all the tariff items of heading 7118, the entry “12.5%” shall be substituted;
- (8) in Chapter 73, for the entry in column (4) occurring against all the tariff items of heading 7323, the entry “20%” shall be substituted;
- (9) in Chapter 74, for the entry in column (4) occurring against all the tariff items of sub-heading 7418 10, the entry “20%” shall be substituted;
- (10) in Chapter 76, for the entry in column (4) occurring against all the tariff items of sub-heading 7615 10, the entry “20%” shall be substituted;
- (11) in Chapter 83,—
- (i) for the entry in column (4) occurring against tariff items 8301 10 00, 8301 30 00, 8301 40 10, 8301 40 90, 8301 50 00, 8301 60 00 and 8301 70 00, the entry “20%” shall be substituted;
- (ii) for the entry in column (4) occurring against tariff item 8304 00 00, the entry “20%” shall be substituted;
- (iii) for the entry in column (4) occurring against all the tariff items of headings 8305, 8306 and 8310, the entry “20%” shall be substituted;
- (12) in Chapter 84,—
- (i) for the entry in column (4) occurring against tariff item 8414 30 00, the entry “12.5%” shall be substituted;
- (ii) for the entry in column (4) occurring against tariff items 8414 51 10, 8414 51 20 and 8414 51 30, the entry “20%” shall be substituted;
- (iii) for the entry in column (4) occurring against tariff item 8414 51 40, the entry “10%” shall be substituted;
- (iv) for the entry in column (4) occurring against tariff item 8414 51 90, the entry “20%” shall be substituted;
- (v) for the entry in column (4) occurring against tariff items 8414 59 10, 8414 59 30 and 8414 59 90, the entry “10%” shall be substituted;
- (vi) for the entry in column (4) occurring against tariff item 8414 59 20, the entry “20%” shall be substituted;
- (vii) for the entry in column (4) occurring against tariff item 8414 80 11, the entry “12.5%” shall be substituted;
- (viii) for the entry in column (4) occurring against tariff items 8418 10 10, 8418 30 10, 8418 30 90, 8418 40 10, 8418 40 90, 8418 50 00, 8418 61 00, 8418 69 10, 8418 69 20, 8418 69 30, 8418 69 40, 8418 69 50 and 8418 69 90, the entry “15%” shall be substituted;
- (ix) for the entry in column (4) occurring against tariff item 8419 89 10, the entry “10%” shall be substituted;
- (x) for the entry in column (4) occurring against tariff items 8421 39 20 and 8421 39 90, the entry “15%” shall be substituted;



(13) in Chapter 85,—

(i) for the entry in column (4) occurring against tariff items 8504 40 10, 8504 40 21, 8504 40 29, 8504 40 30, 8504 40 40 and 8504 40 90, the entry “20%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff items 8509 40 10, 8509 40 90 and 8509 80 00, the entry “20%” shall be substituted;

(iii) for the entry in column (4) occurring against tariff items 8510 10 00, 8510 20 00 and 8510 30 00, the entry “20%” shall be substituted;

(iv) for the entry in column (4) occurring against tariff items 8515 11 00, 8515 19 00, 8515 21 10, 8515 21 20, 8515 21 90, 8515 29 00, 8515 31 00, 8515 39 10, 8515 39 20, 8515 39 90, 8515 80 10 and 8515 80 90, the entry “10%” shall be substituted;

(v) for the entry in column (4) occurring against tariff items 8516 10 00, 8516 21 00, 8516 29 00, 8516 31 00, 8516 32 00, 8516 33 00, 8516 40 00, 8516 60 00, 8516 71 00, 8516 72 00, 8516 79 10, 8516 79 20, 8516 79 90 and 8516 80 00, the entry “20%” shall be substituted;

(vi) for the entry in column (4) occurring against tariff item 8517 70 10, the entry “20%” shall be substituted;

(14) in Chapter 94, for the entry in column (4) occurring against all the tariff items of headings 9401, 9403, 9404 and 9405, the entry “25%” shall be substituted;

(15) in Chapter 95, for the entry in column (4) occurring against all the tariff items of heading 9503, the entry “60%” shall be substituted;

(16) in Chapter 96,—

(i) for the entry in column (4) occurring against all the tariff items of heading 9603, the entry “20%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 9604 00 00, the entry “20%” shall be substituted;

(iii) for the entry in column (4) occurring against all the tariff items of headings 9615 and 9617, the entry “20%” shall be substituted.

## THE THIRD SCHEDULE

[See section 115 (b)]

In the Customs Tariff Act, in the First Schedule,—

Tariff Item	Description of goods	Unit	Rate of duty	
			Standard	Preferential
(1)	(2)	(3)	(4)	(5)

(1) in Chapter 84, for tariff item 8414 51 90 and the entries relating thereto, the following shall be substituted, namely:—

"8414 51 50	- - - Wall fans	u	20%	-
8414 51 90	- - - Other	u	20%	-";

(2) in Chapter 85,—

(i) in heading 8529, after tariff item 8529 90 20 and the entries relating thereto, the following shall be inserted, namely: —

"8529 90 30	- - - Open cell for television set	u	15%	-";
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(ii) in heading 8541, for tariff item 8541 40 11 and the entries relating thereto, the following shall be substituted, namely: —

"8541 40 11	- - - - Solar cells, not assembled	u	20%	-
8541 40 12	- - - - Solar cells, assembled in modules or made up into panels	u	20%	-".

THE FOURTH SCHEDULE  
(See section 139)

The rules for interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the Section Notes, Chapter Notes and the General Explanatory Notes of the said First Schedule shall apply to the interpretation of this Schedule.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
1.	All goods falling under headings 9018, 9019, 9020, 9021 and 9022 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)	5%

## THE FIFTH SCHEDULE

(See section 145)

## THE SEVENTH SCHEDULE

(See section 136)

## NOTES

1. In this Schedule, "tariff item", "heading", "sub-heading" and "Chapter" mean respectively a tariff item, heading, sub-heading and Chapter in the Fourth Schedule to the Central Excise Act, 1944 (1 of 1944).

2. The rules for the interpretation of the Fourth Schedule to the Central Excise Act, 1944 (1 of 1944), the Section and Chapter Notes and the General Explanatory Notes of the Fourth Schedule shall apply to the interpretation of this Schedule.

Tariff Item	Description of goods	Unit	Rate of duty
(1)	(2)	(3)	(4)
2402 20 10 ---	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	Rs. 200 per thousand
2402 20 20 ---	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs. 250 per thousand
2402 20 30 ---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	Rs. 440 per thousand
2402 20 40 ---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs. 440 per thousand
2402 20 50 ---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	Rs. 545 per thousand
2402 20 90 ---	Other	Tu	Rs. 735 per thousand
2402 90 10 ---	Cigarettes of tobacco substitutes	Tu	Rs. 600 per thousand
2403 11 10 ---	Hookah or gudaku tobacco	kg.	25%
2403 19 10 ---	Smoking mixtures for pipes and cigarettes	kg.	60%
2403 19 21 ----	Other than paper rolled biris, manufactured without the aid of machine	Tu	Rs. 1.00 per thousand
2403 19 29 ----	Other	Tu	Rs. 2.00 per thousand
2403 19 90 ---	Other	kg.	25%
2403 91 00 --	"Homogenised" or "reconstituted" tobacco	kg.	25%
2403 99 10 ---	Chewing tobacco	kg.	25%
2403 99 20 ---	Preparations containing chewing tobacco	kg.	25%
2403 99 30 ---	Jarda scented tobacco	kg.	25%
2403 99 40 ---	Snuff	kg.	25%
2403 99 50 ---	Preparations containing snuff	kg.	25%
2403 99 60 ---	Tobacco extracts and essence	kg.	25%
2403 99 90 ---	Other	kg.	25%
2709 20 00	Petroleum crude	kg.	Rs. 50 per tonne.¹

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## 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 2020-2021. The notes on clauses explain the various provisions contained in the Bill.

NIRMALA SITHARAMAN.

NEW DELHI;

*The 30th January, 2020.*

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## PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F.2(4)-B(D)/2020, dated the 30th January, 2020 from Smt. Nirmala Sitharaman, 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, 2020 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 1st February, 2020.

## Notes on clauses

## Income-tax

*Clause 2* read with First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2020-2021. Further, it lays down the rates at which tax is to be deducted at source during the financial 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 2020-2021.

*Clause 3* of this Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

*Clause (13A)* of the said section defines “business trust” to mean a trust registered as an Infrastructure Investment Trust under the Securities Exchange Board of India (Infrastructure Investment Trusts) Regulation, 2014 or a Real Estate Investment Trust under the Securities Exchange Board of India (Real Estate Investment Trusts) Regulation, 2014 made under the Securities and Exchange Board of India Act, 1992, whose units are required to be listed on a recognised stock exchange in accordance with the aforesaid regulations.

It is proposed to amend the said clause so as to omit the long line relating to the requirement of listing of the business trust from recognised stock exchange in accordance with the regulations made by the Securities Exchange Board of India.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause (42A)* of the said section defines the expression “short term capital asset” to be capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer. Further *Explanation* to the said clause provides for determining the period for which the capital asset is held by the assessee.

It is proposed to amend clause (i) of the said *Explanation* so as to insert sub-clause (hh) to provide that in the case of a capital asset, being a unit or units in a segregated portfolio, referred to in sub-section (2AG) of section 49, there shall be included the period for which the original unit or units in the main portfolio were held by the assessee.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

*Clause 4* of the Bill seeks to amend section 6 of the Income-tax Act relating to residence in India.

*Clause (1)* of said section provides for situations in which an individual shall be resident in India in a previous year. Sub-clause (c) thereof provides that the individual shall be Indian resident in a 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 (b)* of *Explanation 1* of said clause provides that in case of an individual being a citizen of India, or a person of Indian origin within the meaning of *Explanation* to clause (e) of section 115C of the Income-tax Act, who, being outside India, comes on a visit to India in any

previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words “sixty days” occurring therein, the words “one hundred and eighty-two days” had been substituted.

It is proposed to amend said sub-clause (b) of said *Explanation 1* so as to substitute the words “one hundred and eighty-two days” with “one hundred and twenty days”.

It is proposed to insert clause (1A) in said section after clause (1) thereof so as to provide that notwithstanding anything contained in that sub-section, an individual, being a citizen of India, shall be deemed to be resident in India in any previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.

*Clause (6)* of said section provides for situations in which a person shall be “not ordinarily resident” in India in a previous year. Sub-clause (a) thereof provides that if such person is an individual, he shall be “not ordinarily resident” in India if he has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less. Sub-clause (b) thereof contains similar provision in case of manager of the Hindu undivided family.

It is proposed to substitute said clause (6) so as to provide that an individual or an Hindu Undivided Family shall be said to be “not ordinarily resident” in India in a previous year if the individual or the manager of the Hindu Undivided Family, as the case may be, has been a non-resident in India in seven out of ten previous years preceding that year.

These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 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 said section provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India.

*Clause (a)* of *Explanation 1* to said clause provides that for the purposes of said clause, in the case of a business of which all the operations are not carried out in India, the income of the business deemed under this clause to accrue or arise in India shall be only such part of the income as is reasonably attributable to the operations carried out in India.

It is proposed to amend said clause (a) so as to provide that the provisions contained therein shall not apply to the business having business connection in India on account of significant economic presence.

This amendment will take effect from the 1st April, 2022 and will, accordingly, apply in relation to the assessment year 2022-2023 and subsequent assessment years.

*Explanation 2A* to said clause, *inter alia*, clarifies that the “significant economic presence” of a non-resident in India shall constitute “business connection” in India.



It is proposed to omit the said *Explanation* with effect from the 1st April, 2021 and will, accordingly, be omitted from the assessment year 2021-2022 and subsequent assessment years.

It is proposed to insert a new *Explanation 2A* so as to declare that for the purposes of clause (i) of sub-section (1) of said section, the "significant economic presence" of a non-resident in India shall constitute "business connection" in India and "significant economic presence" for this purpose, shall mean—

(a) transaction in respect of any goods, services or property carried out by a non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be provided by rules; or

(b) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as may be provided by rules.

It is further proposed to provide that the transactions or activities shall constitute "significant economic presence" in India, whether or not—

(i) the agreement for such transactions or activities is entered in India; or

(ii) the non-resident has a residence or place of business in India; or

(iii) the non-resident renders services in India.

It is also proposed to provide that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) of the said *Explanation* shall be deemed to accrue or arise in India.

These amendments will take effect from the 1st April, 2022 and will, accordingly, apply in relation to the assessment year 2022-2023 and subsequent assessment years.

It is also proposed to insert a new *Explanation 3A* so as to declare that the income attributable to operations carried out in India, as referred to in *Explanation 1* of clause (i) of sub-section (1) of said section, shall include income from—

(i) such advertisement which targets a customer who resides in India or a customer who accesses the advertisement through internet protocol address located in India;

(ii) sale of data collected from a person who resides in India or from a person who uses internet protocol address located in India; and

(iii) sale of goods and services using data collected from a person who resides in India or from a person who uses internet protocol address located in India.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

It is also proposed to insert a proviso to *Explanation 3A* to provide that the provisions of the said *Explanation* shall also apply to the income attributable to the transactions or activities referred to in *Explanation 2A*.

This amendment will take effect from the 1st April, 2022 and will, accordingly, apply in relation to the assessment year 2022-2023 and subsequent assessment years.

The *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. Second proviso to the said *Explanation* provides that the provisions thereof shall not apply to an asset or capital asset, held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, made under the Securities and Exchange Board of India Act, 1992.

It is proposed to amend the said proviso so as to provide that the exemption provided therein shall continue to apply to such investments prior to repeal of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

It is further proposed to insert a third proviso to the said *Explanation* so as to provide that provisions contained therein shall not apply to an asset or a capital asset, held by a non-resident by way of investment, directly or indirectly, in Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992.

These amendments will take effect from the 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

*Clause (vi)* of sub-section (1) of said section deems certain income by way of royalty to accrue or arise in India. *Clause (v)* of *Explanation 2* to said clause defines the term "royalty" to mean the transfer of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with television or tapes for use in connection with radio broadcasting; broadcasting, but not including consideration for the sale, distribution or exhibition of cinematographic films.

It is proposed to amend clause (v) of *Explanation 2* to said clause so as to provide that the consideration for the sale, distribution or exhibition of cinematographic films shall not be excluded from definition of royalty.

This amendment will take effect from the 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 6* of the Bill seeks to amend section 9A of the Income-tax Act relating to certain activities not to constitute business connection in India.

Sub-section (3) of the said section provides for the conditions to be fulfilled for being an eligible investment fund.

*Clause (c)* of said sub-section provides that the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India should not exceed five per cent. of the corpus of the fund.

It is proposed to amend the said clause (c) by insertion of a proviso so as to provide that for the purposes of calculation of the aggregate participation or investment in the fund, any contribution made by the eligible fund manager during the first three years of operation of the fund, not exceeding twenty-five crore rupees, shall not be taken into account.

*Clause (j)* of said sub-section provides that the monthly average of the corpus of the fund shall not be less than one hundred crore rupees. First proviso to said clause further provides that where 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 a period of six months from the last day of the month of its establishment

or incorporation, or at the end of such previous year, whichever is later.

It is proposed to amend the first proviso to said clause (j) of said sub-section so as to provide that where the fund has been established or incorporated in the previous year, the fund shall be required to fulfil the condition of maintaining the corpus of one hundred crore rupees within a period of twelve months from the end of the month of its establishment or incorporation.

These amendments will take effect from 1st April, 2020 and will, accordingly apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 7 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

First proviso to clause (23C) of said section provides for application to be made in prescribed form and manner to the prescribed authority for exemption in respect of income of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of said clause in a case where such income is applied or accumulated during the previous year for certain purposes in accordance with the relevant provisions.

It is proposed to substitute said proviso so as to provide that the exemption to such fund or trust or institution or any university or other educational institution or any hospital or other medical institution shall not be available unless it is approved under the proposed second proviso on an application made in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval where the fund or trust or institution or any university or other educational institution or any hospital or other medical institution is approved under the second proviso (as it stood before its amendment by the Finance Act, 2020), within three months from the date on which this clause has come into force; where the fund or trust or institution or any university or other educational institution or any hospital or other medical institution is approved and the period of such approval is set to expire, at least six months prior to expiry of said period; where the fund or trust or institution or any university or other educational institution or any hospital or other medical institution has been provisionally approved, at least six months prior to expiry of period of the provisional approval or within six months of commencement of its activities, whichever is earlier; in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which said registration is sought.

Second proviso to clause (23C) of said section thereof provides for the inquiry to be made by the prescribed authority before approving the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of said clause.

It is proposed to substitute the second proviso so as to provide that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed first proviso, shall, where the application is under clause (i) of said proviso, pass an order in writing granting it approval for a period of five years; where the application is under clause (ii) or clause (iii) of said proviso, call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about, the genuineness of activities of such fund or trust or institution or any university or other educational institution or any hospital or other medical institution and the compliance of such requirements of any other law for the time being in force by it as are material for the purpose of achieving its object; and after satisfying himself

about the objects and the genuineness of its activities, under item (A), and compliance of the requirements under item (B), of sub-clause (a), pass an order in writing granting its approval for a period of five years; if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard; where the application is under clause (iv) of said proviso, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the registration is sought, and send a copy of such order to the fund or trust or institution or any university or other educational institution or any hospital or other medical institution.

Eighth proviso to clause (23C) thereof, *inter alia*, provides for period for which a notification issued by Central Government under sub-clause (iv) or sub-clause (v) of said clause shall have effect.

It is proposed to substitute the eighth proviso so as to provide that the approval granted under the proposed second proviso shall apply in relation to the income of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, where the application is made under clause (i) of the first proviso, from the assessment year from which approval was earlier granted to it; where the application is made under clause (iii) of the first proviso, from the first of the assessment years for which it was provisionally approved; in any other case, from the assessment year immediately following the financial year in which such application is made.

Ninth proviso to clause (23C) of said section thereof, *inter alia*, provides for the period within which a notification under sub-clause (iv) or sub-clause (v) shall be issued or approval under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) shall be granted or an order rejecting the application made in this behalf shall be passed.

It is proposed to substitute the ninth proviso so as to provide that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the proposed second proviso shall be passed, in such form and manner as may be prescribed, before expiry of period of three months, six months and one month respectively, calculated from the end of the month in which the application was received.

These amendments will take effect from 1st June, 2020.

The tenth proviso to the said clause provides that where the total income, of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), without giving effect to the provisions of the said sub-clauses, exceeds the maximum amount which is not chargeable to tax in any previous year, such trust or institution or university or other educational institution or hospital or other medical institution shall get its accounts audited in respect of that year by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and furnish the report of such audit along with the return of income for the relevant assessment year.

It is proposed to amend the said proviso so as to provide that such trust or institution or university or other educational institution or hospital or other medical institution should get the accounts audited before the specified date referred to in section 44AB [*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139] and furnish the report of audit by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Sixteenth proviso to clause (23C) of said section thereof, *inter alia*, provides for the period within which application for exemption has to be made by the fund or trust or institution or any university or other educational institution or any hospital or other medical institution under the first proviso.

It is proposed to omit the said proviso.

It is further proposed to substitute the existing eighteenth proviso so as to provide that all applications made under the existing first proviso, pending before the Principal Commissioner or Commissioner, on which no order has been passed, shall be deemed to be an application made under clause (iv) of the proposed first proviso on that date.

These amendments will take effect from 1st June, 2020.

Clause (23D) of the said section exempts the income of Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual Funds. This exemption is subject to the provisions of Chapter XII-E relating to special provision relating to tax on distributed income. It is proposed to omit the reference of the said Chapter in the said clause so that Mutual Funds are not required to pay additional tax under that Chapter.

Clause (23FC) of the said section exempts certain income of business trust including income by way of dividend referred to in sub-section (7) of section 115-O. It is proposed to amend the said clause so as to exempt all dividend received or receivable by business trust from a special purpose vehicle under the said clause.

Clause (23FD) of the said section exempts income distributed by business trust to a unit holder except the interest and rental income. It is proposed to amend the said clause so as to exclude dividend income received by a unit holder from business trust from such exemption.

It is proposed to insert a new clause (23FE) in the said section so as to provide exemption in respect of any income of a specified person in the nature of dividend, interest or long-term capital gains arising from an investment made by it in India, whether in the form of debt or equity, if the investment—

(i) is made on or before the 31st day of March, 2024;

(ii) is held for at least three years; and

(iii) is in a company or enterprise carrying on the business of developing, or operating and maintaining, or developing, operating or maintaining any infrastructure facility as defined in the *Explanation* to clause (i) of sub-section (4) of section 80-IA or such other business as may be notified by the Central Government in this behalf.

It is further proposed to insert an *Explanation* to the said clause so as to define "specified person" for the purposes of this clause to mean—

(a) a wholly owned subsidiary of the Abu Dhabi Investment Authority which—

(i) is a resident of the United Arab Emirates; and

(ii) makes investment, directly or indirectly, out of the fund owned by the Government of the United Arab Emirates;

(b) sovereign wealth fund which shall qualify the conditions specified therein.

Clause (34) of the said section exempts income by way of dividends referred to in section 115-O except the income

by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA. It is proposed to amend the said clause so as to provide that the provisions of the said clause shall not apply to any income, by way of dividend, received on or after the 1st April, 2020.

Clause (35) of the said section exempts income received in respect of the units of a Mutual Fund, units from the Administrator of the specified undertaking and units from the specified company. It is proposed to amend this clause to provide that the provisions of the said clause shall not apply to any income, in respect of units, received on or after the 1st April, 2020.

It is also proposed to omit clause (45) of the said section, which provides that any allowance and perquisite as may be notified by the Central Government, paid to the serving or retired Chairman or Members of Union Public Services Commission shall be exempt from income-tax.

These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

It is proposed to insert a new clause (48C) in said section so as to provide exemption in respect of any income accruing or arising to Indian Strategic Petroleum Reserves Limited, being a wholly owned subsidiary of Oil Industry Development Board under the Ministry of Petroleum and Natural Gas, as a result of arrangement for replenishment of crude oil stored in its storage facility in pursuance of directions of the Central Government in this behalf.

It is further proposed to insert a proviso to newly inserted clause so as to provide that nothing contained in this clause shall apply to an arrangement if the crude oil is not replenished in the storage facility within three years from the end of the financial year in which the crude oil was removed from the storage facility for the first time.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 8 of the Bill seeks to amend section 10A of the Income-tax Act relating to special provision in respect of newly established undertakings in free trade zone, etc.

Sub-section (1) of the said section provides that subject to the provisions of this section, a deduction of such profits and gains as are derived by an undertaking from the export of articles or things or computer software for a period of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things or computer software, as the case may be, shall be allowed from the total income of the assessee.

Sub-section (5) of the said section provides that the deduction under the said section shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288 certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

It is proposed to amend the said sub-section so as to provide that the deduction under the said section shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288 before the

specified date referred to in section 44AB, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 9 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 (7) of said section provides that where a trust or an institution has been granted registration under clause (b) of sub-section (1) of section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996] and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1) and clause (23C) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.

It is proposed to amend said sub-section so as to substitute the reference to "clause (b) of sub-section (1) of section 12AA" to "section 12AA, and section 12AB".

It is further proposed to insert a proviso to said sub-section so as to provide that the registration referred therein shall become inoperative from the date on which the trust or institution is approved under clause (23C), or is notified under clause (46) of section 10, as the case may be, or the date on which this proviso comes into force, whichever is later.

It is further proposed to insert another proviso to said sub-section so as to provide that the trust or institution, whose registration has become inoperative under the proposed first proviso, may apply to get its registration operative under proposed section 12AB subject to the condition that on doing so, the approval under clause (23C) or notification under clause (46) of section 10, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it would not be entitled to exemption under the respective clause.

These amendments will take effect from 1st June, 2020.

Clause 10 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

Sub-section (1) of said section provides for the conditions to be fulfilled by any trust or institution subject to which exemption under sections 11 and 12 shall be available to it.

It is proposed to insert a new clause (ac) to the said sub-section so as to provide, notwithstanding anything contained in clauses (a), (aa) and (ab) of the said sub-section, with condition that the trust or institution is registered under the proposed section 12AB on an application made by the person in receipt of the income in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution; where the trust or institution is registered under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] or under section 12AA, within three months from the date on which this clause has come into force; where the trust or institution is registered under section 12AB and the period of said registration is set to expire, at least six months prior to expiry of said period; where the trust or institution has been provisionally registered under section 12AB, at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier; where registration of the trust or institution has become inoperative due to proviso to sub-section (7) of section 11, at least six months prior to commencement of the assessment year from

which said registration is sought to be made operative; where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of said adoption or modification, in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which said registration is sought.

This amendment will take effect from 1st June, 2020.

It is further proposed to consequentially amend clause (b) of sub-section (1) of the said section so as to provide that such trust or institution should get the accounts audited by the accountant as defined in *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139) and furnish the report of such audit by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Sub-section (2) of said section provides that an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made.

It is proposed to insert first proviso to said sub-section so as to provide that the provisions of sections 11 and 12 shall apply to a trust or institution, where the application is made under sub-clause (i) of proposed clause (ac) of sub-section (1), from the assessment year from which such trust or institution was earlier granted registration; sub-clause (iii) of proposed clause (ac) of sub-section (1), from the first of the assessment years for which it was provisionally registered.

It is proposed to amend the existing first and third proviso to sub-section (2) thereof so as to make reference of proposed new section 12AB.

This amendment will take effect from 1st June, 2020.

Clause 11 of the Bill seeks to amend section 12AA of the Income-tax Act relating to procedure for registration.

It is proposed to insert a new sub-section (5) to said section so as to provide that nothing contained in said section shall apply on or after the 1st day of April, 2021.

This amendment will take effect from 1st June, 2020.

Clause 12 of the Bill seeks to insert a new section 12AB in the Income-tax Act relating to procedure for fresh registration.

Sub-section (1) of the proposed section provides that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed clause (ac) of sub-section (1) of section 12A, shall send a copy of order passed in writing, to the trust or institution, where the application is under sub-clause (i) of the said clause, registering the trust or institution for a period of five years; where the application is under sub-clause (ii), the sub-clause (iii), sub-clause (iv) or sub-clause (v) of said clause, —

(i) call for such documents or information from the trust or institution or making such inquiries as he thinks necessary in order to satisfy himself about,—

(A) the genuineness of activities of the trust or institution; and

(B) the compliance of such requirements of any other law for the time being in force by the trust or institution as are material for the purpose of achieving its object; and

(ii) after satisfying himself about the objects of the trust or institution and the genuineness of its activities, under item (A), and compliance of the requirements under item (B), of sub-clause (i),—

(A) registering the trust or institution for a period of five years;

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling the registration of such trust or institution after affording a reasonable opportunity of being heard;

(C) where the application is under sub-clause (vi) of the said clause, provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought.

Sub-section (2) of the proposed section provides that all applications, pending before the Principal Commissioner or Commissioner on which no order has been passed under clause (b) of sub-section (1) of section 12AA before the date on which this section will come into force, shall be deemed to be an application made under proposed sub-clause (vi) of clause (ac) of sub-section (1) of section 12A on that date.

Sub-section (3) of the proposed section provides that the order under clause (a), sub-clause (ii) of clause (b) and clause (c) of sub-section (1) shall be passed, in such form and manner as may be prescribed, before the expiry of the period of three months, six months and one month respectively, calculated from the end of the month in which the application was received.

Sub-section (4) of the proposed section provides that where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, the Principal Commissioner or Commissioner is satisfied that the activities of such trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration of such trust or institution after affording a reasonable opportunity of being heard.

Sub-section (5) of the proposed section provides that without prejudice to the provisions of sub-section (4), where registration of a trust or an institution has been granted under clause (a) or clause (b) of sub-section (1) and subsequently, it is noticed that,—

(a) the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13; or

(b) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality, then, the Principal Commissioner or the Commissioner may, by an order in writing, after affording a reasonable opportunity of being heard, cancel the registration of such trust or institution.

This amendment will take effect from 1st June, 2020.

Clause 13 of the Bill seeks to amend section 17 of the Income-tax Act relating to “salary”, “perquisite” and “profits in lieu of salary” defined.

Sub-clause (vii) of clause (2) of the said section provides that the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, shall be treated as perquisite to the extent it exceeds one lakh and fifty thousand rupees.

It is proposed to amend the provisions of clause (2) of the said section so as to substitute sub-clause (vii) of the said clause to provide that the amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in sub-section (1) of section 80CCD; and in an approved superannuation fund shall be treated as perquisite, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year.

It is further proposed to insert a new sub-clause (viiia) in the said clause (2) so as to provide that annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner.

These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 14 of the Bill seeks to amend section 32AB of the Income-tax Act relating to investment deposit account.

Sub-section (5) of the said section provides that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (5) so as to provide that deduction under sub-section (1) of section 32AB shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 15 of the Bill seeks to amend section 33AB of the Income-tax Act relating to tea development account, coffee development account and rubber development account.

Sub-section (1) of the said section provides for deduction to an assessee carrying on the business of growing and manufacturing tea or coffee or rubber in India, who has, before the expiry of six months from the end of the previous year or before the due date of furnishing return of his income has deposited any amount in an account maintained by assessee under a scheme approved or framed by the Tea Board or the Coffee Board or the Rubber Board with the previous approval of Central Government.

Sub-section (2) of the said section provides that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (2) to provide that deduction under sub-section (1) of section 33AB shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 16 of the Bill seeks to amend section 33ABA of the Income-tax Act relating to Site Restoration Fund.

Sub-section (1) of the said section provides that if an assessee has deposited with a special account maintained by assessee for the purposes specified in a scheme approved by Government of India or deposits any amount in Site Restoration account opened by assessee in accordance with, and for the purposes specified in, a scheme framed by Ministry of Petroleum and Natural Gas, then assessee shall be allowed a deduction of lesser of the aggregate amount so deposited by the assessee or twenty per cent. of the profits of such business computed under the head "Profits and gains from Business or Profession" before making any deduction under the said section.

Sub-section (2) of the said section provides that deduction under sub-section (1) of section 33ABA will not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend sub-section (2) of the said section to provide that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 17 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

Sub-section (1) of said section provides that the expenditures on scientific research in respect of which, the deductions shall be allowed. Clause (ii) of said sub-section provides that the deduction for any sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be

used for scientific research, clause (iia) of said sub-section provides that any sum paid to a company to be used by it for scientific research, and clause (iii) of said sub-section provides that any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university, college or other institution to be used for research in social science or statistical research. *Explanation* of said clause provides that assessee shall not be denied the deduction in respect of any sum paid to a research association, university, college or other institution to which clause (ii) or clause (iii) applies, shall not be denied merely on the ground that, subsequent to the payment of such sum by the assessee, the approval granted to the association, university, college or other institution referred to in clause (ii) or clause (iii) has been withdrawn.

It is proposed to amend the said *Explanation* so as to provide that the assessee shall not be denied the deduction in respect of any sum paid to a company referred to in clause (ii) which it is entitled to, merely on the ground that, subsequent to the payment of such sum, the approval granted to the company has been withdrawn.

It is further proposed to insert a new fifth proviso to said sub-section (1) so as to provide that every notification under clause (ii) or clause (iii) in respect of the research association, university, college or other institution or under clause (iia) in respect of the company issued on or before the date on which this proviso comes into effect, shall be deemed to have been withdrawn unless such research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) makes an intimation in such form and manner to the prescribed authority within three months from the date on which this proviso has come into effect, and subject to such intimation the notification shall be valid for a period of five consecutive assessment years beginning with the assessment year commencing on or after the 1st day of April, 2021.

It is also proposed to insert a new sixth proviso to said sub-section (1) so as to provide that any notification issued, by the Central Government under clause (ii), clause (iia) or clause (iii), after the date on which the Finance Bill, 2020 receives the assent of the President, shall, at any one time, have effect for such assessment year or years, not exceeding five assessment years as may be specified in the notification.

It is also proposed to insert a new sub-section (1A) in the said section after sub-section (1) thereof so as to provide that notwithstanding anything contained in sub-section (1), the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) shall not be entitled to deduction under respective clause of said sub-section, unless such research association, university, college or other institution or company,—

(a) prepares such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or 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, and it may also file a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be provided by rules; and

(b) furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of sum, as may be prescribed.



These amendments will take effect from 1st June, 2020.

Clause 18 of the Bill seeks to amend section 35AD of the Income-tax Act relating to deduction in respect of expenditure on specified business.

Sub-section (1) of the said section, *inter alia*, provides for one hundred per cent. deduction on capital expenditure incurred on any specified business during the previous year in which such expenditure is incurred.

It is proposed to amend said sub-section (1) so as to express the assessee to exercise option of availing such deduction in respect of the capital expenditure incurred in respect of specified business during the previous year in which such capital expenditure is incurred.

Sub-section (4) of the said section, *inter alia*, provides that the expenditure on which deduction has been allowed under sub-section (1) shall not be allowed as deduction under any other section in any previous year or under this section in any other previous year.

It is proposed to amend the said sub-section (4) so as to provide that no deduction in respect of the expenditure referred to in sub-section (1) shall be allowed to the assessee under any other section in any previous year or under this section in any other previous year, if the deduction has been claimed by the assessee and allowed to him under this section.

These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 19 of the Bill seeks to amend section 35D of the Income-tax Act relating to amortisation of certain preliminary expenses.

Sub-section (1) of the said section provides that an assessee, being an Indian company or a person other than a company who is a resident in India shall be allowed deduction in relation to certain specified expenditure incurred before the commencement of his business or in connection with the extension of undertaking or setting up of new unit of an existing business over a period of ten successive previous years beginning with the previous year in which the business commences or as the case may be, such extension of undertaking or set up of new unit has been carried out.

Sub-section (2) of the said section specifies certain expenditures which are allowed as deduction under sub-section (1).

Sub-section (4) of the said section provides that deduction under sub-section (1) shall not be admissible to the assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant for the first year of deduction.

It is proposed to amend sub-section (4) of the said section to provide that deduction under sub-section (1) shall not be admissible to the assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the assessee furnishes the report of such audit by that date for the first year of deduction.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 20 of the Bill seeks to amend section 35E of the Income-tax Act relating to deduction for expenditure on prospecting, etc., for certain minerals.

Sub-section (1) of the said section provides that where an assessee, being an Indian company or a person other than a company who is a resident in India and is engaged in any operations relating to prospecting for, or extraction or production of, any mineral and incurs, after the 31st day of March, 1970, any expenditure specified in sub-section (2), the assessee shall, in accordance with and subject to the provisions of this section, be allowed for each one of the relevant previous years a deduction of an amount equal to one-tenth of the amount of such expenditure.

Sub-section (6) of the said section provides that where the assessee is a person other than a company or a co-operative society, no deduction shall be admissible under sub-section (1) unless the accounts of the assessee for the year or years in which the expenditure specified in sub-section (2) is incurred have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income for the first year in which the deduction under this section is claimed, the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed.

It is proposed to amend the said sub-section (6) so as to provide that deduction under sub-section (1) of section 35E shall not be admissible to assessee unless the accounts of the assessee for the year or years in which the expenditure specified in sub-section (2) is incurred have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit has been furnished by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 21 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

It is proposed to amend clause (5) of the said section so as to substitute the words "recognised stock exchange" for the words "recognised association" wherever they occur. It is also proposed to substitute clause (iii) in *Explanation 2* of the said clause relating to definition of the expression "recognised stock exchange".

This amendment will take effect from 1st April, 2020.

Clause 22 of the Bill seeks to amend section 43CA of the Income-tax Act relating to special provision for full value of consideration for transfer of assets other than capital assets in certain cases.

The proviso to sub-section (1) of the said section provides that where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and five per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.

It is proposed to amend the said proviso so as to provide that where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and ten per cent. of the consideration received or accruing as a result of the transfer the consideration so received or accruing as a result of transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to assessment year 2021-2022 and subsequent years.

Clause 23 of the Bill seeks to amend section 44AB of the Income-tax Act relating to audit of accounts of certain persons carrying on business or profession.

Clause (a) of the said section provides that every person carrying on business shall get his accounts of any previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year.

It is proposed to insert a proviso in the said clause so as to provide that in the case of a person whose aggregate of all amount received including amount received for sales, turnover or gross receipts during the previous years, in cash, does not exceed five per cent. of the said amount; and the aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent. of the said payment, this clause shall have effect as if for the words "one crore rupees", the words "five crore rupees" had been substituted.

Clause (ii) of the *Explanation* to the said section defines the expression "specified date" in relation to the accounts of the assessee of the previous year relevant to an assessment year as due date for furnishing the return of income under sub-section (1) of section 139.

It is proposed to amend the said clause so as to provide that the specified date will mean one month prior to the due date for furnishing the return of income under sub-section (1) of section 139.

These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 24 of the Bill seeks to amend section 44DA of the Income-tax Act relating to special provision for computing income by way of royalties, etc., in case of non-residents.

Sub-section (2) of the said section provides that every non-resident (not being a company) or a foreign company shall keep and maintain books of account and other documents in accordance with the provisions contained in section 44AA and get their accounts audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and furnish the report of such audit in the prescribed form along with the return of income.

It is proposed to amend the said sub-section so as to provide that the non-resident (not being a company) or a foreign company should get the accounts audited before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139) and furnish the report of audit by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 25 of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

The said section, *inter alia*, provides for cost of acquisition for the capital asset which became the property of the assessee under certain situations.

It is proposed to amend the said section so as to insert sub-sections (2AG) and (2AH) to provide that the cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears to the cost of acquisition of a unit or units held by the assessee in the total portfolio in the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios; and further to provide that the cost of the acquisition of the original units held by the unit holder in the main portfolio shall be reduced by the amount as so arrived for the units of segregated portfolio.

It is also proposed to give reference of the definitions of the expressions "main portfolio", "segregated portfolio" and "total portfolio" as provided in the circular in this behalf issued by the Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992 for the purposes of the said sub-sections.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 26 of the Bill seeks to amend section 50B of the Income-tax Act relating to special provision for computation of capital gains in case of slump sale.

Sub-section (1) of the said section provides that any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place.

Sub-section (3) of the said section provides that every assessee, in the case of slump sale, shall furnish in the prescribed form along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.

It is proposed to amend the said sub-section (3) so as to provide that every assessee, in the case of slump sale, shall furnish in the prescribed form a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date as referred to in section 44AB (*i.e.* one month prior to the due date for filing return of income under sub-section (1) of section 139) indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 27 of the Bill seeks to amend section 50C of the Income-tax Act relating to special provision for full value of consideration in certain cases.

The third proviso to sub-section (1) of the said section provides that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and five per cent. of the consideration received

or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.

It is proposed to amend the said proviso so as to provide that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and ten per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 28 of the Bill seeks to amend section 55 of the Income-tax Act relating to meaning of "adjusted", "cost of improvement" and "cost of acquisition".

The said section, *inter alia*, provides that the cost of long-term capital asset acquired before the 1st day of April, 2001 is taken to be the cost of acquisition to the assessee or the fair market value of the asset on that date, at the option of the assessee.

It is proposed to insert a proviso to clause (b) of sub-section (2) of the said section so as to provide that in case of a capital asset referred to in sub-clauses (i) and (ii), being land or building or both, the fair market value of such asset on the 1st day of April, 2001 for the purposes of the said sub-clauses shall not exceed the stamp duty value, wherever available, of such asset as on the 1st day of April, 2001. It is further proposed to define the expression "stamp duty value" for the purposes of the said proviso to mean the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 29 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

Sub-section (2) of the said section provides the details of the incomes which shall be chargeable to income-tax under the head "Income from other sources".

Clause (v) of said sub-section provides that where any sum of money exceeding twenty-five thousand rupees received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004 but before the 1st day of April, 2006, the whole of such sum shall be chargeable to income-tax. Clause (g) of the first proviso to clause (vii) provides that the clause of said sub-section shall not apply to any sum of money received from any trust or institution registered under section 12AA.

It is proposed to make a reference to section 12AB in the clauses (v), (vi), (vii) and clause (x) of sub-section (2) so as to provide that the said clauses shall not apply to any sum of money received from any trust or institution registered under section 12AB of the Income-tax Act.

These amendments will take effect from 1st June, 2020.

Sub-clause (b) of clause (x) of sub-section (2) of the said section, *inter alia*, provides that where any person receives, any immovable property, in any previous year, from any person or persons on or after the 1st day of April, 2017 for a consideration, where the stamp duty value of such property exceeds five per cent. of the consideration the excess amount if it is more than fifty thousand rupees shall be charged to tax under the head income from other sources.

It is proposed to amend the said sub-clause (b) so as to provide that where any person receives, any immovable property, in any previous year, from any person or persons on or after the 1st day of April, 2017 for a consideration, where the stamp duty value of such property exceeds ten per cent. of the consideration, the excess amount if it is more than fifty thousand rupees shall be charged to tax under the head income from other sources.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to assessment year 2021-2022 and subsequent assessment years.

Clause 30 of the Bill seeks to amend section 57 of the Income-tax Act relating to deductions.

Clause (i) of the said section allows deduction of any reasonable sum for the purpose of realising such dividend except the dividend referred to in section 115-O. It is proposed to omit the reference of dividend referred to in section 115-O.

It is further proposed to insert a proviso to the said section so as to provide that no deduction shall be allowed from the dividend income, or income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or income in respect of units from a specified company defined in the *Explanation* to clause (35) of section 10, other than deduction on account of interest expense and in any previous year such deduction shall not exceed twenty per cent. of the dividend income, or income in respect of such units, included in the total income for that year without deduction under that section.

These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 31 of the Bill seeks to substitute section 72AA of the Income-tax Act, relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases.

It is proposed to substitute the said section so as to provide that notwithstanding anything contained in sub-clauses (i) to (iii) of clause (1B) of section 2 or section 72A, where there is an amalgamation of—

(i) one or more banking company or companies with a banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or

(ii) one or more corresponding new bank or banks with any other corresponding new bank under a scheme brought into force by the Central Government under section 9 of the Banking Companies (Acquisition and Transfer of Undertaking Act, 1970 or under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980; or

(iii) one or more Government company or companies with any other Government company under a scheme sanctioned and brought into force by the Central Government under section 16 of the General Insurance Business (Nationalisation) Act, 1972,

the accumulated loss and unabsorbed depreciation of such banking company or companies or amalgamating corresponding new bank or banks or amalgamating Government company or companies shall be deemed to be the loss, or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force and other provisions of the Income-tax Act relating to set-off and carry forward of loss and allowance for depreciation shall be apply accordingly.

It is further proposed to provide an *Explanation* to the said section to define the expressions “accumulated loss”, “banking company”, “banking institution”, “corresponding new bank”, “general insurance business”, “Government company” and “unabsorbed depreciation”.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 32 of the Bill seeks to amend section 80EEA of the Income-tax Act relating to deduction in respect of interest on loan taken for certain house property.

The aforesaid section 80EEA, *inter alia*, provides for deduction in respect of interest on loan taken for a residential house property from any financial institution up to one lakh fifty thousand rupees subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2020. This is subject to further condition that the stamp duty value of residential house property does not exceed forty-five lakh rupees and the assessee does not own any residential house property on the date of sanction of loan.

It is proposed to amend the said section so as to provide that the deduction under the said section in respect of interest paid on loan sanctioned by a financial institution for acquisition of a residential house property, shall be available if the loan has been sanctioned during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2021, subject to other conditions specified in the said section.

This amendment will take effect from the 1st day of April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 33 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.

Sub-section (5) thereof provides that this section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils certain conditions.

Clause (vi) of said sub-section provides one of the conditions to be that in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules made in this behalf.

It is proposed to amend said sub-section so as to provide additional conditions as under:—

(a) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or 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 and it may also deliver to the said prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be provided by rules; and

(b) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be provided by rules.

It is also proposed to insert a proviso to said sub-section (5) so as to provide that the institution or fund referred to in

clause (vi) thereof shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—

(a) where the institution or fund is approved under clause (vi) (as it stood before its amendment by the Finance Act, 2020), within three months from the date on which this proviso has come into force;

(b) where the institution or fund is approved and the period of such approval is about to expire, at least six months prior to expiry of said period;

(c) where the institution or fund has been provisionally approved, at least six months prior to expiry of period of the provisional approval or within six months of commencement of its activities, whichever is earlier;

(d) in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which said registration is sought.

It is also proposed to insert another proviso to sub-section (5) so as to provide that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed first proviso, shall send a copy of order passed in writing,—

(a) where the application is under clause (i) of the said proviso, granting it approval for a period of five years;

(b) where the application is under clause (ii) or clause (iii) of the said proviso,—

I. call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about,—

(A) the genuineness of activities of such institution or fund; and

(B) the fulfilment of all the conditions laid down in clauses (i) to (v) of sub-section (5); and

II. after satisfying himself about the genuineness of activities under item (A), and the fulfilment of all the conditions under item (B), of sub-clause (a),—

(A) granting it approval for a period of five years;

(B) if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;

III. where the application is under clause (iv) of said proviso, granting it approval provisionally for a period of three years from the assessment year from which the registration is sought.

It is also proposed to insert another proviso to sub-section (5) so as to provide that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of proposed first proviso shall be passed, in such form and manner as may be prescribed, before expiry of period of three months, six months and one month respectively, calculated from the end of the month in which the application was received.

It is also proposed to insert another proviso to sub-section (5) so as to provide that the approval granted under the proposed second proviso shall apply to an institution or fund, where the application is made under,—

(a) clause (i) of the proposed first proviso, from the assessment year from which approval was earlier granted to such institution or fund;

(b) clause (iii) of the proposed first proviso, from the first of the assessment years for which such institution or fund was provisionally approved;

(c) in any other case, from the assessment year immediately following the financial year in which such application is made.

It is also proposed to insert a new sub-section (5E) so as to provide that all applications, pending before the Commissioner on which no order has been passed under clause (vi) of sub-section (5) before the date on which this sub-section has come into effect, shall be deemed to be an application made under clause (iv) of the first proviso of sub-section (5) on that date.

It is also proposed to insert new *Explanation 2A* to declare that assessee's claim for a deduction in respect of any donation made to an institution or fund to which sub-section (5) applies, in the return of income for any assessment year filed by him, shall be allowed on the basis of information relating to said donation furnished by the institution or fund to the income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

These amendments will take effect from 1st June, 2020.

*Clause 34* of the Bill seeks to amend section 80GGA of the Income-tax Act relating to deduction in respect of certain donations for scientific research or rural development.

Sub-section (2A) of said section provides that no deduction shall be allowed under this section in respect of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.

It is proposed to insert an *Explanation* to said section so as to declare that assessee's claim for a deduction in respect of any sum referred to in sub-section (2), in the return of income for any assessment year filed by him, shall be allowed on the basis of information relating to such sum furnished by the payee to the prescribed income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

This amendment will take effect from 1st June, 2020.

*Clause 35* of the Bill seeks to amend section 80-IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Sub-section (1) of the said section provides that where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (4) (such business being referred to as the eligible business), there shall, in accordance with and subject to the provisions of the said section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years.

Sub-section (7) of the said section provides that the deduction under sub-section (1) from profits and gains derived from an undertaking shall not be admissible unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (7) so as to provide that deduction under sub-section (1) from profits and

gains derived from an undertaking shall not be admissible to the assessee unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB [i.e., one month prior to the due date for filing of return under sub-section (1) of section 139] and the report of such audit is furnished by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

*Clause 36* of the Bill seeks to amend section 80-IAC of the Income-tax Act relating to special provision in respect of specified business.

The provisions of section 80-IAC, *inter alia*, provide for a deduction of an amount equal to hundred per cent. of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of seven years at the option of the assessee and the total turnover of its business does not exceed twenty-five crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed.

It is proposed to amend the said section so as to provide that the deduction under the said section shall be available to an eligible start-up for a period of three consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated and the total turnover of its business does not exceed one hundred crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 37* of the Bill seeks to amend section 80-IB of the Income-tax Act relating to deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

It is proposed to consequentially amend sub-sections (7A), (7B), (11B) and (11C) to substitute the existing phrase provided therein, respectively, with the phrase "the report of an audit in such form and containing such particulars, as may be prescribed, and duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

*Clause 38* of the Bill seeks to amend section 80-IBA of the Income-tax Act relating to deductions in respect of profits and gains from housing projects.

The provisions of sub-section (1) of the said section provide for hundred per cent. deduction of the profits and gains derived from the business of developing and building affordable housing projects subject to certain conditions. Further, the provisions of clause (a) of sub-section (2) of the said section provide that the housing project shall be approved by the competent authority after the 1st day of June, 2016 but on or before the 31st day of March, 2020.

It is proposed to amend clause (a) of said sub-section (2) so as to allow the deduction in respect of profits and gains derived from the business of developing and building affordable housing projects for hundred per cent. of the profits and gains derived from the business of developing and building such projects approved by the competent authority after the 1st day of June, 2016 but on or before the 31st day of March, 2021.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 39 of the Bill seeks to amend section 80JJAA of the Income-tax Act relating to deduction in respect of employment of new employees.

Sub-section (1) of the said section provides that where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent. of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Clause (c) of sub-section (2) of the said section provides that the deduction under sub-section (1) shall not be allowed unless the assessee furnishes alongwith the return of income the report of the accountant, as defined in the *Explanation* to section 288 giving such particulars in the report as may be prescribed.

It is proposed to amend the said clause (c) so as to provide that the deduction under sub-section (1) shall not be allowed unless the assessee furnishes the report of the accountant, as defined in the *Explanation* to section 288 before the specified date referred to in section 44AB [*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139] giving such particulars in the report as may be prescribed.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 40 of the Bill seeks to insert new section 80M relating to deduction in respect of certain inter-corporate dividends.

Sub-section (1) of the said new section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company as does not exceed the amount of dividend distributed by the first mentioned domestic company on or before the due date.

Sub-section (2) of the said section provides that where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

It is further proposed to clarify the expression "due date" to mean the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 41 of the Bill seeks to amend section 90 of the Income-tax Act relating to agreement with foreign countries or specified territories.

Clause (b) of sub-section (1) of the said section provides that the Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be.

It is proposed to amend said clause so as to provide that the Central Government shall enter into said agreement for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 42 of the Bill seeks to amend section 90A of the Income-tax Act relating to adoption by Central Government of agreement between specified associations for double taxation relief.

Clause (b) of sub-section (1) of the said section provides that any specified association in India may enter into an agreement with any specified association in the specified territory outside India and the Central Government may, by notification in the Official Gazette, make such provisions as may be necessary for adopting and implementing such agreement for the avoidance of double taxation of income under this Act and under the corresponding law in force in that specified territory outside India.

It is proposed to amend said clause so as to provide that the avoidance of double taxation under said agreement shall be without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

This amendment will take effect from 1st day of April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 43 of the Bill seeks to amend section 92CB of the Income-tax Act relating to power of Board to make safe harbour rules.

Sub-section (1) of the said section provides that the determination of arm's length price under section 92C or section 92CA shall be subject to safe harbour rules.

It is proposed to substitute the said sub-section (1) so as to provide that the determination of the income referred to in clause (i) of sub-section (1) of section 9 shall also be subject to safe harbour rules.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 44 of the Bill seeks to amend section 92CC of the Income-tax Act relating to advance pricing agreement.

It is proposed to substitute sub-section (1) of the said section so as to provide that the Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the—

(a) arm's length price or specifying the manner in which arm's length price is to be determined, in relation to an international transaction to be entered into by that person;

(b) income referred to in clause (i) of sub-section (1) of section 9, or specifying the manner in which said income is to be determined, as is reasonably attributable to the operations carried out in India by or on behalf of that person, being a non-resident.

It is further proposed to substitute sub-section (2) of the said section so as to provide that the manner of determination of, the arm's length price referred to in clause (a) of sub-

section (1), or the income referred to in clause (b) of sub-section (1), may include the methods referred to in sub-section (1) of section 92C or such methods provided by rules made under this Act with such adjustments or variations, as may be necessary or expedient so to do.

It is also proposed to substitute sub-section (3) of the said section so as to provide that notwithstanding anything contained in section 92C or section 92CA or such methods provided by rules made under this Act, the arm's length price of any international transaction or the income referred to in clause (b) of sub-section (1), in respect of which the advance pricing agreement has been entered into, shall be determined in accordance with the advance pricing agreement so entered.

It is also proposed to substitute sub-section (9A) of the said section so as to provide that the agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the—

(a) arm's length price or specify the manner in which arm's length price shall be determined in relation to the international transaction entered into by the person;

(b) income referred to in clause (i) of sub-section (1) of section 9, or specifying the manner in which the said income is to be determined, as is reasonably attributable to the operations carried out in India by or on behalf of that person, being a non-resident,

during any period not exceeding four previous years preceding the first of the previous years referred to in sub-section (4), and the arm's length price of such international transaction or the income of such person shall be determined in accordance with the said agreement.

These amendments will take effect from 1st April, 2020.

Clause 45 of the Bill seeks to amend section 92F of the Income-tax Act relating to definitions of certain terms relevant to computation of arm's length price, etc.

Clause (iv) of the said section provides the definition of specified date. It provides that specified date shall have the same meaning as assigned to "due date" in *Explanation 2* below sub-section (1) of section 139.

It is proposed to substitute the said clause (iv) so as to provide that "specified date" shall mean one month prior to the due date for furnishing the return of income under sub-section (1) of section 139 for the relevant assessment year.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 46 of the Bill seeks to amend section 94B of the Income-tax Act relating to limitation on interest deduction in certain cases.

Sub-section (1) of said section, *inter alia*, provides that notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (2).

It is proposed to insert a new sub-section (1A) after the said sub-section so as to provide that nothing contained in that sub-section shall apply to interest paid in respect of a debt issued by a lender which is a permanent establishment

of a non-resident, being a person engaged in the business of banking, in India.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 47 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 said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident (not being a company) or a foreign company.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Sub-section (1) of the said section provides for the determination of tax in case of a non-resident whose total income consists of dividends or interest payments as specified in clause (a) of the said sub-section and royalty or fees for technical services as specified in clause (b) of the said sub-section.

Sub-section (5) of the said section provides that a non-resident will not be required to furnish its return of income under sub-section (1) of section 139 of the Income-tax Act, if the conditions in clause (a) and clause (b) of said sub-section are satisfied.

The condition under clause (a) of said sub-section requires that the total income of a non-resident should consist only of income in the nature of dividends or interest as referred to in clause (a) of sub-section (1) of the said section.

It is proposed to amend clause (a) of the said sub-section so as to provide that the total income of the non-resident should consist only of the income in the nature of dividend or interest as referred to in clause (a) of sub-section (1) of the said section or income in the nature of royalty or fee for technical services as referred to in clause (b) of sub-section (1) of the said section.

The condition under clause (b) of said sub-section requires that the tax deductible at source on such income as referred to in clause (a) of sub-section (1) of the said section has been deducted as per the provisions of Part B of Chapter XVII of the Income-tax Act.

It is further proposed to amend clause (b) of the said sub-section so as to provide that the tax deductible at source on income referred to in clause (a) or clause (b) of sub-section (1) of the said section, has been done under the provisions of Chapter XVII at the rates which are not less than the rate specified under clause (a) or clause (b) of sub-section (1) of the said section.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 48 of the Bill seeks to amend section 115AC of the Income-tax Act relating to tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The said section, *inter-alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.



Clause 49 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.

The said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 50 of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

The said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of income by way of dividends referred to in section 115-O so that all dividend income is taxed in the hands of Foreign Institutional Investors.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 51 of the Bill seeks to amend section 115BAA relating to tax on income of certain domestic companies.

It is proposed to amend sub-clause (i) of sub-section (2) of the section so as to modify this condition to provide that the total income by the company shall be computed without deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M instead of computation without deduction under any provisions of Chapter VI-A under the heading "C.-Deductions in respect of certain incomes" other than the provisions of section 80JJAA.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 52 of the Bill seeks to amend section 115BAB of the Income-tax Act relating to tax on income of new manufacturing domestic companies.

It is proposed to amend said sub-clause (i) of sub-section (2) of the aforesaid section so as to modify this condition to provide that the total income by the company shall be computed without deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M instead of computation without deduction under any provisions of Chapter VI-A under the heading "C.-Deduction in respect of certain incomes" other than the provisions of section 80JJAA.

Sub-section (1) of said section provides that the income-tax payable by a domestic company shall be at the rate of fifteen per cent. if the conditions in sub-section (2) of the said section are satisfied.

Sub-section (2) of said section specifies the conditions which a domestic company needs to satisfy to be eligible to be taxed at the rate of fifteen per cent.

It is proposed to insert an *Explanation* to the said sub-section (2) so as to provide that "manufacturing or production of an article or thing" for the purposes of clause (b) of the said sub-section shall include the business of generation of electricity.

These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 53 of the Bill seeks to insert new sections 115BAC in the Income-tax Act relating to tax on income of individuals and Hindu undivided family and 115BAD relating to tax on income of certain resident cooperative societies.

Sub-section (1) of proposed new section 115BAC provides that notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate given in the table below, if the conditions contained in sub-section (2) are satisfied:

Total Income	Rate
Upto Rs 2,50,000	Nil
From Rs 2,50,001 to Rs 5,00,000	5 per cent.
From Rs 5,00,001 to Rs 7,50,000	10 per cent.
From Rs 7,50,001 to Rs 10,00,000	15 per cent.
From Rs 10,00,001 to Rs 12,50,000	20 per cent.
From Rs 12,50,001 to Rs 15,00,000	25 per cent.
Above Rs 15,00,000	30 per cent.

First proviso to said sub-section provides that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Second proviso to said sub-section provides that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of the Act shall apply for those years accordingly.

Sub-section (2) of proposed section provides that for the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32) of section 10 or section 10AA or section 16 or clause (b) of section 24 [in respect of property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,—

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head "Income from House Property" with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

Sub-section (3) of proposed section provides that the loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Proviso to said sub-section (3) provides that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

Sub-section (4) of proposed section provides that in case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfillment of the conditions contained in the said section.

*Explanation* to the said sub-section (4) of the proposed section provides that for the purposes of that sub-section, the term "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

Sub-section (5) of proposed section provides that nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,-

(i) having business income, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021 and such option once exercised shall apply to subsequent assessment years;

(ii) having no business income, along with the return of income to be furnished under sub-section (1) of section 139 for an assessment year:

Proviso to said sub-section (5) of the proposed section provides that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under clause (ii) shall be available.

Sub-section (1) of the new section 115BAD provides that notwithstanding anything contained in that Act but subject to the provisions of Chapter XII, the income-tax payable in respect of the total income of a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of twenty-two per cent., if the conditions contained in sub-section (2) are satisfied.

Proviso to said sub-section provides that where the person fails to satisfy the conditions contained in sub-section (2) in computing its income in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

Sub-section (2) of the said section provides that for the purposes of sub-section (1), the total income of the co-operative society shall be computed,—

(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA;

(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and

(iii) by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

Sub-section (3) of the said section provides that the loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.

Proviso to the said sub-section provides that where there is a depreciation allowance in respect of a block of asset which has not been given full effect prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the manner as may be provided by rules, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

Sub-section (4) of the said section provides that in case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under the said section shall be available to such Unit subject to fulfillment of the conditions contained in the said section.

*Explanation* to the said sub-section defines the term "Unit" to have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

Sub-section (5) of the said section provides that nothing contained in this section shall apply unless option is exercised by the person in the manner as may be provided by rules on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021 and such option once exercised shall apply to subsequent assessment years.

The proviso to the said sub-section provides that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.

These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 54* of the Bill seeks to amend section 115BBDA of the Income-tax Act relating to tax on certain dividends received from domestic companies.

The said section provides for taxation of dividend exceeding ten lakh rupees in the hands of specified assessee resident in India at the rate of ten per cent.

It is proposed to amend the said section so as to restrict the applicability of the provisions of that section to dividend declared, distributed or paid by a domestic company or companies on or before the 31st day of March, 2020.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Sub-clause (iii) of clause (b) of *Explanation* to aforesaid section provides "specified assessee" for the purposes of said section, to mean a person other than a trust or institution registered under section 12A or section 12AA.

It is proposed to make a reference to section 12AB in the said sub-clause so as to provide that "specified assessee" for the purposes of said section, shall mean a person other than a trust or institution registered under section 12AB, as well.

This amendment will take effect from 1st June, 2020.

*Clause 55* of the Bill seeks to amend section 115C of the Income-tax Act relating to definitions.

Clause (c) of the said section defines the expression "investment income" for the purposes of Chapter XII-A to mean any income derived other than dividends referred to in section 115-O from a foreign exchange asset.

It is proposed to amend the said clause to omit the reference of dividend referred to in section 115-O so as to define "investment income" to mean any income derived from a foreign exchange asset.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 56* of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

Sub-section (1) of the said section provides that where in the case of an assessee, being a company, the income-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 day of 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 on such total income shall be the amount of income-tax at the rate of eighteen and one-half per cent.

Sub-section (4) of the said section provides that every company to which the said section applies, shall furnish a report in the prescribed form from an accountant as defined in the *Explanation* below sub-section (2) of section 288, certifying that the book profit has been computed in accordance with the provisions of this section along with the return of income filed under sub-section (1) of section 139 or along with the return of income furnished in response to a notice under clause (i) of sub-section (1) of section 142.

It is proposed to amend the said sub-section (4) so as to provide that every company to which the said section applies, shall furnish a report in the prescribed form from an accountant as defined in the *Explanation* below sub-section (2) of section

288 certifying that the book profit has been computed in accordance with the provisions of the said section before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139) or along with the return of income furnished in response to a notice under clause (i) of sub-section (1) of section 142.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

*Clause 57* of the Bill seeks to amend section 115JC of the Income-tax Act relating to special provisions for payment of tax by certain persons other than a company.

Sub-section (1) of the said section provides that where the regular income-tax payable for a previous year by a person, other than a company, is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of that person for such previous year and he shall be liable to pay income-tax on such total income at the rate of eighteen and one-half per cent.

Sub-section (3) of the said section provides that every person to whom the said section applies shall obtain a report in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date for furnishing of return of income under sub-section (1) of section 139.

It is proposed to amend the said sub-section (3) so as to provide that every person to whom the said section applies shall obtain a report before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139), in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report by that date.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

It is proposed to consequentially insert a new sub-section (5) in the said section so as to provide that the provisions contained therein shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 58* of the Bill seeks to amend section 115JD of the Income-tax Act relating to tax credit for alternate minimum tax.

It is proposed consequentially to insert a new sub-section (7) in said section so as to provide that the provisions contained therein shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

*Clause 59* of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

The said section provides for levy of additional income tax on any amount declared, distributed or paid by a domestic

company by way of dividend (whether interim or otherwise), whether out of current or accumulated profits. The dividend declared, distributed or paid on or after the 1st day of April, 2003 is covered under the provisions of the said section.

It is proposed to amend sub-section (1) of the said section so as to provide that dividend declared, distributed or paid on or after the 1st day of April, 2003 but on or before the 31st day of March, 2020 shall be covered under the provisions of the said section.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 60 of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

The said section, *inter alia*, provides for levy of additional income-tax on any income distributed by the specified company or a Mutual Fund to its unit holders.

It is proposed to amend sub-section (2) of the said section so as to provide that the income distributed on or before the 31st day of March, 2020 shall only be covered under the provisions of that section.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 61 of the Bill seeks to amend section 115TD of the Income-tax Act relating to tax on accreted income.

Sub-section (1) of the said section provides for payment of additional income-tax on the specified date by the name tax on accreted income, notwithstanding anything contained in that Act, to be paid at the maximum marginal rate where in any previous year, a trust or institution registered under section 12AA has converted into any form which is not eligible for grant of registration under section 12AA; merged with any entity other than an entity which is a trust or institution having objects similar to it and registered under section 12AA or section 12AB; or failed to transfer upon dissolution all its assets to any other trust or institution registered under section 12AA or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, within a period of twelve months from the end of the month in which the dissolution takes place.

Other provisions of aforesaid section provides for procedures in relation to payment of said additional income-tax.

It is proposed to make a reference to section 12AB in the said section, wherever the reference to section 12AA has been made so as to provide that provisions of said section 115TD shall, *mutatis mutandis*, apply to the trust or institution registered under section 12AB.

This amendment will take effect from 1st June, 2020.

Clause 62 of the Bill seeks to amend section 115UA of the Income-tax Act relating to tax on income of unit holder and business trust.

The said section enables pass through of the income of certain nature from business trust to its unit holders. Sub-section (3) of the said section provides that if in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in sub-clause (a) of clause (23FC) or clause (23FCA), of section 10, then, such distributed income or part thereof shall

be deemed to be the income of such unit holder and shall be charged to tax as income of the previous year.

It is proposed to omit the reference of sub-clause (a) of clause (23FC) of section 10 from the said sub-section so as to provide that the distributed income of the nature as referred to in clause (23FC) or clause (23FCA) of section 10 shall be deemed to be income of unit holder and shall be charged to tax as income of the previous year.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 63 of the Bill seeks to amend section 115VW of the Income-tax Act relating to maintenance and audit of accounts.

The said section provides for conditions to be satisfied by a tonnage tax company to be eligible for tonnage tax scheme.

Clause (ii) of the said section provides one of the condition that the company shall furnish along with the return of income for that previous year, the report of an accountant, in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said clause so as to provide that the company shall furnish the report of an accountant before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing return of income under sub-section (1) of section 139), in the prescribed form duly signed and verified by such accountant.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Clause 64 of the Bill seeks to insert a new section 119A so as to empower the Board to adopt and declare a Taxpayer's Charter and issue such orders, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of such Charter.

This amendment will take effect from 1st April, 2020.

Clause 65 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The proviso to the said section provides that no income-tax authority below the rank of a Joint Director, or a Joint Commissioner, shall conduct any survey under sub-section (1) of the said section without prior approval of the Joint Director or the Joint Commissioner, as the case may be.

It is proposed to substitute the said proviso to provide that in a case where the information has been received from such authority, as may be prescribed, no income-tax authority below the rank of a Joint Director, or a Joint Commissioner, shall conduct any survey under the said section without prior approval of a Joint Director or a Joint Commissioner, as the case may be and in any other case, no income-tax authority below the rank of a Director or a Commissioner, shall conduct any survey under the said section without prior approval of the Director or the Commissioner, as the case may be.

This amendment will take effect from 1st April, 2020.

Clause 66 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Clause (a) of Explanation (2) of sub-section (1) of the said section provides for due date of furnishing of return of income for certain persons including a working partner of the specified firm as the 30th day of September of the assessment year.

It is proposed to amend the said clause so as to omit the word "working" in sub-clause (iii) and to provide that the due date for filing such return of income shall be the 31st day of October of the assessment year.

These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to assessment year 2020-2021 and subsequent assessment years.

Clause 67 of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be verified.

The said section, *inter alia*, provides for who shall verify the return file under section 115WD or section 139 of the said Act.

It is proposed to amend the clauses (c) and (cd) of the said section so as to empower the Board to specify by rules any other person for the said purpose in case of company and limited liability partnership.

These amendments will take effect from 1st April, 2020.

Clause 68 of the Bill seeks to amend section 140A of the Income-tax Act relating to self-assessment.

Sub-section (1) of the said section provides that where any tax is payable on the basis of any return required to be furnished under section 115WD or section 115WH or section 139 or section 142 or section 148 or section 153A or, as the case may be, section 158BC, after taking into account the amount of tax, if any, already paid under any provision of this Act, any tax deducted or collected at source, or any relief of tax claimed under section 89, any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India, any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section, and any tax credit claimed to be set off in accordance with the provisions of section 115JAA or section 115JD, the assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, before furnishing the return and the return shall be accompanied by proof of payment of such tax, interest and fee.

It is proposed to insert a new clause (vi) in the said sub-section so as to provide that where any tax is payable on the basis of any return required to be furnished under section 115WD or section 115WH or section 139 or section 142 or section 148 or section 153A or, as the case may be, section 158BC, an assessee shall also take into account any tax or interest payable under the provisions of sub-section (2) of section 191.

This amendment will take effect from 1st April, 2020.

Clause 69 of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

Sub-section (3A) of the said section provides that the Central Government may make a scheme, by notification in the Official Gazette, for the purposes of making assessment of total income or loss of the assessee under sub-section (3) of section 143 so as to impart greater efficiency, transparency and accountability by certain means specified therein.

In order to enable assessment under section 144 under the aforementioned notified scheme, it is proposed to amend the said sub-section so as to include the reference of section 144 of the Act in it.

Sub-section (3B) of the said section provides that the Central Government may for the purpose of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of the Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modification and adaptations as may be specified

in the notification. Proviso to the said sub-section provides that no such direction shall be issued after 31st day of March, 2020.

It is further proposed to amend the said proviso to provide that Central Government may issue any direction under sub-section (3B) of the said section upto 31st day of March, 2022.

These amendments will take effect from 1st April, 2020.

Clause 70 of the Bill seeks to amend section 144C of the Income-tax Act relating to reference to dispute resolution panel.

Sub-section (1) of the said section provides that the Assessing Officer is required to forward a draft of the proposed order of assessment to the eligible assessee, if he proposes to make on or after the 1st day of October, 2009, any variation in the income or loss returned which is prejudicial to the interest of such assessee.

It is proposed to amend the said sub-section so as to enable the eligible assessee to file his objection to dispute resolution panel where the Assessing Officer proposes to make any variation which is prejudicial to the interest of such assessee.

Clause (b) of sub-section (15) of the said section defines 'eligible assessee' for the purposes of the said section.

It is also proposed to substitute sub-clause (ii) of the said clause so as to include a non-resident, not being a company, or a foreign company under the definition of 'eligible assessee'.

These amendments will take effect from 1st April, 2020.

Clause 71 of the Bill seeks to amend section 156 of the Income-tax Act, relating to notice of demand.

The said section, *inter alia*, provides that when any tax, interest, penalty, fine or any other sum is payable in consequence of any order passed under this Act, the Assessing Officer shall serve upon the assessee a notice of demand in such form, as may be provided by rules, specifying the sum so payable.

The proviso to the said section provides 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.

It is proposed to insert a sub-section (2) in the said section so as to provide that where income of the assessee of any assessment year, beginning on or after the 1st day of April, 2021, includes an income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares as referred to the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, then tax or interest on such income included in the notice of demand shall be payable by the assessee within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is earlier.

This amendment will take effect from 1st April, 2020.

Clause 72 of the Bill seeks to amend section 191 of the Income-tax Act relating to direct payment.

The said section provides that in the case of income in respect of which provision is not made for deducting income-

tax at the time of payment, and in any case where income-tax has not been deducted in accordance with the provisions of Chapter XVII, income-tax shall be payable by the assessee directly. *Explanation* to the said section provides that in case the assessee fails to directly pay the tax on such income or part of it under the said section, then the person who is required to deduct any sum in accordance with the provisions of this Act shall be deemed to be considered as an assessee in default.

It is proposed to insert sub-section (2) in the said section so as to provide that the income of the assessee in any assessment year, beginning on or after the 1st day of April, 2021, include an income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares as specified in the said clause, are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the income-tax on such income shall be payable by the assessee within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is earlier.

This amendment will take effect from 1st April, 2020.

*Clause 73* of the Bill seeks to amend section 192 of the Income-tax Act, relating to salary.

Sub-section (1) of the said section provides that 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 this head for that financial year.

Sub-section (1A) of the said section provides that without prejudice to the provisions contained in sub-section (1), the person responsible for paying any income in the nature of a perquisite which is not provided for by way of monetary payment, referred to in clause (vi) of sub-section (2) of section 17, may pay, at his option, tax on the whole or part of such income without making any deduction therefrom at the time when such tax was otherwise deductible under the provisions of sub-section (1).

It is proposed to insert new sub-section (1C) so as to provide that for the purpose of deducting or paying tax under sub-section (1) or sub-section (1A), as the case may be, a person, being an eligible start-up referred to in section 80-IAC, responsible for paying any income to the assessee being perquisite of the nature specified in clause (vi) of sub-section (2) of section 17 in any previous year relevant to the assessment year, beginning on or after the 1st day of April, 2021, shall deduct or pay, as the case may be, tax on such income within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the person, whichever is earlier, on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred.

This amendment will take effect from 1st April, 2020.

*Clause 74* of the Bill seeks to amend section 194 of the Income-tax Act relating to dividends.

The said section, *inter alia*, provides that the principal officer of an Indian company or a company which has made

the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment in cash or before issuing any cheque or warranty in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rates in force.

It is proposed to amend the said section so as to bring the payment by any mode within the ambit of that section and also to provide for deduction at the rate of ten per cent. instead of the rates in force.

It is further proposed to amend the first proviso to the said section so as to provide for payment of dividend by the company by any mode and to increase the threshold limit thereof from two thousand five hundred rupees to five thousand rupees.

It is also proposed to consequentially omit the third proviso to the said section.

These amendments will take effect from 1st April, 2020.

*Clause 75* of the Bill seeks to amend section 194A of the Income-tax Act relating to interest other than "Interest on securities".

Sub-section (1) of the said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall, at the time of credit of such income to the account of the 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 rates in force.

The proviso to the said sub-section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

Sub-section (3) of the said section provides for circumstances in which the provisions of sub-section (1) shall not apply.

Clause (i) of sub-section (3) provides that sub-section (1) shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed certain threshold.

Sub-clause (b) of the said clause provides that threshold to be forty thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking. This threshold is fifty thousand rupees, in case the payee is a senior citizen.

Clause (v) of sub-section (3) provides that sub-section (1) shall not apply to such 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.

Clause (viiia) of sub-section (3) provides that sub-section (1) shall not apply to such income credited or paid in respect of, deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank; and deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking.

It is proposed to amend sub-section (3) so as to insert a proviso to provide that a co-operative society referred to in clause (v) or clause (viiia) shall be liable to deduct income-tax in accordance with the provisions of sub-section (1), if—

(a) the total sales, gross receipts or turnover of the co-operative society exceeds fifty crore rupees during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and

(b) the amount of interest, or the aggregate of the amount of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than fifty thousand rupees in case of payee being a senior citizen and forty thousand rupee in any other case.

It is further proposed to provide that the *Explanation* which provides for the meaning of the expression “senior citizen” will be for the purposes of the said sub-section, instead of clause (i) of the said sub-section.

These amendments will take effect from 1st April, 2020.

Clause 76 of the Bill seeks to amend section 194C of the Income-tax Act relating to payments to contractors.

Sub-section (1) of the said section provides that any person responsible for paying any sum to any resident (referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor 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 an amount equal to one per cent. where the payment is being made or credit is being given to an individual or a Hindu undivided family; two per cent. where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family, of such sum as income-tax on income comprised therein.

Item (B) of sub-clause (i) of clause (i) of the *Explanation* to the said section provides the definition of “specified person” to mean any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person, is liable to audit of accounts under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor.

It is proposed to amend the said sub-clause so as to define the expression “specified person” to mean any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person, has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor.

Sub-clause (e) of clause (iv) of the *Explanation* to the said section defines “work” to include manufacturing or supplying a product according to the requirement or specification of a customer by using raw material purchased from such customer but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using raw material purchased from a person, other than such customer.

It is proposed to substitute the said sub-clause so as to modify the definition of “work” to include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A. It is also proposed to insert “or associate of such customer” in the long line.

These amendments will take effect from 1st April, 2020.

Clause 77 of the Bill seeks to amend section 194H of the Income-tax Act relating to commission or brokerage.

The said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income 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 rate of five per cent.

The second proviso to the said section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

This amendment will take effect from 1st April, 2020.

Clause 78 of the Bill seeks to amend 194-I of the Income-tax Act relating to rent.

The said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of rent, shall, at the time of credit of such income 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 rate of two per cent. for the use of any machinery or plant or equipment; and ten per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings.

The second proviso to the said section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.



It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income-tax under the said section.

This amendment will take effect from 1st April, 2020.

Clause 79 of the Bill seeks to amend section 194J of the Income-tax Act relating to fees for professional or technical services.

Sub-section (1) of the said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional services, or fees for technical services, or any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or royalty or any sum referred to in clause (va) of section 28, shall, at the time of credit or payment of such sum to the account of the payee to deduct an amount equal to ten per cent. as income-tax.

It is proposed to amend the said sub-section so as to provide that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional services, or fees for technical services, or any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or royalty or any sum referred to in clause (va) of section 28, shall at the time of payment or credit of such sum to the account of the payee, deduct an amount equal to two per cent. of such sum as income-tax in case of fees for technical services (not being professional services) and ten per cent. of such sum in any other case.

The second proviso to the said sub-section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

These amendments will take effect from 1st April, 2020.

Clause 80 of the Bill seeks to insert a new section 194K relating to income in respect of units.

The said section, *inter alia*, provides that any person responsible for paying to a resident any income in respect of—

- (i) units of a Mutual Fund specified under clause (23D) of section 10; or
- (ii) units from the Administrator of the specified undertaking; or
- (iii) units from the specified company,

shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is further proposed to provide that the provisions of the said section shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees.

It is also proposed to define the expressions "Administrator", "specified company" and "specified undertaking" and to clarify that where any income referred to in the said section 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 credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

This amendment will take effect from 1st April, 2020.

Clause 81 of the Bill seeks to amend section 194LBA of the Income-tax Act relating to certain income from units of a business trust.

The said section, *inter alia*, requires business trust to deduct tax on distribution of income, referred to in section 115UA, being of the nature referred to in sub-clause (a) of clause (23FC) or clause (23FCA) of section 10, at the rate of ten per cent. to a resident and at the rate of five per cent. to a non-resident (not being a company) or a foreign company, respectively.

It is proposed to amend the said section so as to omit the reference of sub-clause (a) of clause (23FC) of section 10 from the said section. Thus, liability to deduct tax shall be applicable on distribution of income referred to in section 115UA, being of the nature referred to in clause (23FC) or clause (23FCA) of section 10, to a resident and to a non-resident (not being a company) or a foreign company.

It is further proposed to amend sub-section (2) of the said section to provide that the tax is to be deducted at the rate of five per cent. in case of income of the nature referred to in sub-clause (a) of clause (23FC) of section 10 and at the rate of ten per cent. in case of income of the nature referred to in sub-clause (b) of the said clause.

These amendments will take effect from 1st April, 2020.

Clause 82 seeks to amend section 194LC of the Income-tax Act relating to income by way of interest from Indian company.

Sub-section (1) of the said section provides that income-tax at the rate of five per cent. shall be deducted on any interest referred to in sub-section (2), payable by a specified company or business trust to a non-resident, in respect of monies borrowed in foreign currency from a source outside India.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that the withholding tax of four per cent. shall be deducted on interest referred to in clause (ib) of sub-section (2) of said section.

Sub-section (2) of said section specifies the interest which is eligible for withholding tax of five per cent. on borrowings made under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2020, through issue of long-term infrastructure bond at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014, through any long-term bond including long-term infrastructure bond at any time on or after 1st day of October, 2014 but before the 1st day of July, 2020 or by way of issue of rupee denominated bonds before the 1st day of July, 2020 subject to the approval of the Central Government.

It is proposed to amend said sub-section (2) so as to extend the period of rate of withholding tax of five per cent. on the interest payments against borrowing made under a loan agreement, issue of long-term bonds including infrastructure bonds and issue of rupee denominated bonds from the 1st day of July, 2020 to the 1st day of July, 2023.

It is also proposed to insert a new clause (ib) in sub-section (2) of the said section so as to extend the withholding tax of four per cent. on the interest payable to a non-resident, in respect of monies borrowed in foreign currency from a source outside India, by way of issue of any long term bond or rupee denominated bond on or after the 1st day of April, 2020 but before the 1st day of July, 2023, which is listed only on a recognised stock exchange located in any International Financial Services Centre.

These amendments will take effect from the 1st April, 2020.

*Clause 83* 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.

Sub-section (2) of the said section specifies that the interest payable on or after the 1st day of July, 2013 but before the 1st day of July, 2020, in respect of investments made in a rupee denominated bond of an Indian company or a Government security shall be eligible for lower withholding tax of five per cent.

It is proposed to substitute the said sub-section so as to provide that the concessional rate of five per cent. withholding tax shall be available on the interest payable—

(i) on or after the 1st day of July, 2013 but before the 1st day of July, 2023, in respect of investments made in rupee denominated bond of an Indian company or a Government security;

(ii) on or after the 1st day of April, 2020 but before the 1st day of July, 2023 in respect of investments made in a municipal debt securities.

It is further proposed to provide that the rate of interest in respect of rupee denominated bond of an Indian company shall not exceed the rate as may be notified by the Central Government in this behalf.

It is also proposed to insert new clause (ba) in the *Explanation* to the said section so as to define the expression “municipal debt securities”.

These amendments will take effect from 1st April, 2020.

*Clause 84* of the Bill seeks to insert a new section 194-O in the Income-tax Act relating to payment of certain sums by e-commerce operator to e-commerce participants.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent. of the gross amount of such sales or services or both. It is further clarified that any payment made by a purchaser of goods or recipient of service directly to an e-commerce participant for sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such

sales or services for the purpose of deduction of income-tax under the said sub-section.

Sub-section (2) of the said section provides that no deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sales or services or both during the previous year does not exceed ten lakh rupees and the e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.

Sub-section (3) of the said section provides that notwithstanding anything contained in Part B of this Chapter a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of Part B of this Chapter. It is further proposed to exclude the application of the said sub-section to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale of goods or services referred to in sub-section (1).

The said section also provides for the definitions of the expressions “electronic commerce”, “e-commerce operator”, “e-commerce participant” and “service”.

This amendment will take effect from 1st April, 2020.

*Clause 85* of the Bill seeks to amend section 195 of the Income-tax Act relating to other sums.

The second proviso of sub-section (2) of the said section provides that no deduction under that section shall be made in respect of any dividends referred to in section 115-O.

It is proposed to consequentially omit the said proviso.

This amendment will take effect from 1st April, 2020.

*Clause 86* of the Bill seeks to amend section 196A of the Income-tax Act relating to income in respect of units of non-residents.

Sub-section (1) of the said section provides that any person responsible for paying to a non-resident, not being a company, or to a foreign company, any income in respect of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India shall, at the time of credit of such income 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 rate of twenty per cent.

It is proposed to amend the said sub-section to substitute the expression “Unit Trust of India” referred to in the said sub-section with “specified company referred to in the *Explanation* to clause (35) of section 10; and to enable credit of income or payment thereof by any mode.

Proviso to this sub-section provides that no deduction shall be made under this section from any such income credited or paid on or after the 1st day of April, 2003.

It is further proposed to omit the proviso to the said sub-section.

These amendments will take effect from 1st April, 2020.

*Clause 87* of the Bill seeks to amend section 196C of the Income-tax Act relating to income from foreign currency bonds or shares of Indian company.

The said section provides that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term

capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income 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 rate of ten per cent.

It is proposed to amend said section so as to enable credit of income or payment thereof by any mode.

It is further proposed to omit the proviso to the said section.

These amendments will take effect from 1st April, 2020.

Clause 88 of the Bill seeks to amend section 196D of the Income-tax Act relating to income of Foreign Institutional Investors from securities.

The said section, *inter alia*, provides that where any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income 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 rate of twenty per cent.

It is proposed to amend sub-section (1) of the said section so as to enable credit of income or payment thereof by any mode.

It is further proposed to omit the proviso to the said sub-section.

These amendments will take effect from 1st April, 2020.

Clause 89 of the Bill seeks to amend section 197 of the Income-tax Act relating to certificate for deduction at lower rate.

It is proposed to consequentially amend sub-section (1) of the said section to provide that the sums on which tax is required to be deducted under section 194-O shall also be eligible for certificate for deduction at lower rate.

This amendment will take effect from 1st April, 2020.

Clause 90 of the Bill seeks to amend section 203AA of the Income-tax Act relating to furnishing of statement of tax deducted.

It is proposed to omit the said section.

This amendment will take effect from 1st June, 2020.

Clause 91 of the Bill seeks to amend section 204 of the Income-tax Act relating to meaning of "person responsible for paying".

It is proposed to insert a new clause in the said section so as to provide that in the case of a person not resident in India, the person himself or any person authorised by such person or the agent of such person in India including any person treated as an agent under section 163 shall also be included within the meaning of the definition of the expression "person responsible for paying" under the said section.

This amendment will take effect from 1st April, 2020.

Clause 92 of the Bill seeks to amend section 206AA of the Income-tax Act relating to requirement to furnish Permanent Account Number.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that where the tax is required to be deducted under section 194-O, the provisions of clause

(iii) shall apply as if for the words "twenty per cent.", the words "five per cent." had been substituted.

This amendment will take effect from 1st April, 2020.

Clause 93 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.

Sub-section (1) of the said section provides that every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the specified nature a sum equal to the specified percentage, of such amount as income-tax.

Clause (c) of the *Explanation* to the said section provides that the "seller" means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) are sold.

It is proposed to amend the said clause so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

It is further proposed to insert a new sub-section (1G) in the said section so as to provide that every person being an authorised dealer, who receives any amount, or an aggregate of amounts, of seven lakh rupees or more in a financial year for remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India from a buyer, being a person remitting such amount out of India; or being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer by any mode, whichever is earlier, collect from the buyer, a sum equal to five per cent. of such amount as income-tax. The provisions of the said sub-section shall not apply if the buyer is liable to deduct tax at source under any other provision of the Act and he has deducted such amount. It is further provided that the provisions of the said sub-section shall not apply if the buyer is the Central Government, or a State Government, or an embassy, or a High Commission, or a legation, a commission, a consulate, the trade representation of a foreign State, or a local authority as defined in the *Explanation* to clause (20) of section 10 or any other person notified by the Central Government for this purpose subject to conditions as may be specified in that notification.

For the purposes of the said sub-section, it is also proposed to define the expressions "authorised dealer" and "overseas tour package".

It is also proposed to insert sub-section (1H), to provide that every person being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods covered in sub-section (1) or

sub-section (1F) or (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent. of the sale consideration exceeding fifty lakh rupees as income-tax. It is further provided that in case the buyer does not furnish his PAN or Aadhaar number to the seller, then the tax shall be collected by the seller at the rate of one per cent. Further, the provision of this sub-section shall not apply if the buyer is liable to deduct tax at source under any other provision of the Act and he has deducted such amount.

It is also proposed to define the terms “buyer” and “seller”.

It is also proposed to amend sub-section (2) of the said section so as to provide that the power to recover tax by collection under the said section shall be without prejudice to any other mode of recovery.

It is also proposed to amend sub-section (3) of the said section so as to provide that any person collecting any amount under this section shall pay within the prescribed time the amount so collected to the credit of the Central Government or as the Board directs.

It is also proposed to amend the first proviso to sub-section (6A) of the said section so as to provide that any person who is responsible for collecting tax in accordance with the provisions of sub-section (1) and sub-section (1C), fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee, shall not be deemed to be an assessee in default in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139 and has taken into account such amount for computing income in such return of income and the person has paid the tax due on the income declared by him in such return of income and the person has furnished a certificate to this effect from an accountant in such form as provided by rules.

It is also proposed to define the term “seller” and restrict its applicability to sub-section (1) and sub-section (1F) of the said section.

These amendments will take effect from 1st April, 2020.

Clause 94 of the Bill seeks to insert a new section 234G of the Income-tax Act relating to fee for default relating to statement or certificate.

Sub-section (1) of the proposed section provides that without prejudice to the provisions of that Act, where the research association, university, college or other institution or the company fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of section 35; or the institution or fund fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5), or furnish a certificate prescribed under clause (ix) of sub-section (5) of section 80G; it shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.

Sub-section (2) of the proposed section provides that the amount of said fee shall not exceed the amount in respect of which the failure referred therein has occurred and shall be paid before delivering or causing to be delivered the statement mentioned in sub-section (1).

This amendment will take effect from 1st June, 2020.

Clause 95 of the Bill seeks to amend section 250 of the Income-tax Act, 1961 relating to procedure in appeal.

It is proposed to insert new sub-sections (6B), (6C) and (6D) in the said section so as to, *inter alia*, provide for a scheme, by notification in the Official Gazette, for the disposal of appeal under section 250 so as to impart greater efficiency, transparency and accountability.

This amendment will take effect from 1st April, 2020.

Clause 96 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

Sub-section (1) of the said section provides for appeal by an assessee to the Appellate Tribunal against certain orders by which he is aggrieved. Clause (c) of said section provides one such order to be an order passed by a Principal Commissioner or Commissioner under section 12AA.

It is proposed to make a reference to section 12AB in the said clause so as to provide that assessee, if he is aggrieved, may appeal to the Appellate Tribunal against order passed by a Principal Commissioner or Commissioner under section 12AB, as well.

The proposed amendment is consequential to the insertion of a new section 12AB in the Income-tax Act which provides the procedure for registration of a trust or institution.

These amendments will take effect from 1st June, 2020.

Clause 97 of the Bill seeks to amend section 254 of the Income-tax Act relating to orders of Appellate Tribunal.

It is proposed to amend the first proviso to sub-section (2A) of the said section so as to provide that no order of stay under the said proviso shall be passed by the Appellate Tribunal unless the assessee has deposited not less than twenty per cent. of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or has furnished security of equal amount in respect thereof.

It is further proposed to substitute the second proviso to said sub-section so as to provide that no extension of stay shall be granted by the Appellate Tribunal, where such appeal is not so disposed of within the said period of stay as specified in the order of stay, on an application made in this behalf by the assessee, unless the assessee has complied with the condition referred to in the first proviso and the Appellate Tribunal is satisfied that the delay in disposing of the appeal is not attributable to the assessee, so however, that the aggregate of the period of stay originally allowed and the period of stay so extended shall not exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed.

These amendments will take effect from 1st April, 2020.

Clause 98 of the Bill seeks to insert a new section 271AAD in the Income-tax Act relating to penalty for false or omission of entry in books of account.

It is proposed to insert a new section 271AAD, under which penalty shall be levied on a person who is required to maintain books of account, if it is found that the books contain a false entry or that any entry has been omitted which is relevant for the computation of his total income. Such person shall be liable to pay by way of penalty a sum equal to the aggregate amount of such false and omitted entries. Penalty shall also be levied on any other person who causes the person required to maintain books of account to make or causes to make any false entry or omit or cause to omit any entry in books of account. The false entries shall include use or intention to use forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods; or invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.

This amendment will take effect from 1st April, 2020.

Clause 99 of the Bill seeks to insert a new section 271K in the Income-tax Act relating to penalty for failure to furnish statements, etc.

The proposed section provides that without prejudice to the provisions of that Act, the Assessing Officer may direct that a sum not less than ten thousand rupees but extending to one lakh rupees shall be paid by way of penalty by, the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1), if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of section 35 of the Income-tax Act; or the institution or fund, if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5), or furnish a certificate prescribed under clause (ix) of sub-section (5) of section 80G.

This amendment will take effect from 1st June, 2020.

Clause 100 of the Bill seeks to amend section 274 of the Income-tax Act relating to procedure.

It is proposed to insert sub-sections (2A), (2B) and (2C) in the said section so as to, *inter alia*, provide for a scheme, by notification in the Official Gazette, for imposing penalty under Chapter XXI of the Act to impart greater efficiency, transparency and accountability.

This amendment will take effect from 1st April, 2020.

Clause 101 of the Bill seeks to insert a new section 285BB in the Income-tax Act relating to annual information statement so as to provide that the prescribed income-tax authority or the person authorised by such authority shall upload in the registered account of the assessee an annual information statement in such form and manner, within such time and along with such information, which is in the possession of an income-tax authority as may be prescribed.

This amendment will take effect from 1st June, 2020.

Clause 102 of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

Sub-section (2) of the said section, *inter alia*, provides for the definition of "authorised representative" who shall be entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under the said Act.

It is proposed to amend the said sub-section so as to enable any other person, as may be provided by rules by the Board to appear as an authorised representative.

This amendment will take effect from 1st April, 2020.

Clause 103 of the Bill seeks to amend section 295 of the Income-tax Act relating to power to make rules.

Sub-section (1) of said section provides that the Central Board of Direct Taxes may, subject to the control of the Central Government, by notification in the Gazette of India, make rules for the whole or any part of India for carrying out the purposes that Act.

Sub-section (2) of said section enumerates the matters for which the rules made under sub-section (1) may provide for.

Clause (b) of said sub-section (2) provides the matter, which the rules made by the Board may provide, to be the manner in which and the procedure by which the income shall be arrived at in certain cases.

It is proposed to amend said clause (b) by way of insertion of sub-clause (iia) so as to provide that the rules made by the Board may provide, for the manner in which and the procedure

by which the income shall be arrived in case of operations carried out in India by a non-resident.

This amendment will take effect from the 1st day of April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.

It is further proposed to amend said clause (b) by way of insertion of sub-clause (iib) so as to provide that the rules made by the Board may provide, to be the manner in which and the procedure by which the income shall be arrived in case of transaction or activities of a non-resident.

This amendment will take effect from the 1st day of April, 2022 and will, accordingly, apply in relation to the assessment year 2022-2023 and subsequent assessment years.

Clause 104 of the Bill seeks to amend rule 5 of the First Schedule of the Income-tax Act relating to computation of profits and gains to other insurance business.

The said rule provides that profits and gains of any business of insurance other than life insurance shall be taken to be the profit before tax and appropriations as disclosed in the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 or the rules made thereunder or the provisions of the Insurance Regulatory and Development Authority Act, 1999 or the regulations made thereunder, subject to the conditions that any expenditure debited to the profit and loss account which is not admissible under the provisions of sections 30 to 43B shall be added back; any gain or loss on realisation of investment shall be added or deducted, as the case may be, if the same is not credited or debited to the profit and loss account; any provision for diminution in the value of investment debited to the profit and loss account, shall be added back.

It is proposed to insert a new proviso to the said rule so as to provide that any sum payable by the assessee under section 43B which is added back in accordance with clause (a) of the said rule shall be allowed as deduction in computing the income in the previous year in which such sum is actually paid.

This amendment will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-2021 and subsequent assessment years.

#### Customs

Clause 105 seeks to amend clause (f) of sub-section (2) of section 11 of the Customs Act so as to include any other goods along with gold or silver to enable the Central Government to prohibit either absolutely or conditionally the import or export of such goods to prevent injury to the economy on account of uncontrolled import or export of such goods.

Clause 106 of the Bill seeks to substitute Explanation 4 of section 28 of the Customs Act to provide that notwithstanding anything to the contrary contained in any judgment, decree or order of the Appellate Tribunal or any Court or in any other provisions of this Act or the rules or regulations made thereunder or in any other law for the time being in force, in cases where notice has been issued for non-levy, short-levy, non-payment, short-payment or erroneous refund prior to the 29th day of March, 2018, being the date of commencement of the Finance Act, 2018, such notice shall continue to be governed by the provisions of section 28 as it stood immediately before such date. This amendment shall come into effect retrospectively from the 29th day of March, 2018, the date of commencement of the Finance Act, 2018.

Clause 107 of the Bill seeks to amend section 28AAA of the Customs Act so as to provide for recovery of duty from a person against utilisation of instruments issued under any

other law, or under any scheme of the Central Government, for the time being in force, in addition to the Foreign Trade (Development and Regulation) Act, 1992. It also seeks to expand the scope of the term “instrument” to include duty credit issued under section 51B.

*Clause 108* of the Bill seeks to insert a new Chapter VAA and a new section 28DA in the Customs Act so as to provide for administration of rules of origin under a trade agreement and to lay down procedure regarding claim of preferential rate of duty on goods imported under a trade agreement entered into between the Government of India and the Government of a foreign country or territory or economic union.

*Clause 109* of the Bill seeks to amend the heading of Chapter VIIA of Customs Act to insert the words “AND ELECTRONIC DUTY CREDIT LEDGER” therein.

*Clause 110* of the Bill seeks to insert a new section 51B in Customs Act so as to provide for creation of an electronic duty credit ledger in the customs automated system and manner of its utilisation.

*Clause 111* of the Bill seeks to insert a new clause (g) in section 111 of the Customs Act so as to provide for confiscation of improperly imported goods for contravention of the provisions of Chapter VAA.

*Clause 112* of the Bill seeks to insert a new clause (j) in sub-section (2) of section 156 so as to empower the Central Government to make rules providing for the form, time limit, manner, circumstances, conditions, restrictions and other matters for carrying out the provisions of Chapter VAA.

*Clause 113* of the Bill seeks to amend section 157 of the Customs Act so as to empower the Board to make regulations for the manner of maintaining electronic duty ledger, making of payment from that ledger, transfer of duty credit from ledger of one person to the ledger of another and the conditions, restrictions and the time limit relating thereto.

#### *Customs Tariff*

*Clause 114* of the Bill seeks to substitute section 8B of the Customs Tariff Act so as to empower the Central Government to apply safeguard measures including tariff-rate quota to curb increased quantity of imports of an article to prevent serious injury to domestic industry.

*Clause 115* of the Bill seeks to amend the First Schedule to the Customs Tariff Act so as to—

- (a) revise tariff rates in respect of certain tariff items in the manner specified in the Second Schedule;
- (b) create new tariff lines in the manner specified in the Third Schedule.

#### *Central Goods and Services Tax*

*Clause 116* of the Bill seeks to amend clause (114) of section 2 of the Central Goods and Services Tax Act so as to align the definition of “Union territory” in line with the Jammu and Kashmir Reorganisation Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019.

*Clause 117* of the Bill seeks to amend clauses (b), (c) and (d) of sub-section (2) of section 10 of the Central Goods and Services Tax Act to harmonise the conditions for eligibility for opting to pay tax under sub-section (1) and sub-section (2A) of the said Act.

*Clause 118* of the Bill seeks to amend sub-section (4) of section 16 of the Central Goods and Services Tax Act so as to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing input tax credit.

*Clause 119* of the Bill seeks to amend clause (c) of sub-section (1) of section 29 of the Central Goods and Services Tax Act so as to provide for cancellation of registration obtained voluntarily under sub-section (3) of section 25.

*Clause 120* of the Bill seeks to substitute the proviso to sub-section (1) of section 30 of the Central Goods and Services Tax Act so as to empower the jurisdictional tax authorities to extend the period provided to file an application for revocation of cancellation of registration.

*Clause 121* of the Bill seeks to amend section 31 of the Central Goods and Services Tax Act so as to empower the Government to notify the categories of services or supplies in respect of which tax invoice shall be issued and to make rules regarding the time and manner of its issuance.

*Clause 122* of the Bill seeks to amend section 51 of the Central Goods and Services Tax Act so as to empower the Government to make rules to provide for the form and manner in which a certificate of tax deduction at source shall be issued.

*Clause 123* of the Bill seeks to amend sub-section (6) of section 109 of the Central Goods and Services Tax Act so as to make the provisions for Appellate Tribunal and its benches thereof applicable in the Union territories of Jammu and Kashmir and Ladakh.

*Clause 124* of the Bill seeks to insert a new sub-section (1A) in section 122 of the Central Goods and Services Tax Act so as to make the beneficiary of certain transactions at whose instance such transactions are conducted liable for penalty.

*Clause 125* of the Bill seeks to amend section 132 of the Central Goods and Services Tax Act so as to make the offence of fraudulent availment of input tax credit without invoice or bill cognizable and non-bailable under sub-section (1) of section 69 and to make any person who retains the benefit of certain transactions and at whose instance such transactions are conducted liable for punishment.

*Clause 126* of the Bill seeks to amend section 140 of the Central Goods and Services Tax Act relating to transitional arrangements for input tax credit, so as to prescribe the time limit and the manner for availing input tax credit against certain unavailed credit under the existing law. This amendment shall take effect retrospectively from the 1st day of July, 2017.

*Clause 127* of the Bill seeks to amend section 168 of the Central Goods and Services Tax Act so as to make provisions for enabling the jurisdictional Commissioners to exercise powers under sub-section (5) of section 66 and also under second proviso to sub-section (1) of section 143.

*Clause 128* of the Bill seeks to amend section 172 of the Central Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years, with effect from the date of commencement of the said Act.

*Clause 129* of the Bill seeks to amend paragraph 4 of Schedule II to the Central Goods and Services Tax Act so as to omit the words “whether or not for consideration” so as to give clarity to the meaning of the entries (a) and (b) of said paragraph. This amendment shall take effect retrospectively from the 1st day of July, 2017.

*Clause 130* of the Bill seeks to provide retrospective exemption from central tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy central tax at the reduced rate of six per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

Clause 131 of the Bill seeks to give retrospective effect to the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 708(E), dated the 30th September, 2019 with effect from 1st day of July, 2017.

#### *Integrated Goods and Services Tax*

Clause 132 of the Bill seeks to amend section 25 of the Integrated Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years with effect from the date of commencement of the said Act.

Clause 133 of the Bill seeks to provide retrospective exemption from integrated tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy integrated tax at the reduced rate of twelve per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

#### *Union Territory Goods and Services Tax*

Clause 134 of the Bill seeks to amend section 1 of the Union Territory Goods and Services Tax Act so as to give effect to the change in the status of Union territory of Dadra and Nagar Haveli and Union territory of Daman and Diu and to make the said Act applicable to the Union territory of Ladakh.

Clause 135 of the Bill seeks to amend section 2 of the Union Territory Goods and Services Tax Act so as to align the definition of "Union territory" in line with the Jammu and Kashmir Reorganisation Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019.

Clause 136 of the Bill seeks to amend section 26 of the Union Territory Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years, with effect from the date of commencement of the said Act.

Clause 137 of the Bill seeks to provide retrospective exemption from Union territory tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy Union territory tax at the reduced rate of six per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

#### *Goods and Services Tax (Compensation to States)*

Clause 138 of the Bill seeks to amend section 14 of the Goods and Services Tax (Compensation to States) Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years with effect from the date of commencement of the said Act.

#### *Health Cess*

Clause 139 of the Bill seeks to provide for levy of Health Cess at the rate of 5% as duty of customs on all the goods specified in the Fourth Schedule.

#### *Miscellaneous*

Clauses 140 to 142 of the Bill seeks to amend the Indian Stamp Act, 1899, so as to—

(a) insert a proviso in sub-section (2) of section 9A of the said Act to provide exemption from stamp-duty in respect of instruments of transaction in stock exchanges and depositories established in any International Financial Services Centre set up under section 18 of the Special Economic Zones Act, 2005;

(b) insert a new section 73B in the said Act so as to empower the Central Government to issue directions and also to authorise the Securities and Exchange Board of India or the Reserve Bank of India to issue instructions, circulars and guidelines, retrospectively, for carrying out the provisions of Part AA of Chapter II of that Act.

Clause 143 of the Bill seeks to amend section 9 of the Prohibition of Benami Property Transactions Act, 1988 relating to qualifications for appointment of Chairperson and Members.

Sub-section (1) of the said section provides that a person shall not be qualified for appointment as the Chairperson or a Member of the Adjudicating Authority unless he has been a member of the Indian Revenue Service and has held the post of Commissioner of Income-tax or equivalent post in that Service; or has been a member of the Indian Legal Service and has held the post of Joint Secretary or equivalent post in that Service.

It is proposed to substitute clause (b) in the said sub-section so as to provide that a person who is qualified for appointment as District Judge shall also be eligible for the appointment as Chairperson or Member of the Adjudicating Authority under the said Act.

This amendment shall take effect from 1st April, 2020.

Clause 144 seeks to amend section 8 of the Election Commission (Conditions of Service of Election Commissioners and Transaction of Business) Act 1991 relating to other conditions of service.

Section 8 provides for income-tax exemption to the Chief Election Commissioner and other Election Commissioners on the value of rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and other such conditions of service as are applicable to Judge of the Supreme Court under Chapter IV of the Supreme Court Judges (Conditions of Service) Act, 1958 and the rules made there under.

It is proposed to amend the said section so as to do away with the income-tax exemption applicable to the Chief Election Commissioner and other Election Commissioners on the value of rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and other such conditions of service as are applicable to a Judge of the Supreme Court.

This amendment will take effect from the 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years.

Clause 145 seeks to substitute the Seventh Schedule to the Finance Act, 2001 in the manner specified in Fifth Schedule.

Clause 146 of the Bill seeks to amend section 116 of the Finance Act, 2013 relating to definitions.



*Clause (7)* of the said section defines “taxable commodities transaction”. It is proposed to amend the said clause so as to insert the expressions ‘sale of option in goods, and sale of commodity derivatives based on prices or indices of prices of commodity derivatives’ within the ambit of said definition.

It is further proposed to amend clause (8) of the said section so as to substitute the expressions “Forward Contracts (Regulation) Act, 1952 with the expressions “Securities Contracts (Regulation) Act, 1956 and to insert the words “notifications issued” therein.

These amendments will take effect from 1st April, 2020.

*Clause 147* of the Bill seeks to amend section 117 of the said Act relating to charge of commodities transaction tax.

It is proposed to substitute the Table of the said section with a new Table.

*Clause 148* of the Bill seeks to consequentially amend section 118 of the said Act relating to value of taxable commodities transaction.

*Clause 149* of the Bill seeks to amend sections 119, 120 and 132A of the said Act so as to substitute the words “recognised stock exchange” for the words “recognised association”.

These amendments will take effect from 1st April, 2020.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.

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 new *Explanation 2A* to the said section empowers the Board to provide by rules the amount of "aggregate payments" from the transaction in respect of any goods, services or property which shall be deemed to accrue or arise in India.

Clause 7 the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

The proposed amendment of clause (23C) of the said section empowers the Board to provide by rules the form and the manner in which the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso to be passed.

The proposed new clause (23FE) in the said section empowers the Central Government to notify "such other business" for exemption in respect of any income of a specified person in the nature of dividend, interest or long-term capital gains arising from an investment made by it in India, whether in the form of debt or equity, with certain conditions.

Clause 12 of the Bill seeks to insert new section 12AB the Income-tax Act relating to procedure for fresh registration. Sub-section (3) of the proposed new section 12AB empowers the Board to provide by rules the form and the manner in which the order under the said sub-section shall be passed.

Clause 13 of the Bill seeks to amend section 17 of the Income-tax Act relating to "Salary" "perquisite" and "profit in lieu of salary". The proposed amendment of the said section empowers the Board to provide by rules the manner of computation of income by way of interest, dividend or any other amount of similar nature.

Clause 17 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

The proposed new fifth proviso to sub-section (1) of the said section empowers the Board to provide by rules the form and manner of giving intimation by the research association, university, college or company, to the prescribed authority.

The proposed new sub-section (1A) empowers the Board to make rules to provide for the preparation of statements, time period for such statement, form and manner of verification, particulars and time for submission of such statements. It is further proposed to empower the Board to provide by rules for the form and manner of verification of the correction statement thereof. It is also proposed to empower the Board to make rules with regard to the manner, particulars and time for certificate to be given to a donor under the said sub-section.

Clause 21 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

The proposed amendment to *Explanation 2* of the said section empowers the Board to provide by rules the conditions to be fulfilled for a "recognised stock exchange". It further empowers the Central Government to notify the same.

Clause 33 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.

It is proposed to amend sub-section (5) of the said section so as to empower the Board to provide by rules the statement, time period, form and manner of verification, particulars and time for delivery of correction statement for rectification of any mistake in the information furnished in the said statement. It is further proposed to empower the Board to make rules with regard to the manner, particulars and time for certificate of donation.

It is further proposed to empower the Board to make rules to prescribe the form and the manner in which the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the proposed first proviso shall be passed.

Clause 37 of the Bill seeks to amend section 80-IB of the Income-tax Act relating to deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

The proposed amendments in sub-sections (7A), (7B), (11B) and (11C) of the said section empowers the Board to provide by rules the form and particulars of the report of an audit.

Clause 44 of the Bill seeks to amend section 92CC of the Income-tax Act relating to advance pricing agreement.

The proposed new sub-section (9A) of the said section empowers the Board to make rules prescribing conditions, procedure and manner for entering agreement referred to in sub-section (1) of the said section.

Clause 53 of the Bill seeks to,- (i) insert a new section 115BAC relating to tax on income of individuals and Hindu Undivided Family. Clause (iii) of sub-section (2) of the said section provided for manner of computation of income of individuals and Hindu Undivided Family, by claiming the depreciation if any, under any provision of section 32 except clause (iia) of sub-section (1) of the said section, determined in such manner to be provided by rules. (ii) insert a new section 115BAD of the Income-tax Act relating to the income of certain registered cooperative societies.

Proviso to sub-section (3) of the said section empowers the Board to provide by rules the manner of making corresponding adjustment to the written down value of block of assets.

Sub-section 5 of the proposed new section empowers the Board to provide rules the manner of exercising option by the person under the said section.

Clause 57 of the Bill seeks to amend section 115JC of the Income-tax Act relating to special provisions for payment of tax by certain persons other than a company.

The proposed amendment to sub-section (3) of the said section empowers the Board to provide by rules the form in which the report from an accountant shall be obtained.

Clause 65 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The proposed substitution of the proviso to the said section empowers the Board to provide by rules "such authority" for receiving information under the said section.

The proposed new sub-section (1G) of the said section empowers the Central Government to notify "any other person" for exemption from the application of the said sub-section.

Clause 67 of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be verified.

The proposed amendment empowers the Board to provide by rules "any other persons" for the purpose in the case of company and limited liability partnership.

Clause 74 of the Bill seeks to amend section 194 of the income-tax Act relating to income by way of interest on certain bonds and Government Securities. The proposed amendment of sub-section (2) of the said section empowers the Central Government to notify the "rate of interest" in respect of rupee denominated bond of an Indian company.

Clause 93 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.

The proposed amendment seeks to empower the Central Government to notify "any other person" to exempt from the application of the provisions of newly inserted sub-section (1G) of the said section.

Clause 95 of the Bill seeks to amend section 250 of the Income-tax Act relating to procedure in appeal.

The proposed new sub-section (6B) of the said section empowers the Board to make scheme, by notification in the Official Gazette, for the disposal of appeal under section 250 and to empower the Central Government under sub-section (6C) to issue notification to give effect to the scheme and to give direction relating to jurisdiction and procedure for disposal of appeal by Commissioner (Appeals).

Clause 100 of the Bill seeks to amend section 274 of the Income-tax Act relating to procedure.

The proposed new sub-section (2A) of the said section empowers the Board to make scheme, by notification in the Official Gazette, for imposing penalty under Chapter XXI of the Act and to empower the Central Government to issue notification under sub-section (2B) to give effect to the scheme and to give direction relating to jurisdiction and procedure for imposing penalty by Income-tax authorities.

Clause 101 of the Bill seeks to insert a new section 285BB in the Income-tax Act relating to annual information statement to empower the Board to provide by rules the form, manner, and the time period within which, and such information for annual information statement shall be uploaded by the income-tax authority.

Clause 102 of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

Sub-section (2) of the said section, inter alia, provides for the definition of "authorised representative" who shall be entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under the said Act.

The proposed amendment of the said sub-section empowers the Board to provide by rules "any other person" who may also appear as an authorised representative.

Clause 112 of the Bill seeks to amend section 156 of the Customs Act so as to insert a new clause (i) therein, to empower the Central Government to make rules to provide for the form, time limit, manner, circumstances, conditions, restrictions and such other matters for carrying out the provisions of Chapter VAA.

Clause 113 of the Bill seeks to amend section 157 of the Customs Act so as to insert a new clause (ja) therein, to empower the Board to make regulations to provide for the manner of maintaining electronic duty credit ledger, making payment from such ledger, transfer of duty credit from ledger of one person to the ledger of another and the conditions, restrictions and time limit relating thereto.

Clause 114 of the Bill seeks to substitute section 8B of the Customs Tariff Act. Sub-section (10) of the said section empowers the Central Government to make rules to provide for the manner in which articles liable for safeguard measures may be identified, the manner in which the causes of serious injury or causes of threat of serious injury in relation to identified article may be determined, the manner of assessment and collection of safeguard duty, the manner in which tariff-rate quota on identified article may be allocated among supplying countries, the manner of implementing tariff-rate quota as a safeguard measure and any other safeguard measure and the manner of its application.

Clause 121 of the Bill seeks to amend section 31 of the Central Goods and Services Tax Act. Sub-section (2) of the said section empowers the Government to make rules to provide for the time and manner of issuing tax invoice.

Clause 122 of the Bill seeks to amend section 51 of the Central Goods and Services Tax Act. Sub-section (3) of the said section empowers the Government to make rules to provide for the form and manner in which a certificate of tax deduction at source shall be issued.

Clause 126 of the Bill seeks to amend section 140 of the Central Goods and Services Tax Act with retrospective effect to empower the Central Government to make rules to provide for the time limit and the manner for availing input tax credit against certain unavailed credit under the existing law.

2. The matters in respect of which rules may be made or notifications or order may be issued in accordance with the provisions of the Bill are matters of procedure and details 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.

SNEHLATA SHRIVASTAVA,  
Secretary-General.